IIFL FINANCE LIMITED

(Formerly known as IIFL Holdings Limited)

IIFL Finance Limited (the "**Company**" or "**Issuer**") was incorporated at Mumbai on October 18, 1995 as a private limited company with the name Probity Research & Services Private Limited under the provisions of the Companies Act, 1956. The status of our Company was changed to a public limited company and our name was changed to Probity Research & Services Limited pursuant to a fresh certificate of incorporation dated on April 28, 2000 issued by the Registrar of Companies, Maharashtra, Mumbai. The name of our Company was subsequently changed to India Infoline.Com Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Mumbai on May 23, 2000. The name of our Company was further changed to India Infoline Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Mumbai on March 23, 2001. Thereafter, the name of our Company was changed to IIFL Holdings Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Maharashtra, Mumbai on February 18, 2014. Thereafter, the name of our Company was changed to IIFL Finance Limited and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Maharashtra, Mumbai on May 24, 2019. Also, our Company has obtained a Certificate of Registration dated March 06, 2020 bearing Registration No. N-13.02386 issued by the Reserve Bank of India ("**RBI**") to commence the business of a non-banking financial institution without accepting public deposits under Section 45 IA of the RBI Act, 1934. Our Company is a Systemically Important Non-Deposit taking Non-Banking Finance Company ("**NBFC**"). For more information about the Company, please refer "*General information*" and "*History and Main Objects*" on pages 55 and 145 of this Shelf Prospectus.

Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400604, Maharashtra, India.
Tel.: +91 22 4103 5000; **Fax:** +91 22 2580 6654
Corporate Office: 802, 8th Floor, Hub Town Solaris, N.S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai 400069, Maharashtra, India.
Tel.: +91 22 6788 1000; **Fax:** +91 22 6788 1010
CIN: L67100MH1995PLC093797; **Website:** www.iifl.com; **Email:** csteam@iifl.com
Company Secretary and Compliance Officer: Sneha Patwardhan

PUBLIC ISSUE BY THE COMPANY OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1000 EACH ("SECURED NCDs/DEBENTURES") AND/OR UNSECURED SUBORDINATED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF THE FACE VALUE OF ₹ 1000 EACH ("UNSECURED NCDs/DEBENTURES") (SECURED NCDs AND UNSECURED NCDs ARE COLLECTIVELY REFERRED TO AS "DEBENTURES" OR "NCDs") FOR AN AMOUNT AGGREGATING UPTO ₹ 50,000 MILLION ("SHELF LIMIT") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE UNSECURED DEBENTURES WILL BE IN THE NATURE OF SUBORDINATED DEBT AND WILL BE ELIGIBLE FOR INCLUSION AS TIER II CAPITAL. THE NCDs WILL BE ISSUED IN ONE OR MORE TRANCHES, ON TERMS AND CONDITIONS AS SET OUT IN THE RELEVANT TRANCHE PROSPECTUS FOR ANY TRANCHE ISSUE (EACH "TRANCHE ISSUE") WHICH SHOULD BE READ TOGETHER WITH THIS SHELF PROSPECTUS (COLLECTIVELY THE "OFFER DOCUMENT"). THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATION, 2008, AS AMENDED FROM TIME TO TIME (THE "SEBI DEBT REGULATION") AND COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED.

OUR PROMOTER

Our Promoters are Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani. For details of our Promoter, please refer to the section *"Our Promoter and Promoter Group"* on page 172 of this Shelf Prospectus

GENERAL RISKS

Investors are advised to read the Shelf Prospectus and the relevant Tranche Prospectus carefully before taking an investment decision in the Issue. For taking an investment decision the investor must rely on his own examination of the Issuer and the Issue including the risks involved. Specific attention of the Investor is invited to ***"Risk Factors"*** and ***"Material Developments"*** on pages 24 and 189 respectively of this Shelf Prospectus and the relevant Tranche Prospectus of any Tranche Issue before making an investment in such Tranche Issue. This Shelf Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India (**"RBI"**), any registrar of companies or any stock exchange in India, nor do they guarantee the accuracy or adequacy of this document.

ISSUER ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Shelf Prospectus read together with the relevant Tranche Prospectus for a Tranche Issue does contain and will contain all information with regards to the Issuer and the relevant Tranche Issue, which is material in the context of the Issue. The information contained in this Shelf Prospectus read together with the relevant Tranche Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, omission of which makes this Shelf Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount & Eligible Investors of the NCDs, please refer to the section titled "*Issue Related Information*" on page 251 of this Shelf Prospectus.

CREDIT RATING

The NCDs proposed to be issued under the Issue have been rated "CRISIL AA/Negative" (pronounced as CRISIL double A rating with Negative outlook) for an amount of ₹ 50,000 million by CRISIL Limited ("**CRISIL**") vide their rating letter dated June 26, 2020 and revalidated vide letter dated December 21, 2020 and further revalidated vide letter dated February 08, 2021 and BWR AA+/ Negative (pronounced as BWR Double A plus with Negative outlook) for an amount of ₹50,000 million by Brickworks Ratings India Private Limited vide their rating letter dated June 30, 2020 and revalidated vide letter dated December 22, 2020 and further revalidated vide letter dated February 16, 2021. The aforesaid rating indicates that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. Please refer to *Annexures A and B* of this Shelf Prospectus for the rationale of the above ratings.

LISTING

The NCDs offered through this Shelf Prospectus along with the relevant Tranche Prospectus are proposed to be listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). Our Company has received an 'in-principle' approval from BSE *vide* its letter bearing reference number DCS/BM/PI-BOND/002/20-21 dated July 9, 2020 and NSE *vide* its letter bearing reference number NSE/LIST/0079 dated July 9, 2020 and an extension of validity for three months vide letter dated December 28, 2020. BSE shall be the designated stock exchange for the Issue.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated June 30, 2020 had been filed with the BSE and NSE, pursuant to the provisions of the SEBI Debt Regulations and was open for public comments for a period of seven Working Days (upto 5 p.m.) from the date of filing of the Draft Shelf Prospectus with the Designated Stock Exchange.

LEAD MANAGERS TO THE ISSUE

Edelweiss Financial Services Limited
Edelweiss House, Off CST Road
Kalina, Mumbai – 400 098
Tel: +91 22 4086 3535
Fax: +91 22 4086 3610
Email: iifl.ncd@edelweissfin.com
Investor Grievance Email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Lokesh Singhi
Compliance Officer: Mr. B. Renganathan
SEBI Registration No.: INM0000010650
CIN: L99999MH1995PLC094641

IIFL Securities Limited*
10th Floor, IIFL Centre, Kamala Centre, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400 013
Tel: +91 22 4646 4600
Fax: +91 22 2493 1073
Email: iifl.ncd2020@iiflcap.com
Investor Grievance Email: ig.ib@iiflcap.com
Website: www.iiflcap.com
Contact Person: Ms. Nishita Mody
Compliance Officer: Mr. Pawan Jain
SEBI Registration No.: INM000010940
CIN: L99999MH1996PLC132983

Equirus Capital Private Limited
12th Floor, C Wing, Marathon Futurex, N.M. Joshi Marg,
Lower Parel, Mumbai 400 013
Tel: +91 (22) 4332 0700
Fax: +91-(22)4332-0750
Email: iifl.ncd@equirus.com
Investor Grievance Email: investorsgrievance@equirus.com
Website: www.equirus.com
Contact person: Ankit Jain
Compliance Officer: Jyot Bhat
SEBI Registration Number: INM000011286
CIN: U65910MH2007PTC172599

REGISTRAR TO THE ISSUE

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai 400 083, Maharashtra
Tel.: + 91 22 4918 6200
Fax: + 91 22 4918 6195
Email: iifl.ncd2020@linkintime.co.in
Investor Grievance Email: iifl.ncd2020@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Compliance Officer: B.N. Ramakrishnan
SEBI Registration No: INR000004058
CIN: U67190MH1999PTC118368

DEBENTURE TRUSTEE TO THE ISSUE

Catalyst Trusteeship Limited**
GDA House, Plot No. 85,
Bhusari Colony (Right), Kothrud, Pune – 411 038
Tel: 022 - 49220542
Fax: 022 - 49220505
Email: ComplianceCTL-Mumbai@ctltrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Umesh Salvi
Compliance Officer: Rakhi Kulkari
SEBI Registration No.: IND000000034
CIN: U74999PN1997PLC110262

ISSUE PROGRAMME***

Issue opens on: As specified in the relevant Tranche Prospectus	**Issue Closes on:** As specified in the relevant Tranche Prospectus

** IIFL Securities Limited is deemed to be our associate as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (Merchant Bankers Regulations). Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the Merchant Bankers Regulations, IIFL Securities Limited would be involved only in marketing of the Issue.*

***Catalyst Trusteeship Limited under regulation 4(4) of SEBI Debt Regulations has by its letter dated June 29, 2020 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in Offer Document and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to the Issue and the same is annexed as Annexure C in this Shelf Prospectus.*

****The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or the Finance Committee, thereof, subject to relevant approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or initial date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. to 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges. For further details please refer to our section titled "General Information" on page 55 of this Shelf Prospectus. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 PM on one Working Day after the Issue Closing Date. For further details please refer to the chapter titled "Issue Related Information" on page 251.*

A copy of the Shelf Prospectus and relevant Tranche Prospectus shall be filed with the Registrar of Companies, Maharashtra at Mumbai in terms of Sections 26 and 31 of Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details, please refer to the section titled "Material Contracts and Documents for Inspection" on page 308 of this Shelf Prospectus.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Shelf Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth herein. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time until the date of this Shelf Prospectus, and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

The words and expressions used in this Shelf Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI Debt Regulations, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations notified thereunder.

General Terms

Term	Description
"IIFL" or "Company" or "the Company" or "the Issuer" or "our Company"	IIFL Finance Limited (Formerly known as IIFL Holdings Limited), a public limited company incorporated under the Companies Act, 1956, registered as an NBFC with the RBI under Section 45-IA of the RBI Act and having its Registered Office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate Thane – 400604, Maharashtra, India.
"we" or "us" or "our"	Unless the context otherwise requires, IIFL Finance Limited.
Subsidiaries	Subsidiaries of our Company namely, IIFL Home Finance Limited and Samasta Microfinance Limited.

Company Related Terms

Term	Description
"Articles" or "Articles of Association" "AOA"	Articles of Association of our Company
Asset Liability Management Committee or ALCO	Asset Liability Management Committee of the Board of Directors
Audit Committee	Audit committee of the Board of Directors
"Auditors" or "Statutory Auditors"	The statutory auditors of the Company, M/s. V. Sankar Aiyar & Co.
"Board" or "Board of Directors" or "our Board" or "our Board of Directors"	Board of Directors of our Company or any duly constituted committee thereof.
Committee	A committee constituted by the Board, from time to time.
Corporate Social Responsibility Committee	Corporate Social Responsibility Committee of the Board of Directors
Group Credit Committee	Credit Committee/Group Credit Committee as approved by the Board of Directors depending upon the value of transactions.
Directors	Directors of the Company
DSA	Direct Selling Agent
Equity Shares	Equity shares of the Company of face value of ₹2 each
ESOP/s	Employee Stock Options
Finance Committee	Finance Committee as constituted by the Board of Directors
IIFL ESOP Plan	IIFL Finance Employees Stock Option Plan 2007; IIFL Finance Employee Stock Option Plan 2008; and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme
IIHFL	IIFL Home Finance Limited
Independent Director(s)	The independent Director(s) on our Board, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013
Interim Condensed Consolidated Financial Statements	The audited interim condensed consolidated financial statements for the three months ended June 30, 2020 prepared in accordance with the

Term	Description
	Companies Act, 2013 and the Indian Accounting Standards (Ind As) notified under the Companies (Indian Accounting Standard) Rules, 2015 (as amended for time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by Section 133 read with Sub-section (1) of section 210A of Companies Act, 2013, as amended and presented in accordance with the requirements of the SEBI LODR Regulations.
Interim Condensed Financial Statements	Interim Condensed Consolidated Financial Statements and Interim Condensed Standalone Financial Statements
Interim Condensed Standalone Financial Statements	The audited interim condensed standalone financial statements for the three months ended June 30, 2020 prepared in accordance with the Companies Act, 2013 and the Indian Accounting Standards (Ind As) notified under the Companies (Indian Accounting Standard) Rules, 2015 (as amended for time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by Section 133 read with Sub-section (1) of section 210A of Companies Act, 2013, as amended and presented in accordance with the requirements of the SEBI LODR Regulations.
IT Strategy Committee	IT Strategy Committee as constituted by the Board of Directors
KMP / Key Managerial Personnel	Key managerial personnel of our Company as disclosed in this Shelf Prospectus and appointed in accordance with Key Managerial Personnel, as defined under Section 2(51) of the Companies Act, 2013, as under: *"key managerial personnel", in relation to a company, means –* *i. the chief executive officer or the managing director or the manager;* *ii. the company secretary;* *iii. the whole-time director;* *iv. the chief financial officer;* *v. such other officer not more than one level below the directors who is in whole-time employment designated as key managerial personnel by the Board; and* *vi. such other officer as may be prescribed"*
LAP	Loan Against Property
Limited Review Financials / Limited Review Financial Results/ Unaudited Ind AS Financial Information	The Unaudited Ind AS Standalone Financial Information and Unaudited Ind AS Consolidated Financial Information for the nine months ended December 31, 2020 prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind As) notified under the Companies (Indian Accounting Standard) Rules, 2015 (as amended for time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by Section 133 read with Sub-section (1) of section 210A of Companies Act, 2013, as amended and presented in accordance with the requirements of the SEBI LODR Regulations.
Loan Book	Loan book of the Company recording relevant entries of the secured and/or unsecured loans advanced by the Company
"Memorandum" or "Memorandum of Association" or "MoA"	Memorandum of Association of our Company
Nomination and Remuneration Committee	Nomination and Remuneration Committee of the Board of Directors
Networth	As defined in Sec 2(57) of the Companies Act, 2013, as follows: "*Networth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance*

Term	Description
	sheet but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.”
Preference Shares	Preference shares of the Company
Promoter Group	Includes such persons and entities constituting the promoter group of our Company pursuant to Regulation 2 (1) (pp) of the SEBI ICDR Regulations, 2018.
“Promoters” or “our Promoter”	The promoters of our Company are Mr. Nirmal Bhanwarlal Jain and Mr. Venkataraman Rajamani
Reformatted Consolidated Financial Statements as per Ind AS	The reformatted consolidated statement of Assets and Liabilities as at March 31, 2020 and March 31, 2019 and the reformatted consolidated Statement of Profit and Loss for the Fiscal 2020 and Fiscal 2019 and the reformatted consolidated Statement of Cash Flows for the Fiscal 2020 and Fiscal 2019 and the reformatted consolidated statement of Changes in Equity for the Fiscal 2020 and Fiscal 2019, each prepared in accordance with IND AS, as examined by the Statutory Auditors of our Company. Our audited consolidated financial statements as at and for the year ended March 31, 2020 and March 31, 2019 form the basis for such Reformatted Consolidated Financial Statements as per IND AS
Reformatted Financial Statements as per Ind AS	Reformatted Standalone Financial Statements as per Ind AS and Reformatted Consolidated Financial Statements as per Ind AS
Reformatted Standalone Financial Statements as per Ind AS	The reformatted standalone statement of Assets and Liabilities as at March 31, 2020 and March 31, 2019 and the reformatted standalone statement of profit and loss for the Fiscal 2020 and Fiscal 2019 and the reformatted standalone statement of cash flows for the Fiscal 2020 and Fiscal 2019 and the reformatted standalone statement of changes in equity for the Fiscal 2020 and Fiscal 2019, each prepared in accordance with IND AS, as examined by the Statutory Auditors of our Company. Our audited standalone financial statements as at and for the year ended March 31, 2020 and March 31, 2019 form the basis for such Reformatted Standalone Financial Statements as per IND AS
Reformatted Standalone Financial Statements as per IGAAP	The reformatted standalone statement of balance sheet as at March 31, 2018, March 31, 2017 and March 31, 2016 and the reformatted standalone statement of profit and loss for the Fiscal 2018, Fiscal 2017 and Fiscal 2016 and the reformatted standalone statement of cash flows for the Fiscal 2018, Fiscal 2017 and Fiscal 2016, each prepared in accordance with IGAAP, as examined by the Statutory Auditors of our Company. Our audited standalone financial statements as at and for the year ended March 31, 2018, March 31, 2017 and March 31, 2016 form the basis for such Reformatted Standalone Financial Statements as per IGAAP
Reformatted Financial Statements as per IGAAP	Reformatted Consolidated Financial Statements as per IGAAP and Reformatted Standalone Financial Statements as per IGAAP
Reformatted Consolidated Financial Statements as per IGAAP	The reformatted consolidated statement of balance sheet as at March 31, 2018, March 31, 2017 and March 31, 2016 and the reformatted consolidated statement of profit and loss for the Fiscal 2018, Fiscal 2017 and Fiscal 2016 and the reformatted consolidated statement of cash flows for the Fiscal 2018, Fiscal 2017 and Fiscal 2016, each prepared in accordance with IGAAP, as examined by the Statutory Auditors of our Company. Our audited consolidated financial statements as at and for the year ended March 31, 2018, March 31, 2017 and March 31, 2016 form the basis for such Reformatted Consolidated Financial Statements as per IGAAP
Reformatted Financial Statements	The Reformatted Financial Statements as per Ind AS and the Reformatted Financial Statements as per IGAAP

Term	Description
Registered Office	The registered office of our Company is at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400604, Maharashtra, India
Risk Management Committee	Risk Management Committee of the Board of Directors
RoC/Registrar of Companies	Registrar of Companies, Maharashtra, Mumbai
Shareholders	The holders of the Equity Shares from time to time
SML	Samasta Microfinance Limited
Stakeholders Relationship Committee	Stakeholders Relationship Committee as constituted by the Board of Directors

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing salient features of the Shelf Prospectus and the relevant Tranche Prospectus(es)
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment
"Allotment", "Allot" or Allotted	Unless the context otherwise requires, the allotment of NCDs to the successful Applicants pursuant to the Issue
Allottee(s)	A successful Applicant to whom the NCDs will be/have been allotted
"Applicant" or "Investor" or "Bidder" or "ASBA Applicant"	Any person who applies for issuance and Allotment of NCDs through ASBA process or through UPI Mechanism pursuant to the terms of the Draft Shelf Prospectus, this Shelf Prospectus, the relevant Tranche Prospectus(es) and Abridged Prospectus and the Application Form for any Tranche Issue
"ASBA" or "Application Supported by Blocked Amount" or "Application" or "ASBA Application" or Bid	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising the relevant SCSB to block the Application Amount in the relevant ASBA Account or to block the Application Amount using the UPI Mechanism, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by retail investors for an Application Amount of upto Rs. 2,00,000 which will be considered as the application for Allotment in terms of this Shelf Prospectus.
Application Amount/ Bid Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the respective Tranche Prospectus(es) or the amount blocked in the ASBA Account
Application Form / ASBA Form/ Bid cum Application Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process or through the UPI Mechanism and which will be considered as the application for Allotment of NCDs in terms of this Shelf Prospectus and relevant Tranche Prospectus(es)
ASBA Account	A bank account maintained with a SCSB as specified in the ASBA Form submitted by ASBA Applicants for blocking the Bid Amount mentioned in the ASBA Form, and will include a bank account of a retail individual investor linked with UPI, for retail individual investors submitting application value upto INR 2,00,000
ASBA Circular	Circular no. CIR/DDHS/P/121/2018 issued by SEBI on August 16, 2018
Banker(s) to the Issue	Collectively Sponsor Bank, Public Issue Account Bank(s) and Refund Account(s)
Base Issue Size	As may be specified in the relevant Tranche Prospectus for each Tranche Issue
Basis of Allotment	As may be specified in the relevant Tranche Prospectus for each Tranche Issue

Term	Description
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms (including ASBA Forms under UPI in case of UPI Investors) to a Registered Broker. The details of such broker centres, along with the names and contact details of the Trading Members are available on the respective websites of the Stock Exchanges at www.nseindia.com and www.bseindia.com and updated from time to time.
Brickwork/BWR	Brickwork Ratings India Private Limited
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Brokers are available on the website of the Stock Exchanges i.e. www.bseindia.com and www.nseindia.com as updated from time to time.
Category I (Institutional Investors)	• Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds and pension funds with a minimum corpus of ₹ 250 million, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident Venture Capital Funds registered with SEBI; • Insurance companies registered with the IRDAI; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹5,000 million as per the last audited financial statements; • National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and • Mutual funds registered with SEBI.
Category II (Non Institutional Investors)	• Companies within the meaning of Section 2(20) of the Companies Act, 2013; • statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Co-operative banks and regional rural banks; • Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; • Any other incorporated and/ or unincorporated body of persons

Term	Description
Category III (High Net Worth Individual Investors)	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Issue
Category IV (Retail Individual Investors or Retail Individual Bidder(s) or RIB(s) applying through UPI)	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10,00,000 across all options of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism.
CIBIL	TransUnion CIBIL Limited
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications in the Issue, at the Designated CDP Locations in terms of the Debt ASBA Circular and Debt UPI Circular
Credit Rating Agencies	CRISIL and Brickwork
CRISIL	CRISIL Limited
Lead Broker Agreement	The agreement to be entered into between our Company and Members of Syndicate/Lead Brokers and as specified in the relevant Tranche Prospectus for each Tranche Issue
Syndicate Members/Lead Brokers	As specified in the relevant Tranche Prospectus for each Tranche Issue
Syndicate/ Members of the Syndicate (each individually, a member of the syndicate)	The Lead Managers and Lead Brokers
Debentures / NCDs	A collective reference to Secured NCDs and/or Unsecured NCDs
Debenture Holder(s)/ NCD Holder(s)	The holders of the NCDs whose name appears in the database of the Depository and/or the register of NCD Holders (if any) maintained by our Company if required under applicable law.
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and our Company
Debenture Trustee/ Trustee	Trustees for the NCD holders in this case being Catalyst Trusteeship Limited
Debenture Trustee Agreement	Agreement dated June 29, 2020 read with Addendum to debenture trustee agreement dated December 31, 2020 entered into between the Debenture Trustee and the Company wherein the appointment of the Debenture Trustee to the Issue, is agreed as between our Company and the Debenture Trustee
Debt Application Circular(s)	Circular no. CIR/DDHS/P/121/2018 issued by SEBI on August 16, 2018
Debt UPI Circular	Circular issued by SEBI on November 23, 2020 titled "Introduction of Unified Payments Interface (UPI) mechanism and Application through Online interface and Streamlining the process of Public issues of securities under - SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013, SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 and SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015" bearing reference number SEBI/HO/DDHC/CIR/P/2020/233 as amended from time-to-time.
Deemed Date of Allotment	The date on which the Board of Directors/or the Finance Committee approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors/ or the Finance Committee thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including

Term	Description
	interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture Holders from the Deemed Date of Allotment.
Demographic Details	The demographic details of the Applicants such as their respective addresses, email, PAN, investor status, MICR Code bank account detail and UPI ID, where applicable
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised Fpi= yes&intmId=34 or at such other websites as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the Stock Exchange at www.bseindia.com and www.nseindia.com
Designated Date	The date on which the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account and/or the Refund Account, as appropriate, after finalisation of the Basis of Allotment, in terms of this Shelf Prospectus, relevant Tranche Prospectus following which the NCDs will be Allotted in the Issue
Designated Intermediaries	Collectively, the Lead Managers, the Syndicate Members/Lead Brokers, Trading Members, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue In relation to ASBA applicants authorising an SCSB to block the amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA applicants submitted by Retail Individual Investors where the amount was blocked upon acceptance of UPI Mandate Request using the UPI Mechanism, Designated Intermediaries shall mean the CDPs, RTAs, Lead Managers, Members of the Syndicate, Trading Members and Stock Exchange where applications have been submitted through the app/web interface as provided in the Debt UPI Circular
Designated RTA Locations	Such locations of the CRTAs where Applicants can submit the ASBA Forms to CRTAs, a list of which, along with names and contact details of the CRTAs eligible to accept ASBA Forms and Application Forms submitted using the UPI Mechanism as a payment option (for a maximum amount of INR 2,00, 000) are available on the website of the Stock Exchange
Designated Stock Exchange	The designated stock exchange for the Issue, being the BSE Limited
Direct Online Application	An online interface enabling direct applications through UPI by an app based/web interface, by investors to a public issue of debt securities with an online payment facility
Draft Shelf Prospectus	The draft shelf prospectus dated June 30, 2020 filed with the Designated Stock Exchange for receiving public comments and with, SEBI in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations
Interest / Coupon Payment Date	As specified in relevant Tranche Prospectus
ICRA	ICRA Limited
Issue	Public issue by the Company of secured redeemable non-convertible debentures of face value of ₹ 1000 each (“Secured NCDs/Debentures”) and/or unsecured subordinated redeemable non-convertible debentures

Term	Description
	of the face value of ₹ 1000 each ("Unsecured NCDs/Debentures") (Secured NCDs and unsecured NCDs are collectively referred to as "Debentures" or "NCDs") for an amount aggregating upto ₹ 50,000 million ("Shelf Limit") (hereinafter referred to as the "Issue"), The Unsecured Debentures will be in the nature of subordinated debt and will be eligible for inclusion as Tier II Capital.
Issue Agreement	The Issue Agreement dated June 30, 2020 read with addendum to issue agreement dated February 22, 2021 entered between the Company and the Lead Managers
Issue Closing Date	Issue closing date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue
Issue Opening Date	Issue Opening Date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants can submit their Application Forms
Lead Brokers	As specified in each relevant Tranche Prospectus
Lead Managers	Edelweiss Financial Services Limited, IIFL Securities Limited* and Equirus Capital Private Limited **IIFL Securities Limited is deemed to be our associate as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended ("**Merchant Bankers Regulations**"). Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the Merchant Bankers Regulations, IIFL Securities Limited would be involved only in marketing of the Issue.*
Market Lot	1 (One) NCD
Maturity Amount or Redemption Amount	As specified under relevant Tranche Prospectus(es)
"Maturity Date" or "Redemption Date"	As specified under relevant Tranche Prospectus(es)
Mobile App(s)	The mobile applications listed on the website of Stock Exchanges as may be updated from time to time, which may be used by RIBs to submit Bids using the UPI Mechanism
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Offer Document(s)	The Draft Shelf Prospectus, Shelf Prospectus, the relevant Tranche Prospectus, the Abridged Prospectus and/or the Application Form along with supplemental information, if any.
Public Issue Account	A bank account to be opened with the Bankers to the Issue to receive money from the ASBA Accounts on the Designated Date as specified under relevant Tranche Prospectus
Public Issue Account and Sponsor Bank Agreement	Agreement to be entered into amongst our Company, the Registrar to the Issue, the Public Issue Account Bank, the Refund Bank and the Sponsor Bank and the Lead Managers for the appointment of the Sponsor Bank in accordance with the Debt UPI Circular for collection of the Application Amounts from ASBA Accounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof and as specified under relevant Tranche Prospectus(es)
Public Issue Account Bank	As specified in the relevant Tranche Prospectus(es)

Term	Description
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board of Directors and/or Finance Committee as constituted by the Board of Directors, from time to time in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case the Record Date falls on a day when the Stock Exchanges are having a trading holiday, the immediate subsequent trading day or a date notified by our Company will be deemed as the Record Date.
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made as specified in the relevant Tranche Prospectus(es)
Refund Bank	The Banker(s) to the Issue with whom the Refund Account will be opened and as specified under relevant Tranche Prospectus(es)
Register of NCD holders	The register of NCD holders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013 and by the Depositories in case of NCDs held in dematerialised form, and/or the register of NCD holders maintained by the Registrar
Registrar Agreement	Agreement dated June 30, 2020 read with addendum to registrar agreement dated February 22, 2021 entered into between the Issuer and the Registrar under the terms of which the Registrar has agreed to act as the Registrar to the Issue
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulation, 1992 and the stock exchanges having nationwide terminals, other than Syndicate and eligible to procure Applications from Applicants
Registrar to the Issue or Registrar	Link Intime India Private Limited
Resident Individual	An individual who is a person resident in India
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue
Secured Debenture Holder(s)/ Secured NCD Holder(s)	The holders of the Secured NCDs whose name appears in the database of the Depository and/or the register of Secured NCD Holders (if any) maintained by our Company if required under applicable law.
Secured NCDs	Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000 each
Security	The principal amount of the Secured NCDs to be issued in terms of the Shelf Prospectus and/or the relevant Tranche Prospectus(es) together with all interest due and payable on the Secured NCDs, thereof shall be secured by way of first pari-passu/specified charge in favour of the Debenture Trustee on present and future receivables of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of atleast 100% of the outstanding principal amounts of the Secured NCDs and interest thereon is maintained at all time until the Maturity Date, more particularly as detailed in the section titled "*Issue Structure*" on page 251 of this Shelf Prospectus. We have received necessary consents from the relevant debenture trustees and security trustees, for ceding pari passu charge in favour of the Debenture Trustee in relation to the NCDs. No security will be created for the Unsecured NCDs to be issued in terms of the Issue.

Term	Description
"Self-Certified Syndicate Banks" or "SCSBs"	The banks registered with SEBI, offering services in relation to ASBA and UPI, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised =yes for ASBA and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=y es&intmId=40 for UPI, updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Shelf Limit	The aggregate limit of the Issue, being ₹ 50,000 million to be issued under this Shelf Prospectus through one or more Tranche Issues.
Shelf Prospectus	This Shelf Prospectus dated February 24, 2021 filed by our Company with the SEBI, BSE, NSE and the RoC in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations.
"Specified Cities" or "Specified Locations"	Bidding centres where the Syndicate shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI athttps://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognis ed=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Sponsor Bank	The Banker to the Issue registered with SEBI, which has been appointed by our Company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and / or payment instructions of the retail individual investors into the UPI for retail individual investors applying through the app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value upto INR 2,00,000 and carry out any other responsibilities in terms of the Debt UPI Circular and as specified in the relevant Tranche Prospectus(es)
Stock Exchange(s)	BSE and NSE
Subordinated Debt	Subordinated Debt means a fully paid up instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of a non-banking financial company. The book value of such instrument shall be subjected to discounting as provided hereunder: Remaining maturity of the instruments and rate of discount: • up to one year 100%; • more than one year but up to two years 80%; • more than two years but up to three years 60%; • more than three years but up to four years 40%; and • more than four years but up to five years 20% to the extent such discounted value does not exceed fifty per cent of Tier I capital.
Syndicate ASBA	Applications through the Syndicate or the Designated Intermediaries
Syndicate ASBA Application Locations	ASBA Applications through the Lead Managers, Syndicate Members/Lead Brokers, the Trading Members of the Stock Exchange or the Designated Intermediaries
Syndicate Bidding Centres	Syndicate Bidding Centres established for acceptance of Application Forms
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries or at such other website as may be prescribed by SEBI from time to time
Tenor	Tenor shall mean the tenor of the NCDs as specified in the relevant Tranche Prospectus.

Term	Description
Trading Members	Intermediaries registered with a Lead Broker or a sub-broker under the SEBI (Stock Brokers) Regulations, 1992 and/or with the Stock Exchanges under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchanges from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchanges.
Tranche Issue	Issue of the NCDs pursuant to the respective Tranche Prospectus
Tranche Prospectus(es)	The relevant Tranche Prospectus containing the details of NCDs including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts, documents for inspection and other terms and conditions in respect of the relevant Tranche Issue
Transaction Documents	Transaction documents shall mean this Shelf Prospectus, relevant Tranche Prospectus(es) read with any notices, corrigenda, addenda thereto, Issue Agreement, Registrar Agreement, Debenture Trustee Agreement, Debenture Trust Deed, Tripartite Agreements executed or to be executed by our Company, as the case may be. For further details please see the section titled, "*Material Contracts and Documents for Inspection*" on page 308 of this Shelf Prospectus
Tripartite Agreements	Tripartite Agreement dated March 11, 2005 entered into between our Company, the Registrar to the Issue and NSDL and Tripartite Agreement dated July 27, 2020 entered into between our Company, the Registrar to the Issue and CDSL for offering demat option to the NCD Holders.
"UPI" or "UPI Mechanism"	Unified Payments Interface mechanism in accordance with SEBI Circular no. SEBI/HO/DDHS/CIR/P/2020/233 dated November 23, 2020 as amended from time to time, to block funds for application value upto Rs. 2,00,000 submitted through intermediaries, namely the Registered Stock brokers, Registrar and Transfer Agent and Depository Participants.
UPI ID	Identification created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the NPCI
"UPI Mandate Request" or "Mandate Request"	A request initiated by the Sponsor Bank on the Retail Individual Investor to authorise blocking of funds in the relevant ASBA Account through the UPI mobile app/web interface (using UPI Mechanism) equivalent to the bid amount and subsequent debit of funds in case of allotment.
UPI PIN	Password to authenticate UPI transaction
Unsecured NCDs	Unsecured, subordinated, rated, redeemable, non-convertible debentures of a face value of ₹ 1,000 each and are not secured by any charge on the assets of IIFL, which will be in the nature of Subordinated Debt and will be eligible for Tier II Capital and subordinate to the claims of all other creditors of the Company.
Unsecured Debenture Holder (s) / Unsecured NCD Holder(s)	The holders of the Unsecured NCDs whose name appears in the database of the Depository and/or the register of Unsecured NCD Holders (if any) maintained by our Company if required under applicable law.
Web Interface	Web interface developed by Designated Stock Exchange wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism
Wilful Defaulter	A Person or a company categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes a company whose director or promoter is categorized as such.
Working Days	Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period,

Term	Description
	where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018, however, with reference to payment of interest/redemption amount of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai.

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/Full Form
"₹", "Rupees", "Indian Rupees" or "₹", "INR"	The lawful currency of the Republic of India
"US$", "USD", and "U.S. Dollars"	The lawful currency of the United States of America
ACH	Automated Clearing House
AGM	Annual General Meeting
ALM	Asset Liability Management
ALM Guidelines	Guidelines for ALM system in relation to NBFCs
AMC	Asset Management Company
AS or Accounting Standards	Accounting standards as prescribed by Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended from time to time
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as amended from time to time
ASBA	Application supported by blocked amounts
AUM	Assets Under Management
Bankruptcy Code	The Insolvency and Bankruptcy Code, 2016
BSE	BSE Limited
CAGR	Compounded annual growth rate over a specified period of time of a given value (the year-over-year growth rate)
CARE	CARE Ratings Limited
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Companies Act/ Companies Act, 2013	Companies Act, 2013 and the rules made thereunder
CPC	Code of Civil Procedure, 1908
CRAR	Capital to risk-weighted assets ratio means (Tier I Capital + Tier II Capital)/ Total Risk Weighted Assets *100
Depositories	CDSL and NSDL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
"DP" or "Depository Participant"	Depository Participant as defined under the Depositories Act, 1996
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FEMA Regulations / FEMA20 (R)	FEMA (Non-debt Instruments) Rules, 2019, as amended from time to time
FII	Foreign Institutional Investor(s)
FPI	Foreign Portfolio Investor as defined and registered under the SEBI (Foreign Portfolio Investors) Regulations, 2019, as amended from time to time.
"Financial Year", "Fiscal" or "FY"	Period of 12 months ended March 31 of that particular year
GAAP	Generally Accepted Accounting Principles

Term/Abbreviation	Description/Full Form
GDP	Gross Domestic Product
“Government”	Government of India
G-Sec	Government Securities
GST	Goods and Services Tax
HNI	High Net worth Individual
HFC	Housing Finance Company
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards
“Income Tax Act” or “IT Act”	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as referred to in and notified by the Ind AS Rules
Ind AS Rules	The Companies (Indian Accounting Standard) Rules, 2015, as amended
India	Republic of India
Indian GAAP	Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounting Standards) Amendment Rules, 2016
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
ITR	Income Tax Returns
KYC	Know Your Customer
LLP	Limited Liability Partnership
LLP Act	Limited Liability Partnership Act, 2008
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MLD	Market Linked Debentures
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NHB	National Housing Bank
NHB Act	National Housing Bank Act, 1987
NAV	Net Asset Value
NBFC	Non-Banking Financial Company, as defined under Section 45-IA of the RBI Act
NEFT	National Electronic Fund Transfer
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PCR	Provisioning Coverage Ratio
PP MLD	Principal Protected Market Linked Debentures
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RBI Master Directions	Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016
RERA	Real Estate Regulatory Authority
RERAD Act	Real Estate Regulation and Development Act, 2016
RTGS	Real Time Gross Settlement
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SBI	State Bank of India Limited
SCRA	Securities Contracts Regulation Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended

Term/Abbreviation	Description/Full Form
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended and circulars issued thereunder
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Merchant Banker Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended
Stage 1 Assets	Stage 1 Assets includes financial instruments that have not had a significant increase in credit risk (SICR) since initial recognition or that have low credit risk at the reporting date as defined under Ind AS
Stage 1 Provision	Stage 1 provision are 12-month ECL resulting from default events that are possible within 12 months after the reporting date as defined under Ind AS
Stage 2 Assets	Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment as defined under Ind AS
Stage 2 Provision	Stage 2 provision are lifetime ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS
Stage 3 Assets	Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS
Stage 3 Provision	Stage 3 provision are lifetime ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS
TDS	Tax Deducted at Source
Trademarks Act	Indian Trademarks Act, 1999

Technical and Industry Related Terms

Term/Abbreviation	Description/Full Form
BBA	Indian Bullion and Jewellers Association Limited, formerly known as Bombay Bullion Association Limited
Hybrid Debt	A capital instrument, which possesses certain characteristics of equity as well as debt
LTV	Ratio of loan to the collateral value
MFI	Microfinance institutions
NPA	Non-Performing Assets
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-MFI	An NBFC-MFI is defined as a non-deposit taking NBFC which extends loans to Micro Finance Sector
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI	Systemically important Non Deposit taking NBFC
Owned Funds	Paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any
Prudential Norms	Prudential norms as provided under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking

Term/Abbreviation	Description/Full Form
	Company and Deposit taking Company (Reserve Bank) Directions, 2016
MSME	Micro, Small and Medium Enterprises
Tier I Capital	Tier I capital means, owned fund as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund and perpetual debt instruments issued by a non-deposit taking NBFC in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	Tier-II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; (f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier-I capital

Notwithstanding the foregoing, the terms defined as part of "General Information", "Risk Factors" "Industry Overview", "Regulations and Policies", "Statement of Tax Benefits", "Summary of Key Provisions of Articles of Association", "Financial Statements" and "Other Regulatory and Statutory Disclosures" on pages 55, 24, 97, 174, 88, 301, 188 and 234 of this Shelf Prospectus, respectively shall have the meaning ascribed to them as part of the aforementioned sections. Terms not defined as part of the sections "Our Business", "Risk Factors" "Industry Overview" and "Regulations and Policies", on pages 120, 24, 97 and 174 respectively of this Shelf Prospectus, shall have the meaning ascribed to them hereunder.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Shelf Prospectus to "India" are to the Republic of India and its territories and possessions. All references to the Government or State Government are to Government of India, Central or State, as applicable.

Presentation of Financial Information

The current financial year of our Company commences on April 1 and ends on March 31 of the next year, so all references to particular "financial year", "fiscal year" and "fiscal" or "FY", unless stated otherwise, are to the 12 months period ended on March 31 of that year.

Our Company's financial statements for the year ended March 31, 2020 and March 31, 2019 have been prepared in accordance with Ind AS.

Our Company's financial statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016 have been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act read with General Circular 15/2013 dated September 13, 2013 and/or General Circular 8/2014 dated April 4, 2014, as applicable.

With effect from April 01, 2018, as per the roadmap issued by the Ministry of Corporate Affairs for Non-Banking Financial Companies dated January 18, 2016, for financial reporting purposes, our Company has followed the Accounting Standards issued by the ICAI specified under Section 133 of the Companies Act, 2013, read with Rule 3 and/or Rule 7 of the Companies (Indian Accounting Standard) Rules, 2015 ("**Ind AS**"), as applicable.

The Reformatted Financial Statements as per Ind AS and the Reformatted Financial Statements as per IGAAP are included in this Shelf Prospectus and collectively referred to hereinafter as the "**Reformatted Financial Statements**". The examination reports on the Reformatted Financial Statements as issued by our Company's Statutory Auditor, M/s. V. Sankar Aiyar & Co, are included in this Shelf Prospectus in the section titled "*Financial Statements*" beginning at page 188 of this Shelf Prospectus.

A composite scheme of arrangement amongst our Company, India Infoline Finance Limited, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, IIFL Distribution Services Limited and their respective shareholders, under sections 230 -232 and other applicable provisions of the Companies Act 2013 ("**Scheme**"/ "**Composite Scheme of Arrangement**") has been implemented. As a part of the Scheme, post receipt of the requisite approvals, our Company gave effect to the merger of India Infoline Finance Limited with our Company with effect from March 30, 2020 with the appointed date as April 1, 2018. On account of the aforesaid Scheme, the financials of our Company as at March 31, 2020 and March 31, 2019 are not comparable to March 31, 2018, March 31, 2017 and March 31, 2016. For further details of the Scheme, please refer to the chapter titled "*Capital Structure*" on page 64 of this Shelf Prospectus.

Entities consolidated during the preparation of financial statements of our Company, during the five years ended March 31, 2020 are as below:

FY 2020	FY 2019
Subsidiaries	
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited
Samasta Microfinance Limited	Samasta Microfinance Limited
Clara Developers Private Limited*	Clara Developers Private Limited*
Trust with Residual Beneficial Interest	
Eminent Trust October 2019	-
Eminent Trust November 2019	-

*Clara Developers Private Limited ceased to be the subsidiary of the Company with effect from July 27, 2020.

FY 2018	FY 2017	FY 2016
Subsidiaries		
IIFL Commodities Limited (Formerly India Infoline Commodities Limited)	IIFL Commodities Limited (Formerly India Infoline Commodities Limited)	IIFL Commodities Limited (Formerly India Infoline Commodities Limited)
India Infoline Media and Research Services Limited	India Infoline Media and Research Services Limited	India Infoline Media and Research Services Limited
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
IIFL Securities Limited (Formerly India Infoline Limited)	IIFL Securities Limited (Formerly India Infoline Limited)	IIFL Securities Limited (Formerly India Infoline Limited)
India Infoline Finance Limited	India Infoline Finance Limited	India Infoline Finance Limited
IIFL Wealth Management Limited	IIFL Wealth Management Limited	IIFL Wealth Management Limited
IIFL Capital Inc.	IIFL Capital Inc.	IIFL Capital Inc.
IIFL Wealth (UK) Limited	IIFL Wealth (UK) Limited	IIFL Wealth (UK) Limited
IIFL Asset Reconstruction Limited	5 Paisa Capital Limited	IIFL Asset Reconstruction Limited
-	-	5 Paisa Capital Limited
Associates		
-	IIFL Asset Reconstruction Limited	-
Joint Controlled Entities		
Meenakshi Tower LLP	Meenakshi Tower LLP	Meenakshi Tower LLP

The financial data and numbers used in this Shelf Prospectus are under Ind AS and IGAAP, as specifically mentioned in this Shelf Prospectus and is not strictly comparable.

The audited interim condensed financial statements of our Company for the three months period ended June 30, 2020 submitted to the Stock Exchange pursuant to the requirements of SEBI LODR Regulations ("**Interim Condensed Financial Statements**") are included in this Shelf Prospectus in the chapter titled "***Financial Statements***" beginning at page 188 of this Shelf Prospectus.

The Unaudited Ind AS Standalone Financial Information and Unaudited Ind AS Consolidated Financial Information for the nine months ended December 31, 2020 prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind As) notified under the Companies (Indian Accounting Standard) Rules, 2015 (as amended for time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by Section 133 read with Sub-section (1) of section 210A of Companies Act, 2013, as amended and presented in accordance with the requirements of the SEBI LODR Regulations ("**Unaudited Ind AS Financial Information**") are included in this Shelf Prospectus in the chapter titled "***Financial Statements***" beginning at page 188 of this Shelf Prospectus.

Unless stated otherwise or unless context requires otherwise, the financial data used in this Shelf Prospectus for the three months period ended June 30, 2020, nine months period ended December 31, 2020 and as at March 31, 2020 and March 31, 2019 is prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind As) notified under the Companies (Indian Accounting Standard) Rules, 2015 (as amended for time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by Section 133 of Companies Act, 2013.

Unless stated otherwise, the financial data used in this Shelf Prospectus is derived from our Company's Reformatted Financial Information as at and for the year ended March 31, 2018, March 31, 2017 and March 31, 2016, prepared in accordance with the Accounting principles generally accepted in India, including the Companies

(Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014.

Unless stated otherwise and unless the context requires otherwise, the financial data used in this Shelf Prospectus is on a consolidated basis.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless stated otherwise, macroeconomic and industry data used throughout this Shelf Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Shelf Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Shelf Prospectus is meaningful depends on the readers' familiarity with and understanding of methodologies used in compiling such data.

The methodologies and assumptions may vary widely among different industry sources. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Our Company has relied on the "*NBFC Report 2020*" issued by CRISIL Limited for industry related data that has been disclosed in this Shelf Prospectus. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Internal Risk Factor no. 32 –* "*Certain facts and statistics are derived from publications not independently verified by our Company, the Lead Managers or their respective advisors*" on page no. 38 of this Shelf Prospectus. While we have compiled, extracted and reproduced data from external sources, including third parties, trade, industry or general publications, we accept responsibility for accurately reproducing such data. However, neither we nor the Lead Managers have independently verified this data and neither we nor the Lead Managers make any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Lead Managers can assure potential investors as to their accuracy.

Currency and Unit of Presentation

In this Shelf Prospectus, references to "Rs", "Indian Rupees", "INR", "₹" and "Rupees" are to the legal currency of India, references to "US$", "USD", and "U.S. dollars" are to the legal currency of the United States of America, as amended from time to time. Except as stated expressly, for the purposes of this Shelf Prospectus, data will be given in ₹ in million.

Certain figures contained in this Shelf Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

India has decided to adopt the "Convergence of its existing standards with IFRS" referred to as the "Indian Accounting Standards" or "Ind AS". In terms of a notification released by the MCA, our Company is required to prepare its financial statements in accordance with Ind AS for accounting periods beginning on April 1, 2018.

There are significant differences between Indian GAAP and Ind AS. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Industry and Market Data

Any industry and market data used in this Shelf Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources including CRISIL, available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us, its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe that the industry and market data used in this Shelf Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Shelf Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Exchange Rates

The exchange rates (in ₹) of the USD as for last 5 years are provided below:

Currency	**December 31, 2020**	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**	**March 31, 2017**	**March 31, 2016**
USD	73.05	75.39	69.17	65.04	64.84	66.33

Source: www.rbi.org.in and www.fbil.org.in.

In the event that March 31 of any of the respective years is a public holiday, the previous working day not being a public holiday has been considered.

Further, in case of specific provision in the loan agreement for a rate other than the RBI rate, the rate has been taken as prescribed as in the respective loan agreement.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Shelf Prospectus that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Shelf Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results, including our financial conditions and results of operations to differ from our expectations include, but are not limited to, the following:

- Any increase in the levels of non-performing assets ("**NPA**") on our loan portfolio, for any reason; whatsoever, would adversely affect our business and results of operations;
- Any volatility in interest rates which could cause our gross spreads to decline and consequently affect our profitability;
- Unanticipated turbulence in interest rates or other rates or prices;
- Performance of the financial and capital markets in India and globally;
- Changes in the value of Rupee and other currency changes;
- Rate of growth of our Loan Book;
- Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
- Our inability to sustain growth or manage it effectively;
- Our inability to successfully diversify our portfolio;
- Any disruption in our sources of funding;
- Our inability to obtain or maintain statutory or regulatory approvals and licenses for conducting our business:
- Performance of, and the prevailing conditions affecting, the real estate market in India;
- Certain risks related to the microfinance industry in India due to the category of borrowers that it services; which are not generally associated with other forms of lending;
- Volatility in gold prices which may affect the value of collateral held with us.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the section titled "*Risk Factors*" and sections titled "*Industry Overview*", "*Outstanding Litigations*" and "*Our Business*" beginning on pages 24, 97, 210 and 120, respectively of this Shelf Prospectus.

All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. The forward-looking statements contained in this Shelf Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of the Company's underlying assumptions prove to be incorrect, Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Company are expressly qualified in their entirety by reference to these cautionary statements.

By their nature, certain market risk disclosures are only estimate(s) and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, Lead Managers nor any of its Directors and its officers, their respective affiliates or associates have any obligation, or intent to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. For further discussion of the factors that could affect our Company's future financial performance or could cause our actual results to differ from our expectations, see the section titled *"Risk Factors"* beginning on page no. 24 and sections titled *"Industry Overview"* and *"Our Business"* beginning on pages 97 and 120 respectively of this Shelf Prospectus. Our Company and Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange(s).

SECTION II – RISK FACTORS

An investment in this type of security involves a certain degree of risk. The investor should carefully consider all the information contained in this Shelf Prospectus, including the risks and uncertainties described below, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risks that may arise in connection with our business or any decision to purchase, own or dispose of the Debentures. Additional risks, which are currently unknown, if materialises, may in the future have a material adverse effect on our business, financial condition and results of operations. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Shelf Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Shelf Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with Reformatted Financial Statements as included in this Shelf Prospectus.

Internal Risks

1. ***The nature of our business, operations of our business and the state of affairs of our Company has changed significantly post the Scheme and hence our financial numbers will have substantial comparative difference than the past financial numbers.***

   In accordance with the Composite Scheme of Arrangement, the main object of the Company was amended to carry on the lending business activity upon merger of India Infoline Finance Limited, subsidiary of the Company, with the Company on March 30, 2020 with an appointed date of April 01, 2018. The Company has received the registration as a Non-Banking Financial Company post making necessary application with RBI. Further as a part of the Scheme, the Merchant Banking Business of the Company was transferred to IIFL Securities Limited ("IIFL Securities") and the Investment Advisory Business was transferred to IIFL Wealth Management Limited ("IIFL Wealth"). Further, in accordance with Clause 29 and other applicable clauses of the Composite Scheme of Arrangement, the business, branches, assets and liabilities, debts, obligations, permits, contracts, employees, agreements, policies, arrangements, approvals, sanctions and proceedings etc. of India Infoline Finance Limited stood vested and carried on by IIFL Finance Limited upon effectuation of the merger.

   During the nine months ended December 31, 2020, our Company's total income, on a consolidated basis, amounted to ₹ 43,406.29 million as compared to ₹ 48,207.29 for the fiscal year 2019-20, ₹ 50,848.78 million for the fiscal year 2018-2019 and ₹ 38,541.62 million for the fiscal year 2017- 2018. Our profit before tax for the nine months ended December 31, 2020 stood at ₹ 6,842.01 million and total comprehensive income/profit after tax post minority interest stood at ₹ 4,661.68 million as compared to ₹ 7,251.84 million and ₹ 4,951.77 million respectively for fiscal year 2019-20, ₹ 11,299.23 million and ₹ 7,846.04 million respectively for the fiscal year 2018-2019 and ₹ 16,676.90 million and ₹ 9,113.24 million for the fiscal year 2017 - 2018.

   It is to be noted that post the effectiveness of the Scheme, the major business of our Company has become the business of our then material subsidiary India Infoline Finance Limited and its subsidiaries i.e. NBFC business, microfinance business and home loan business and the wealth and securities business no longer forms the business of our Company, as IIFL Wealth and IIFL Securities no longer remain our subsidiaries.

2. ***Our Company, Directors, Promoter, and group companies are involved in certain legal and other proceedings. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance and our stockholders'.***

   We or our or directors or officers, are often involved in litigations (including civil or criminal) for a variety of reasons, which generally arise because we seek to recover our dues from borrowers or because customers seek claims against us. The majority of these cases arise in the normal course of business and we believe, based on the facts of the cases and consultation with counsel, that these cases generally do not involve the risk of a material adverse impact on our financial performance or stockholders' equity. We estimate the probability of losses that may be incurred in connection with legal and regulatory proceedings as of the date on which our standalone and consolidated financial statements are prepared. We recognize a provision when we have a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. We determine the amount of provision based on our estimate of the amount required to settle the obligation at the balance sheet date, supplemented by our experience in similar situations. We review provisions at each balance sheet date and adjust them to reflect current estimates. In cases where the available information indicates that a loss is reasonably possible but the amount of such loss cannot be reasonably estimated, we make a disclosure to this effect in the standalone and consolidated financial statements. In certain instances, present and former employees have instituted legal and other proceedings against us alleging irregularities. When there is only a remote risk of loss, we do not recognize a provision nor do we include a disclosure in the standalone and consolidated financial statements.

There can be no assurance that a significant portion of these disputes will not be determined against our Company or that our Company will not be required to pay all or a portion of the disputed amounts or that it will be able to recover amounts for which our Company has filed recovery proceedings. In addition, even if our Company is successful in defending such cases, it will be subject to legal and other costs relating to defending such litigation, and such costs may be substantial. Further, there can be no assurance that similar proceedings will not be initiated against our Company in the future.

For further details in relation to legal proceedings, see the section titled "*Outstanding Litigations*" on page 210 of this Shelf Prospectus.

3. ***Our Company's inability to recover the amounts due from customers to whom it has provided secured and unsecured loans in a timely manner, or at all, and its full collateral and its customers' failure to comply with applicable statutory or regulatory requirements in relation to such loans could adversely affect our Company's operations and profitability.***

Our Company's Loan Book, as on December 31, 2020, is ₹ 3,08,931.58 million which includes secured loans constituting 82.58% and unsecured loans constituting 17.42% of our Company's Loan Book. Substantial portion of our Company's Loan Book is secure in nature and the value of collateral that we collect is dependent on various factors, including (i) prevailing market conditions, (ii) the general economic and political conditions in India, (iii) growth real estate sector in India and the areas in which our Company operates, and (iv) any change in statutory and/or regulatory requirements; (v) fluctuation in gold prices. We maintain loan-to-value on the basis of the products being offered and product specific LTVs vary from case to case. In the event our borrowers default on the repayment of loans, we may not be able to realize the full value of the collateral due to various reasons, including a possible decline in the realizable value of the collateral, defective title as security, prolonged legal proceedings, unavailability of a ready market and fraudulent actions by borrowers, or we may not be able to foreclose on collateral at all. Further, certain kinds of loans that are advanced by us are not secured by any assets. In India, foreclosure on collateral may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. Foreclosure on collateral generally requires a written petition to an Indian court or tribunal, any proceedings brought may be subject to delays and administrative requirements that may result in, or be accompanied by, a decrease in the value of the collateral.

A decline in the value of the security could impair our ability to realize the secured assets upon any foreclosure, which may require us to increase our provision for loan losses. In the event of a default with respect to any of these loans, the amounts we receive upon sale of the secured assets may be insufficient to recover the outstanding principal and interest on the loan. If we are required to re-value the assets securing a loan to satisfy the debt during a period of reduced asset values or to increase our allowance for loan losses, our profitability could be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The remaining portion of the Company's Loan Book is unsecured and in the event of defaults by such customers, our Company's ability to realise the amounts due to it from the loans would be restricted to initiating legal proceedings for recovery as our Company will not have the benefit of enforcing any security interest. There can be no guarantee as to the length of time it could take to conclude such legal proceedings or for the legal proceedings to result in a favourable decision for our Company.

4. ***We are subjected to supervision and regulation by the RBI as a systemically important NBFC, and changes in RBI's regulations governing us could adversely affect our business.***

Being an NBFC, the operations of the Company are subject to various regulations prescribed by the RBI and other statutory authorities including regulations relating to foreign investment in India. Pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 vide its circular DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (Updated as on February 17, 2020) as amended from time to time, the Company has been classified as a Systemically Important Non Deposit Accepting NBFC. Pursuant to the aforesaid circular, among other things, NBFCs will be required to consider a loan as non-performing asset if it is overdue for more than 90 days than the earlier norm of 180 days overdue for loans. The Company is required to maintain a CAR of 15% besides complying with other Prudential Norms, directions and the requirements under the revised regulatory framework. Compliance with many of the regulations applicable to the Company across jurisdictions including any restrictions on investments and other activities currently being carried out by the Company involve a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of the Company could be adversely affected. Further, the RBI's may amend regulations/ guidelines applicable to NBFCs in future which may require us to restructure our activities, incur additional cost or could otherwise adversely affect our business and our financial performance.

While the RBI has not provided for any restriction on interest rates that can be charged by non -deposit taking NBFCs (other than NBFC-MFIs) but there can be no assurance that the RBI and/or the Government will not implement regulations or policies, including policies or regulations or legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that could have an adverse effect on non-deposit taking NBFCs. In addition, there can be no assurance that any changes in the laws and regulations relative to the Indian financial services industry will not adversely impact our business. We work in a regulated environment and we cannot predict any restrictions that may be placed by the regulator with respect to interest that is to be charged to our customers in future. There can be no assurance that any changes in the laws and regulations relative to the Indian financial services industry will not adversely impact our business.

5. ***As an NBFC, non-compliance with the RBI's observations made during its periodic inspections could expose us to penalties and restrictions.***

Inspection by the RBI is a regular exercise and is carried out periodically by the RBI for all NBFCs registered with it under the RBI Act. Our Company, being an NBFC-ND-SI, is subject to periodic inspection by the RBI under the provisions of the RBI Act, 1934 (the "**RBI Act**"), pursuant to which the RBI inspects the books of accounts of our Company and other records. The RBI in its earlier inspection report of India Infoline Finance Limited (merged NBFC of IIFL Finance Limited) for the fiscal year ended March 31, 2019 made certain observations during the inspection which, among other things, were related to diminution in the value of the property, requirement of strengthening present gold loan disbursement systems and processes to mitigate the risk of lending to existing delinquent customers, high dependence on manual intervention on important aspects of loan management, incorrect tagging of complaints as queries/requests, delay in creation of charge by filing form CHG-1, requirement of further strengthening IT systems and training of staff etc. Our Company, vide its letters, has responded to the RBI concerning its observations and has provided information and clarifications sought by the RBI. The observations were pursuant to routine inspections of the RBI. Further, the annual RBI onsite inspection for the fiscal year ended March 31, 2020 is yet to be completed by RBI. Any adverse action taken by the RBI pursuant to such inspections, or non-compliance by our Company with the RBI's observations, could materially and adversely affect our Company's business and operations.

6. ***There are outstanding legal proceedings against our group companies, if determined, could have a material adverse impact on our business, results of operations and financial conditions.***

There are certain outstanding legal proceedings against our group companies pending at various levels of adjudication before courts, tribunals, authorities and appellate bodies. There can be no assurance that these legal proceeding will be decided in favour of our group companies. Decisions in any of such proceedings adverse to our interests may have a material adverse effect on our business, future financial performance and results of operations. If the courts or tribunals rule against our group companies, we may face monetary and/

or reputational losses. Furthermore, we may also not be able to quantify all the claims in which our group companies are involved.

"IIFL" is a well-established brand among retail, institutional and corporate investors in India and we believe we have benefited extensively from the brand. We also derive substantial benefit from synergies and cross-selling opportunities generated between our company and entities within IIFL group. As a result, our company's reputation and brand may be affected by any regulatory orders alleging non-compliance by other entities within the IIFL group with laws and regulations.

In particular, our associate company, IIFL Commodities Limited has been the subject of investigations conducted by regulatory authorities in India in connection with allegations of breaches of the Forward Contracts (Regulation) Act, 1952, false representation in respect of assured/risk free returns, failure to report suspicious transactions and failure to ensure proper segregation of assets, involving the now defunct National Spot Exchange Limited ("**NSEL Case**"). As a result of such investigations, the Economic Offences Wing of the Mumbai police filed a charge-sheet on April 26, 2019 before the Special Sessions Court, MPID, Mumbai against IIFL Commodities Limited, including Mr. Chintan Modi, one of the Directors of IIFL Commodities Limited. The matter is currently pending for hearing.

In February 2019, SEBI declared five major brokerage houses, including IIFL Commodities Limited, not fit and proper person to hold directly or indirectly, the certificate of registration, as a commodity derivatives broker and rejected the application filed by IIFL Commodities Limited for registration as Commodity Derivatives Broker. IIFL Commodities Limited filed an appeal against the said order of SEBI before the Securities Appellate Tribunal ("**SAT**") on April 11, 2019 and SEBI filed its reply to the appeal and a rejoinder was thereafter filed by IIFL Commodities Limited on October 14, 2019. The appeal is scheduled for hearing on March 23, 2021.

On June 20, 2019, an Intervening Application was filed by NSEL before SAT and the same was admitted by SAT on November 11, 2019. The Appeal filed by IIFL Commodities Limited was partly heard by the tribunal on November 11, 2019 and thereafter the matter was adjourned to November 13, 2019, for further hearing.

On November 13, 2019, the lawyers representing NSEL filed an appeal before SAT, inter-alia praying for expunging certain remarks made by SEBI against NSEL, in the aforesaid SEBI order against the brokers. After hearing, the tribunal dismissed the appeal filed by NSEL. NSEL preferred an appeal before the Supreme Court challenging the SAT Order and the Supreme Court directed issue of notice to the respondents and stayed further proceedings in the cross appeals pending before the SAT. IIFL Commodities Limited filed its Affidavit in reply and the matter before the Supreme Court is pending for hearing.

There can be no assurance that SEBI or any other regulator may not take further action against IIFL Commodities Limited in connection with the NSEL Case. IIFL Commodities Limited was a wholly owned subsidiary of IIFL Finance Limited but following the demerger of IIFL Securities Limited pursuant to the Composite Scheme of Arrangement, IIFL Commodities Limited is now a wholly owned subsidiary of IIFL Securities Limited and no longer a subsidiary of the IIFL Finance Limited (formerly IIFL Holdings Limited).

7. ***High levels of customer defaults and the resultant non-performing assets could adversely affect our Company's business, financial condition, results of operations and future financial performance.***

Our Company's business involves lending money and accordingly, our Company is subject to risks of customer default which includes default or delays in repayment of principal and/or interest on the loans our Company provides to its customers. Customers may default on their obligations as a result of various factors, including certain external factors which may not be within our Company's control such as developments in the Indian economy and the real estate market, movements in global markets, changes in interest rates and changes in regulations. Customers could also be adversely affected by factors such as, bankruptcy, lack of liquidity, lack of business and operational failure. If customers fail to repay loans in a timely manner or at all, our Company's financial condition and results of operations will be adversely impacted. To the extent our Company is not able to successfully manage the risks associated with lending to these customers, it may become difficult for our Company to make recoveries on these loans. In addition, our Company may experience higher delinquency rates due to prolonged adverse economic conditions or a sharp increase in interest rates. An increase in delinquency rates could result in a reduction in our Company's total interest income (i.e., our Company's accrued interest income from loans, including any interest income from credit substitutes) and as a result, lower revenue from its operations, while increasing costs as a result of the increased expenses required to service and collect delinquent loans, and make loan loss provisions as per applicable laws. Our Company may also be required to make additional provisions in respect of loans to such customers in accordance with applicable regulations and, in certain cases, may be required to write-off such loans.

8. ***Our financial performances are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance.***

Our Company's financial performance is substantially dependent upon the level of its net interest margins. As at December 31, 2020, March 31, 2020, March 31, 2019 and March 31, 2018, on a standalone basis, our Loan Book stood at ₹ 1,39,471.71 million, ₹ 131,194.45 million, ₹ 123,058.88 million, and ₹ 151,590.54 million, respectively and our assets under management were ₹ 1,85,654.87 million, ₹ 160,565.60 million, ₹ 144,604.01 million and ₹ 160,662.80 million, respectively.

For the nine months ended December 31, 2020 and fiscal years ended March 31, 2020, 2019 and 2018, our revenue from operations on a standalone basis was ₹ 24,214.61 million, ₹ 26,083.01 million, ₹ 29,533.35 million and ₹ 1,587.64 million, respectively, whereas our total comprehensive income/profit after tax was ₹ 1,369.33 million, ₹ 1,463.17 million, ₹ 4,521.68 million, and ₹ 2,043.48 million respectively.

As a result of certain reserve requirements of the Reserve Bank of India applicable to non-banking financial companies, we are structurally exposed to interest rate risk than other corporates. These requirements result in our maintaining a portfolio of fixed income government of India securities, and we could be materially adversely impacted by a rise in interest rates, especially if the rise were sudden or sharp. Realized and marked-to-market gains or losses on investments in fixed income securities, including government of India securities, are an important element of our profitability and are impacted by movements in market yields. If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Further, any tightening of liquidity and volatility in markets may limit our access to capital markets and result in an increase in our cost of funding. Continued volatility in international markets could also constrain and increase the cost of our borrowings and our ability to replace maturing borrowings and fund new assets.

Furthermore, we are also exposed to interest rate risks as a result of lending to customers at fixed/ floating interest rates and in amounts and for periods which may differ from our funding sources. While we seek to match our interest rate positions to minimise interest rate risk, we are unable to assure you that significant variation in interest rates will not have an effect on our results of operations. Moreover, volatility in interest rates is sensitive to factors which are beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other such considerations. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted and the same would adversely affect our business and results of operations.

9. ***We may not be able to successfully sustain our growth plans.***

In recent years, we have experienced steady growth. Our growth plan includes growing our secured lending and expanding our retail customer base through strategic business alliances and marketing initiatives, expanding and diversifying our loan product portfolio, growing our operations and network across the country and expanding our customer base across various business verticals in India. However, there can be no assurance that we will be able to sustain our growth plan successfully or that we will be able to expand further or diversify our product portfolio. If we grow our Loan Book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

We also face a number of operational risks in executing our growth strategy. Our Company has experienced growth in our mortgage loans and gold loans businesses; our branch network has expanded significantly as part of our growth strategy. Our rapid growth exposes us to a wide range of increased risks, including business and operational risks, such as the possibility of growth of NPAs, fraud risks and regulatory and legal risks.

Our ability to sustain our rate of growth also significantly depends upon our ability to recruit trained and efficient personnel and retain key managerial personnel, maintain effective risk management policies, continuing to offer products which are relevant to our target base of clients, developing managerial experience to address emerging challenges and ensuring a high standard of client service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

Further, a principal component of our strategy is to continue to grow by expanding the size and geographical scope of our businesses, as well as the development of our business streams viz. mortgage loans, construction and real estate finance, small & medium enterprise loans, gold loans, microfinance and home Loans. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

10. *Our statutory auditors have highlighted certain emphasis of matters to their audit reports relating to our audited financial statements, which may affect our future financial results*.

Our statutory auditors have highlighted certain emphasis of matters to their audit opinion/Limited Review Report relating to our audited financial statements, Interim Condensed Financial Statements for the three months period ended June 30, 2020 and Unaudited Ind AS Financial Information for the nine months period ended December 31, 2020, as mentioned below:

Nine months ended	**Auditor remarks**
December 31, 2020	The auditors have drawn attention to Note 9 of the statement, which fully describes that the company has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic. The auditors have not modified their opinion in respect of this matter
Quarter ended	**Auditor remarks**
June 30, 2020	The auditors have drawn attention to Note 13 of the statement, which fully describes that the company has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic. The auditors have not modified their opinion in respect of this matter
Financial year ended	**Auditor remarks**
March 31, 2020	**Emphasis of matter in standalone financial statements:** i. The auditors have drawn attention to Note 38 of the standalone financial statements which describes the reasons for implementation of the composite scheme of arrangement amongst the Company, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited, and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the “Scheme”), in Parts, based on the legal opinion obtained by the Company.

	The auditors have not modified their opinion in respect of these matters. ii. The auditors have drawn attention to Note 8.3 of the standalone financial statements, which fully describes that the Company has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic. **Emphasis of matter in consolidated financial statements:** i. The auditors have drawn attention to Note 41 of the consolidated financial statements which describes the reasons for implementation of the composite scheme of arrangement amongst the Holding Company, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited, and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme"), in Parts, based on the legal opinion obtained by the Company. ii. The auditors have drawn attention to Note 8.3 of the consolidated financial statements, which fully describes that the Group has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. The auditors have not modified their opinion in respect of these matters.
March 31, 2019	**Emphasis of matter in standalone financial statements:** i. The auditors have drawn attention to Note 34.1 of the standalone financial statements which describes the reasons for implementation of the composite scheme of arrangement amongst the Company, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited, and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme"), in Parts, based on the legal opinion obtained by the Company. The auditors have not modified their opinion in respect of these matters. **Emphasis of matter in consolidated financial statements:** i. The auditors have drawn attention to Note 39.1 of the consolidated financial statements which describes the reasons for implementation of the composite scheme of arrangement amongst the Holding Company, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited, and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme"), in Parts, based on the legal opinion obtained by the Company. The auditors have not modified their opinion in respect of these matters.

For further details, in relation to the emphasis of matter, etc. please refer Financial Statements on page 188 of the Shelf Prospectus. There can be no assurance that our statutory auditors will not include further matters of emphasis or other similar comments in the audit reports to our audited financial statements in the future, or that such remarks or matters of emphasis will not affect our financial results in future fiscal periods. Investors should consider the matters of emphasis and remark in evaluating our financial condition, results of operations and cash flows. Any such matter of emphasis or remark in the auditors' report on our financial statements in the future may also adversely affect the trading price of the NCDs.

11. ***Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.***

Our Company's liquidity and ongoing profitability are, to a large extent, dependent upon its timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from various sources, including shareholder funding, term loans, working capital limits from banks, issuance of commercial papers and non-convertible debentures, cash credit facilities from banks and inter-corporate deposits. Thus, our Company's business growth, liquidity and profitability depends and will continue to depend on its ability to access diversified, relatively stable and low-cost funding sources as well as our Company's financial performance, capital adequacy levels, credit ratings and relationships with lenders. Any adverse developments or changes in applicable laws and regulations which limit our Company's ability to raise funds through issuance of non-convertible debentures can disrupt its sources of funding and as a consequence, could have a material adverse effect on our Company's liquidity and financial condition.

Our Company's ability to borrow funds and refinance existing debt may also be affected by a variety of factors, including liquidity in the markets, the strength of the lenders from which our Company borrows, the amount of eligible collateral and accounting changes that may impact calculations of covenants in our Company's financing agreements. An event of default, a significant negative ratings action by a rating agency, an adverse action by a regulatory authority or a general deterioration in prevailing economic conditions that constricts the availability of credit may increase our Company's cost of funds and make it difficult for our Company to access financing in a cost-effective manner. A disruption in sources of funds or increase in cost of funds as a result of any of these factors may have a material adverse effect on our Company's liquidity and financial condition

12. ***Our ability to borrow from various banks may be restricted on account of guidelines issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs which could have an impact on our business and could affect our growth, margins and business operations.***

The RBI vide its Circular DBR.No.BP.BC.43/ 21.01.003/2016-17 dated December 1, 2016 and Circular DBR.No.BP.BC.31/21.01.003/2018-19 dated April 1, 2019 and circular No. DBR.No.BP.BC.43/21.01.003/2018-19 dated June 03, 2019 as amended from time to time, has amended the regulatory framework governing banks to address concerns arising from divergent regulatory requirements for banks and NBFCs. These Circulars restricts bank's exposures to a single NBFC to 15 percent of their eligible capital base and to a group of connected NBFCs or group of connected counterparties having NBFCs in the group to 25 percent of their Tier I Capital. In September 2019, the Reserve Bank of India (RBI) again increased a banks exposure limit to a single NBFC from 15% to 20% of its Tier-I capital on May 23, 2020, the exposure to a group of connected NBFCs or group of connected counterparties having NBFCs in the group was increased from 25% to 30% of their Tier I Capital as a one-time measure due to covid-19 and the increased limit is applicable upto June 30, 2021.

Furthermore, RBI has suggested that banks may consider fixing internal limits for their aggregate exposure to all NBFCs combined. Since these circulars limit a bank's exposure to NBFCs, the same consequently restricts our ability to borrow from banks.

Further, as per the extant guidelines by RBI, it has now been decided that rated exposures of banks to all NBFCs (including our Company), excluding Core Investment Companies (CICs), would be risk-weighted as per the ratings assigned by the accredited rating agencies, in a manner similar to that for corporates.

These circulars could affect our business and any similar notifications released by the RBI in the future, which has a similar impact on our business could affect our growth, margins and business operations.

13. ***Our Company's inability to obtain, renew or maintain the statutory and regulatory permits and approvals which are required to operate its existing or future businesses may have a material adverse effect on its business, financial condition and results of operations.***

NBFCs in India are subject to regulations and supervision by the RBI. In addition to the numerous conditions required for the registration as an NBFC with the RBI, our Company is also required to comply with certain other regulatory requirements for its business imposed by the RBI. In the future, there could be circumstances where our Company may be required to renew applicable permits and approvals, including its registration as an NBFC-ND-SI and obtain new permits and approvals for its current and any proposed operations or in the event of a change in applicable law and regulations. There can be no assurance that RBI or other relevant authorities will issue any such permits or approvals in the timeframe anticipated by our Company, or at all. Failure by our Company to renew, maintain or obtain the required permits or approvals may result in an interruption of its operations and may have a material adverse effect on its business, financial condition and results of operation. In addition, our branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

14. ***Our Company's business is dependent on relationships established through its branches with its clients. Any events that harm these relationships including closure of branches or the loss of our Company's key personnel or employees may lead to a decline in our Company's revenue and profits. Further, our Company's results of operations could be adversely affected in the event of any disputes with its employees.***

Our Company's business is dependent on the key personnel and employees who directly manage client relationships. Our Company encourages dedicated personnel to service specific clients since our Company believes that this leads to long-term client relationships, a trust based business environment and over time, better cross-selling opportunities. While no key personnel or employees contribute a significant percentage of the business, the business may suffer materially if a substantial number of them either becomes ineffective or leaves the organisation. As a result, there may be an adverse effect on our Company's business and profits. While our Company believes that our Company maintains good relationships with its employees, there can be no assurance that our Company will not experience future disruptions to its operations due to disputes or other problems with its work force which may adversely affect our Company's business and results of operations.

15. ***As on March 31, 2020, our Company's (on a standalone basis) top 20 borrowers represented 22.29% of our total advances. Our inability to maintain relationships with these customers or any payment default by or credit losses of these customers could materially and adversely affect our business, future financial performance and results of operations.***

As on March 31, 2020, our Company's top 20 borrowers accounted for 22.29% of our total advances on a standalone basis. Our business and results of operations will be adversely affected if we are unable to maintain or further develop relationships with such significant customers. There can be no assurance that we will be able to maintain the historic levels of business from such significant customers. Further, in the event we lose any such significant customer, we cannot assure that we will be able to replace them, which could have a material adverse effect on our results of operations. Our business and results of operations depend upon the timely repayment of the interest and principal from our significant customers. We cannot assure you that we will not experience delays in servicing of the loan advanced or that we will be able to recover the interest and the principal amount of the loan. Any such delay or default will adversely affect our income from operations and consequently, our profitability. In case we are unable to recover the full amount of principal and interest or any part of thereof, and the collateral is not sufficient to recover the full amount, our financial condition may be adversely affected.

16. ***The value of our collateral may decrease or we may experience delays in enforcing our collateral when borrowers default on their obligations to us which may result in failure to recover the expected value of collateral security exposing us to a potential loss.***

A substantial portion of our loans to our customers is secured by collateral. Changes in asset prices may cause the value of our collateral to decline, and we may not be able to realize the full value of our collateral as a result of delays in bankruptcy and foreclosure proceedings, delays in the creation of security interests, defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from various persons, agencies or authorities), fraudulent transfers by borrowers and other factors, including depreciation in the value of the collateral and illiquid market for disposal of and volatility in the market prices for the collateral, current legislative provisions or changes thereto and past or future judicial pronouncements. Foreclosure on collateral consisting of property can be undertaken directly by lenders by fulfilling certain procedures and requirements (unless challenged in courts of law) or otherwise by a written petition to an Indian court or tribunal. An application, when made (or a legal challenge to the foreclosure undertaken directly), may be subject to delays or administrative requirements that may result in, or be accompanied by, a decrease in the value of collateral. These delays can last for several days and might lead to deterioration in the physical condition or market value of the collateral.

Delays in recovery, bankruptcy and foreclosure proceedings, defects in the title and delays in obtaining regulatory approvals for the enforcement of such collaterals may affect the valuation of the collateral. As a result, our Company may not be able to recover the full value of the collateral for the loans provided by it within the expected timeframe or at all. Further, legal proceedings may have to be initiated by our Company in order to recover overdue payments on loans and as a consequence, the money and time spent on initiating legal proceedings may adversely affect our Company's cash flow.

The value of the security provided by the borrowers to our Company may be subject to a reduction in value on account of various reasons. While our Company's customers may provide alternative security to cover the shortfall, the realisable value of the security for the loans provided by our Company in the event of a liquidation may continue to be lower than the combined amount of the outstanding principal amount, interest and other amounts recoverable from the customers.

Any default in the repayment of the outstanding credit obligations by our Company's customers may expose it to losses. A failure or delay to recover the loan value from sale of collateral security could expose our Company to potential losses. Any such losses could adversely affect our Company's financial condition and results of operations. Furthermore, the process of litigation to enforce our Company's legal rights against defaulting customers in India is generally a slow and potentially expensive process.

Similarly, in case of loan against securities, the value of collateral may be extremely volatile and in default scenario might not yield results same as per book value. A failure to recover the expected value of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition and results of operations.

Further, the security for our MSME loans are usually movable assets, making it difficult to locate or seize in the event of any default by our customers. There can also be no assurance that we will be able to sell such collaterals at prices sufficient to cover the amounts under default. In addition, there may be delays associated with seizure and disposal of such collaterals, including litigations and court proceedings which is generally a slow and potentially expensive process in India. A failure or delay to recover the expected value from sale of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition and results of operations. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all.

17. ***Any increase in the levels of non-performing assets ("NPA") on our loan portfolio, for any reason whatsoever, would adversely affect our business and results of operations***

Various factors, including a rise in unemployment, prolonged recessionary conditions, our regulators' assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and global competition, could cause an increase in the level of our non-performing assets and have a material adverse impact on the quality of our loan portfolio. Consistent with the growth of our branch network and our product portfolio, we expect an increase in our loan assets. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of Gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs.

As of December 31, 2020, March 31, 2020 and March 31, 2019 the gross value of NPAs on a consolidated basis was ₹ 4,983.76 million, ₹ 6,525.89 million and ₹ 5,405.39 million, respectively which is 1.61%, 2.31% and 1.96%, respectively, of our Company's Loan Book. If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or other loan losses that may occur, or if future regulation (or change in accounting standards) requires us to increase our provisions, our results of operation and financials may get adversely affected including our ability to raise additional capital and debt funds at favourable terms. Further, if our customers are unable to meet their financial obligation in a timely manner, then it could adversely affect our results of operations. Any negative trends or financial difficulties particularly among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. If a significant number of our customers are unable to meet their financial obligations in a timely manner, it may lead to an increase in our level of NPAs. If we are not able to prevent increases in our level of NPAs, our business and our future financial performance could be adversely affected.

Further, Hon'ble Supreme Court of India, in a public interest litigation (Gajendra Sharma vs. Union of India), vide an interim order dated September 03, 2020 has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared NPA till further orders. Basis the said interim order, the Company has not classified any account as NPA, as per RBI norms, after August 31, 2020, which were not NPA as of August 31, 2020. If the RBI had not restricted the companies from disclosing the NPA after August 31, 2020, our level of GNPA and NPA (on consolidated basis) as on December 31, 2020 would have been increased to 2.87% and 1.46% as against reported GNPA and NPA (on consolidated basis) of 1.61% and 0.77% respectively.

18. *We may be unable to realize the expected value of collateral when borrowers default on their obligations to us, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.*

We follow internal risk management guidelines in relation to portfolio monitoring which, inter alia, include a periodic assessment of loan to security value on the basis of conservative market price levels and ageing analysis, amongst others. However, we may not be able to realize the full value of the collateral as a result of the following (among other factors):

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including due to inability to obtain any approvals that may be required from third parties);
- destruction / material damage to the underlying property.
- fraud by borrowers;
- errors in assessing the value of the collateral;
- illiquid market for the sale of the collateral;
- applicable legislative provisions or changes thereto and past or future judicial pronouncements; and
- variation in interest rates of gold loans

As a result of any of the foregoing factors, we may not be able to realize the full value of collateral, which could have an adverse effect on our financial condition, results of operations and cash flows.

19. *Any non-compliance with mandatory Anti-Money Laundering and Know Your Customer policies could expose us to additional liability and harm our business and reputation.*

In accordance with the requirements applicable to us, we are mandated to comply with rules and regulations under Prevention of Money Laundering Act (**PMLA**) 2002, the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and RBI Know Your Client ("**KYC**") regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our networks for money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities. There can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may, accordingly, be subject to regulatory actions, including imposition of fines and other penalties by the relevant government agencies. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

20. ***In our housing finance business, we have significant exposure to the real estate sector and any negative trends affecting this sector could adversely affect our business and result of operations.***

In our housing finance business, the primary security for the loans disbursed by the Company is the underlying property; the value of this security is largely dependent on housing market conditions prevalent at that time. The value of the collateral on the loans disbursed by the Company may decline due to adverse market conditions, including an economic downturn or a downward movement in real estate prices. In the event the real estate sector is adversely affected due to a decline of demand for real properties, changes in regulations or other trends or events, which negatively impact the real estate sector, the value of our collaterals may diminish which may affect our business and results of operations.

Failure to recover the expected value of collateral could expose the Company to losses and, in turn, result in a material adverse effect on our business, results of operations and financial condition. Following the introduction of the SARFAESI Act, we are allowed to foreclose on secured property after 60 days' notice to a borrower, whose loan has been classified as non-performing. Although the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that we will be able to realize the full value of our collateral, due to, among other things, delays on our part in taking action to secure the property, delays in bankruptcy foreclosure proceedings, stock market downturns, defects in the perfection of collateral and fraudulent transfers by borrowers.

Further, among the various regulatory developments that have impacted the real estate sector recently, we believe that the implementation of the Real Estate Regulation and Development Act, 2016 (RERaD Act) is expected to have the biggest impact over the long term. After notification of certain Sections of the Act with effect from May 2016, the full provisions of the Act became effective from May 2017 onwards. Subsequent to this, the obligations of real estate project developers under the provisions of the Act, including mandatory project registration, enhanced disclosure norms and penal provisions for violation of rules have become effective across India. While most of the state governments have notified rules in relation to RERaD, other states are in the process of doing so.

To ensure compliance with the requirements of the RERaD, companies in the real estate sector may need to allocate additional resources, which may increase compliance and they may face regulatory actions or be required to undertake remedial steps, which may have an adverse effect the business, operations and financial condition of various companies in the sector leading to less than anticipated growth in the housing sector, resulting in adverse effect on our business.

21. ***The name of our Company has changed post implementation of the Scheme and hence change in legal title may have to be recorded with statutory or regulatory authorities, lenders, agencies, investors, Government bodies, professional organizations, etc.***

Our Company has filed the necessary forms with the regulators in relation to the Composite Scheme of Arrangement. Pursuant to the Composite Scheme of Arrangement, our Company has acquired assets, liabilities, contracts of India Infoline Finance Limited (now merged with the Company). We need to take several steps to give effect to the transfer of legal ownership of assets, liabilities, contracts, licenses, permits, approvals, etc. in the name of our Company. There may be delays in correcting the entries in obtaining the legal title of such assets, liabilities, contracts, licenses, permits, approvals, etc. which may involve registration formalities with statutory or regulatory bodies.

There can be no assurance that the name of our Company is appearing correctly in the records of statutory, regulatory authorities, lenders, agencies, investors, Government bodies, professional organizations or in the public domain.

22. ***Our business is dependent on relationships with our clients established through, amongst others, our branches and our direct sales agents. Closure of branches or loss of our key branch personnel may lead to damage to these relationships and a decline in our revenue and profits.***

Our business is dependent on the direct sales agents and key branch personnel who directly manage client relationships. As on March 31, 2020, we had 260 direct sales agents in the Home Loan segment and 146 in the Business Loans segment. As on March 31, 2020, March 31, 2019, March 31, 2018, March 31, 2017 and March 31, 2016, the clients introduced by our direct sales agents contributed 11%, 28%, 37%, 48% and 56% respectively, of our home loans disbursements. As on March 31, 2020, March 31, 2019 and March 31, 2018 the clients introduced by our direct sales agents contributed 86%, 42% and 25% of our business loans disbursements. Further we also encourage dedicated branch personnel to service specific clients since we believe that this leads to long-term client relationships, a trust based business environment and, over time, better cross-selling opportunities. Our business may suffer materially if a substantial number of branch managers either become ineffective or leave the Company or if our direct sales agents divert the customers to our competitors.

23. ***A significant component of our exposure is towards Mortgage loans and Real Estate sector and any factor affecting this sector could adversely affect our business.***

As of December 31, 2020 on a consolidated basis, we have assets under management aggregating to ₹1,77,634.39 million towards mortgage loans which comprises of housing loans of approximately ₹1,34,445.35 million and developer loans of ₹ 43,189.03 million. This amounts to 42.03% of our loan portfolio. In the event the real estate sector is adversely affected due to any reason whatsoever, the value of our collateral may diminish which may affect our results of operations in the event of a default in repayment by our clients.

As of December 31, 2020, the wholesale book comprise 10.22% of our AUM. The projects primarily comprise Residential projects in Mumbai MMR, Delhi NCR, Bengaluru and Pune region.

24. ***We may not be able to realise the full value of our pledged gold, which exposes us to potential loss.***

In case of loan against gold, we may not be able to realise the full value of our pledged gold, due to, among other things, defects in the quality of gold. We cannot assure you that we will be able to auction such pledged gold jewellery at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with the auction process. Any failure to recover the expected value of pledged gold could expose us to a potential loss. Any such losses could adversely affect our financial condition, cash flows and results of operations.

25. ***Inaccurate appraisal of pledged gold jewellery by our personnel may adversely affect our business and financial condition.***

The accurate appraisal of pledged gold jewellery is a significant factor in the successful operation of our business and such appraisal requires a skilled and reliable workforce. Inaccurate appraisal of gold by our workforce may result in gold being overvalued and pledged for a loan that is higher in value than the gold's actual value, which could adversely affect our reputation and business.

Further, we are subject to the risk that our gold appraisers may engage in fraud regarding their estimation of the value of pledged gold. Any such inaccuracies or fraud in relation to our appraisal of gold may adversely affect our reputation, business and financial condition.

26. ***Majority of the gold loans we offer are due within one year of disbursement, and a failure to disburse new loans may result in a reduction of our loan portfolio and a corresponding decrease in our interest income.***

Most of the gold loans we offer are due within one year of disbursement. The relatively short-term nature of our loans means that our long-term interest income stream is less certain. In addition, our existing customers may not avail new loans from us upon maturity of their existing loans, particularly if competition increases. The potential instability of our interest income could materially and adversely affect our results of operations and financial position.

27. ***Insurance of relevant assets obtained by our borrowers may not be adequate to protect them against all potential losses, which could indirectly affect our ability to recover our loans to such borrowers.***

Pursuant to our loan agreements, where loans are extended on the basis of a charge on assets, our borrowers are required to create a charge on their assets in our favour in the form of hypothecation or mortgage, or both. In addition, the terms and conditions of the loan agreements require our borrowers to maintain insurance against damage caused by any disasters including floods, fires and earthquakes or theft on the assets charged, primarily as collateral against the loan granted by us. However, our borrowers may not have obtained the required insurance coverage, or may not renew the insurance policies, or the amount of insurance coverage may be less than the replacement cost of the relevant assets and therefore insufficient to cover all financial losses that our borrowers may suffer, or at all, resulting in adverse effect on our business and financial condition.

28. ***A rise in the general income level of our customers may adversely affect the demand for our loans.***

The size of our loans portfolios is dependent upon the demand for loans in India, which is inversely related to the general income level of our customers. A rise in the general income level in India could make our loans unattractive to some customers due to their having increased disposable income, making them less reliant on loans. Such a shift in income levels could lower our interest income, which could in turn adversely affect our business, financial condition, cash flows and results of operations.

29. ***We may not be able to appropriately assess the credit worthiness of our customers before extending credit facilities to them. Unavailability of adequate information or inaccurate and/or incomplete information provided by our customers may adversely affect our operations and profitability.***

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading. In addition, we may not be able to place a reliance on credit bureaus to assess credit worthiness of all our segment borrowers. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a result, our ability to effectively manage our credit risk may be adversely affected.

Moreover, we have implemented KYC norms and other measures, to prevent money laundering. In the event of ineffectiveness of these norms and systems, our reputation, business and results of operations may be adversely affected.

30. ***The new Bankruptcy Code in India may affect our rights to recover loans from borrowers*.**

The Insolvency and Bankruptcy Code, 2016, as amended from time to time ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 66% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

Further, the GoI vide notification dated March 24, 2020 ("**Notification**") has amended section 4 of the Bankruptcy Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, GoI has increased the minimum amount of default under the insolvency matters from ₹1,00,000 to ₹1,00,00,000. Therefore, the ability of our Company to initiate insolvency proceedings against the defaulters where the amount of default in an insolvency matter is less the ₹1,00,00,000 may impact the recovery of outstanding loans and profitability of our Company.

31. *We may face tax related assessments or regulatory actions.*

The laws and regulations governing the tax liability of our Company could change in the future and any such changes could adversely affect its business and future financial performance by requiring a restructuring of its activities, which may impact its results of operations.

Our Company has filed tax returns with the tax department which are pending for assessment. There is a possibility that the tax department may impose additional tax liability on our Company upon completion of these assessments. Our Company cannot assure you that the tax department will not initiate scrutiny, investigation or regulatory action or reopen assessments for previous years. Any adverse finding by the tax department may have a material adverse effect on our Company's reputation, business, operations and financial conditions.

32. *Certain facts and statistics are derived from publications not independently verified by our Company, the Lead Managers or their respective advisors.*

The information in the section titled *"Industry Overview"* of this Shelf Prospectus has been derived from the report titled *"NBFC Report 2020"*, (the "**Report**") provided by CRISIL Research. While our Company has taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by our Company, the Lead Managers or their respective advisors and, therefore, they make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics in this Shelf Prospectus may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

33. *The financing industry is becoming increasingly competitive and our growth will depend on our ability to compete effectively.*

The sector in which we operate is highly competitive and we face significant competition from banks and other NBFCs. Many of our competitors are larger institutions, which may have much larger customer and funding sources, larger branch networks and more capital than we do. Some of our competitors may be more flexible and better-positioned to take advantage of market opportunities. In particular, private banks in India and many of our competitors outside of India may have operational advantages in implementing new technologies and rationalising branches. These competitive pressures affect the industry in which we operate as a whole, and our future success will depend in large part on our ability to respond in an effective and timely manner to these competitive pressures.

In our housing finance and gold loan business, we face increasing competition from commercial banks and other players in the unorganized sector. Interest rate deregulation and other liberalization measures affecting the housing finance industry, together with increased demand for home finance, have also increased our exposure to competition. The demand for housing loans has also increased due to the increase in demand of real estate, stable property prices, higher disposable incomes and increased fiscal incentives for borrowers. The demand for gold loans has also increased due to urgent borrowing or bridge financing requirements and the need for liquidity for assets held in gold and also due to increased awareness among customers of gold loans as a source of quick access to funds. All of these factors have resulted in the housing finance and gold loan industry, including our Company, facing increased competition from other lenders to the retail housing market, including commercial banks. Unlike commercial banks, we do not have access to funding from savings and current deposits of customers. Instead, we are reliant on higher cost loans and debentures for our funding requirements, which may reduce our margins compared to competitors. Our ability to compete effectively with commercial banks will depend, to some extent, on our ability to raise low-cost sources of funding in the future. If we are unable to compete effectively with other participants in the housing finance and gold loan industry, our business, future financial performance and the trading price of the NCD may be adversely affected.

Furthermore, as a result of increased competition in the housing finance and gold loan industry, home loans and gold loans are becoming increasingly standardized and terms such as floating rate interest options for housing loans, lower processing fees, monthly rest periods and no prepayment penalties are becoming increasingly common in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive housing finance industry. Increasing competition may have an adverse effect on our net interest margin and other income, and if we are unable to compete successfully, the origination of new loans will decline and we may not be able to achieve our growth objectives.

34. ***Any change in control of our Promoter or our Company or any other factor affecting the business and reputation of our Promoter may have a concurrent adverse effect on our Company's reputation, business and results of operations and may correspondingly adversely affect our goodwill, operations and profitability and further our Promoter has significant control in our Company, which will enable them to influence the outcome of matters submitted to shareholders for approval, and their interests may differ from those of other holders of Equity Shares.***

As on December 31, 2020, our Promoter and Promoter Group along with persons acting in concert holds 24.98% of the paid up equity share capital. Any change in control of the Promoter / Promoter Group may have an adverse effect on the operations of the Company including influencing the policies of the Company. If our Promoter ceases to exercise majority control over our Company as a result of any transfer of shares or otherwise, our ability to derive any benefit from the brand name "IIFL" and our goodwill as a part of the IIFL group of companies may be adversely affected, which in turn could adversely affect our business and results of operations. Further, our Promoter has the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, for so long as our Promoter continues to exercise significant control over our Company, it may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders. Our Promoter may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree.

35. ***We are dependent on IIFL group, for our clientele, goodwill that we enjoy in the industry and our brand name and any factor affecting the business and reputation of IIFL group may have a concurrent adverse effect on our business and results of operations.***

We are part of IIFL group and to some extend depend upon it for steady inflow of business. In the event IIFL group's goodwill is impacted the same may have impact on our business and results of operations. We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. Any failure to retain our Company name may deprive us of the associated brand equity that we have developed which may have a material adverse effect on our business and operations.

In the event IIFL group is unable to maintain the quality of its services or its goodwill deteriorates, our Company's business and results of operations may be adversely affected. Any disassociation of our Company from the IIFL group and/or our inability to have access to the infrastructure provided by other companies in the IIFL group could adversely affect our ability to attract customers and to expand our business, which in turn could adversely affect our goodwill, operations and profitability.

36. ***We are permitted to use the IIFL trademark IIFL FINANCE, by IIFL Securities Limited pursuant to the trademark license agreement between our Company and IIFL Securities Limited. Such right to use the IIFL trademark is subject to the termination based on the terms and conditions of the trademark license agreement and any such termination may result in us being unable to use the IIFL trademark, which could have a material adverse effect on our reputation and business.***

We have been given the right to use the IIFL trademark, owned by IIFL Securities Limited pursuant to the trademark license agreement entered into between our Company and IIFL Securities Limited. We have been provided a non-exclusive, non-transferable for a one time fee payable to the Licensor, as set out therein, to use the trademark. Any termination of the agreement by IIFL Securities Limited may result in us being unable to use this trademark which could have a material adverse effect on our reputation and business. For further details, please see "*History and Main Objects*" on page 145 of this Shelf Prospectus.

37. ***We may not be able to adequately protect our intellectual property rights.***

Our ability to compete effectively depends in part upon protection of our intellectual property rights. On February 22, 2021, we made application for registration of our logo "MyMoney" and trademark "My Money", respectively, which are currently pending approval from the Registrar of Trade Marks, Mumbai under class 36 of the Trade Marks Act. Our application for our logo has been pending, there can be no assurance that our trademark application will be accepted. Further, there are no assurances that we will be able to register this mark. In the event we are not able to obtain registrations due to opposition by third parties or if any injunctive or other adverse order is issued against us in respect of the registration of our logo or slogan, we may not be able to avail legal protections under the trade mark or prevent unauthorised use of such trademarks by third parties, and in case the logo or slogan is used or claimed by a third party, our ability to use such logo or slogan may be restricted or lost, which may adversely affect our goodwill or business. For further details, please see "*History and Main Objects*" on page 145 of this Shelf Prospectus.

38. ***Our growth will depend on our continued ability to access funds at competitive rates which are dependent on a number of factors including our ability to maintain our credit ratings.***

As we are a "systemically important non-deposit accepting" NBFC and do not have access to deposits, our liquidity and ongoing profitability are primarily dependent upon our timely access to, and the costs associated with raising capital. Our business is significantly dependent on funding from the debt capital markets and commercial borrowings. The demand for such funds is competitive and our ability to obtain funds at competitive rates will depend on various factors including our ability to maintain positive credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. In relation to our long-term debt instruments, we currently have long term ratings of "AA" with negative outlook from CRISIL, ICRA and CARE and "AA+" with negative outlook from Brickwork. In relation to our short-term debt instruments, we have also received rating of "A1+" from ICRA and CRISIL. Also, the Company has raised money through MTN programme for which the rating has been obtained from international rating agencies. Currently the rating assigned to the issuance by Fitch Ratings is B+ with Rating Watch Maintained and Moody's has downgraded the rating of B1 to B2 with Stable Outlook. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. Any such adverse development could adversely affect our business, financial condition and results of operations.

Our business depends and will continue to depend on our ability to access diversified funding sources. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. While our borrowing costs have been competitive in the past due to our ability to raise debt products, credit rating and our asset portfolio, in the event we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business and results of operations.

39. *We have had negative net cash flows in the past and may have negative cash flows in the future.*

The following table sets forth our cash flow for the years indicated below on a consolidated basis:

(₹ in Million)

Particulars	**Six months ended September 30, 2020***	**Fiscal 2020***	**Fiscal 2019***	**Fiscal 2018**	**Fiscal 2017**	**Fiscal 2016**
Net cash (used in)/from operating activities (A)	(5,964.49)	10,051.54	4,220.15	(100,226.73)	(43,294.37)	(25,042.40)
Net cash (used in)/from investing activities (B)	4,091.79	(8,935.86)	4,081.54	8,452.64	(37,913.09)	(6,076.75)
Net cash (used in)/from from financing activities (C)	7,584.73	1,786.27	201.48	84,826.08	90,935.67	25,385.22
Net (Decrease) / Increase in cash and cash equivalents (A + B + C)	5,712.03	2,901.95	8,503.17	(6,948.01)	9,728.21	(5,733.94)
Cash and cash equivalents as at the end of the period/year	**21,368.04**	**15,656.01**	**12,754.06**	**29,531.18**	**37,913.13**	**15,813.50**

* *As per IND AS*

We cannot assure you that our net cash flows will be positive in the future, for more information on the cash flows of our Company, please refer to the section titled *"Financial Statements"* on page 188 of this Shelf Prospectus.

40. *We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations and profitability.*

Our Company's funding requirements is met through long-term and medium-term funding sources such as bank loans and non-convertible debentures and our short-term funding requirements are met through working capital demand loans, cash credit, commercial paper and other short term loans. Our Company may face potential liquidity risks due to varying periods over which our Company's assets and liabilities mature. Our Company's inability to obtain additional credit facilities or renew its existing credit facilities in a timely and cost-effective manner to meet its maturing liabilities, or at all, may lead to gaps and mismatches between its assets and liabilities, which in turn may adversely affect our Company's liquidity position, and in turn, its operations and financial performance.

Our liquidity position may be adversely affected and we may be required to pay higher interest rates in order to meet our liquidity requirements in the future, which could have a material adverse effect on our business and financial results.

The following table describes the standalone ALM of our Company as on December 31, 2020:

(₹ in Million)

Particulars	Upto 30/31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months &upto 6 months	Over 6 months &upto 1 year	Over 1 year &upto 3 year	Over 3 year &upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	11,072.52	13,896.80	21,064.37	28,443.22	28,669.32	39,012.85	3,693.26	1,644.69	1,47,497.04
Investment	-	-	-	-	-	183.55	-	11,853.33	12,036.89
Borrowings	696.23	6,402.34	2,840.19	16,970.40	38,688.03	63,548.96	14,392.39	4,764.13	1,48,302.67
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Pursuant to the RBI circulars, our Company had provided moratorium to its customers on payment of installments falling due between March 1, 2020 to August 31, 2020. Further, our Company has availed availing moratorium facilities from its lenders.

41. ***We extend margin funding loans, or loans against shares, to our clients, and any default by a client coupled with a downturn in the stock markets could result in substantial losses for us.***

We extend, margin funding loans or loans against shares which are secured by liquid, marketable securities at an appropriate or predetermined margin levels. In the event of a volatile stock market or adverse movements in stock prices, the collateral which secures the loans may decrease significantly in value, which might result in losses which our Company may be unable to support. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. Although we use a technology-based risk management system and follow strict internal risk management guidelines on portfolio monitoring, which include limits on the amount of margin, the quality of collateral provided by the client and pre-determined margin call thresholds, no assurance can be given that if the financial markets witnessed a significant single-day or general downturn, our financial condition and results of operations would not be adversely affected.

42. ***The MSMEs to which our Company provides loans may not perform as expected and our Company may not be able to control the non-performance of such businesses.***

Our Company provides loans to select growing MSMEs which obtain loans against their assets and profits made by them. Our Company does not manage, operate or control such businesses or entities. Further, our Company has no control over those businesses' functions or operations. As a result, such businesses may make business, financial or management decisions which our Company does not agree or the majority shareholders or the management of such companies may make business, financial or management decisions that may be adverse to, or otherwise act in a manner that does not serve, our Company's best interests. The repayment of the loans extended to such businesses will depend to a significant extent on the specific management team of the relevant borrower entity. The actions taken by the management of our Company's customers may lead to significant losses and affect their ability to repay our Company's loans. Consequently, this may adversely affect our Company's financial performance.

43. ***We do not own the premises where our branch offices are located and in the event our rights over the properties is not renewed or is revoked or is renewed on terms less favourable to us, our business activities may be disrupted.***

At present we do not own the premises of any of our branch offices. All such non-owned properties are leased or licensed to us. If the owners of these properties do not renew the agreements under which we occupy the premises or only agree to renew such agreements on terms and conditions that are unacceptable to us, or if the owners of such premises withdraw their consent to our occupancy, our operations may suffer a disruption. We may be unable to locate suitable alternate facilities on favorable terms, or at all, and this may have a material adverse effect on our business, results of operations and financial condition.

44. ***We are required to comply with the requirements of certain labour laws which may impose additional costs on us.***

Our employees are required to be registered under the provisions of certain labour laws such as the Employees' State Insurance Act, 1948, the Payment of Gratuity Act, 1972, and the Employees Provident Fund and Miscellaneous Provisions Act, 1952. We are also required to maintain certain records under the provisions of these laws, which add to our costs. If we are subject to penalties under these labour laws or if we do not obtain the requisite approvals, our business, financial condition, cash flows and results of operations may be adversely affected.

45. ***Our results of operations could be adversely affected by any disputes with employees.***

As of March 31, 2020, IIFL including its subsidiaries employed 18,569 full-time employees. Currently, none of our employees are members of any labour union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

46. ***We require several licenses and approvals for our business and in the event we are unable to procure or renew them in time or at all, our business may be adversely affected.***

We require several licenses, approvals and registration in order to undertake our business activities. These registrations include registrations with the RBI as a systemically important non-deposit taking NBFC. We are also required to maintain licenses under various state Shops and Establishment Acts for some of our offices. Failure by us to comply with the terms and conditions to which such permits or approvals are subject, and/or to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

47. ***Our branches are vulnerable to various operational risks, including theft, fraud, burglary and embezzlement by our employees and customers due to high volume of cash and gold jewellery handled by us.***

Our business involves carrying out cash and gold jewellery transactions that expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary and misappropriation or unauthorised transactions by our employees. Storage of cash and pledged gold jewellery as part of our business entails the risk of theft and resulting loss to our reputation and business. The short tenure of the loans advanced by us and our practice of processing loan repayments within short timelines require us to store pledged gold on our premises at all points in time. With regard to all burglaries, we may not be able to recover the entire amount of the loss suffered and may receive only a partial payment of the insurance claim. While we are insured against the risk of burglary arising from our business, such insurance may not be sufficient to fully cover the losses we suffer. Additionally, our cash in transit policies do not cover theft where an employee is involved, unless such involvement is identified within 48 hours of such thefts. Further, the actual recovery of the insured amount from the insurer requires the undertaking of certain procedures, and any delay in recovery could adversely affect our reputation and results of operation.

Pursuant to the same, while we have strengthened our security policies and procedures, we cannot guarantee that theft will not be committed in the future, which could adversely affect our reputation, business and results of operations. Further, we are exposed to the risk of fraud and other misconduct by employees and customers. While we carefully recruit all of our employees and screen all our employees who are responsible for disbursement of gold loans and custody of gold, there have in the past been acts of fraud with respect to gold loans and cash related misappropriation committed by our employees.

48. ***Our Company has entered into securitisation agreements to sell certain loans from our outstanding loan portfolio. Our business, financial condition and results of operations could be adversely affected due to some of the restrictions imposed under such agreements or downgrade in the ratings of our securitized debt or if such assignment of loan is held to be unenforceable or due to any change in the regulatory requirements.***

As part of our means of raising and/or managing our funds, we assign or securitise the receivables from our loan portfolio to banks and other institutions. Such assignment or securitization transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time. As of December 31, 2020 outstanding book value of securitized assets of ₹ 34,441.53 million and assignment of ₹46,061.64 million on a standalone basis. Our Company has sold and assigned a group of similar loans from our outstanding loan portfolio to Banks/financial institutions in return for an upfront fixed consideration. As of December 31, 2020, our outstanding portfolio of securitised loans on a standalone basis, constituted 18.55% of AUM. Under such agreements, we have provided credit enhancement through fixed deposits with banks to the purchaser for an amount equal to a percentage of the value of the loans being assigned as per the rating agency to enhance the rating of the pool. If there is any short fall in the scheduled cash flow promised to the investor then credit enhancement will be utilized to that extent.

Further, any change in statutory and/regulatory requirements such as securitisation guidelines issued by RBI in August 2012 in relation to assignments or securitizations by financial institutions, including the requirements prescribed by RBI and the Government of India, could have an adverse impact on our assignment or securitization transactions. Any adverse changes in the policy and/or regulations in connection with securitization of assets by NBFCs and/or new circulars and/or directions issued by the RBI in this regard, affecting NBFCs or the purchasers of assets, would affect the securitization market in general and our ability to securitize and/or assign our assets.

49. *Our loan portfolio may no longer continue to be classified as priority sector advances by the RBI.*

The RBI currently mandates domestic commercial banks operating in India to maintain an aggregate 40% of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher as "priority sector advances". These include advances to agriculture, micro and small enterprises, micro enterprises within the micro and small enterprises sector, export credit and advances to weaker sections where the government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically have relied on specialised institutions like us that are better positioned to or exclusively focus on originating such assets through on-lending or purchase of assets or securitised and assigned pools to comply with these targets.

In the event that any part of our loan portfolio is no longer classified as a priority sector advance by the RBI, or if the laws relating to priority sector lending as applicable to the banks undergo a change, our ability to securitise our asset pool will be hampered, which may adversely affect our financial condition, results of operations and/or cash flows.

50. *A decline in our capital adequacy ratio could restrict our future business growth.*

Pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 vide its circular DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (Updated as on February 17, 2020) all systemically important non-deposit taking NBFCs have to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items and Tier I capital of 10%. On a standalone basis, our capital adequacy ratio computed on the basis of applicable RBI requirements was 21.40% as of December 31, 2020, with Tier I capital comprising 17.95%. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us or at all, and this may adversely affect the growth of our business.

51. *Our Company may have to comply with stricter regulations and guidelines issued by regulatory authorities in India.*

Our Company is regulated principally by and have reporting obligations to the RBI and our subsidiary is regulated by and have reporting obligations to NHB. Our Company is also subject to the corporate, taxation and other laws in effect in India. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency. Moreover, new regulations may be passed that restrict our ability to do business.

Our Company cannot assure you that we will not be subject to any adverse regulatory action in the future. Further, these regulations are subject to frequent amendments and depend upon government policy. The costs of compliance may be high, which may affect our profitability. If we are unable to comply with any such regulatory requirements, our business and results of operations may be materially and adversely affected.

52. ***Our contingent liabilities could adversely affect our financial condition.***

As per the Consolidated Financial Statements of our Company for the period ended June 30, 2020, we had certain contingent liabilities not provided for, amounting to ₹ 20,897.55 million. The contingent liability amounts disclosed in our Financial Statements represent estimates and assumptions of our management based on advice received. If, for any reason, these contingent liabilities materialize, it may adversely affect our financial condition. For more details regarding the contingent liabilities please refer to the section titled "*Financial Statements*" on page 188 of this Shelf Prospectus.

53. ***Certain supporting documents in connection with the forms filed with the ROC (such as form 18 in relation to situation or change of situation of registered office), biographies of certain of our Directors included in this Shelf Prospectus are unavailable***

Certain documents supporting the information included in the biographies pertaining to the previous work experience, for certain of Directors, disclosed in the chapter "*Our Management*" on page 150 of this Shelf Prospectus are unavailable. Further we have lost corporate records including forms filed with the ROC (such as form 18 in relation to situation or change of situation of registered office), copies of which could not be retrieved till date. Further due to loss of records and documents in this Shelf Prospectus has been presented on the basis of records available with us and to the best of information provided by the management.

54. ***Our Company is subject to certain restrictive covenants in our loan documents, which may restrict our operations and ability to grow and may adversely affect our business.***

There are restrictive covenants in the agreements we have entered into with our lenders. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks/financial institutions for various activities, including, amongst others, selling, leasing, transferring or otherwise disposing of any part of our business or revenues, effecting any scheme of amalgamation or reconstitution, implementing a new scheme of expansion, taking up an allied line of business or making any amendments to Memorandum and Articles of Association etc. Such restrictive covenants in our loan documents may restrict our operations or ability to expand and may adversely affect our business.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating and financial condition, cash flows and results of operations.

55. ***We may experience difficulties in expanding our business into new regions and markets in India.***

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets may differ from those in our current markets, and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete not only with other banks and financial institutions but also the local unorganised or semi-organised private financiers, who are more familiar with local regulations, business practices and customs, and have stronger relationships with customers.

If we plan to expand our geographical footprint, our business may be exposed to various additional challenges, including: obtaining necessary governmental approvals; identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India; and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions, results of operations and/or cash flows.

56. ***We face difficulties and incur additional expenses in operating from rural and semi urban areas, where infrastructural facilities are limited.***

A portion of our operations are conducted in rural and semi urban areas. We face certain difficulties in conducting such operations, such as accessing power facilities, transporting people and goods and maintaining profitability at branches in remote areas. We may also face increased costs in implementing security measures and expanding our advertising presence. We cannot assure that such costs will not increase in the future as we expand our network in rural and semi urban areas.

57. ***Our success largely depends on our management team and key personnel and our ability to attract, train and retain such persons. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.***

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees can be intense. While we have an incentive structure and an ESOP designed to encourage employee retention, our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

58. ***Our insurance coverage may not adequately protect us against losses.***

We maintain such insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or coinsurance requirement, could adversely affect our business, financial condition and results of operations.

59. ***If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

Our Company has devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. Please refer to the section titled "*Our Business*" on page 120 of this Shelf Prospectus. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

If we fail to effectively implement our risk management policies, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

60. *Our Company is exposed to many operational risks which could materially impact our business and results of operations.*

Our Company is exposed to many types of operational risks. Operational risk can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. Any failure to mitigate such risks could adversely affect our business and results of operations.

61. *Significant fraud, system failure or calamities could adversely impact our business.*

We seek to protect our computer systems and network infrastructure from physical break-ins as well as fraud and system failures. Computer break-ins and power and communication disruptions could affect the security of information stored in and transmitted through our computer systems and network infrastructure. We employ security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures will be adequate. A significant failure of security measures or operational procedures could have a material adverse effect on our business and our future financial performance. Although we take adequate measures to safeguard against system-related and other frauds, there can be no assurance that it would be able to prevent frauds.

We are exposed to many types of operational risks, including the risk of fraud or other misconduct by employees and unauthorized transactions by employees. Although we have been careful in recruiting all our employees, we have in the past been held liable for the fraudulent acts committed by our employees adversely impacting our business. Our reputation could be adversely affected by significant frauds committed by employees, customers or outsiders.

62. *Inaccurate appraisal of credit may adversely impact our business*

We may be affected by failure of employees to comply with internal procedures and inaccurate appraisal of credit or financial worth of our clients. Inaccurate appraisal of credit may allow a loan sanction which may eventually result in a bad debt on our books of accounts. In the event we are unable to check the risks arising out of such lapses, our business and results of operations may be adversely affected.

63. ***Our Company has entered into number of related party transactions and may continue to enter into related party transactions, which may involve conflict of interest.***

Our Company enters into transactions with the related parties in the ordinary course of business pursuant to the applicable provisions of the Companies Act, 2013. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. While our Company believes that all related party transactions entered into are conducted on an arms' length basis and in the ordinary course of business, there can be no assurance that it could not have achieved more favourable terms if such transactions had not been entered into with related parties. For further details, please refer to the section titled *"Financial Statements"* on page 188. Additionally, there can be no assurance that any dispute that may arise between our Company and related parties will be resolved in our Company's favour.

64. ***Some of our Directors may have interests in entities, which are in businesses similar to ours and this may result in conflicts of interest with us.***

As on the date of this Shelf Prospectus, some of our Directors are also directors on the board of our related parties. Commercial transactions in the future between us and related parties may result in conflicting interests which could have an adverse effect on our operations. Such factors may have an adverse effect on the results of our operations and financial condition.

65. ***We rely on direct selling agents ("DSAs") to sell our products across the country. These DSAs may not perform their obligations satisfactorily or in compliance with law or may be part of unlawful/unethical behavior which may adversely affect the business and reputation of our Company***

We enter into direct selling arrangements with DSAs for the purpose of marketing and selling our products across India. Although adequate due diligence is conducted before entering into any DSA arrangement with any person, we cannot guarantee that there shall be no disruptions in the provision of their services to our Company or that these DSAs will adhere to their contractual obligations. If there is a disruption in the services of these DSAs, or if the DSAs discontinue their service agreement with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute between our Company and the DSAs, we cannot assure you that the terms of the agreements/arrangements entered into with the DSAs will not be breached, which may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with other DSAs, may materially and adversely affect our business, financial condition and results of operations. Further, our DSAs or the personnel they employ may be engaged in unethical or unlawful behaviour or they may misrepresent or mis-sell our products and services. Due to this, we may also suffer from reputational and legal risks and these actions may materially and adversely affect our business, financial condition and results of operations.

66. ***Our Company and its Subsidiaries have availed or may avail of certain loans that are recallable by lenders, at any time.***

Our Company and its subsidiaries have availed or may avail of loans that are repayable on demand at any time by the relevant lenders. Any such unexpected demand for immediate repayment may have a material adverse effect on the business, cash flows and financial condition of the entity against which repayment is sought.

67. ***Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange control laws that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted without onerous conditions, or at all. Limitations on raising foreign debt may have an adverse effect on our business, results of operations and financial condition.

68. ***A failure or inadequacy in our Company's information technology and telecommunication systems or its inability to adapt to rapid technological changes may adversely affect its business, results of operation and financial condition.***

Our Company's ability to operate and remain competitive depends in part on its ability to maintain and upgrade its information technology systems and infrastructure on a timely and cost-effective basis, including its ability to process a large number of transactions on a daily basis. Our Company's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Our Company's financial, accounting or other data processing systems and management information systems or its corporate website may fail to operate adequately or become disabled as a result of events that may be beyond its control, including a disruption of electrical or communications services. Further, the information available to and received by our Company's management through its existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in its operations. If any of these systems are disabled or if there are other shortcomings or failures in our Company's internal processes or systems, it may disrupt our Company's business or impact its operational efficiencies, and render it liable to regulatory intervention or damage to its reputation. The occurrence of any such events may adversely affect our Company's business, results of operations and financial condition.

Our Company is dependent on various external vendors for the implementation of certain elements of its operations, including implementing information technology infrastructure and hardware, industry standard commercial off-the-shelf products, networking and back-up support for disaster recovery. Our Company is, therefore, exposed to the risk that external vendors or service providers may be unable to fulfil their contractual obligations to it (or will be subject to the risk of fraud or operational errors by their respective employees) and the risk that their (or their vendors') business continuity and data security systems prove to be inadequate or fail to perform. Failure to perform any of these functions by our Company's external vendors or service providers could materially and adversely affect its business, results of operations and cash flows.

In addition, the future success of our Company's business will depend in part on its ability to respond to technological advances and to emerging financing industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that our Company will successfully implement new technologies effectively or adapt its technology and systems to meet customer requirements or emerging industry standards. If our Company is unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, its financial condition could be adversely affected. Any technical failures associated with its information technology systems or network infrastructure, including those caused by power failures and other unauthorised tampering, may cause interruptions or delays in our Company's ability to provide services to its customers on a timely basis or at all, and may also result in added costs to address such system failures and/or security breaches, and for information retrieval and verification.

69. ***Microfinance loans offered by our subsidiary, SML are unsecured and are susceptible to various operational, credit and political risks which may result in increased levels of NPAs, thereby adversely affecting our business, results of operation and financial condition.***

The focus client segment for our micro-loans is women in rural areas. The clients of SML typically have limited sources of income, savings and credit histories and as a result, are usually adversely affected by declining economic conditions. Further, for most of the loans provided by SML, clients do not provide any collateral or security for their borrowings as the RBI has mandated that loans given by NBFC-MFIs should be collateral free for the purpose of "Qualifying Assets". Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. Furthermore, although SML uses credit bureau reports to check certain background information such as the total indebtedness of each potential client and their existing repayment/ default history, the information in such reports may be incomplete or unreliable and accordingly the credit risk analysis we carry out on potential clients may be limited. Further, SML relies primarily on non-traditional guarantee mechanisms rather than any tangible assets such as collateral. Most of its loans involve a joint liability mechanism whereby borrowers form an informal joint liability group and provide joint and several guarantees for loans obtained by each member of the group. Such joint liability arrangements are likely to fail if there is no meaningful personal relationship or bond among members of such group, if there is irregular participation in group meetings, if inadequate risk management procedures have been employed, or as a result of adverse external factors such as natural calamities. As a result, its clients potentially present a higher risk of loss in case of a credit default compared to that of borrowers in other asset-backed financing products. In addition, the microfinance business is susceptible to various political and social risks, including political interference in the working of MFIs at the district, state or national level; adverse publicity or litigation relating to the microfinance sector; public criticism of the microfinance sector; introduction of a stringent regulatory regime; or religious beliefs relating to loans and introduction of a stringent regulatory regime; or religious beliefs relating to loans and interest payments, which adversely affect repayment by its clients and may have an adverse effect on our business prospects and future financial performance.

Due to the underlying profile of the clients of SML, we may, in the future, experience increased levels of non-performing assets and related provisions and write-offs, which would materially and adversely impact our business and results of operations.

External Risk Factors

70. We face risks related to public health epidemics and pandemics in India and abroad.

Our business could be materially and adversely affected by the outbreak of public health epidemics, or the fear of such an outbreak, in India or elsewhere. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and have confirmed cases of diseases including the highly pathogenic ones such as H7N9, H5N1 and H1N1 strains of influenza in birds and swines and more recently, the COVID-19 virus. Certain countries in Southeast Asia have reported cases of bird-to-human transmission of avian and swine influenza, resulting in numerous human deaths. The World Health Organization and other agencies have recently issued 36 warnings on the COVID-19 virus and on a potential avian or swine influenza pandemic if there is sustained human-to-human transmission. While, on January 30, 2020, the World Health Organization declared the COVID-19 outbreak a health emergency of international concern, on March 11, 2020, the World Health Organization has categorised the COVID-19 virus outbreak as a pandemic. Further, certain state governments in India have also declared the outbreak of the COVID-19 virus to be an epidemic. Governments around the world have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines and cancellations of gatherings and events. This in turn has impacted the operation of businesses, reduced regional travels and trade and lowered industrial production and consumption demand.

A national lockdown was declared by Government of India with effect from March 24, 2020 as a result of the recent outbreak of COVID-19 virus, which is spreading in various jurisdictions across the world (the "Pandemic"). It is anticipated that these impacts will continue for some time. Amongst various measures announced to mitigate the economic impact from that Pandemic, the Reserve Bank of India issued circulars dated March 27, 2020, April 17, 2020 and May 23, 2020 (the "RBI circulars") allowing lending institutions to offer a moratorium to customers on payment of instalments falling due between March 1, 2020 and May 31, 2020 and further extension from June 1, 2020 to August 31, 2020.

In an effort to contain the spread of such contagious diseases, various state governments in India have ordered complete or partial shutdown of corporate offices and businesses. This has led to companies like ours asking our employees to work from home. While every effort is being made to ensure normal operations of our company, no assurance can be made that our technological systems will function smoothly while our employees work from home. If such a situation continues for an extended period of time in future, reduced physical contact with customers and/or inadequacy of technological systems to support all normal operations under work from home situation may adversely impact our business operations. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our people. Further in case the lockdown is extended, it could result in muted economic growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations and financial condition of our Company.

As of the date of this Shelf Prospectus, there is significant uncertainty relating to the severity of the near and long term adverse impact of the COVID-19 pandemic on the global economy, global financial markets and the Indian economy, and we are unable to accurately predict the near-term or long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this "*Risk Factors*" section

71. ***Our results of operations have been, and may continue to be, adversely affected by Indian and international financial market and economic conditions.***

Our business is highly dependent on Indian and international markets and economic conditions. Such conditions in India include fluctuations in interest rates; changes in consumer spending; the level of consumer confidence; housing prices; corporate or other scandals that reduce confidence in the financial markets, among others. International markets and economic conditions include the liquidity of global financial markets, the level and volatility of debt and equity prices and interest rates, investor sentiment, inflation, the availability and cost of capital and credit, and the degree to which international economies are expanding or experiencing recessionary pressures. The independent and/or collective fluctuation of these conditions can directly and indirectly affect demand for our lending finance and other financial products, or increase the cost to provide such products. In addition, adverse economic conditions, such as declines in housing values, could lead to an increase in mortgage and other home loan delinquencies and higher write offs, which can adversely affect our earnings.

Global financial markets were and continue to be extremely volatile and were materially and adversely affected by a significant lack of liquidity, decreased confidence in the financial sector, disruptions in the credit markets, reduced business activity, rising unemployment, declining home prices and erosion of consumer confidence. These factors have contributed to and may continue to adversely affect our business, financial condition and results of operations.

72. ***Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our results of operations.***

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks and NBFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

73. ***Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may negatively affect our business and may also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect our business.
India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the market price of our NCDs.

74. ***Natural calamities could have a negative impact on the Indian economy, particularly the agriculture sector, and cause our business to suffer.***

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. The erratic progress of the monsoon over the course of past few years affected sowing operations for certain crops. Further, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy thereby, adversely affecting our business.

75. ***Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse affect on our business and financial performance, our ability to raise financing for onward lending and the price of our NCDs.

76. ***Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.***

There is no assurance that the liberalization policies of the Government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the Government may change at a later date. The pace of economic liberalization could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalization.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

77. ***Companies operating in India are subject to a variety of central and state government taxes and surcharges.***

Tax and other levies including stamp duty imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India (as applicable to us), which includes a surcharge on the tax and a health and education cess on the tax and the surcharge. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

78. ***Financial instability in other countries could disrupt our business.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

In the event that the current difficult conditions in the global credit markets continue or if the recovery is slower than expected or if there any significant financial disruption, this could have an adverse effect on our cost of funding, loan portfolio, business, prospects, results of operations and financial condition.

79. ***Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.***

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

Risks relating to the Issue and NCDs.

80. ***The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs. Failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose the holders to a potential loss.***

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, *inter alia*, including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the Secured NCDs, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Secured NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the Secured NCDs could expose you to a potential loss.

81. ***You may be subject to taxes arising on the sale of the NCDs.***

Sale of NCDs by any holder may give rise to tax liability, as discussed in section entitled "*Statement of Tax Benefits*" on page 88 of this Shelf Prospectus.

82. ***The Issuer, being a NBFC is not required to maintain a debenture redemption reserve ("DRR").***

Pursuant to a Ministry of Corporate Affairs notification dated August 16, 2019 amending Section 71 of the Companies Act, 2013 and Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, an NBFC is not required to maintain DRR for debentures issued through a public issue. Hence, investors shall not have the benefit of reserve funds to cover the re-payment of the principal and interest on the NCDs.

83. ***There may be no active market for the NCDs on the platform of the Stock Exchanges. As a result, the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected.***

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors, *inter alia*, including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market price of our Equity Shares, (iii) the market for listed debt securities, (iv) general economic conditions, and, (v) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

84. ***There may be a delay in making refund to Applicants.***

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your Applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (iii) withdrawal of the Issue, or (iv) failure to obtain the final approval from the Stock Exchange for listing of the NCDs, will be refunded to you in a timely manner. We however, shall refund such monies, with the interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

85. ***In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.***

In the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per Section 327 of the Companies Act, 2013. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the Secured NCDs.

86. ***The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution***

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, our various financing activities including lending, for repayment of interest and principal of existing borrowing of the company, subject to applicable statutory and/or regulatory requirements. For further details, see the section "*Issue Related Information*" on page 251 of this Shelf Prospectus. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. The utilization details of the proceeds of the Issue shall be adequately disclosed as per applicable law. Further, as per the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

87. ***This Shelf Prospectus includes certain unaudited financial information, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.***

This Shelf Prospectus includes Unaudited Ind AS Financial Information in relation to our Company for the nine months ended December 31, 2020 in respect of which the Auditors have issued their Limited Review Report dated January 29, 2021. As Unaudited Ind AS Financial Information prepared by our Company in accordance with Regulation 52(2) of the SEBI LODR Regulations have been subject only to a limited review and as described in Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information" Performed by the Independent Auditor of the Entity" issued by the ICAI, and not to an audit, any reliance by prospective investors on such Limited Review Financial Information for the nine months ended December 31, 2020 should, accordingly, be limited. Additionally, in accordance with applicable law, our Company is required to publish its half yearly financial information with the stock exchanges.

Any financial results published in the future may not be consistent with past performance. Accordingly, prospective investors should rely on their independent examination of our financial position and results of operations, and should not place undue reliance on, or base their investment decision solely on the financial information included in this Shelf Prospectus.

88. ***There is no assurance that the NCDs issued pursuant to the Issue will be listed on Stock Exchanges in a timely manner, or at all.***

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to the Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents to be submitted and carrying out of necessary procedures with the stock exchanges. There could be a failure or delay in listing the NCDs on the Stock Exchanges for reasons unforeseen. If permission to deal in and for an official quotation of the NCDs is not granted by the stock exchanges, our Company will forthwith repay, with interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to this Shelf Prospectus. There is no assurance that the NCDs issued pursuant to the Issue will be listed on stock exchanges in a timely manner, or at all.

89. ***There are other lenders and debenture trustees who have pari passu charge over the Security provided.***

There are other lenders and debenture trustees of the Company who have *pari passu* charge over the Security provided for the Issue. While the Company is required to maintain the outstanding amount of the NCDs and interest thereon, upon the Company's bankruptcy, winding-up or liquidation, the other lenders and debenture trustees will rank *pari passu* with the NCD holders and to that extent, may reduce the amounts recoverable by the NCD holders.

SECTION III - INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated at Mumbai on October 18, 1995 as a private limited company with the name Probity Research & Services Private Limited under the provisions of the Companies Act, 1956. The status of our Company was changed to a public limited company and our name was changed to 'Probity Research & Services Limited' pursuant to a fresh certificate of incorporation dated on April 28, 2000 issued by the Registrar of Companies, Maharashtra, Mumbai. The name of our Company was subsequently changed to 'India Infoline.Com Limited', and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Mumbai on May 23, 2000. The name of our Company was further changed to 'India Infoline Limited', and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Mumbai on March 23, 2001. Thereafter, the name of our Company was changed to 'IIFL Holdings Limited', and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Maharashtra, Mumbai on February 18, 2014. Thereafter, the name of our Company was changed to 'IIFL Finance Limited' and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Maharashtra, Mumbai on May 24, 2019.

For details of the business of our Company, see "*Our Business*" beginning on page 120 of this Shelf Prospectus.

NBFC Registration

Our Company holds a certificate of registration dated March 06, 2020 bearing registration no. N-13.02386 issued by the RBI to carry on the activities of a NBFC under Section 45 IA of the RBI Act.

Company Registration No.: 093797
CIN: L67100MH1995PLC093797
LEI: 335800CZ46UJRS34JR78

Permanent Account Number:
AABCI0745G

Registered Office:

IIFL Finance Limited*
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23, Thane Industrial Area,
Wagle Estate, Thane – 400604, Maharashtra, India
Tel.: +91 22 4103 5000
Fax: +91 22 2580 6654
Website: www.iifl.com
Email: csteam@iifl.com

*Our Company has submitted application with SEBI for surrender of registration number for Investment Advisor. The said registration has been surrendered on February 22, 2021.

Corporate Office:
802, 8th Floor, Hub Town Solaris,
N.S. Phadke Marg, Vijay Nagar,
Andheri East, Mumbai 400069,
Maharashtra, India.
Tel.: +91 22 6788 1000
Fax: +91 22 6788 1010
Website: www.iifl.com
Email: csteam@iifl.com

For further details regarding changes to our Registered Office, see "*History and Main Objects*" beginning on page 145 of this Shelf Prospectus.

Registrar of Companies, Maharashtra, Mumbai.
100, Everest House
Marine Lines
Mumbai 400 002
Maharashtra, India

Chief Financial Officer:

Rajesh Rajak

802, 8th Floor, Hubtown Solaris,
N.S. Phadke Marg, Vijay Nagar,
Andheri East, Mumbai – 400069
Tel.: +91 22 6788 1000
Fax: +91 22 6788 1010
Email: rajesh.rajak@iifl.com

Company Secretary and Compliance Officer:

Sneha Patwardhan

802, 8th Floor, Hubtown Solaris,
N.S. Phadke Marg, Vijay Nagar,
Andheri East, Mumbai – 400069
Tel.: +91 22 6788 1000
Fax: +91 22 6788 1010
Email: csteam@iifl.com

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer in case of any pre-Issue or post-Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs, refunds, non-receipt of debentures certificates (in case of NCDs which have been re-materialised), transfers, etc. as the case maybe.

All grievances relating to the Issue or any relevant Tranche Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on Application, Depository Participant, DP ID, Client ID, PAN and the Bidding Centre of the relevant members of the Lead Managers, brokers and sub-brokers appointed in relation to the Issue ("**Syndicate**") where the Application was submitted and ASBA Account number (for Bidders other than Retail Individual Investors bidding through the UPI mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of Retail Individual Investors bidding through the UPI mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the Applicant.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchanges Mechanism or through Trading Members of the Stock Exchanges may be addressed directly to the relevant Stock Exchange.

Lead Managers:

Edelweiss Financial Services Limited
Edelweiss House, Off CST Road
Kalina, Mumbai – 400 098
Tel: +91 22 4086 3535
Fax: +91 22 4086 3610
Email: iifl.ncd@edelweissfin.com
Investor Grievance Email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Lokesh Singhi
Compliance Officer: Mr. B. Renganathan
SEBI Registration No.: INM0000010650
CIN: L99999MH1995PLC094641

IIFL Securities Limited*
10th Floor, IIFL Centre,
Kamala Centre, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400 013
Tel: +91 22 4646 4600
Fax: +91 22 2493 1073
Email: iifl.ncd2020@iiflcap.com
Investor Grievance Email: ig.ib@iiflcap.com
Website: www.iiflcap.com
Contact Person: Ms. Nishita Mody
Compliance Officer: Mr. Pawan Jain
SEBI Registration no.: INM000010940
CIN: L99999MH1996PLC132983

IIFL Securities Limited is deemed to be our associate as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended ("Merchant Bankers Regulations**"). Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the Merchant Bankers Regulations, IIFL Securities Limited would be involved only in marketing of the Issue.*

Equirus Capital Private Limited
12th Floor, C Wing, Marathon Futurex, N.M. Joshi Marg, Lower Parel, Mumbai 400 013
Tel: +91 (22) 4332 0700
Fax: +91-(22)4332-0750
Email: iifl.ncd@equirus.com
Investor Grievance Email: investorsgrievance@equirus.com
Website: www.equirus.com
Contact person: Ankit Jain
Compliance Officer: Jyot Bhat
SEBI Registration Number: INM000011286

Debenture Trustee:

Catalyst Trusteeship Limited (Formerly GDA Trusteeship Limited)
'GDA House' Plot No. 85, Bhusari Colony (Right), Kothrud, Pune - 411038
Tel: 022 - 49220542
Fax: 022 - 49220505
Email: ComplianceCTL-Mumbai@ctltrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Umesh Salvi
Compliance Officer: Rakhi Kulkarni
SEBI Registration No: IND000000034
CIN: U74999PN1997PLC110262

Catalyst Trusteeship Limited has, pursuant to regulation 4(4) of SEBI Debt Regulations, by its letter dated June 29, 2020 given its consent for its appointment as Debenture Trustee to the Issue (hereinafter referred to as "**Trustees**"). A copy of letter from Catalyst Trusteeship Limited conveying their consent to act as Trustees for the Debenture holders is annexed as *Annexure C* to this Shelf Prospectus.

All the rights and remedies of the Debenture Holders under the Issue shall vest in and shall be exercised by the appointed Debenture Trustee for the Issue without having it referred to the Debenture Holders. All investors under the Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for the Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the Debenture Holders/Debenture Trustee, as the case maybe, shall, from the time of making such payment, completely and irrevocably discharge our Company from any liability to the Debenture Holders. For details on the terms of the Debenture Trust Deed, please see "*Issue Related Information*" on page 251 of this Shelf Prospectus.

For details on the terms of the Debenture Trust Deed see, "*Issue Related Information*" beginning on page 251 of this Shelf Prospectus.

Lead Brokers to the Issue

As specified in respective Tranche Prospectus.

Registrar to the Issue

Link Intime India Private Limited

C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai 400 083
Tel.: + 91 22 4918 6200
Fax: + 91 22 4918 6195
Email: iifl.ncd2020@linkintime.co.in
Investor Grievance Email: iifl.ncd2020@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Compliance Officer: B N Ramakrishnan
SEBI Registration No: INR000004058
CIN: U67190MH1999PTC118368

Link Intime India Private Limited, has by its letter dated June 19, 2020, given its consent for its appointment as Registrar to the Issue and for its name to be included in this Shelf Prospectus and / or the relevant Tranche Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to the Issue.

Statutory Auditors

M/s. V. Sankar Aiyar & Co
2-C, Court Chambers, 35, New Marine Lines, Mumbai – 400020
Tel.:022-22004465
Email: mumbai@vsa.co.in
Membership No: 046050
Firm Registration No: 109208W
Contact Person: G. Sankar

M/s. V.Sankar Aiyar & Co has been the statutory auditors of our Company since June 07, 2020.

Credit Rating Agency

CRISIL Limited
CRlSIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai- 400 076
Tel: +91-22-3342 3000
Fax: +91-22-3342 3050

Email: crisilratingdesk@crisil.com
Website: www.crisil.com
Contact Person: Krishnan Sitaraman
SEBI Registration No: IN/CRA/00l/1999

Brickwork Ratings India Private Limited
3rd Floor, Raj Alkaa Park, Kalena Agahara, Banerghatta Road, Bengaluru - 560076
Tel: +91 8040409940
Fax: +91 8040409941
Email: info@brickworkratings.com
Website: www.brickworkratings.com
Contact Person: K.N. Suvarna
SEBI Registration No: IN/CRA/005/2008

Industry Report

CRISIL Limited
CRlSIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai- 400 076
Tel: +91-22-3342 3000
Fax: +91-22-3342 3050
Website: www.crisil.com
SEBI Registration No: IN/CRA/00l/1999

Credit Rating and Rationale

The NCDs proposed to be issued under the Issue have been rated BWR AA+/Negative (pronounced as BWR Double A Plus with Negative outlook) for an amount of ₹ 50,000 million by Brickworks Ratings India Private Limited vide their rating letter dated June 30, 2020 and revalidated vide letter dated December 22, 2020 and further revalidated vide letter dated February 16, 2021 and CRISIL AA/Negative (pronounced as CRISIL Double A rating with Negative outlook) for an amount of ₹ 50,000 million by CRISIL Ratings Limited vide their rating letter dated June 26, 2020 and revalidated vide letter dated December 21, 2020 and further revalidated vide letter dated February 08, 2021. The aforesaid rating indicates that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. Please refer to *Annexures A and B* of this Shelf Prospectus for the rationale of the above ratings.

Disclaimer clause of Brickwork Rating India Private Limited

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons

Disclaimer clause of CRISIL Limited

CRISIL Limited (CRISIL) has taken due care and caution in preparing the material based on the information provided by its client and / or obtained by CRISIL from sources which it considers reliable (Information). A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. The Rating is not a recommendation to invest / disinvest in any entity covered in the Material and no part of the Material should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Material. Without limiting the generality of the foregoing, nothing in the Material is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. IIFL Finance Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Material or part thereof outside India. Current rating status and CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

Legal Counsel to the Issue

Khaitan & Co.
One World Centre
10th & 13th Floor, Tower 1C,
841 Senapati Bapat Marg,
Mumbai – 400013,
Maharashtra, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050
Website: www.khaitanco.com

Bankers to our Company

HDFC Bank Limited
FIG-OPS Department – Lodha,
I Think Techno Campus 0-3 Level,
Next to Kanjurmarg Railway Station, Kanjurmarg (East),
Mumbai - 400042
Tel: +91 22 30752927/28/2914
Fax: +91 22 25799801
Email: Vincent.Dsouza@hdfcbank.com, Siddarth.Jadhav@hdfcbank.com, Prasanna.Uchil@hdfcbank.com, Neerav.Desai@hdfcbank.com
Contact Person: Vincent Dsouza, Siddharth Jadhav, Prasanna Uchil and Neerav Desai
Website: www.hdfcbank.com
CIN: L65920MH1994PLC080618

Public Issue Account Banks

As specified in the relevant Tranche Prospectus for each Tranche

Refund Bank

As specified in the relevant Tranche Prospectus for each Tranche

Sponsor Bank

As specified in the relevant Tranche Prospectus for each Tranche

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

"Any person who —

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 0.10 crore or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 0.10 crore or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 0.50 crore or with both.

Underwriting

The Issue is not underwritten**.**

Arrangers to the Issue

There are no arrangers to the Issue.

Minimum Subscription

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 working days from the Issue Closing Date, failing which our Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Self-Certified Syndicate Bank

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA and UPI Mechanism process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 respectively as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms and UPI Mechanism through app/web interface from the Designated Intermediaries, refer to the above-mentioned link.

In relation to Bids submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the members of the Syndicate is available on the website of SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

Self-Certified Syndicate Banks eligible as Issuer Banks for UPI

The list of SCSBs through which Bids can be submitted by RIBs using the UPI Mechanism, including details such as the eligible Mobile Apps and UPI handle which can be used for such Bids, is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40, which may be updated from time to time or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Applications submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of ASBA Forms and Application Forms where investors have opted for payment via the UPI Mechanism, from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

CRTAs / CDPs

The list of the CRTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of the NSE and BSE for CRTAs and CDPs, as updated from time to time.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds see, "*General Terms of the Issue*" beginning on page 256 of this Shelf Prospectus.

Issue Programme

ISSUE OPENS ON	As specified in relevant Tranche Prospectus
ISSUE CLOSES ON	As specified in relevant Tranche Prospectus

The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m.(*Indian Standard Time*), during the period indicated in the relevant Tranche Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board or the Finance Committee of the Board of Directors of our Company. In the event of such an early closure of or extension of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or initial date of closure.

Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m.(*Indian Standard Time*) *("**Bidding Period**")* or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday) (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (*Indian Standard Time*) or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the Stock Exchange(s) Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 PM on one Working Day after the Issue Closing Date For further details please refer to the chapter titled "*Issue Related Information*" on page 251.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (*Indian Standard Time*) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment will be as per the relevant Tranche Prospectus. However, in the event of oversubscription, on such date, the allotments would be made to the applicants on proportionate basis.

CAPITAL STRUCTURE

The following table lays down details of our authorised, issued, subscribed and paid up share capital as on date of this Shelf Prospectus and securities premium account as of December 31, 2020:

Share Capital	(in ₹)
AUTHORISED SHARE CAPITAL	
2,35,52,50,000 equity shares of ₹ 2 each	4,71,05,00,000.00
50,00,00,000 Preference Shares of ₹10 each	5,00,00,00,000.00
TOTAL AUTHORISED SHARE CAPITAL	**9,71,05,00,000.00**
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
37,84,69,509 equity shares of ₹ 2 each	75,69,39,018.00
TOTAL	**75,69,39,018.00**
SECURITIES PREMIUM ACCOUNT	**18,35,59,96,566.00**

Notes:

1. *The Authorised capital of the Company was changed pursuant to the Composite Scheme of Arrangement as approved by the Shareholders at their meeting held on December 12, 2018 and by Hon'ble National Company Law Tribunal, Mumbai Bench vide its Order dated March 07, 2019. The Composite Scheme of Arrangement with respect to merger of India Infoline Finance Limited with the Company was effected on March 30, 2020. The revised Authorised Share Capital stood at ₹ 971,05,00,000 comprising of 235,52,50,000 Equity Shares of ₹ 2 each and 50,00,00,000 preference shares of ₹ 10 each.*
2. *There will be no change in the capital structure and securities premium account due to the issue and allotment of the NCDs.*
3. *None of the equity shares held by the Promoters of our Company are either pledged or encumbered.*

Changes in the authorised capital of our Company as on December 31, 2020 for last five years is set forth below:

Date of Approval	Authorized Share Capital (in ₹)	Particulars	Change in Equity Share Capital	Change in Preference Share Capital
May 13, 2019	76,05,00,000/-	The Authorised capital was decreased from ₹1,20,00,00,000/- to ₹76,05,00,000/-	*	-
March 30, 2020	971,05,00,000/-	The Authorised capital was increased from ₹76,05,00,000/- to ₹971,05,00,000/-	**	**

Note:

**The Authorised capital of the Company was changed pursuant to the Composite Scheme of Arrangement (Amalgamation of India Infoline Media & Research Services Limited and Demerger of the Securities Business Undertaking of Company into IIFL Securities Limited) as approved by the Shareholders at their meeting held on December 12, 2018 and by Hon'ble National Company Law Tribunal, Mumbai Bench vide its Order dated March 07, 2019.The same was effected on May 13, 2019. The revised Authorised Share Capital stood at ₹ 76,05,00,000/- comprising of 38,02,50,000 Equity Shares of ₹ 2 each.*

***The Authorised capital of the Company was changed pursuant to the Composite Scheme of Arrangement (Merger of India Infoline Finance Limited with the Company) as approved by the Shareholders at their meeting held on December 12, 2018 and by Hon'ble National Company Law Tribunal, Mumbai Bench vide its Order dated March 07, 2019. The Composite Scheme of Arrangement with respect to merger of India Infoline Finance Limited with the Company was effected on March 30, 2020. The revised Authorised Share Capital stood at ₹971,05,00,000 comprising of 235,52,50,000 Equity Shares of ₹ 2 each and 50,00,00,000 preference shares of ₹ 10 each.*

Equity share capital history of our Company for the last five year as on December 31, 2020

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative No. of Shares	Cumulative Equity Share Capital (₹)	Equity Share Premium (in ₹)
March 31, 2015						31,02,33,948	62,04,67,896	
May 16, 2015	1,25,000	2	51	Cash	Allotment upon exercise of ESOPs	31,03,58,948	62,07,17,896	61,12,500
May 16, 2015	6,000	2	45	Cash	Allotment upon exercise of ESOPs	31,03,64,948	62,07,29,896	2,59,800
May 16, 2015	25,000	2	46	Cash	Allotment upon exercise of ESOPs	31,03,89,948	62,07,79,896	10,97,500
May 16, 2015	1,44,000	2	70	Cash	Allotment upon exercise of ESOPs	31,05,33,948	62,10,67,896	97,92,000
July 08, 2015	3,83,000	2	70	Cash	Allotment upon exercise of ESOPs	31,09,16,948	62,18,33,896	2,60,44,000
July 08, 2015	7,500	2	105	Cash	Allotment upon exercise of ESOPs	31,09,24,448	62,18,48,896	7,72,500
July 08, 2015	3,000	2	68	Cash	Allotment upon exercise of ESOPs	31,09,27,448	62,18,54,896	1,98,450
July 08, 2015	65,500	2	51	Cash	Allotment upon exercise of ESOPs	31,09,92,948	62,19,85,896	32,02,950
July 08, 2015	1,00,000	2	72	Cash	Allotment upon exercise of ESOPs	31,10,92,948	62,21,85,896	70,40,000
July 08, 2015	50,000	2	46	Cash	Allotment upon exercise of ESOPs	31,11,42,948	62,22,85,896	21,95,000
August 25, 2015	28,500	2	57	Cash	Allotment upon exercise of ESOPs	31,11,71,448	62,23,42,896	15,56,100
August 25, 2015	84,750	2	51	Cash	Allotment upon exercise of ESOPs	31,12,56,198	62,25,12,396	41,44,275
August 25, 2015	1,61,755	2	70	Cash	Allotment upon exercise of ESOPs	31,14,17,953	62,28,35,906	1,09,99,340
August 25, 2015	1,500	2	68	Cash	Allotment upon exercise of ESOPs	31,14,19,453	62,28,38,906	99,225
August 25, 2015	25,000	2	46	Cash	Allotment upon exercise of ESOPs	31,14,44,453	62,28,88,906	10,97,500
September 11, 2015	36,000	2	45	Cash	Allotment upon exercise of ESOPs	31,14,80,453	62,29,60,906	15,58,800
September 11, 2015	22,500	2	46	Cash	Allotment upon exercise of ESOPs	31,15,02,953	62,30,05,906	9,87,750
September 11, 2015	79,500	2	51	Cash	Allotment upon exercise of ESOPs	31,15,82,453	62,31,64,906	38,87,550
September 11, 2015	19,000	2	57	Cash	Allotment upon exercise of ESOPs	31,16,01,453	62,32,02,906	10,37,400

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative No. of Shares	Cumulative Equity Share Capital (₹)	Equity Share Premium (in ₹)
September 11, 2015	3,000	2	68	Cash	Allotment upon exercise of ESOPs	31,16,04,453	62,32,08,906	1,98,450
September 11, 2015	10,00,000	2	72	Cash	Allotment upon exercise of ESOPs	31,26,04,453	62,52,08,906	7,04,00,000
September 11, 2015	1,000	2	135	Cash	Allotment upon exercise of ESOPs	31,26,05,453	62,52,10,906	1,32,750
September 24, 2015	40,000	2	46	Cash	Allotment upon exercise of ESOPs	31,26,45,453	62,52,90,906	17,56,000
September 24, 2015	30,000	2	51	Cash	Allotment upon exercise of ESOPs	31,26,75,453	62,53,50,906	14,67,000
September 24, 2015	37,500	2	57	Cash	Allotment upon exercise of ESOPs	31,27,12,953	62,54,25,906	20,47,500
September 24, 2015	15,59,300	2	45	Cash	Allotment upon exercise of ESOPs	31,42,72,253	62,85,44,506	6,75,17,690
September 24, 2015	1,500	2	135	Cash	Allotment upon exercise of ESOPs	31,42,73,753	62,85,47,506	1,99,125
November 17, 2015	2,26,100	2	45	Cash	Allotment upon exercise of ESOPs	31,44,99,853	62,89,99,706	97,90,130
November 17, 2015	7,500	2	57	Cash	Allotment upon exercise of ESOPs	31,45,07,353	62,90,14,706	4,09,500
November 17, 2015	51,500	2	51	Cash	Allotment upon exercise of ESOPs	31,45,58,853	62,91,17,706	25,18,350
November 17, 2015	2,43,000	2	68	Cash	Allotment upon exercise of ESOPs	31,48,01,853	62,96,03,706	1,60,74,450
December 19, 2015	1,70,000	2	72	Cash	Allotment upon exercise of ESOPs	31,49,71,853	62,99,43,706	1,19,68,000
December 19, 2015	6,000	2	45	Cash	Allotment upon exercise of ESOPs	31,49,77,853	62,99,55,706	2,59,800
December 19, 2015	1,95,000	2	57	Cash	Allotment upon exercise of ESOPs	31,51,72,853	63,03,45,706	1,06,47,000
December 19, 2015	53,000	2	51	Cash	Allotment upon exercise of ESOPs	31,52,25,853	63,04,51,706	25,91,700
December 19, 2015	51,000	2	68	Cash	Allotment upon exercise of ESOPs	31,52,76,853	63,05,53,706	33,73,650
December 19, 2015	1,50,000	2	58	Cash	Allotment upon exercise of ESOPs	31,54,26,853	63,08,53,706	84,15,000
January 29, 2016	4,400	2	45	Cash	Allotment upon exercise of ESOPs	31,54,31,253	63,08,62,506	1,90,520
January 29, 2016	13,600	2	51	Cash	Allotment upon exercise of ESOPs	31,54,44,853	63,08,89,706	6,65,040

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative No. of Shares	Cumulative Equity Share Capital (₹)	Equity Share Premium (in ₹)
January 29, 2016	38,000	2	68	Cash	Allotment upon exercise of ESOPs	31,54,82,853	63,09,65,706	25,13,700
March 16, 2016	10,00,000	2	70	Cash	Allotment upon exercise of ESOPs	31,64,82,853	63,29,65,706	6,80,00,000
March 16, 2016	43,500	2	68	Cash	Allotment upon exercise of ESOPs	31,65,26,353	63,30,52,706	28,77,525
March 16, 2016	10,500	2	57	Cash	Allotment upon exercise of ESOPs	31,65,36,853	63,30,73,706	5,73,300
May 26, 2016	87,500	2	46	Cash	Allotment upon exercise of ESOPs	31,66,24,353	63,32,48,706	38,41,250
May 26, 2016	8,000	2	68	Cash	Allotment upon exercise of ESOPs	31,66,32,353	63,32,64,706	5,29,200
May 26, 2016	72,000	2	57	Cash	Allotment upon exercise of ESOPs	31,67,04,353	63,34,08,706	39,31,200
July 29, 2016	15,000	2	57	Cash	Allotment upon exercise of ESOPs	31,67,19,353	63,34,38,706	8,19,000
July 29, 2016	44,000	2	68	Cash	Allotment upon exercise of ESOPs	31,67,63,353	63,35,26,706	29,10,600
August 29, 2016	92,000	2	57	Cash	Allotment upon exercise of ESOPs	31,68,55,353	63,37,10,706	50,23,200
September 22, 2016	1,55,500	2	57	Cash	Allotment upon exercise of ESOPs	31,70,10,853	63,40,21,706	84,90,300
September 22, 2016	80,000	2	72	Cash	Allotment upon exercise of ESOPs	31,70,90,853	63,41,81,706	56,32,000
September 22, 2016	5,000	2	135	Cash	Allotment upon exercise of ESOPs	31,70,95,853	63,41,91,706	6,63,750
November 17, 2016	3,55,000	2	68	Cash	Allotment upon exercise of ESOPs	31,74,50,853	63,49,01,706	2,34,83,250
December 20, 2016	12,000	2	68	Cash	Allotment upon exercise of ESOPs	31,74,62,853	63,49,25,706	7,93,800
December 20, 2016	1,25,000	2	136	Cash	Allotment upon exercise of ESOPs	31,75,87,853	63,51,75,706	1,67,50,000
January 17, 2017	2,500	2	68	Cash	Allotment upon exercise of ESOPs	31,75,90,353	63,51,80,706	1,65,375
January 17, 2017	6,000	2	57	Cash	Allotment upon exercise of ESOPs	31,75,96,353	63,51,92,706	3,27,600
January 17, 2017	800	2	182	Cash	Allotment upon exercise of ESOPs	31,75,97,153	63,51,94,306	1,43,640
March 15, 2017	7,940	2	180	Cash	Allotment upon exercise of ESOPs	31,76,05,093	63,52,10,186	14,13,320

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative No. of Shares	Cumulative Equity Share Capital (₹)	Equity Share Premium (in ₹)
March 15, 2017	3,100	2	182	Cash	Allotment upon exercise of ESOPs	31,76,08,193	63,52,16,386	5,56,605
March 15, 2017	3,00,000	2	68	Cash	Allotment upon exercise of ESOPs	31,79,08,193	63,58,16,386	1,98,45,000
April 13, 2017	13,430	2	180	Cash	Allotment upon exercise of ESOPs	31,79,21,623	63,58,43,246	23,90,540
April 13, 2017	3,000	2	182	Cash	Allotment upon exercise of ESOPs	31,79,24,623	63,58,49,246	5,38,650
April 13, 2017	10,000	2	68	Cash	Allotment upon exercise of ESOPs	31,79,34,623	63,58,69,246	6,61,500
May 23, 2017	6,500	2	180	Cash	Allotment upon exercise of ESOPs	31,79,41,123	63,58,82,246	11,57,000
July 03, 2017	9,433	2	180	Cash	Allotment upon exercise of ESOPs	31,79,50,556	63,59,01,112	16,79,074
July 03, 2017	4,500	2	182	Cash	Allotment upon exercise of ESOPs	31,79,55,056	63,59,10,112	8,07,975
August 16, 2017	17,000	2	57	Cash	Allotment upon exercise of ESOPs	31,79,72,056	63,59,44,112	9,28,200
August 16, 2017	59,000	2	68	Cash	Allotment upon exercise of ESOPs	31,80,31,056	63,60,62,112	39,02,850
August 16, 2017	3,00,000	2	72	Cash	Allotment upon exercise of ESOPs	31,83,31,056	63,66,62,112	2,11,20,000
August 16, 2017	82,500	2	135	Cash	Allotment upon exercise of ESOPs	31,84,13,556	63,68,27,112	1,09,51,875
August 16, 2017	4,540	2	180	Cash	Allotment upon exercise of ESOPs	31,84,18,096	63,68,36,192	8,08,120
August 16, 2017	1,050	2	182	Cash	Allotment upon exercise of ESOPs	31,84,19,146	63,68,38,292	1,88,528
September 21, 2017	52,300	2	57	Cash	Allotment upon exercise of ESOPs	31,84,71,446	63,69,42,892	28,55,580
September 21, 2017	1,500	2	68	Cash	Allotment upon exercise of ESOPs	31,84,72,946	63,69,45,892	99,225
September 21, 2017	2,610	2	180	Cash	Allotment upon exercise of ESOPs	31,84,75,556	63,69,51,112	4,64,580
February 23, 2018	10,370	2	176	Cash	Allotment upon exercise of ESOPs	31,84,85,926	63,69,71,852	18,01,788
February 23, 2018	75,000	2	132	Cash	Allotment upon exercise of ESOPs	31,85,60,926	63,71,21,852	97,17,750
February 23, 2018	2,500	2	55	Cash	Allotment upon exercise of ESOPs	31,85,63,426	63,71,26,852	1,33,150

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative No. of Shares	Cumulative Equity Share Capital (₹)	Equity Share Premium (in ₹)
February 23, 2018	1,500	2	67	Cash	Allotment upon exercise of ESOPs	31,85,64,926	63,71,29,852	96,810
March 19, 2018	45,100	2	176	Cash	Allotment upon exercise of ESOPs	31,86,10,026	63,72,20,052	78,36,125
March 19, 2018	3,60,000	2	71	Cash	Allotment upon exercise of ESOPs	31,89,70,026	63,79,40,052	2,47,28,400
March 19, 2018	9,000	2	177	Cash	Allotment upon exercise of ESOPs	31,89,79,026	63,79,58,052	15,77,430
April 17, 2018	1,050	2	177	Cash	Allotment upon exercise of ESOPs	31,89,80,076	63,79,60,152	1,84,034
April 17, 2018	43,115	2	176	Cash	Allotment upon exercise of ESOPs	31,90,23,191	63,80,46,382	74,91,231
June 01, 2018	12,246	2	176	Cash	Allotment upon exercise of ESOPs	31,90,35,437	63,80,70,874	21,27,743
July 23, 2018	16,090	2	176	Cash	Allotment upon exercise of ESOPs	31,90,51,527	63,81,03,054	27,95,638
September 10, 2018	2,400	2	177	Cash	Allotment upon exercise of ESOPs	31,90,53,927	63,81,07,854	4,20,648
September 10, 2018	6,000	2	67	Cash	Allotment upon exercise of ESOPs	31,90,59,927	63,81,19,854	3,87,240
September 10, 2018	4,720	2	176	Cash	Allotment upon exercise of ESOPs	31,90,64,647	63,81,29,294	8,20,100
November 13, 2018	1,800	2	177	Cash	Allotment upon exercise of ESOPs	31,90,66,447	63,81,32,894	3,15,486
November 13, 2018	10,000	2	132	Cash	Allotment upon exercise of ESOPs	31,90,76,447	63,81,52,894	12,95,700
November 13, 2018	5,145	2	176	Cash	Allotment upon exercise of ESOPs	31,90,81,592	63,81,63,184	8,93,944
January 21, 2019	4,855	2	176	Cash	Allotment upon exercise of ESOPs	31,90,86,447	63,81,72,894	8,43,556
March 19, 2019	11,000	2	55	Cash	Allotment upon exercise of ESOPs	31,90,97,447	63,81,94,894	5,85,860
March 19, 2019	12,200	2	177	Cash	Allotment upon exercise of ESOPs	31,91,09,647	63,82,19,294	21,38,294
March 19, 2019	93,445	2	176	Cash	Allotment upon exercise of ESOPs	31,92,03,092	63,84,06,184	1,62,36,069
April 10, 2019	27,370	2	176	Cash	Allotment upon exercise of ESOPs	31,92,30,462	63,84,60,924	47,55,538
April 10, 2019	4,000	2	177	Cash	Allotment upon exercise of ESOPs	31,92,34,462	63,84,68,924	7,01,080

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative No. of Shares	Cumulative Equity Share Capital (₹)	Equity Share Premium (in ₹)
November 18, 2019	13,280	2	82	Cash	Allotment upon exercise of ESOPs	31,92,47,742	63,84,95,484	10,62,666
November 18, 2019	3,50,000	2	26	Cash	Allotment upon exercise of ESOPs	31,95,97,742	63,91,95,484	85,64,500
November 18, 2019	14,500	2	31	Cash	Allotment upon exercise of ESOPs	31,96,12,242	63,92,24,484	4,21,225
November 18, 2019	34,700	2	26	Cash	Allotment upon exercise of ESOPs	31,96,46,942	63,92,93,884	8,25,513
January 16, 2020	14,420	2	82	Cash	Allotment upon exercise of ESOPs	31,96,61,362	63,93,22,724	11,53,888
March 13, 2020	25,004	2	82	Cash	Allotment upon exercise of ESOPs	31,96,86,366	63,93,72,732	20,00,820
March 30, 2020	5,86,54,556	2	2	Other than Cash	Allotment pursuant to Merger of India Infoline Finance Limited with the Company under the Composite Scheme of Arrangement	37,83,40,922	75,66,81,844	–
August 14, 2020	27,135	2	61.48	Cash	Allotment upon exercise of ESOPs	37,83,68,057	75,67,36,114	16,13,989.80
September 21, 2020	18,680	2	82.02	Cash	Allotment upon exercise of the ESOPs	37,83,86,737	75,67,73,474	14,94,773.6
September 21, 2020	8,830	2	61.48	Cash	Allotment upon exercise of the ESOPs	37,83,95,567	75,67,91,134	5,25,208.4
December 02, 2020	10,310	2	82.02	Cash	Allotment upon exercise of the ESOPs	37,84,05,877	75,68,11,754	8,25,006.2
December 02, 2020	2,600	2	82.73	Cash	Allotment upon exercise of the ESOPs	37,84,08,477	75,68,16,954	2,09,898
December 02, 2020	14,364	2	61.48	Cash	Allotment upon exercise of the ESOPs	37,84,22,841	75,68,45,682	8,54,370.72
December 02, 2020	25,000	2	61.40	Cash	Allotment upon exercise of the ESOPs	37,84,47,841	75,68,95,682	14,85,000
December 22, 2020	9,815	2	82.02	Cash	Allotment upon exercise of the ESOPs	37,84,57,656	75,69,15,312	7,85,396.3

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative No. of Shares	Cumulative Equity Share Capital (₹)	Equity Share Premium (in ₹)
December 22, 2020	7,803	2	61.48	Cash	Allotment upon exercise of the ESOPs	37,84,65,459	75,69,30,918	4,64,122.44
December 22, 2020	4,050	2	106.67	Cash	Allotment upon exercise of the ESOPs	37,84,69,509	75,69,39,018	4,23,913.5

Share holding pattern of our Company as on December 31, 2020

The following is the shareholding pattern of our company as on December 31, 2020

Table I - Summary Statement holding of specified securities

Category	Category of shareholder	Nos. of shareho ld ers	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlyi n g Deposito r y Receipts	Total nos. shares held	Sharehold ing as a % of total no. of shares (calculate d as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlyin g Outstandi ng convertibl e securities (including Warrants)	Shareholdi ng , as a % assuming full conversio n of convertibl e securities (as a percentag e of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in demateriali sed form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII) =**	**(VIII)**	**(IX)**				**(X)**	**(XI)=**	**(XII)**		**(XIII)**		**(XIV)**
(A)	Promoter & Promoter Group	8	94547490	0	0	94547490	24.98	94547490	0	94547490	24.98	0	24.98	0	0	0	0	94547490
(B)	Public	39435	283922019	0	0	283922019	75.02	283922019	0	283922019	75.02	0	75.02	0	0	NA	NA	283649228
(C)	Non Promoter - Non Public																	
(C1)	Shares Underlying DRs	0	0	0	0	0	0	0	0	0	0	0	0.00	0	0	NA	NA	0
(C2)	Shares Held By Employee Trust	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	NA	NA	0
	Total	39443	378469509	0	0	378469509	100.00	378469509	0	378469509	100.00	0	100.00	0	0	0	0	378196718

Note: No shares are pledged or encumbered by the promoter.

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII) =	(VIII)	(IX)				(X)	(XI)=	(XII)		(XIII)		(XIV)
1	Indian																	
(a)	Individuals / Hindu Undivided Family	6	89978586	0	0	89978586	23.77	89978586	0	89978586	23.77	0	23.77	0	0	0	0	89978586
	Nirmal Bhanwarlal Jain	1	47719154	0	0	47719154	12.61	47719154	0	47719154	12.61	0	12.61	0	0	0	0	47719154
	Madhu N Jain	1	12075000	0	0	12075000	3.19	12075000	0	12075000	3.19	0	3.19	0	0	0	0	12075000
	Venkataraman Rajamani	1	10984432	0	0	10984432	2.90	10984432	0	10984432	2.90	0	2.90	0	0	0	0	10984432
	Harshita Jain and Mansukhlal Jain (in their capacity as Trustee of Nirmal Madhu Family Private Trust)	1	10000000	0	0	10000000	2.64	10000000	0	10000000	2.64	0	2.64	0	0	0	0	10000000
	Aditi Avinash Athavankar (in her capacity as Trustee of Kalki Family Private Trust)	1	9000000	0	0	9000000	2.38	9000000	0	9000000	2.38	0	2.38	0	0	0	0	9000000
	Aditi Athavankar	1	200000	0	0	200000	0.05	200000	0	200000	0.05	0	0.05	0	0	0	0	200000
(b)	Central Government / State Government(s)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
(c)	Financial Institutions / Banks	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
(d)	Any Other (Specify)	2	4568904	0	0	4568904	1.21	4568904	0	4568904	1.21	0	1.21	0	0	0	0	4568904
	Persons Acting In Concert	2	4568904	0	0	4568904	1.21	4568904	0	4568904	1.21	0	1.21	0	0	0	0	4568904
	Ardent Impex Pvt Ltd	1	3268904	0	0	3268904	0.86	3268904	0	3268904	0.86	0	0.86	0	0	0	0	3268904

	Category & Name of the shareholders	Nos. of sharehol d ers	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlyin g Depositor y Receipts	Total nos. shares held	Sharehold ing % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlyin g Outstandi ng convertibl e securities (including Warrants)	Sharehold ing , as a % assuming full conversio n of convertibl e securities (as a percentag e of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in demateriali sed form
								No of Voting Rights			Total as a % of (A+B+ C)							
								Class eg: X	Class eg: y	Total				No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
	Orpheus Trading Pvt Ltd	1	1300000	0	0	1300000	0.34	1300000	0	1300000	0.34	0	0.34	0	0	0	0	1300000
	Sub Total (A)(1)	8	94547490	0	0	94547490	24.98	94547490	0	94547490	24.98	0	24.98	0	0	0	0	94547490
2	Foreign																	
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
(b)	Government	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
(d)	Foreign Portfolio Investor	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
(e)	Any Other (Specify)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
	Sub Total (A)(2)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)	8	94547490	0	0	94547490	24.98	94547490	0	94547490	24.98	0	24.98	0	0	0	0	94547490

Table III - Statement showing shareholding pattern of the Public shareholder

	Category & Name of the shareholders	Nos. of sharehold ers	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X)	(XII)		(XIII)		(XIV)
1	Institutions																	
(a)	Mutual Fund	3	38817	0	0	38817	0.01	38817	0	38817	0.01	0	0.01	0	0	NA	NA	38817
(b)	Venture Capital Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
(c)	Alternate Investment Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
(d)	Foreign Venture Capital Investors	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
(e)	Foreign Portfolio Investor	83	68436785	0	0	68436785	18.08	68436785	0	68436785	18.08	0	18.08	0	0	NA	NA	68436785
	Hwic Asia Fund Class A Shares*	1	28362530	0	0	28362530	7.49	28362530	0	28362530	7.49	0	7.49	0	0	NA	NA	28362530
	Wf Asian Reconnaissance Fund Limited	1	12831441	0	0	12831441	3.39	12831441	0	12831441	3.39	0	3.39	0	0	NA	NA	12831441
	Bank Muscat India Fund	1	12598222	0	0	12598222	3.33	12598222	0	12598222	3.33	0	3.33	0	0	NA	NA	12598222
(f)	Financial Institutions / Banks	2	1276	0	0	1276	0.00	1276	0	1276	0.00	0	0.00	0	0	NA	NA	1276
(g)	Insurance Companies	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
(h)	Provident Funds/ Pension Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
(i)	Any Other (Specify)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
	Sub Total (B)(1)	88	68476878	0	0	68476878	18.09	68476878	0	68476878	18.09	0	18.09	0	0	NA	NA	68476878
2	Central Government/ State Government(s)/ President of India	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
	Sub Total (B)(2)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
3	Non-Institutions																	

	Category & Name of the shareholders	Nos. of sharehol d ers	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlyin g Depositor y Receipts	Total nos. shares held	Sharehold ing % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholdi ng , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in demateriali sed form
								No of Voting Rights			Total as a % of (A+B+C)							
								Class eg: X	Class eg: y	Total				No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
(a)	Individuals																	
	i. Individual shareholders holding nominal share capital up to ₹ 2 lakhs.	37547	19317483	0	0	19317483	5.10	19317483	0	19317483	5.10	0	5.10	0	0	NA	NA	19269692
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	45	18778317	0	0	18778317	4.96	18778317	0	18778317	4.96	0	4.96	0	0	NA	NA	18778317
(b)	NBFCs registered with RBI	2	1200	0	0	1200	0.00	1200	0	1200	0.00	0	0.00	0	0	NA	NA	1200
(c)	Employee Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
(e)	Any Other (Specify)	1753	177348141	0	0	177348141	46.86	177348141	0	177348141	46.86	0	46.86	0	0	NA	NA	177123141
	IEPF	1	41879	0	0	41879	0.01	41879	0	41879	0.01	0	0.01	0	0	NA	NA	41879
	Trusts	1	75000	0	0	75000	0.02	75000	0	75000	0.02	0	0.02	0	0	NA	NA	75000
	Foreign Nationals	2	151757	0	0	151757	0.04	151757	0	151757	0.04	0	0.04	0	0	NA	NA	151757
	Hindu Undivided Family	712	962232	0	0	962232	0.25	962232	0	962232	0.25	0	0.25	0	0	NA	NA	962232
	Foreign Companies	2	143143032	0	0	143143032	37.82	143143032	0	143143032	37.82	0	37.82	0	0	NA	NA	143143032
	Fih Mauritius Investments Ltd*	1	84641445	0	0	84641445	22.36	84641445	0	84641445	22.36	0	22.36	0	0	NA	NA	84641445
	Cdc Group Plc	1	58501587	0	0	58501587	15.46	58501587	0	58501587	15.46	0	15.46	0	0	NA	NA	58501587
	Non Resident Indians (Non Repat)	205	11154800	0	0	11154800	2.95	11154800	0	11154800	2.95	0	2.95	0	0	NA	NA	11154800
	Parajia Bharat Himatlal	1	10200000	0	0	10200000	2.70	10200000	0	10200000	2.70	0	2.70	0	0	NA	NA	10200000
	Non Resident Indians (Repat)	369	16331275	0	0	16331275	4.32	16331275	0	16331275	4.32	0	4.32	0	0	NA	NA	16106275
	Parajia Bharat Himatlal	1	10000000	0	0	10000000	2.64	10000000	0	10000000	2.64	0	2.64	0	0	NA	NA	10000000

	Category & Name of the shareholders	Nos. of sharehol d ers	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)							
								Class eg: X	Class eg: y	Total				No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
	Satpal Khattar	1	5216528	0	0	5216528	1.38	5216528	0	5216528	1.38	0	1.38	0	0	NA	NA	5216528
	Office Bearers	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
	Foreign Portfolio Investor (Individual)	3	83178	0	0	83178	0.02	83178	0	83178	0.02	0	0.02	0	0	NA	NA	83178
	Clearing Member	94	302235	0	0	302235	0.08	302235	0	302235	0.08	0	0.08	0	0	NA	NA	302235
	Bodies Corporate	364	5102753	0	0	5102753	1.35	5102753	0	5102753	1.35	0	1.35	0	0	NA	NA	5102753
	Sub Total (B)(3)	39347	215445141	0	0	215445141	56.93	215445141	0	215445141	56.93	0	56.93	0	0	NA	NA	215172350
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	39435	283922019	0	0	283922019	75.02	283922019	0	283922019	75.02	0	75.02	0	0	NA	NA	283649228

Note: FIH Mauritius Investments Ltd and HWIC Asia Fund (Class A Shares) ("Fairfax Shareholders") has given an undertaking to SEBI that the voting rights in IIFL Finance Limited shall be collectively restricted to 25% of the equity share capital of the Company.

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII) =	(VIII)	(IX)				(X)	(XI)=	(XII)		(XIII)		(XIV)
1	Custodian/DR Holder	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
2	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
	Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0

Table V - Statement showing details of Significant Beneficial Owners (SBO)

Sr. No	Details of SBO (I)		Details of Registered Owner (II)		Details of holding/ Exercise of right of the SBO in the reporting Company, whether direct or indirect*: (III)					Date of Creation/Acquisition of
					Whether by virtue of:					
	Name	Nationality	Name	Nationality	Shares %	Voting Rights %	Dividend Rights %	Exercise of Control No	Exercise of Significant Influence	
1	Nirmal Jain and Madhu Jain collectively	Indian	Orpheus Trading Private Limited	Indian	0.34	-	-	No	No	14-03-2005
2	Nirmal Jain and Madhu Jain collectively	Indian	Ardent Impex Private Limited	Indian	0.86	-	-	No	No	19-05-2006
3	Harshita Jain, Trustee of Nirmal Madhu Family Private Trust	Indian	Harshita Jain and Mansukhlal Jain (in their capacity as Trustee of Nirmal Madhu Family Private Trust)	Indian	2.64	-	-	No	No	18-01-2018
4	Mansukhlal Jain, Trustee of Nirmal Madhu Family Private Trust	Indian	Harshita Jain and Mansukhlal Jain (in their capacity as Trustee of Nirmal Madhu Family Private Trust)	Indian	2.64	-	-	No	No	18-01-2018

*In case the nature of holding/exercise of the right of a SBO falls under multiple categories specified under (a) to (e) under Column III, multiple rows for the same SBO shall be inserted accordingly for each of the categories.

#This column shall have the details as specified by the listed entity under Form No. BEN-2 as submitted to the Registrar.

Top 10 Equity Shareholders of our Company as on December 31, 2020:

Sr. No.	Name of the Shareholder	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares	Shares pledged or otherwise encumbered
1.	FIH Mauritius Investments Ltd	846,41,445	846,41,445	22.36	84,641,445 number of shares are subject to an encumbrance (by way of an indirect pledge and non-disposal obligations) over equity shares of IIFL Finance Limited (held by FIH Mauritius Investments Ltd).
2.	CDC Group Plc	585,01,587	585,01,587	15.46	Nil
3.	Nirmal Bhanwarlal Jain	477,19,154	477,19,154	12. 61	Nil
4.	HWIC Asia Fund Class A Shares	283,62,530	283,62,530	7.49	Nil
5.	Parajia Bharat Himatlal	202,00,000	202,00,000	5. 34	Nil
6.	WF Asian Reconnaissance Fund Limited	128,31,441	128,31,441	3.39	Nil
7.	Bank Muscat India Fund	125,98,222	125,98,222	3.33	Nil
8.	Madhu N Jain	120,75,000	120,75,000	3.19	Nil
9.	Venkataraman Rajamani	109,84,432	109,84,432	2.90	Nil
10.	Harshita Jain And Mansukhlal Jain (In Their Capacity As Trustee Of Nirmal Madhu Family Private Trust)	100,00,000	100,00,000	2.64	Nil

Top 10 holders of Secured and Unsecured Redeemable Non- Convertible Debentures* of our Company as on December 31, 2020:

(₹ in Million)

S. No.	Name	Total Value
1	CDC Group Plc	3,250
2	Life Insurance Corporation of India P & GS Fund	2,875
3	Bank of Baroda	2,500
4	Bank of India	2,000
5	Canara Bank-Mumbai	1,250
6	ICICI Prudential Life Insurance Company Limited	1,000
7	Union Bank of India	1,000
8	Indian Bank	1,000
9	State Bank of India	1,000
10	Punjab National Bank	1,000
11	RBL Bank	1,000

*The above top 10 holders of Secured and Unsecured Redeemable Non- Convertible Debentures is as per the Beneficiary position received from the RTA as on December 31, 2020 and have adjusted for the NCDs which we have redeemed on or after 31st December 2020 but the extinguishment of the said ISINs were pending as on 31st December 2020.

Statement of the aggregate number of securities of our Company and our Subsidiaries purchased or sold by our Promoter, Promoter Group, our Directors and/or their relatives within six months immediately preceding the date of filing of this Shelf Prospectus:

Please refer to the *Annexure D* of this Shelf Prospectus.

Debt to Equity Ratio of our Company as on December 31, 2020 on a standalone basis:

(₹ in million)

Particulars	Pre issue as at December 31, 2020	Post issue*
Debt		
Debt Securities & Subordinated Liabilities	65,331.34	75,331.34
Borrowings (Other than Debt Securities)	82,971.33	82,971.33
Total Debt (A)	**1,48,302.67**	**1,58,302.67**
Equity		
Equity and Share Capital	756.94	756.94
Other Equity	36,696.76	36,696.76
Total Equity (B)	**37,453.70**	**37,453.70**
Debt / Equity (A/ B)	**3.96**	**4.23**

**The debt - equity ratio post Issue is indicative on account of the assumed inflow of ₹ 10,000 million from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

Debt to Equity Ratio of our Company as on December 31, 2020 on a consolidated basis:

(₹ in million)

Particulars	Pre issue as at December 31, 2020	Post issue*
Debt		
Debt Securities & Subordinated Liabilities	98,030.31	1,08,030.31
Borrowings (Other than Debt Securities)	1,97,007.96	1,97,007.96
Total Debt (A)	**2,95,038.27**	**3,05,038.27**
Equity		
Equity and Share Capital	756.94	756.94
Other Equity	51,513.60	51,513.60
Non Controlling Interest	58.61	58.61
Total Equity (B)	**52,329.15**	**52,329.15**
Debt / Equity (A/ B)	**5.64**	**5.83**

**The debt - equity ratio post Issue is indicative on account of the assumed inflow of ₹ 10,000 million from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

Details of change in the promoter holding in our Company during the last financial year beyond 26% (as prescribed by RBI)

There has been no change in the promoter holding in our Company during the last financial year beyond 26% (as prescribed by RBI).

Details of Promoter's shareholding in our Company's subsidiaries, Shareholding of Directors in our Company, Shareholding of Directors in subsidiaries, joint ventures and associates

Our Company does not have any associate and joint venture. Our Company has two subsidiary companies as on the date of this Shelf Prospectus. The shareholding of the Promoters and Directors in our Subsidiary Companies as on December 31, 2020 are mentioned below:

(a) Promoter's Shareholding in Company's Subsidiaries

As on the date of this Shelf Prospectus, our Promoter does not hold any shares in our Subsidiaries.

(b) Shareholding of Directors in our Company:

Our Directors are not holding any stock options under IIFL ESOP Plan. The shareholding of the Directors in our Company as on December 31, 2020 is mentioned below:

Sr. No.	Name of Director	No. of Equity Shares
1.	Mr. Nirmal Bhanwarlal Jain	4,77,19,154
2.	Mr. Venkataraman Rajamani	109,84,432
3	Mr. Nilesh Vikamsey	1,65,000
4	Mr. Arun Kumar Purwar	95,000

(c) Director's Shareholding in Company's Subsidiaries

As on the date of this Shelf Prospectus, our Directors do not hold any shares in our Subsidiaries.

Details of any acquisition or amalgamation in the last 1 year

Kindly refer to the head '*Details of any reorganisation or reconstruction in the last 1 year'* below.

Details of any reorganization or reconstruction in the last 1 year

The Board of Directors of the Company at its meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst the Company, India Infoline Finance Limited ("**India Infoline**"), India Infoline Media and Research Services Limited ("**IIFL M&R**"), IIFL Securities Limited ("**IIFL Securities**"), IIFL Wealth Management Limited ("**IIFL Wealth**"), IIFL Distribution Services Limited ("**IIFL Distribution**") and their respective shareholders, under Sections 230-232 and other applicable provisions of the Companies Act, 2013 ("**Scheme**"). The Scheme was filed with the National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**"), and the Company received an observation letter from NSE on September 11, 2018 and September 27, 2018; and from BSE on September 14, 2018 and September 28, 2018. The proposed Scheme was then filed with the Hon'ble National Company Law Tribunal, Mumbai Bench ("**NCLT**") on October 01, 2018, pursuant to which the Hon'ble NCLT directed the Company to hold a meeting of its equity shareholders on December 12, 2018. The equity shareholders of the Company at the NCLT convened meeting on December 12, 2018 approved the Composite Scheme of Arrangement with requisite majority. The Hon'ble NCLT vide its order passed on March 07, 2019 sanctioned the Composite Scheme of Arrangement and the Company received the order on March 15, 2019.

Further, the Board of Directors of the Company at its meeting held on May 13, 2019 approved the implementation of the Scheme except for merger of India lnfoline Finance Limited with the Company. Accordingly, following parts of the Scheme were implemented:

1. Amalgamation of IIFL M&R with the Company;

2. Demerger of the Securities Business Undertaking of the Company into IIFL Securities;

3. Demerger of the Wealth Business Undertaking of the Company into IIFL Wealth;

4. Transfer of the Broking and Depository Participant Business Undertaking of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis.

The Securities Business Undertaking, Wealth Business Undertaking and Broking and Depository Participant Business Undertaking are defined in the Scheme and the Scheme can be accessed on the website of the Company i.e. www.iifl.com.

The Appointed Date for the amalgamation of IIFL M&R with the Company was opening hours of April 01, 2017 and for all the other steps, the Appointed Date was opening hours of April 01, 2018.

Pursuant to the Scheme, the name of the Company was changed from "IIFL Holdings Limited" to "IIFL Finance Limited" upon receipt of fresh Certificate of Incorporation dated May 24, 2019 issued by the Registrar of

Companies, Mumbai and the Main Object of the Company was amended to carry on the lending business activity as of India Infoline.

Upon the Scheme coming into effect, 1,87,18,281& 4,50,00,000 equity shares of face value ₹ 10 each & ₹ 2 each respectively, held by the Company in IIFL Securities and IIFL Wealth respectively were extinguished and cancelled.

As consideration to the shareholders of the Company for the demerger of the Securities Business Undertaking and Wealth Business Undertaking, IIFL Securities issued and allotted 1 (One) fully paid up new equity share of ₹ 2 each of IIFL Securities for every 1 (One) equity share of ₹ 2 each of the Company; and IIFL Wealth issued and allotted 1 (One) fully paid up new equity share of ₹ 2 each of IIFL Wealth for every 7 (Seven) equity shares of ₹ 2 each of the Company on June 06, 2019 to the Shareholders of the Company holding equity shares on May 31, 2019 fixed as Record Date for the said purpose. Accordingly, 31,92,34,462 equity shares of ₹ 2 each of IIFL Securities and 4,56,04,924 equity shares of ₹ 2 each of IIFL Wealth were issued and allotted in aggregate to the Shareholders of the Company.

IIFL Securities and IIFL Wealth had filed their respective Listing Application with Stock Exchange(s) and the In principle approval for listing of equity shares of IIFL Securities and IIFL Wealth was received on August 13, 2019 (NSE) and August 21, 2019 (BSE) & August 19, 2019 (NSE) and August 21, 2019 (BSE) respectively. Accordingly, the shares of IIFL Wealth and IIFL Securities were listed on Stock Exchange(s) on September 19, 2019 and September 20, 2019 respectively.

The remainder of the Scheme, i.e. the amalgamation of India Infoline with the Company was pending its implementation for the receipt of requisite approval from the RBI for an NBFC license by the Company.

The Company received the said NBFC License dated March 06, 2020, bearing Certificate of Registration No. N-13.02386 from the RBI to carry on the Non-Banking Financial Activity on March 11, 2020. Thereafter, the Company decided to give effect to the merger of India Infoline and the Company with effect from March 30, 2020 with appointed date as April 01, 2018.

Consequently, the residual shareholders of India Infoline were allotted 5,86,54,556 shares of the Company on March 30, 2020 in the ratio 135 fully paid up equity shares of ₹ 2 each in the Company for every 100 shares of ₹10 each held in India Infoline. The said new shares got listed and admitted for trading w.e.f. April 27, 2020 in terms of final listing and trading approval received from NSE and BSE.

Employee Stock Option Scheme:

The Company has in force the following ESOS Schemes with an object of rewarding employee:

1. IIFL Finance Employees Stock Option Plan 2007 ("ESOS Scheme 2007")

   Pursuant to the approval given by the shareholders at their extraordinary general meeting held on October 20, 2007, our Company has implemented "Employee Stock Option Scheme, 2007" ("ESOS Scheme 2007"). The Company received In Principal approval for the said scheme from National Stock Exchange of India Limited and BSE Limited on November 14, 2008 and November 25, 2008 respectively. The maximum number of options that can be granted under the Schemes shall be 75,00,000. There are no outstanding employee stock options as on December 31, 2020.

2. IIFL Finance Employee Stock Option Plan 2008 ("ESOS Scheme 2008")

   Pursuant to the approval given by the shareholders at their extraordinary general meeting held on December 15, 2008, our Company has implemented "Employee Stock Option Scheme, 2008" ("ESOS Scheme 2008"). The Company received In Principal approval for the said scheme from National Stock Exchange of India Limited and BSE Limited on December 17, 2009 and December 18, 2009 respectively. The maximum number of options that can be granted under the Schemes shall be 5,00,00,000.

   The stock options cancelled or lapsed without being exercised will be available for allocation to other Employees, subject to compliance with the provisions of the Applicable Laws.

   The Nomination & Remuneration Committee shall in accordance with ESOS Scheme 2008 and Applicable Laws approve the grant of stock options from time to time to the Employees under various series, and approve terms of grant of stock options under each series, including vesting schedule for each series of grants.

The Nomination & Remuneration Committee shall, in accordance with ESOS Scheme 2008 and Applicable Laws, approve the procedure for making a fair and reasonable adjustment in case of a corporate action such as stock split /consolidation, rights issues, bonus issues, merger, de-merger, sale of division and others, to ensure that the stock option holders are compensated appropriately in case of any diminution in the value of their stock options as a result of such corporate action.

Stock options granted under ESOS Scheme 2008 would vest as per the vesting schedule as determined under each series of grant approved by the Nomination & Remuneration Committee, subject to a minimum period of one year from the date of grant of such stock options. Vesting of stock options would be subject to continued employment of the respective Employee with the Company. Any acceleration in vesting schedule of the stock option will be subject to approval of Nomination & Remuneration Committee.

Please refer below for the details of stock options as on December 31, 2020:

S. No.	Particulars	(No. of Equity Shares)
1	Stock options granted	5,46,45,000
2	Stock options vested	5,17,41,055
3	Stock options exercised	4,00,14,518
4	Total number of shares arising out of exercise of Stock options	4,00,14,518
5	Stock options lapsed	1,42,27,840
6	Exercise price (In ₹)	₹ 82.02, ₹ 82.73, ₹ 218.71 ₹126.64

3. IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme ("**ESOS Scheme 2020**")

Pursuant to the merger of India Infoline Finance Limited with the Company under the Composite Scheme of Arrangement, the stock option holders of India Infoline Finance Limited were required to be granted 135 stock options by the Company for every 100 stock options held in India Infoline Finance Limited, on terms and conditions similar to the ESOP Scheme of India Infoline Finance Limited. Accordingly, the Board adopted new ESOP scheme named as "IIFL Finance Limited Employee Stock Option 2020- Merger Scheme" and 82,81,111 stock option were granted under the scheme to option holders of India Infoline Finance Limited. The Company received In Principal approval for the said scheme from National Stock Exchange of India Limited and BSE Limited on June 01, 2020 and June 03, 2020 respectively.

The Nomination & Remuneration Committee shall in accordance with ESOS Scheme 2020 and Applicable Laws approve the grant of stock options from time to time to the Employees under various series, and approve terms of grant of stock options under each series, including vesting schedule for each series of grants.

The Nomination & Remuneration Committee shall, in accordance with ESOS Scheme 2020 and Applicable Laws, approve the procedure for making a fair and reasonable adjustment in case of a corporate action such as stock split /consolidation, rights issues, bonus issues, merger, de-merger, sale of division and others, to ensure that the stock option holders are compensated appropriately in case of any diminution in the value of their stock options as a result of such corporate action.

Stock options granted under ESOS Scheme 2020 would vest as per the vesting schedule as determined under each series of grant approved by the Nomination & Remuneration Committee, subject to a minimum period of one year from the date of grant of such stock options. Vesting of stock options would be subject to continued employment of the respective Employee with the Company. Any acceleration in vesting schedule of the stock option will be subject to approval of Nomination & Remuneration Committee.

Please refer below for the details of stock options as on December 31, 2020:

S. No.	Particulars as on December 31, 2020	(No. of Equity Shares)
1	Stock options granted	82,81,111
2	Stock options vested	23,71,167
3	Stock options exercised	62,182
4	Total number of shares arising out of exercise of Stock options	62,182
5	Stock options lapsed	33,38,867
6	Exercise price (In ₹)	₹ 61.48, ₹ 106.67, ₹ 142.22, ₹177.04, ₹182.22

OBJECTS OF THE ISSUE

Issue Proceeds

Public issue by our Company of Secured NCDs of face value of ₹ 1,000 each and/or Unsecured NCDs of face value ₹ 1,000 each, for an amount aggregating up to the Shelf Limit. The Unsecured NCDs will be in the nature of subordinated debt and will be eligible for Tier II Capital. The NCDs will be issued in one or more tranches, on terms and conditions as set out in the relevant Tranche Prospectus for any Tranche Issue which should be read together with this Shelf Prospectus. The Issue is being made pursuant to the provisions of the SEBI Debt Regulations and the Companies Act, 2013.

The details of the proceeds of the Issue are summarized below:

Particulars	Estimated amount (₹ in million)
Gross proceeds of the Issue	As mentioned in the relevant Tranche Prospectus
Less: Issue related expenses	As mentioned in the relevant Tranche Prospectus
Net proceeds	As mentioned in the relevant Tranche Prospectus

The following table details the objects of the Issue and the amount proposed to be financed from Net Proceeds:

S. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending, financing, and for repayment /prepayment of interest and principal of existing borrowings of our Company #	At least 75%
2.	General Corporate Purposes*	Maximum of up to 25%

#The Company shall not utilize the proceeds of the Issue towards payment of prepayment penalty, if any.
**The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI Debt Regulations.*

The main objects clause of the Memorandum of Association of the Company permits the Company to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

The Unsecured NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II Capital and accordingly will be utilised in accordance with statutory and regulatory requirements including requirements of RBI.

Purpose for which there is a requirement of funds

As stated in this section.

Funding Plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Monitoring of utilization of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Audit Committee of our Company shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant financial year commencing from Fiscal 2021, the utilisation of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchanges.

Interim use of proceeds

Our Management will have the flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above. Our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

Other Confirmations

In accordance with the SEBI Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person or company who is a part of the same group as our Company or who is under the same management as our Company.

Proceeds from the Issue shall not be utilised towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property. No part of the proceeds from the Issue will be paid by us as consideration to our Promoter, the Directors, Key Managerial Personnel, or companies promoted by our Promoter except in ordinary course of business.

No part of the proceeds from the Issue will be utilized for buying, trading or otherwise dealing in equity shares of any listed company. Further our Company undertakes that Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI Regulations.

Our Company confirms that it will not use the proceeds from the Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, the acquisition of any immovable property or acquisition of securities of any other body corporate.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

Issue Related Expenses Break-up

As specified in the respective Tranche Prospectus

Variation in terms of contract or objects in Shelf Prospectus

Our Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Shelf Prospectus is issued, except as may be prescribed under the applicable laws and specifically under Section 27 of the Companies Act, 2013.

Benefit / interest accruing to Promoter/Directors out of the object of the Issue

Neither our Promoter nor the Directors of our Company are interested in the Objects of the Issue.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
IIFL Finance Limited (Formerly known as IIFL Holdings Limited)
8" Floor, Unit no 802, Hubtown Solaris,
N S Phadke Marg, Vijay Nagar,
Andheri East – Mumbai- 400 069

Dear Sirs,

Sub: PROPOSED PUBLIC ISSUE BY IIFL FINANCE LIMITED (FORMERLY KNOWN AS IIFL HOLDINGS LIMITED) (THE "COMPANY" OR THE "ISSUER") OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES AND/OR UNSECURED SUBORDINATED REDEEMABLE NON-CONVERTIBLE DEBENTURES (THE "DEBENTURES" OR THE "NCDS") AMOUNTING TO RS. 5,000 CRORE (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE UNSECURED NCDS WILL BE IN THE NATURE OF SUBORDINATED DEBT AND SHALL BE ELIGIBLE FOR TIER II CAPITAL.

The following note discusses the material tax provisions applicable to the Clients investing in the NCDs of IIFL Finance Limited (the "Company") under the Income-tax Act, 1961 (the "IT Act").

We have performed the following procedures:

Read the statement of tax benefits as given in Annexure I, and
Evaluated with reference to the provisions of the IT Act to confirm that statements made are correct in all material respect.

Because the above procedures do not constitute either an audit or review made in accordance with the Standard on Related Services (SRS) 4400, "Engagements to perform Agreed-upon procedures regarding Financial information", issued by the Institute of Chartered Accountants of India, we do not express any assurance on the Statement of Tax Benefits, as set out in Annexure I.

We confirm that the Statement of Tax Benefits as set out in Annexure I materially covers all the provisions of the IT Act as amended with respect to Debenture Holders. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws.

The benefits discussed in the enclosed Annexure I are not exhaustive. The statement is only intended to provide general information and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation.

The contents of the enclosed Annexure I are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.

We hereby consent to inclusion of the extracts of this certificate in the shelf prospectus and Tranche I Prospectus and/or any other document in relation to the Issue.

This certificate has been issued at the request of IIFL Finance Limited for use in connection with the Issue and may accordingly be furnished as required to the BSE Limited or any other regulatory authorities, as required, and shared with and relied on as necessary by the Company's advisors and intermediaries duly appointed in this regard.

For V Sankar Aiyar & Co
Chartered Accountants
ICAI Firm registration number: 109208W
UDIN: 21046050AAAACB5281

Per G Sankar

Partner
Membership No. 046050
February 24, 2021
Mumbai

ANNEXURE I

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)

The note is based on the provisions of the IT Act, as on date, taking into account the amendments made by the Finance Act, 2020 (FA 2020)[1].

This note intends to provide general information on the applicable provisions of the IT Act. However, in view of the nature of the implications, the investors are best advised to consult their respective tax advisors/consultants for appropriate counsel with respect to the specific tax and other implications arising out of their participation in the Portfolio as indicated herein.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

A. Under the Income-Tax Act, 1961 ("I.T. Act")

I. Tax benefits available to the Resident Debenture Holders

1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.

2. As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

   Long-term Capital Gains (other than long-term capital gains chargeable under section 112A of the IT Act) will be chargeable to tax under Section 112 of the IT Act, at a rate of 20 per cent (plus applicable surcharge and health and education cess respectively – Refer Note 2) with indexation.

   Alternatively, the tax rate may be reduced to 10 per cent without indexation (plus applicable surcharge and health and education cess– Refer Note 2) in respect of listed securities (other than a unit) or zero- coupon bonds (as defined).

   However, as per the fourth proviso to section 48 of the IT Act, benefit of indexation of cost of acquisition under second proviso to section 48 of the IT Act, is not available in case of bonds, debentures, except capital indexed bonds. Accordingly, long term capital gains on listed bonds arising to the bond holders, should be subject to tax at the rate of 10 per cent, computed without indexation, as the benefit of indexation of cost of acquisition is not available in the case of debentures.

   In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

3. As per section 2(42A) of the I.T. Act, a listed debenture is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

   Short-term capital gains are chargeable to tax as per the applicable general tax rates (discussed in Note 1 and Note 2 above).

   In case of FPI, as per section 115AD of the IT Act, short term capital gains on transfer or sale of NCDs are taxable at the rate of 30 per cent (plus applicable surcharge and health and education cess)

4. In case debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

5. Income tax is deductible at source on interest on debentures, payable to resident debenture holders at the time of credit / payment as per the provisions of section 193 of the I.T. Act. However, no income tax is deductible at source in respect of any security issued by a Company in a dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act 1956 and the rules made thereunder.

6. Interest on application money and interest on refund application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act.

7. In case of every Individual, being a resident in India, who is of the age sixty years or more but less than eighty years at any time during the previous year rate of income tax is nil (where total income does not exceed ₹3,00,000), 5% of amount by which total income exceeds ₹ 3,00,000 (where total income is more than ₹ 3,00,000 but does not exceed ₹ 5,00,000), 20% of the amount by which the total income exceeds ₹5,00,000 (where total income exceeds ₹ 5,00,000 but does not exceed ₹ 10,00,000) and 30% of the amount by which the total income exceeds ₹ 10,00,000. Plus Surcharge, if any, and Health and Education Cess @4% on the aggregate of Income Tax and Surcharge.

8. In case of every Individual, being a resident in India, who is of the age eighty years or more at any time during the previous year rate of income tax is nil (where total income does not exceed ₹5,00,000), 20% of the amount by which the total income exceeds ₹5,00,000 (where total income exceeds ₹5,00,000 but does not exceed ₹ 10,00,000) and 30% of the amount by which the total income exceeds ₹ 10,00,000. Plus Surcharge, if any, and Health and Education Cess @ 4% on the aggregate of Income Tax and Surcharge.

9. Alternatively, where an individual or a HUF exercises the option to be assessed to tax under the provisions of section 115BAC of the IT Act inserted by FA 2020, the following shall be the rate of tax applicable:

Slab	Tax Rate
Total income up to ₹ 250,000	Nil
More than ₹ 250,000 but up to ₹ 500,000@	5 per cent of excess over ₹ 250,000
More than ₹ 500,000 but up to ₹ 750,000	10 per cent of excess over ₹ 500,000 + ₹ 12,500
More than ₹ 750,000 but up to ₹ 1,000,000	15 per cent of excess over ₹ 750,000 + ₹ 37,500
More than ₹ 1,000,000 but up to ₹ 1,250,000	20 per cent of excess over ₹ 1,000,000 + ₹ 75,000
More than ₹ 1,250,000 but up to ₹ 1,500,000	25 per cent of excess over ₹ 1,250,000 + ₹ 1,25,000
More than ₹ 1,500,000	30 per cent of excess over ₹ 1,500,000 + ₹ 1,87,500

10. In the case of Resident Indian, surcharge at the rate of 10% of such tax liability (if net income exceeds ₹ 50,00,000 and does not exceed ₹ 1,00,00,000), 15% of such tax liability (if net income exceeds ₹1,00,00,000 and does not exceed ₹ 2,00,00,000), 25% of such tax liability (if net income exceeds ₹2,00,00,000 and does not exceed ₹ 5,00,00,000) and 37% of such tax liability (if net income exceeds ₹ 5,00,00,000). However, the enhanced surcharge does not apply to capital gain on sale of listed equity shares or units of equity oriented fund or business trust liable to securities transaction tax. In such cases where the net income exceeds ₹2,00,00,000 the surcharge shall be payable at the rate of 15% on such capital gains from sale of listed equity shares or units of equity oriented fund or business trust liable to securities transaction tax.

11. In the case of every domestic Indian company where total turnover or gross receipts does nor exceed ₹ 400 crore in FY 2018-19, tax shall be payable at the rate of 25%. In case of other domestic Indian companies, tax shall be payable at the rate of 30%. Surcharge shall be payable at the rate of 12% if the total income exceeds ₹ 10 crore; 7% if the total income exceeds ₹ 1 crore but does not exceed ₹ 10 crore and no surcharge if the total income does not exceed ₹ 1 crore. In addition to this, cess at the rate of 4% shall be payable on the income-tax plus surcharge.

12. According to the Taxation Laws (Amendment) Act, 2019, domestic Indian companies have an option to pay tax at concessional rates as specified in sections 115BAA and 115BAB.

Any domestic company has an option to pay income-tax at the rate of 22% subject to condition that they will not avail any prescribed exemption/incentive/losses. Surcharge shall be payable at the rate of 10% and Cess shall be payable at the rate of 4% on the income-tax plus surcharge. The effective tax rate for these companies shall be 25.17% inclusive of surcharge & cess. Also, such companies shall not be required to pay Minimum Alternate Tax.

Any new domestic company incorporated on or after 1st October 2019 making fresh investment in manufacturing, has an option to pay income-tax at the rate of 15%. This benefit is available to companies which do not avail any prescribed exemption/incentive/losses and commences their production on or before 31st March, 2023. Surcharge shall be payable at the rate of 10% and Cess shall be payable at the rate of 4% on the income- tax plus surcharge. The effective tax rate for these companies shall be 17.16% inclusive of surcharge and cess. Also, such companies shall not be required to pay Minimum Alternate Tax.

A company which does not opt for the concessional tax regime and avails the tax exemption/incentive shall continue to pay tax at the pre-amended rate. However, these companies can opt for the concessional tax regime after expiry of their tax holiday/exemption period. After the exercise of the option they shall be liable to pay tax at the rate of 22% (subject to fulfillment of prescribed conditions) and option once exercised cannot be subsequently withdrawn. Further, in order to provide relief to companies which continue to avail exemptions/incentives, the rate of Minimum Alternate Tax has been reduced from existing 18.5% to 15%.

II. Tax benefits available to the Non - Resident Debenture Holders

1. A non-resident Indian has an option to be governed by Chapter XII-A of the I. T. Act, subject to the provisions contained therein which are given in brief as under:

(a) As per section 115C(e) of the I. T. Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

(b) In case of non-residents, under the IT Act, the interest income will be chargeable to tax at the rate of 30/ 40 per cent depending on the status of the non-resident (plus applicable surcharge and health and education cess).However, the above is subject to any relief available under DTAA and any Covered Tax Agreement (CTA) entered into by the Government of India

(c) As per section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition.

Long-term capital gains (other than long-term capital gains chargeable under section 112A of the IT Act) in case of listed securities will be chargeable under Section 112 of the IT Act at a rate of 20 per cent (plus applicable surcharge and health and education cess) with applicable foreign exchange fluctuation benefit or indexation, as the case may be. The tax payable (for other than a listed unit) could alternatively be determined at 10 per cent (plus applicable surcharge and health and education cess) without indexation.

The above-mentioned rates would be subject to applicable treaty relief.

Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

(a) As per section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I. T. Act in accordance with and subject to the provisions contained therein. However, if the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains claimed earlier would become chargeable to tax as long term capital gains in the year in which the new assets are transferred or converted into money.

(b) As per section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and / or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.

(c) As per section 115H of the I.T. Act, where a non-resident Indian becomes assessable as resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

(d) In accordance with and subject to the provisions of section 115-I of the I.T. Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII-A of the I.T. Act. In that case,

(i) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.

(ii) Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act

(iii) where debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

2. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E of the I.T. Act, and at the normal rates for Short Term Capital Gains if the payee debenture holder is a Non - resident Indian.

3. Interest on application money and interest on refund application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 195 of the I.T. Act.

4. The income tax deducted shall be increased by surcharge as under:

(a) In the case of non-resident Indian, surcharge at the rate of 10% of such tax liability (if net income exceeds ₹ 50,00,000 and does not exceed ₹ 1,00,00,000), 15% of such tax liability (if net income exceeds ₹ 1,00,00,000 and does not exceed ₹ 2,00,00,000), 25% of such tax liability (if net income exceeds ₹ 2,00,00,000 and does not exceed ₹ 5,00,00,000) and 37% of such tax liability (if net income exceeds ₹ 5,00,00,000). However, the enhanced surcharge does not apply to capital gain on sale of listed equity shares or units of equity oriented fund or business trust liable to securities transaction tax. In such cases where the net income exceeds ₹2,00,00,000 the surcharge shall be payable at the rate of 15% on such capital gains from sale of listed equity shares or units of equity oriented fund or business trust liable to securities transaction tax.

(b) In the case of Foreign companies, surcharge is applicable at the rate of 2% of such tax liability where the income or the aggregate of such income paid or likely to be paid and subject to deduction exceeds ₹ 1,00,00,000 but does not exceed ₹ 10,00,00,000. Surcharge at the rate of 5% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds ₹ 10,00,00,000.

(c) Cess is to be applied at 4% on aggregate of base tax and surcharge.

5. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) read with Multi Lateral Instrument (MLI) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate ("TRC"), is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the prescribed particulars, a self-declaration in Form 10F would need to be provided by the assesse along with TRC.

6. Alternatively, to ensure non-deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 197(1) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest.

III. Tax benefit available to the foreign portfolio investors (FPIs)

1. As per Section 2(14) of the I.T. Act, any securities held by FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act., 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FPIs as capital gains.

2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.

3. Interest on NCD may be eligible for concessional tax rate of 5 per cent (plus applicable surcharge and health and education cess) under section 194LD or 194LC of the IT Act. Further, in case where section 194LD or 194LC is not applicable, the interest income earned by FPI should be chargeable tax at the rate of 20 per cent under section 115AD of the IT Act

4. Section 194LD in the I. T. Act provides for lower rate of withholding tax at the rate of 5% (plus applicable surcharge and cess) on payment by way of interest paid by an Indian company to FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company till July 1, 2020 provided such rate does not exceed the rate as may be notified by the Government.

5. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FPIs.

IV. Tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

V. Exemption under Section 54F of the I.T. Act

1. As per provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a debenture holders who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net

sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the condition that the debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax claimed earlier would became chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the debenture holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

VI. Requirement to furnish PAN under the I.T. Act

1. Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.

2. Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB ("deductee") to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

   (i) at the rate specified in the relevant provision of the I. T. Act; or

   (ii) at the rate or rates in force; or

   (iii) at the rate of twenty per cent.

3. As per Rule 37BC, the higher rate under section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect, of payment of interest, if the non-resident deductee furnishes the prescribed details inter alia TRC and Tax Identification Number (TIN).A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per para (2) above in such a case.

4. Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and para (2) above will apply apart from penal consequences.

VII. Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after 1st April, 2017:

(a) without consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;

(b) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated in section 56(2)(x) of the I. T. Act.

NOTES:

Surcharge is levied on individuals, HUF, association of persons, body of individuals and artificial juridical person as per para I(10) and para II(4) above.

Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds ₹ 1 crore.

Surcharge is levied on domestic companies as per para I(10) or I(11) above.

Surcharge is levied on every company other than domestic company as per para II(4) above.

Health and Education Cess is to be applied at the rate of 4% on aggregate of base tax and surcharge.

Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act.

SECTION IV - ABOUT THE COMPANY

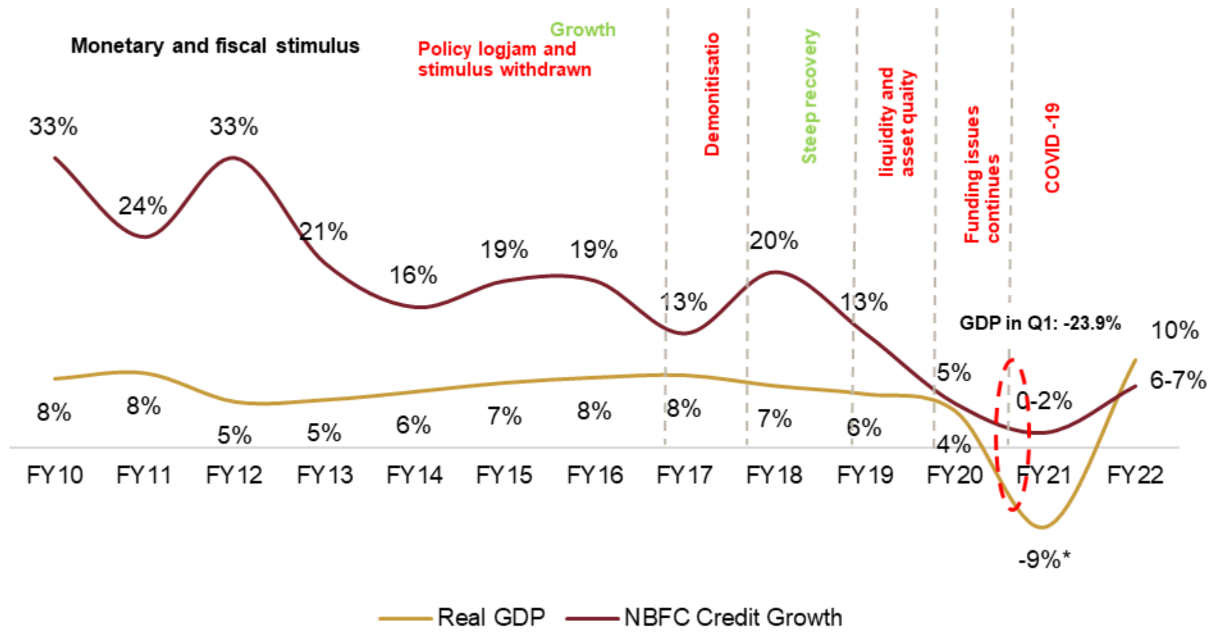
INDUSTRY OVERVIEW

The information under this section has been derived from the industry report titled "NBFC Report 2020" dated September 2020 prepared by CRISIL Research in an "as is where is basis" and the information in this section has not been independently verified by the Company, the Lead Managers, our Legal advisors or any of their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources they believe to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Shelf Prospectus.

Overview of Non-Banking Finance Companies in India

NBFCs logged at a healthy pace of 14% CAGR over fiscals 2015 to 2019. However, their book grew at a slower rate of 5% during fiscal 2020 mainly due to the liquidity and funding shortages that started after the IL&FS default in mid of fiscal 2019 and continued during fiscal 2020. The NBFC segment almost spent about 12 – 15 months, post IL&FS default, setting the house in order. With the outbreak of COVID, the growth in the loan book during fiscal 2021 is expected to further reduce. In fact, growth in fiscal 2021 would be optical, arising due to mandated lending, particularly to MSMEs, and slower rundown in existing book due to moratorium and restructuring of loans.

Barring 2020, NBFC credit growth consistently higher than GDP growth



Source: CRISIL Research, RBI, NHB, INF database

- Has been revised to -7.7% in the month of December

On account of Covid-19, demand for credit reduced drastically on account of economic activity coming down to standstill due to lockdowns. While economic activity is gradually picking up, prevailing uncertainty regarding the pandemic's further impact has forced lenders to exercise utmost caution in reviving disbursements. The current focus of most of the lender is collection and consolidation of business.

CRISIL Research expects a slight pickup in business growth in fiscal 2022 on the back of pandemic's impact weaning and the economic engine beginning to roar early into the financial year.

Liquidity

In the initial periods of lockdown and moratorium, there was apprehension about non-banks' ability to meet their financial obligations as collection levels plummeted. However, with gradual pick up in collections since June 2020 and adequate support through the liquidity measures announced by the government, there was a collective sigh of relief. The government's liquidity support measures have helped even the more vulnerable small and mid-size lenders raise funds and meet their near term obligations. In addition, even though corporate market issuances reduced, bank lending is supporting the segment. As a result, there exists adequate liquidity with NBFCs to meet their term financial obligations.

NBFCs with robust business models or with strong parentage would bounce back faster than others and their relative stability will support them to increase their market share post pandemic.

Fundraising and Liquidity not a major concern for segments barring wholesale

	Growth (FY 21F)	Asset Quality – Medium tern	Market share	Cost of borrowing	Fund raising	Liquidity
MSME & Lap	(3-5%)	4.6-4.8%	20%	NA		
Housing Finance – Affordable and retail	0-2%	1.3-1.5%	35%	7-7.2%		
Auto Finance	(2-3%)	7.9-8.4%	47%	7-7.5%		
Infrastructure Finance	12-13%	7.4-7.7%	44%	6-6.5%		
Micro Finance Institutions	3-4%	7-8%	32%	NA		
Gold loans	11-12%	2.1-2.3%	27%	8.5-9%		
Wholesale lending	(11-12%)	5-7%	10%	NA		

: High impact : Moderate Impact : Low/ No impact

(Rs. bn)

Exposure to NBFC	FY 20	FY 21 F	FY 22 F
Overall Funding scenario	2400-2500	Liquidity enhancement measures has been a big support for NBFCs	The asset quality performance of the NBFCs would largely determine the ability to raise funds
Banks	8100	With government support, banks continue to support NBFCs	Comfortable in funding most of the NBFCs
NCDs	1300-1400	Mutual funds continued funding to NBFCs with strong parentage	Investor are likely to regain confidence in NBFCs only gradually
CPs	5800-6000	The CP market is unlikely to look at NBFCs favorably in the medium term	Lack of clarity on asset quality could keep away CP investors
ECBs	1200-1300	ECBs isuuance may not be significant	ECBs issuances depends upon the evolution of the asset quality performance
Securitisation	1850-1950	With fears about asset quality as well as weak demand will keep the volumes muted	As the pandemic weans, the demand for securitization is likely to see a major spurt

NBFC's borrowing mix has been changing over the past couple of years. Capital market investors have become cautious given their challenging environment and asset quality issues. Therefore access to the capital markets has been restricted to limited players, with others moving towards bank borrowings to meet their requirement.

This has resulted in reduction in share of Commercial Papers (CPs) and non-convertible debentures (NCDs) and a corresponding increase in banks borrowings during fiscal 2020. Total bank borrowings increased from ₹ 6 trillion in fiscal 2018 to ₹ 8 trillion in fiscal 2020. Securitization had also supported NBFCs during the year. Inspite of that, the funds were not easily available for all players. Only those with strong business fundamentals or parentage had access to funds that too at a higher cost.

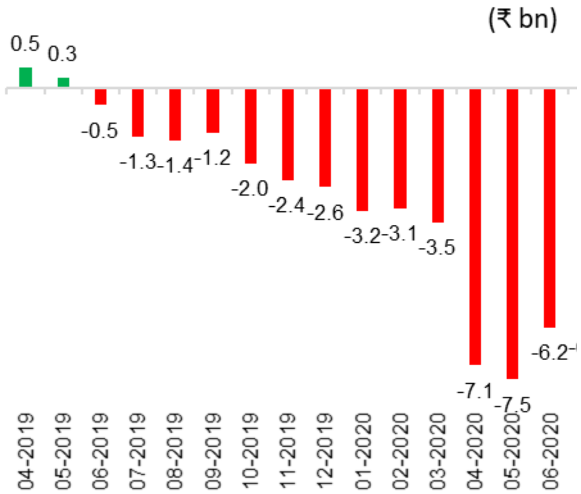
Wholesale will face major challenges in raising funds mainly on account of the liquidity concerns while infrastructure (incl. PFC and REC) will be unaffected.

The government and RBI's measures including providing securitisation and refinance facilities, have enabled the non-banks lenders to raise funds to meet immediate loan repayments, in the absence of adequate cash flow from collections.

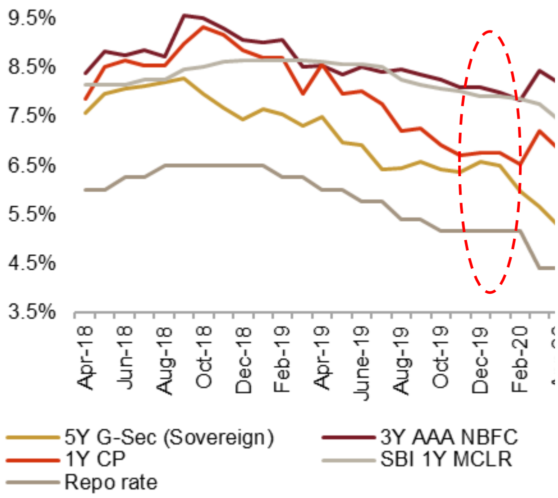
As demand for credit is limited now, issuances have declined. NBFCs' ability to raise funds from a diverse set of investors and instruments, on a steady state basis, will be tested only once credit demand picks up with economic recovery. It would remain a monitorable.

Excess liquidity to reduce the NBFC borrowing cost in the near term, selected few may see pressure.

Liquidity remains in abundance



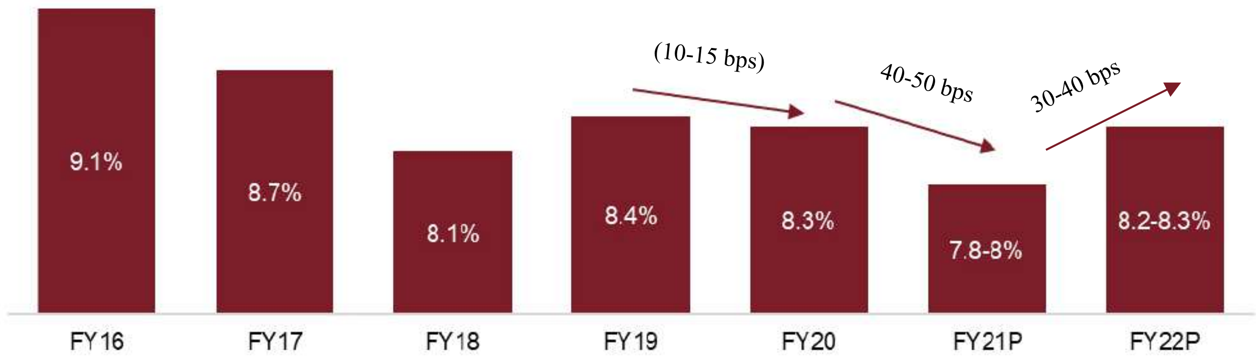
Enabling lower cost of borrowings for NBFCs



Source: RBI, SBI, Crisil Research

Note: Monthly average net liquidity in the system is measured by liquidity absorbed (-) / injected (+) by the RBI under money market operations. Positive value indicates liquidity deficit (amount infused by the RBI) whereas negative value indicates liquidity surplus (amount absorbed by the RBI)

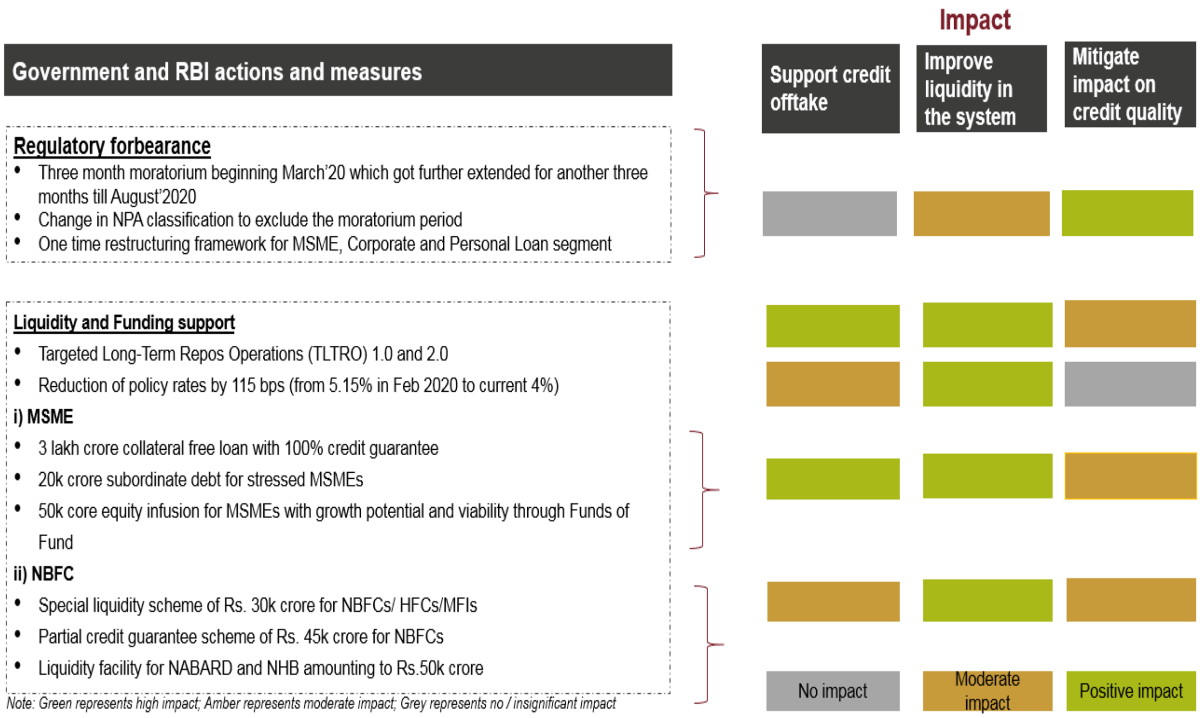
NBFC borrowing cost to witness a declining trend



Source: Company Reports, CRISIL Research

Government and RBI measures to ease stress in NBFC sector

To mitigate the disruptions caused due to COVID – 19 pandemic, the RBI and Government announced several measures. These measures are aimed to mitigate the impact on economy, specifically on liquidity and asset quaity.



- Before the moratorium ended, the restructuring policy announced was announced on 6th August, permitting one time restructuring of personal loans, MSMEs and Corporate loans which are SMA-0 as on March 1, 2020. The assets restructured will continue to remain standard.

Securitisation is expected to pick up depending on the economic revival and asset quality behavior in various segments

Securitisation has played an important role in difficult times for non-banks. The volumes surged nearly 50% in the first half of the fiscal 2020 itself as the banks found comfort in securitization rather than going for on-book lending. They were however pulled back in the second half as the economy slowed and COVID -19 pandemic laid risk aversion.

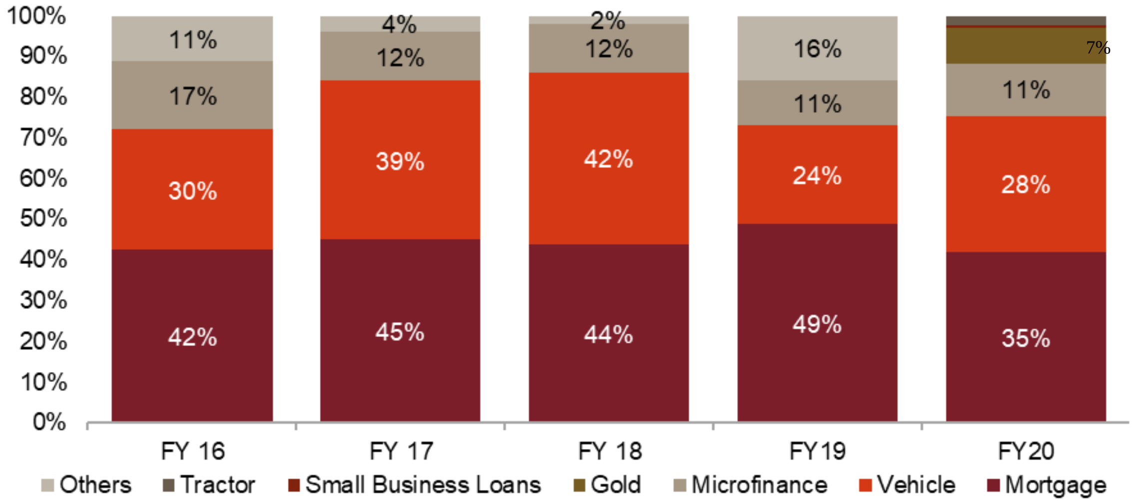
Consequently, the volumes ended flat at 1,910 Billion in fiscal 2020 with March usually being the busiest month for securitization transactions, witnessed drastic dip in the transactions.

Gold backed ABS transactions emerged as a newer asset class

Mortgages share has reduced in fiscal 2020 on account of non- participation of few large mortgage loan originators who were active participants previously. Also, on account of emergence of new asset classes such as gold loans, two wheeler loans and small business loans. The increase in gold loan-backed securitisation is mainly because of their strong performance over the past few years, and secured nature of the asset class in a rising gold price environment.

In the first quarter of fiscal 2021 as well, transactions backed by gold-loan receivables has kicked the trend. They comprised nearly half of the total securitisation transactions in the first quarter.

Increasing gold backed transactions



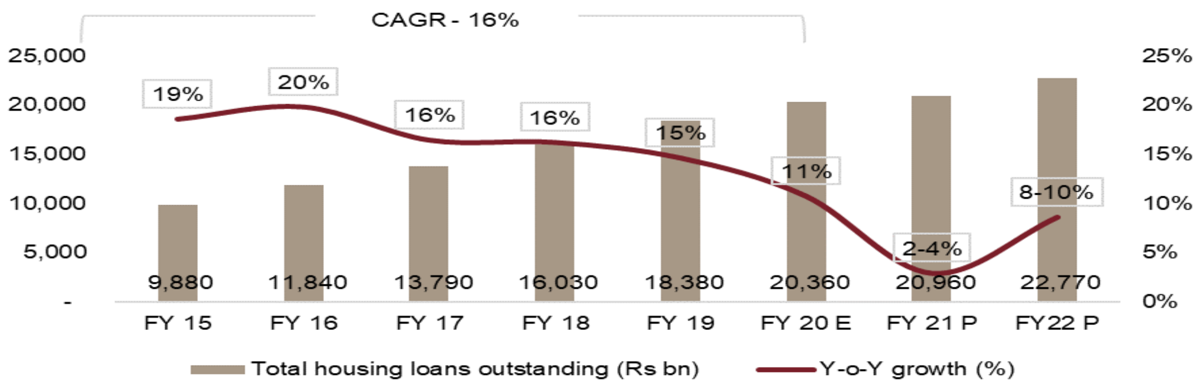
Note: Other includes education loans, machinery loan receivables, merchant cash loan, corporate loan, rent receivable, school finance receivable etc
Source: Crisil estimates

Summary:

Securitisation will continue to remain an important tool for NBFCs to mobilise liquidity. With the phased opening up of the economy, we expect the second half to see more transactions than the first half. Overall pace of recovery in the transactions will be a function of improvement in economic activities and collection efficiency trends in the retail over the next few months. ABS transactions is expected to continue to dominate in current fiscal.

Housing Finance

Overall housing loans to grow by 2-4% in FY21



E: Estimate; P: Projected
Source: Company reports, RBI, CRISIL Research

Total home loans outstanding in the country is estimated at ₹ 20.36 trillion in fiscal 2020, more than double the figure five years back. Growth slowed down in fiscals 2019 and 2020 in the wake of sluggish growth of HFCs post IL&FS crisis and economic slowdown, respectively.

CRISIL Research expects home loans outstanding (banks and non-banks) to grow a tepid 2-4% on-year in fiscal 2021 vis-à-vis the double-digit growth in the past few years. While we expect fiscal 2022 to witness a rise in growth, Covid-19 vaccination and subsequent economic revival are key monitorable.

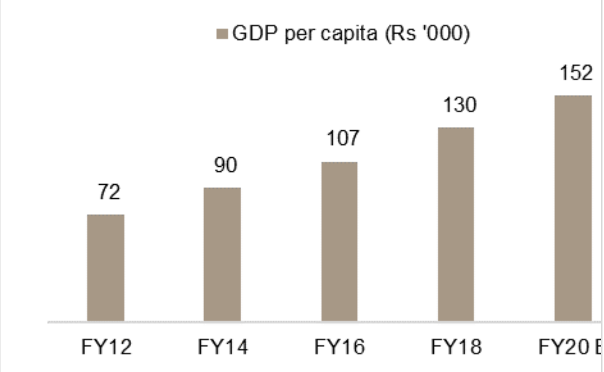
Government support and regulations

Announcements	Impact
Resolution Framework for COVID-19 stress (August 2020) • RBI announced to permit a one-time restructuring of loans • Accounts which were in default for not more than 30 days as of March 1 will be eligible for such restructuring. All other stressed accounts will have to follow June 2019 framework for resolution	**On borrowers** • ↔ Majority of the housing loan customers (who are salaried/employed) may not avail restructuring, as it will increase interest burden in the long run **On lenders** • ↑ Restructuring of loans will help shield the NPAs spike at HFCs.
Moratorium on loan repayments (March, April 2020) • NPA classification norms relaxed for the 90- day moratorium • All lending institutions are permitted to allow a moratorium of 3 months (extended by another 3 months) on repayment of installments for term loans outstanding and payment of interest on working capital facilities as on March 1, 2020 • Deferred payments are mandated not to translate into asset classification downgrades; credit history will also be unchanged	**On borrowers** • ↑ Moratorium is a relief for customer profiles, whose incomes were affected in first 2 quarters, enabling them to avoid EMI payments • ↓ However, the interest accumulates over the period **On lenders** • ↓ Longer moratoriums affect the collections, thereby liquidity of the NBFCs/HFCs who are already facing liquidity crunch
Liquidity support to NHB (April, August 2020) • RBI will provide additional special liquidity facility (ASLF) of ₹ 5,000 crore to National Housing Bank (NHB) • Liquidity boost through TLTRO 2.0 worth ₹50,000 crore for NBFCs, HFCs and MFIs	**On lenders** • ↑ Funding support to the NHB, will majorly help the smaller HFCs, who lack full borrowing market access due to lower rating
Partial Credit Guarantee - PCG (December 2019) • Government modified the Partial Credit Guarantee (PCG) scheme to include HFCs and NBFCs rated up to BBB+	**On lenders** • ↑ Previously, the scheme was eligible only to players rated AAA or above. However, these players faced no difficulties in raising funds. Inclusion of BBB+ or above will help other mid-rated players.

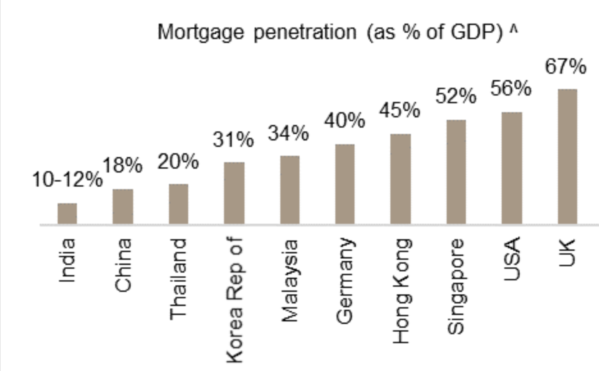
Note: The above list is not exhaustive; ↑ (↓) indicates positive (negative) for the lender or borrower
Source: Ministry of Finance, RBI, NHB, Government of India, CRISIL Research

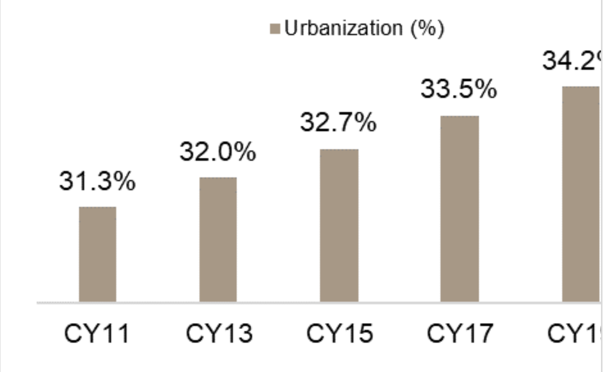
Long-term growth drivers

Affordability led by disposable income Private final consumption expenditure was biggest contributor to the country's GDP ~60%.	**Rapid urbanization to boost housing demand** Urbanization increases nuclear families, leading to formation of more urban households

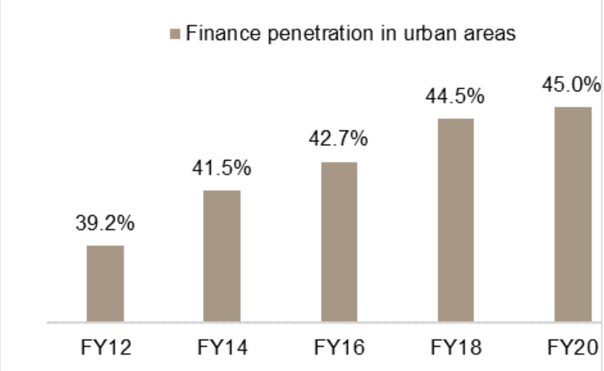


Opportunity in mortgage penetration
Mortgage penetration although lower, improving due to ease of financing, tax incentives and widening reach of financiers.





Rise in finance penetration
Rising demand for housing in tier-II-III cities. a surge in construction have increased the focus of financiers on these geographies.



Note: ^ India data for FY19, Other countries data for CY15

Source: MOSPI, United Nations Department of Economic and Social affairs, IMF, European Mortgage Federation, HOFINET, NHB, Company report, CRISIL Research

Risks and challenges

Competitive advantage of banks vis-à-vis HFCs	• Banks have access to borrowers' banking behaviour and their repayment history by which they approach their regular customers by offering lower interest rates (than HFCs) and zero processing fee.
Funding disadvantage for lower rated HFCs	• Smaller HFCs have disadvantage due to the mix of funding (mid-size and small HFCs are more bank-funded) and higher costs (as credit ratings are lower)
Delay in project approvals and construction	• HFCs' cash flows are largely dependent on the timely completion of projects, in which their customers have bought housing. • If the project gets delayed, the borrower may start defaulting on loans
Lack of proper title; lack of data for credit appraisal	• Credit score availability in India is still at a nascent which makes it difficult to judge the ability of the borrower to repay • HFCs are trying hard to mitigate this risk by doing more due diligence by their technical team.

Source: Company and industry reports, CRISIL Research

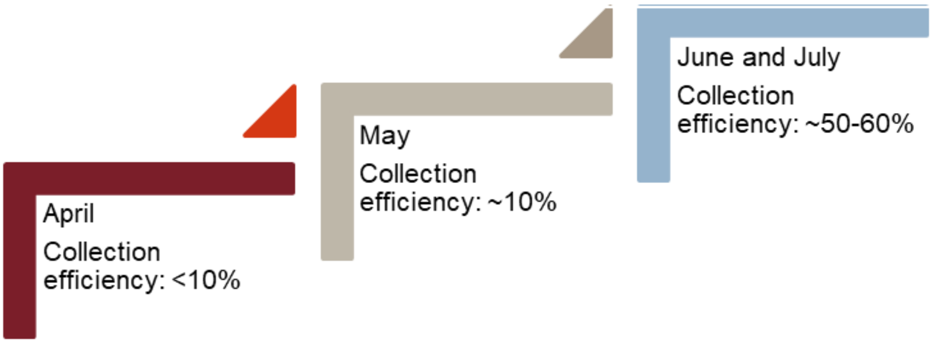
Microfinance

Microfinance industry (given the vulnerable profile of the borrowers and unsecured nature of the loan) had faced multiple challenges in the past, in the form of national and state farm loan waivers, the Andhra Pradesh crisis in 2010, and demonetization in 2016, heavy floods in several states, Assam crisis, and now COVID-19.

Microfinance industry growth got impacted as lockdown resulted into complete halt on disbursements and collection activities in the month of April. This was followed by a Cyclone Amphan in the east which disrupted the operations in the states of West Bengal and Odisha for a couple of days.

Under the Covid-19 regulatory package that was announced by RBI in March 2020, all microfinance institutions (MFIs) had offered moratorium to their customers on an opt-out basis. Because of negligible voluntary repayments, collections had wallowed in ~10% through May.

Collection efficiency increased to an unexpected level of ~50-60% in the months of June and July driven by rural areas

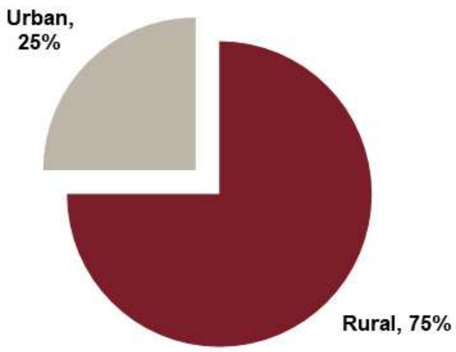


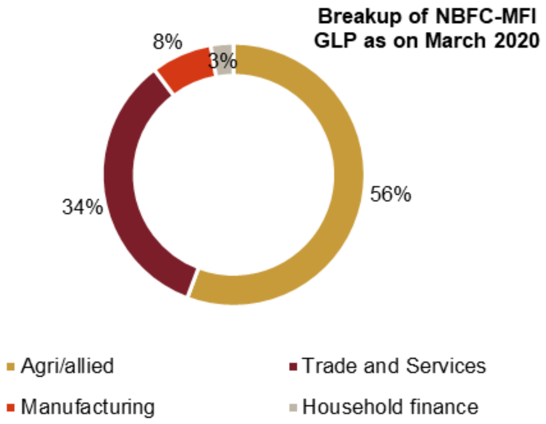
Source: CRISIL Research

Post the nation-wide lockdown, the restrictions are being lifted only in a phased manner and the degree of relaxations vary across regions depending upon the severity of covid-19 pandemic.

As per the industry interactions, as the lockdowns were eased out starting in June, most of the borrowers, residing in rural areas and involved in essential sectors of animal husbandry and agriculture allied activities, started paying their installments.

Since, rural forms ~75% of the NBFC-MFI portfolio, collections from rural areas took the overall collection efficiency to ~50-60% for the months of June and July 2020



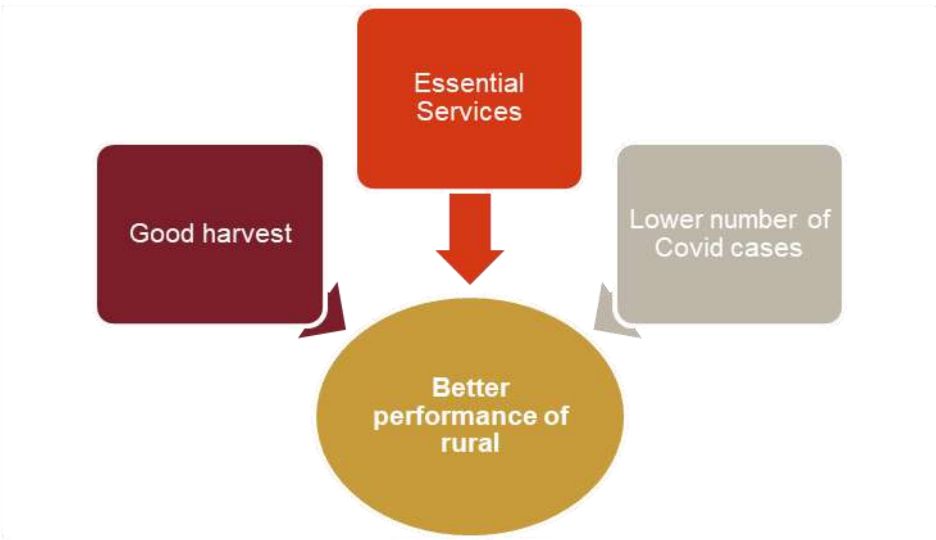


Source: MFIN, CRISIL Research

Lower number of Covid 19 infections in rural areas also played an important role for higher collection efficiency. A good harvest time this year also has a positive play on rural repayments. Thus rural areas have performed better than urban areas in terms of collection efficiency in the months of June and July.

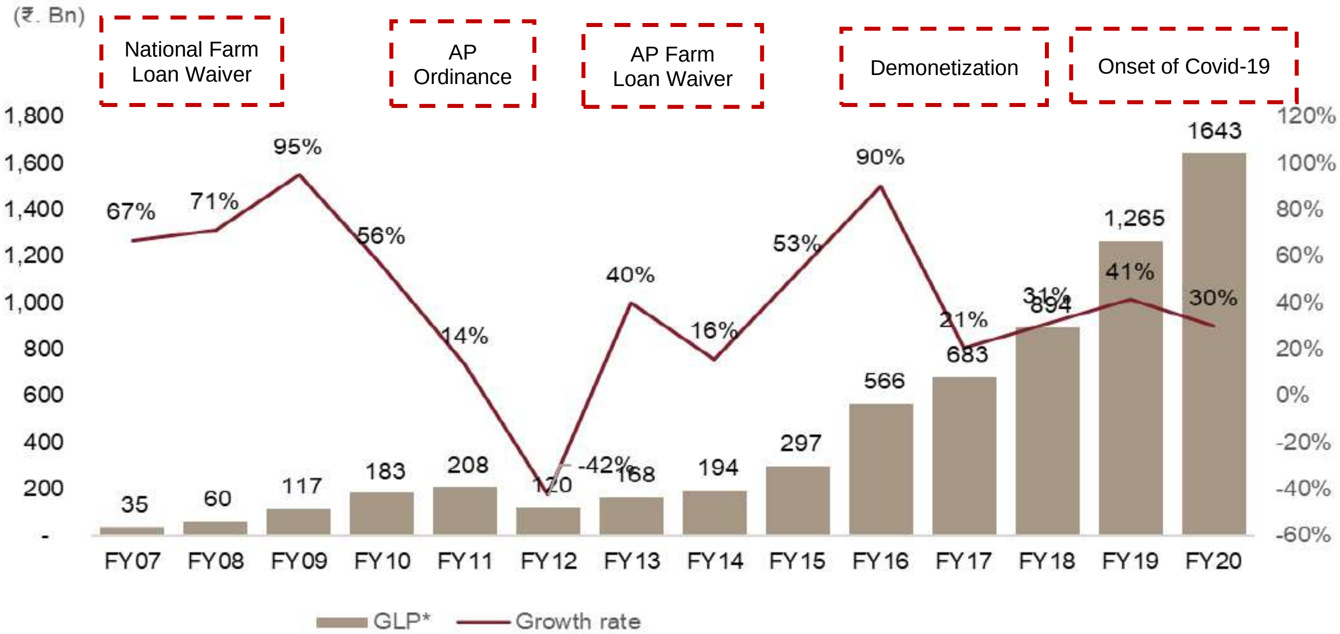
Urban areas witnessed lower collection efficiency on account of higher covid cases, reverse migration of labour to rural areas and stringent social distancing norms.

Factors which drove rural collection efficiency



Source: MFIN, CRISIL Research

Microfinance Outstanding



*Note: *GLP data includes values for NBFCs, NBFC-MFIs, non-profit MFIs, SFBs, and Bharat Financial Inclusion*
Source: MFIN, CRISIL Research

Microfinance industry has navigated big events in the past. Of these events, the two of the major incidents were the Andhra Pradesh (AP) crisis of 2010 and the demonetization in 2016. The sector, in addition to AP crisis and demonetization had faced different issues of varying intensities in various geographies. These events indicate the fragility of the microfinance business against external risks such as regulatory, legislative, socio-political events etc. As the business involves lending to the poor and downtrodden sections of the society, MFIs remain vulnerable to external shocks in the system.

Though the collections have been increasing since the month of June, it still way below the collection efficiency of 98-99% witnessed during pre-pandemic levels. Also, situation post moratorium would be key monitorable.

There are several risks which can impact repayments of rural areas

Risk factors affecting repayment of rural areas	Risk mitigants
Growing incidence of covid-19 infections in rural India – more localized lockdowns and stalling economic activity	Rs 20-trillion economic package to mitigate the downside impact of Covid-19 and provide relief to the rural population & economy
Migrant workers returning home and thus remittances drying up	Good Monsoon, good production and better prices
Floods in parts of eastern India, Bihar and Assam	Hike in minimum wages for MGNREGA
Risk of waiver during upcoming elections in states like Bihar and West Bengal	Free food supply and large fiscal transfers

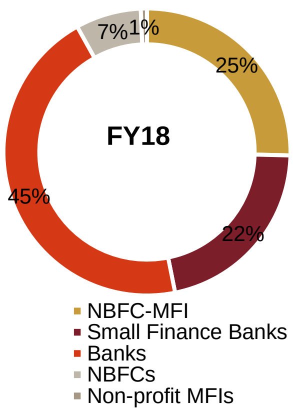
The combination of good production, better prices and large fiscal transfers may provide a material tailwind for the rural economy.

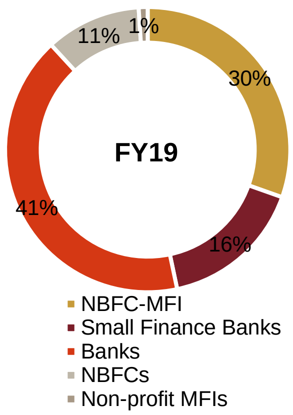
Government measures and increased collections have improved the liquidity position of MFIs

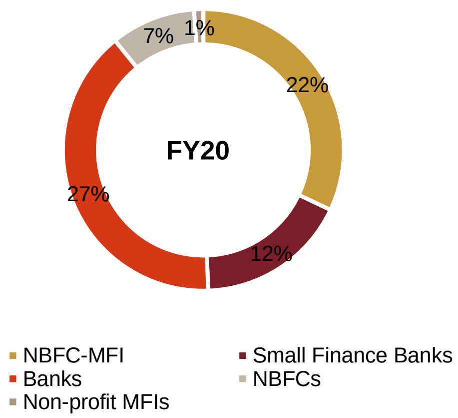
Since, microfinance industry serves the important and lowest end of the pyramid, government and RBI have come up with different measures to support the MFI industry:

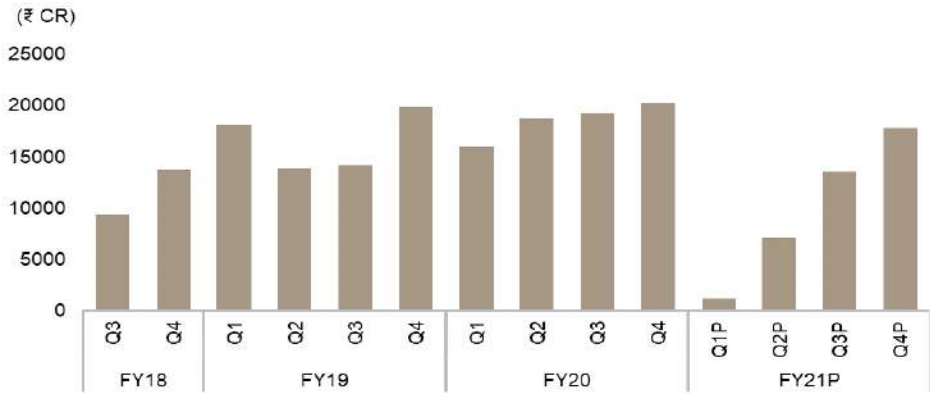
Announcement	Measures
Special Liquidity Scheme up to ₹ 30,000 crore for NBFCs, HFCs and MFIs.	• This scheme is fully guaranteed by the Central government,
	• Primary- and secondary market transactions in investment-grade debt paper of NBFCs, HFCs and MFIs are eligible.
	• Banks' participation under the TLTRO 2.0 scheme, which was focused on NBFCs, remained limited because of higher credit risk perception on mid-sized and small non-banks.
Partial Credit Guarantee Scheme of ₹ 45,000 crore for NBFCs	• NBFCs rated AA and below, including unrated paper are eligible
	• Within this, the first 20% of the loss will be borne by the government of India.
	• This will provide liquidity relief to the small and mid-sized non-banks that were facing liquidity issues
Provided liquidity to facilitate flow of credit to smaller players	• Augmenting fund of ₹ 5000 crore to NABARD for onward lending specifically to microfinance institutions and small-size NBFCs (asset size of ₹500 crore and less)
	• Improve liquidity for these lenders and ensure the unhindered flow of credit to the borrowers in agriculture and allied activities and the rural non-farm sector.
NABARD introduced 'Structured Finance and Partial Guarantee Program to NBFC-MFIs' on August 24, 2020	• Providing partial guarantee on pooled loans extended to small and mid-sized MFIs
	• To facilitate ₹ 2,500 crore funding in the initial phase
	• To cover over 1 million households across 28 states & 650 districts

NBFC MFIs witnessed robust growth rate in the past, thus gaining market share









Source: MFIN, CRISIL Research

Though the disbursements are expected to halve this year thus impacting the growth rate for fiscal 2021, the impact will be restricted on account of moratorium provided (in the form of increased tenure) which will restrict the repayments during the year and thus resulting in lower run-offs.

Once the economy returns on the pace towards normalcy, India's GDP is expected to bounce back which will eventually result in driving credit to the lower sections of the society. However, non-banks will be mindful of the vulnerable profile of the borrowers in the segment and will adopt improved processes in the form of stringent underwriting standards or increased digitalization leading to increased digital collections. NBFC MFIs are expected to grow ~25-26% in the fiscal 2022.

MSME loans

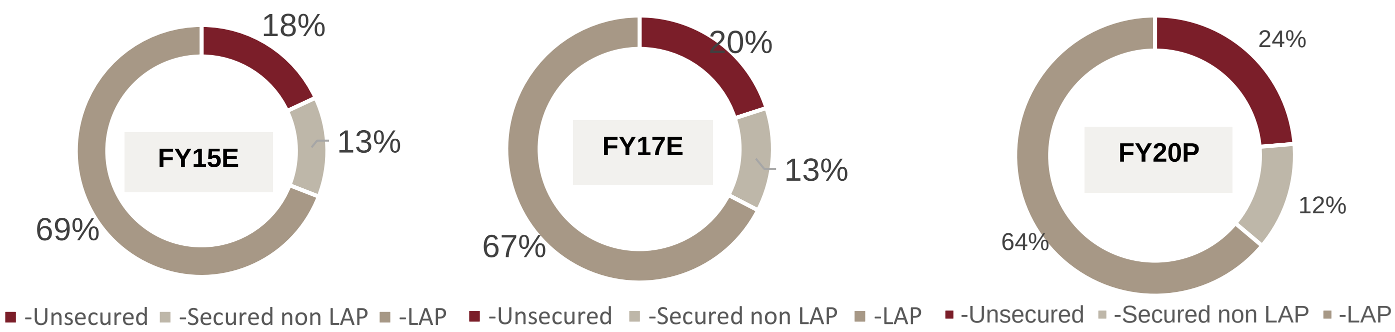
Overall MSME credit growth in fiscal 2021 to be supported by ₹ 3 lakh crore government scheme;

The economic conditions have slid precipitously due to lockdown extensions and higher economic cost countered by containment measures, normal monsoon and soft crude prices.

CRISIL Research expects overall MSME credit (including banks and non-banks) to grow at 7-9% in fiscal 2021, riding on the government's stimulus package – particularly the ₹ 3 lakh crore ECLGS (considering almost full utilisation of the scheme) – and likely to be driven by banks.

Non-banks, which grew at a faster pace in the last few years, are expected to see lower disbursal in the ECLGS scheme given the continued risk aversion towards the segment and capping of interest rates on such additional lending.

Despite losing market share, LAP still forms substantial part of non-banks' MSME book

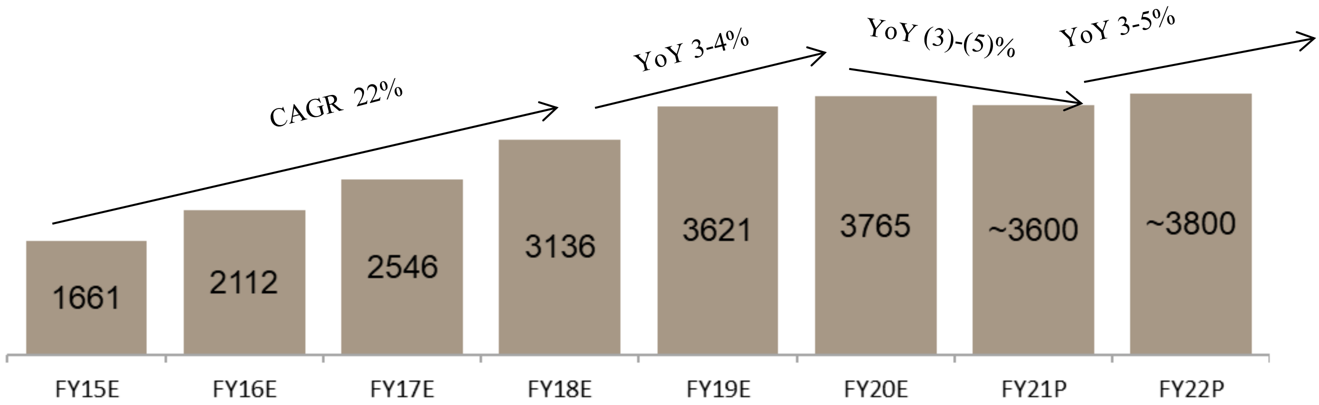


Source: Company reports, CRISIL Research

Once the economy returns to normalcy, India's GDP is expected to rebound, which will eventually drive credit to MSMEs from non-banks. That said, non-banks are expected to grow at a lower pace of 3-5% (because of risk aversion) than banks' growth rate of 7-9% for fiscal 2022, thus losing their market share to banks by 200-300 bps by fiscal 2022.

Non-bank MSME credit to pick up gradually as the economy revives

(₹ Bn)



Note: E-Provisional estimates; P-Projected,
Source: Company reports, CRISIL Research

MSME: Loans against property
Loans against property (LAPs) are availed by mortgaging properties (residential or commercial) with the lender. The end-use of the loan is not closely monitored. It could be used for either business or personal purposes. It can be availed by both salaried and self-employed individuals. LAP is a secured loan, as it provides collateral to the financier in the form of property. Its interest rate is lower compared with personal or business loans. For all these reasons, LAPs have grown in popularity among borrowers in recent years.

The way forward
While non-banks are now expected to start disbursing under the scheme, they are still likely to be conservative given the asset quality concerns and capping of interest rate at 14%. Industry sources said they might, in the short run, prefer mortgage-based lending over cash-flow-based lending given the cash flow issues borrowers are facing due to the pandemic. Non-banks are expected to lend to their existing customers, not new ones, in fiscal 2021. Even if they prefer mortgage-based lending, poor demand, declining property prices and asset quality concerns will restrict disbursements in the segment.

As the country unlocks in phases and economic activities revive in a staggered manner, players are expected to start disbursement gradually mainly after the festival season and in the last quarter of the fiscal 2021. However, these disbursements will be substantially lower than that in the last fiscal and will thus lead to a decline in the book. However, moratorium provided in the first half of the fiscal and the restructuring thereafter will restrict the decline in the book.

Considering the factors above, CRISIL Research believes the Non-Banks' LAP disbursals to decline 2-3% in fiscal 2021. Though the growth is expected to pick up in fiscal 2022, it will still be ~4-5% as players are likely to be risk averse in this segment. We expect total Non-Banks' aggregate LAP market to reach ~₹ 2.5 trillion by fiscal 2022 from ~₹ 2.4 trillion as of fiscal 2020.

MSME: Non-LAP secured loans
Non-LAP secured MSME loans include both working capital products (such as cash credit, overdraft facility and bill discounting) and other term loan products, including asset-backed or hypothecated loans. Hypothecated loans are term loans where the collaterals offered are a combination of property, inventory, etc.

While banks dominate working capital loans, NBFCs have managed to capture a share of asset-backed/ hypothecated term loans over the past couple of years.

Industry sources say due to the prevailing uncertainty arising from the pandemic, non-bank lenders are preferring secured products to unsecured ones in the near term as cash flows of borrowers have been significantly impacted. In case of a few sectors, working capital cycles have increased two-three fold. Disbursements are expected to be more than halve of the last fiscal, leading to a decline in the book. Moratorium in the first half of this fiscal and restructuring thereafter will, however, restrict the decline in the book. The decline in secured non-LAP in fiscal 2021 is expected to be lesser than that of unsecured book because of conservative approach of the lenders.

CRISIL Research expects non-banks' non-LAP secured MSME books to decline 5-6% in fiscal 2021 and grow ar 1-3% in fiscal 2022.

MSME: Unsecured loans

Unsecured MSME loans are given to self-employed borrowers without collateral. It is cash-flow-based lending rather than collateral-based. Unsecured loans are underwritten based on financial statements, bank statements, GST returns, number of loans taken in the past, bureau checks, scorecards etc.

An unsecured small business loan is usually taken to tide over a liquidity crunch, take advantage of short-term opportunities, or for a small business expansion, mostly when cash credit limit of the bank is exhausted. Many lenders give these loans on top of existing secured loans with them.

NBFCs' unsecured loan outstanding doubled in three years to ₹ 0.8 trillion in fiscal 2019, logging a strong 28% CAGR. However, due to restricted access to funds (after the liquidity crisis) and increasing asset quality concerns, the NBFCs' unsecured loan book growth rate declined to ~7-9% in fiscal 2020.

Regulatory/ government initiatives

Considering the vital role played by MSMEs in the economy, the Reserve Bank of India (RBI) and the government have announced various measures to extend continuous support to the sector.

The definition of MSMEs was revised after 14 years since the MSME Development Act came into existence in 2006. Low threshold in the old definition created a fear among MSMEs of graduating out of benefits and, hence, killing their urge to grow.

Old and new definitions

Classification	Micro	Small	Medium
Manufacturing (old)	Investment <₹ 25 lakh	Investment <₹ 5 crore	Investment <₹ 10 crore
Services (old)	Investment <₹ 10 lakh	Investment <₹ 2 crore	Investment <₹ 5 crore
Manufacturing & services (new definition)	Investment <₹ 1 crore and turnover <₹ 5 crore	Investment <₹ 10 crore and turnover <₹ 50 crore	Investment <₹ 50 crore and turnover <₹ 250 crore

Announcement	Measures
₹ 3 lakh crore collateral-free automatic loans	• 100% guarantee will be provided (principal plus interest)
	• Guarantee cover will be available to existing eligible borrowers for additional working capital and term loan facilities
	• Eligible borrowers means all business enterprises/MSMEs/individuals with outstanding of ₹ 50 crore and with up to 60 days past due as on February 29 and annual turnover of upto ₹ 250 crore in fiscal 2020
	• Loan will be limited upto 20% of existing outstanding credit as of February 29 and will be capped at interest rate of 9.25% per annum for banks and financial institutions, and at 14% per annum for NBFCs

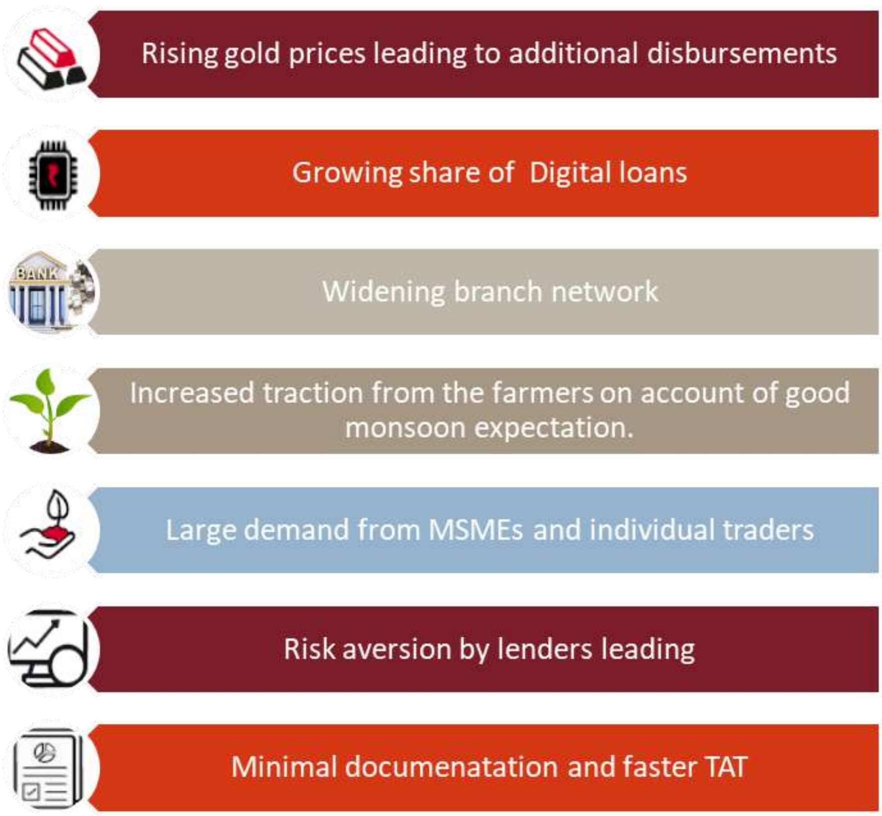
Announcement	Measures
	• Loans will have a four-year tenure with moratorium of 12 months on the principal amount. The scheme is valid till October 31 or till an amount of ₹ 3 lakh crore is sanctioned under the ECLGS, whichever is earlier
Equity infusion and subordinate debt	• ₹ 10,000 crore fund to be set up, which, with leverage, will be able to finance equity infusion of about ₹ 50,000 crore in MSMEs
	• For stressed MSMEs, ₹ 20,000 crore will be provided as subordinate debt and the government will give ₹ 4,000 crore to CGTMSE (Credit Guarantee Funds Trust for Micro and Small Enterprises), which will provide partial credit guarantee support to banks
One-time restructuring of MSME loans	• The Union Budget 2020-21 had extended the option of one-time restructuring of MSME loan accounts without classifying these as non-performing assets (NPAs) by one more year until March 31, 2021. The benefit will be available to MSME loans that were in default but 'standard' as on January 1, 2019. On February 11, 2020, the RBI further extended the scheme to MSME accounts that were in default as on January 1, 2020
	• With Covid-19 continuing to disrupt normal functioning and cash flows of MSMEs thus increasing their stress, RBI extended the restructuring benefit to the MSME accounts standard as on March 1, 2020.
	• Although this may provide some relief to MSMEs, it will not reflect the true asset quality of the industry in the near term. Further, it may lead to moral hazard risk, thus increasing NPAs
Moratorium on term loans and deferment of interest on working capital loans	• The RBI extended the moratorium on repayment of instalments on term loans, deferred interest payment on working capital facilities and provided asset classification standstill. These measures were provided from March 1 to May 31, and extended thereafter for another three months from June 1 to August 31
	• The moratorium provides for deferment of principal and interest on term loans and not waiver of EMIs for three months. In case of working capital loans, interest need not be paid during these three months. These measures will neither result in asset quality downgrade, nor affect the credit history of the borrower
Conversion of accumulated interest on working capital to a term loan, eased working capital financing	• Moratorium provides for deferment of principal and interest and not waiver of loans. The amounts will have to be paid later. In order to address the difficulties faced by borrowers in repaying the accumulated interest for the deferment period on working capital facilities in one shot, the RBI has allowed lending institutions to convert the accumulated interest on working capital facilities over the deferment period (up to August 31, 2020) into a funded interest term loan, which shall be repayable not later than March 31, 2021

Announcement	Measures
	• This will provide substantial relief to borrowers and mitigate the impact on asset quality of banks and NBFCs after the moratorium
	• Further, in case of working capital facilities in the form of cash credit/overdraft, the RBI has permitted lending institutions to recalculate the 'drawing power' by reducing the margins till the extended period, i.e., August 31. In order to reduce the impact on borrowers, lending institutions are permitted to restore margins to the original levels by March 31, 2021, and reassess the working capital cycle of a borrowing entity up to an extended period till March 31. This will ease working capital financing, lead to higher drawing power, and thereby higher working capital loans
External benchmarking of MSME loans	• In an effort to strengthen monetary transmission, the RBI mandated banks that loans to medium enterprises be linked to an external benchmark effective April 1, 2020. Earlier, loans to micro and small enterprises were linked to an external benchmark effective October 1, 2019.

Gold Loan

The demand for gold loan finance has regained popularity as India's economy reels from the devastating effect of the global pandemic. Many consumers who hold gold in reserve are considering gold loans as an option to meet their credit requirements during this period. The RBI has also revisited its guidelines for banks' lending gold loans by increasing its LTV to 90% from existing 75% to help stressed borrowers to unlock more value.

The gold industry Asset under management (AUM) grew at a compounded rate of 8% between 2015 and 2020 to register AUM of ₹ 3,220 billion. The gold loan market in fiscal 2021 is expected to perform better than the other retail loans mainly on account of:



Going forward, due to the disruption caused by the COVID 19, the customers will seek refuge in gold loans and the industry AUM is expected to reach above INR 1100 billion by fiscal 2022. Gold loan sector is undergoing a considerable transformation in many aspects, from a gradual shift from unorganized to the organised sector and further from organised to digital and online products. The increasing focus on online gold loans in the current scenario will support overall growth during COVID.

Industry Gold loan AUM witnessed a healthy growth trend

Gold loans are very lucrative for lenders as it is short term in nature, 100% collateralized, higher yields and asset quality concerns are fairly limited. Infact, from a lenders perspective, gold loans are adequately covered in terms of security as the LTVs are in the range of ~70%

In today's situation people require liquid funds available readily. This can be done through pledging the gold ornaments lying at home instead of selling it.

In fiscal 2020, gold loan industry AUM grew ~13.4% YoY to reach ₹ 3.2 trillion on account of increased focus of players on diversifying their regional presence, strong growth in non-southern regions and rise in gold prices by ~19% in fiscal 2020 along with a short lead time in disbursing gold loans. Going forward, in fiscal 2021, the AUM will continue to grow though at a moderate rate as compared to the previous year.

Industry Gold Loans AUM

Note: Includes agriculture lending by banks with gold as collateral
Source: Company reports, CRISIL Research

Factors affecting the growth of the gold loan AUM are:

Higher gold prices and availability of gold stock with Indian households will drive NBFC AUM growth

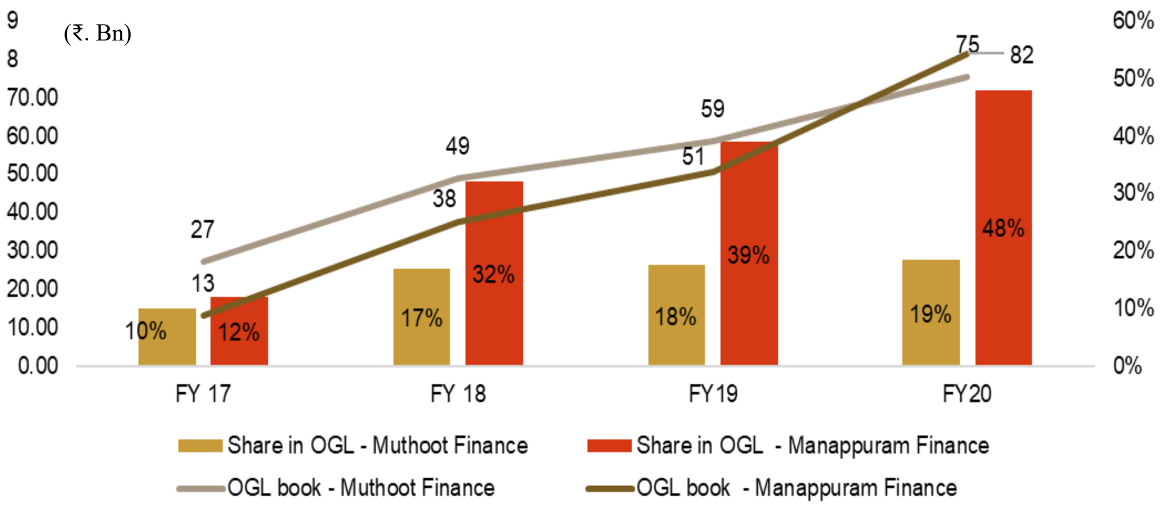
Gold finance market is very sensitive to movement in gold prices. Gold prices have surged by more than 20% since April'20. This has enabled the borrowers to avail additional funds against the same security stock of gold. This is beneficial for the borrowers who received additional liquidity in time of economic distress. With Indian households holding approx. 25,000 tonnes of gold, poses a huge opportunity for the gold loan segment.

(a) Increasing share of Online gold loans are transforming gold loan market

Digital Gold Loans products offer the feature of loan sanction within few hours through the online process. These loans can be accessed through mobile applications, online platform, prepaid card etc. KYC, registration and disbursements are all possible through online platform. Though these loans require borrowers to personally deliver gold collateral at the nearest branch, some NBFC lenders have started providing doorstep delivery wherein verification of the gold ornaments as well as gold collection will be done at the customer's residence. These are managed through a central application that is simultaneously accessed by all branches for each and every transaction. Rupeek fintech is emerging as an online lender that provides gold loans at the customers' doorstep.

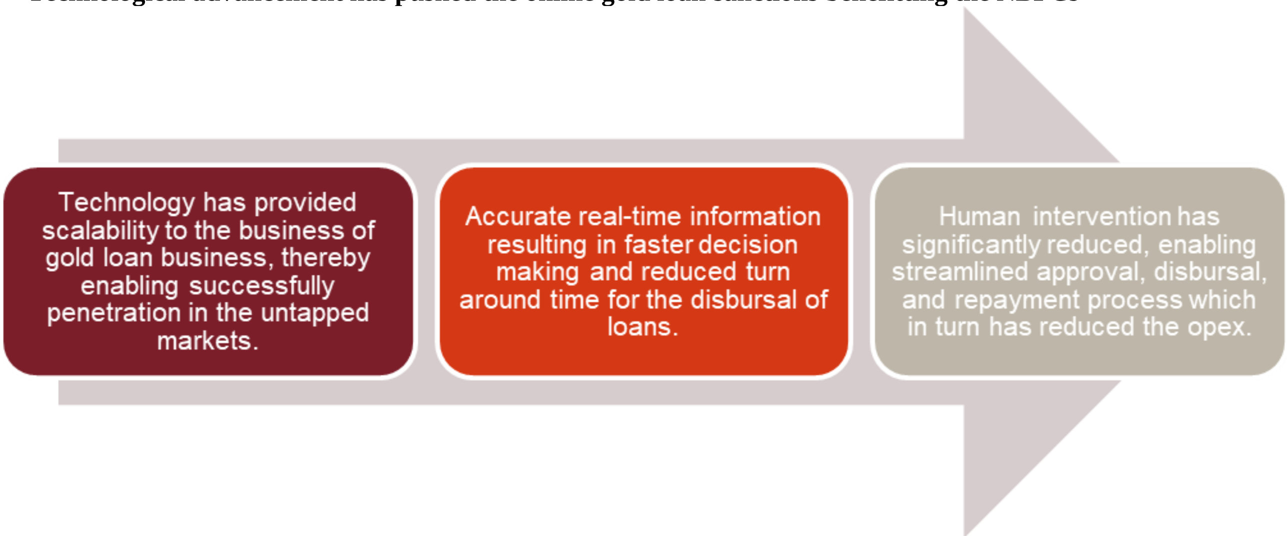
The applicants in the rural areas will benefit the most from these digital channels for gold loans but their ability to do this digitally is a monitorable?

Share of Online Gold loans in Gold Loan AUM is on a steady rise



Source: Company reports, CRISIL Research

Technological advancement has pushed the online gold loan sanctions benefitting the NBFCs

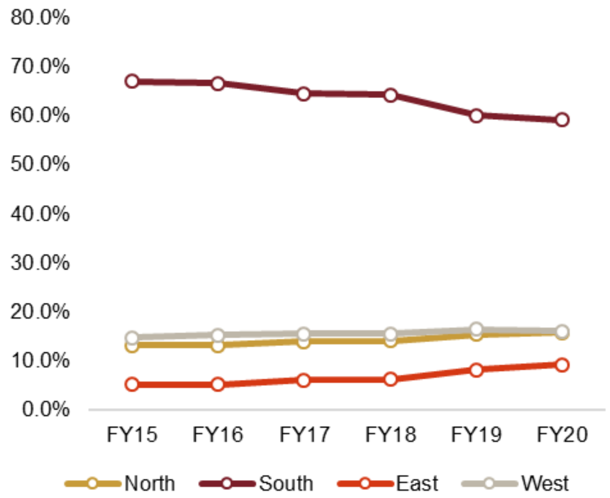


(b) Widening branch network

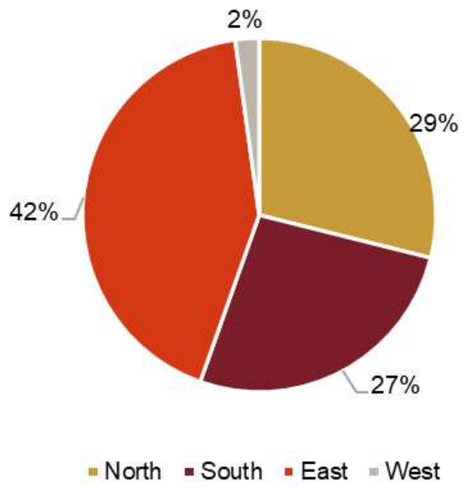
South region continue to dominate, but other regions are growing faster

Amongst the specialised gold loan NBFCs, the south will continue to dominate overall gold loan demand, non-south India regions are likely to emerge as growth centres. Changing consumer perceptions about gold loans, driven by increasing awareness, as well as rising funding requirements will drive faster growth in these regions. The incremental additions made in the number of branches, is seen mainly in north and east region where the existing number of branches are less, indicating a good geographical expansion opportunity in these regions.

Region wise share of Branches



Incremental gold loan branches in fiscal 2020

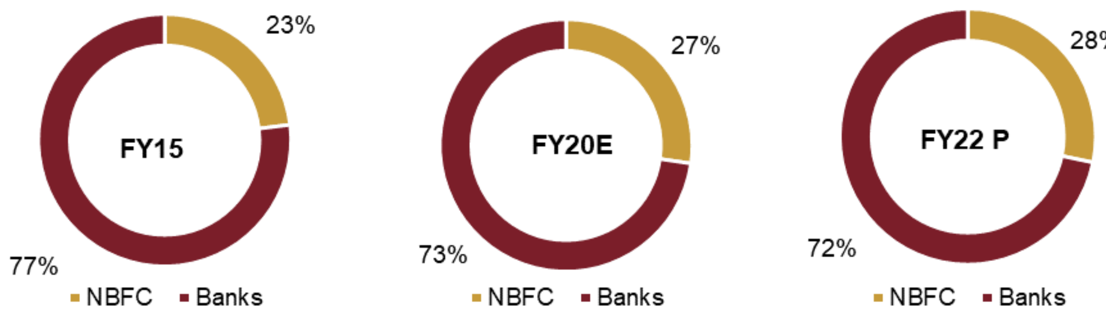


Note: Aggregate includes Muthoot Finance and Manappuram Finance
Source: Company Reports, CRISIL Research

(c) While banks maintain their majority position, NBFCs continue to grow its market share

Banks always held the major share in the overall Gold loan portfolio but NBFCs have gained traction share over last few years. Though NBFCs have been growing aggressively, banks continue to maintain their focus moreover in the current scenario owing to risk free nature of the product. The strong presence, well established network and faster processing will however help NBFCs to grow their position, especially the top 2 players.

Share of Banks and NBFCs



Source: CRISIL Research

Specialised gold loan NBFCs have carved a niche for themselves

Post 2012, Specialised gold loan NBFCs have displayed the highest growth in gold loan portfolio in fiscal 2020. The NBFCs has been able to acquire customer base on account of increasing gold prices, geographical expansion of branches and rapid increased online penetration.

Single product focus on gold loans has enabled NBFCs to develop strong appraisal and valuation expertise, resulting in faster and better customer service. Banks, on the other hand, have a more conservative approach. They view gold loans as a safer means to meet their priority sector lending targets, especially agricultural loans. Even in the case of non-agricultural gold loans, they mostly target the organised segment or their existing customers as they are unable to offer flexible and rapid disbursals.

However, with slowdown in the economy banks have become risk averse, they are aiming to focus on the gold lending which pose as a competition to NBFCs mainly on account of lower ROI offered by them.

The above mentioned factors will enable NBFC AUM to cross ₹ 1100 billion by FY 22

Summary:
Non-traditional regions will contribute to growth, aided by players' marketing efforts. At the same time, players' ability to leverage technology and improve their online gold disbursements could help. The gold loan market is expected to improve its disbursement in the second half of the year post lock down being lifted and as economic activity picks up.

Personal Loans

Snapshot of the personal loan segment

The total size of the personal loan book comprising of banks, NBFCs and fintech was ~Rs 5,883 billion in fiscal 2020, of which non-banking financial companies (NBFCs) comprised ~18%

The NBFCs' and fintechs' personal loan book grew at a steady pace with a CAGR of 57% between fiscal 2018 and fiscal 2020

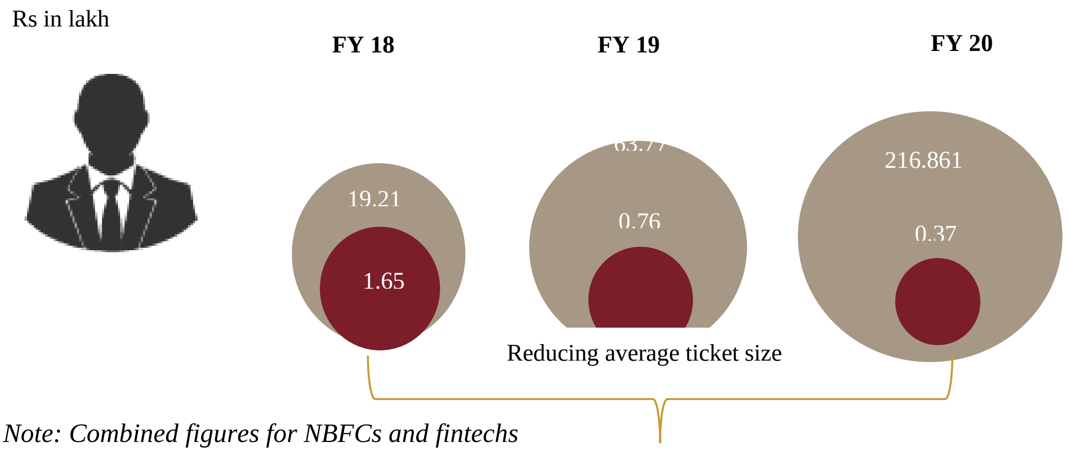
However, the Covid-19 pandemic significantly hampered growth of the segment's loan disbursements. Despite some revival from the second quarter, the loan book is pegged to grow at a muted 3% on-year in fiscal 2021 vis-a-vis 50% in fiscal 2020

Almost one third of the personal loan book was given moratorium benefit, following the the Reserve Bank of India's measures in the wake of the pandemic. CRISIL does not expect any major restructuring for this segment, which in turn, may lead to a spike in non-performing assets (NPAs) by 100-150 basis points (bps) to 4.0-4.5% this fiscal.

Small ticket size loans are on the rise

For NBFCs and fintechs, an incremental number of small loans are leading growth

Increasing number of transactions

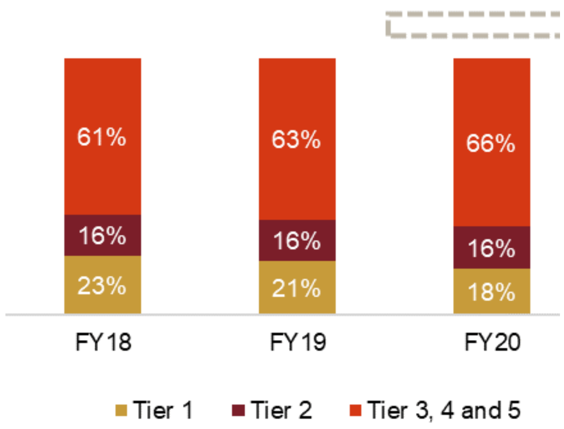


Note: Combined figures for NBFCs and fintechs
Source: Experian, CRISIL Research

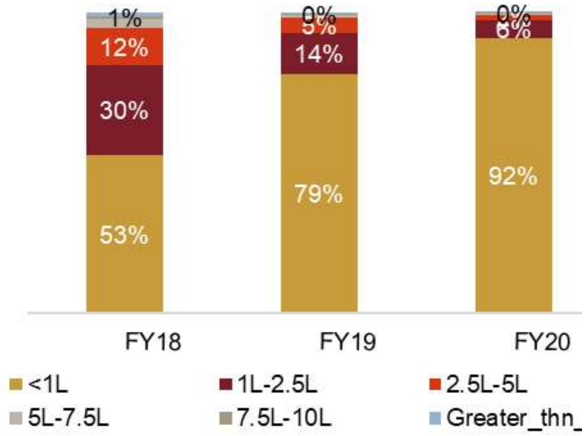
The shifting focus of lenders towards smaller towns tapping into newer rungs of customers, quicker disbursements aided by technology and information availability, and growing penetration of organised retail and e-commerce have all coalesced to result in a growing number of personal loan disbursements with lower ticket sizes. The average ticket size over the past three years for NBFCs is in range of ₹ 2.5-3 lakh and for fintechs, less than ₹0.25 lakh.

Also, increasing disbursements in Tier 3 and below cities has led to higher disbursement volumes of low ticket size loans.

Disbursement in Tier 1, 2, 3, 4 and 5 cities



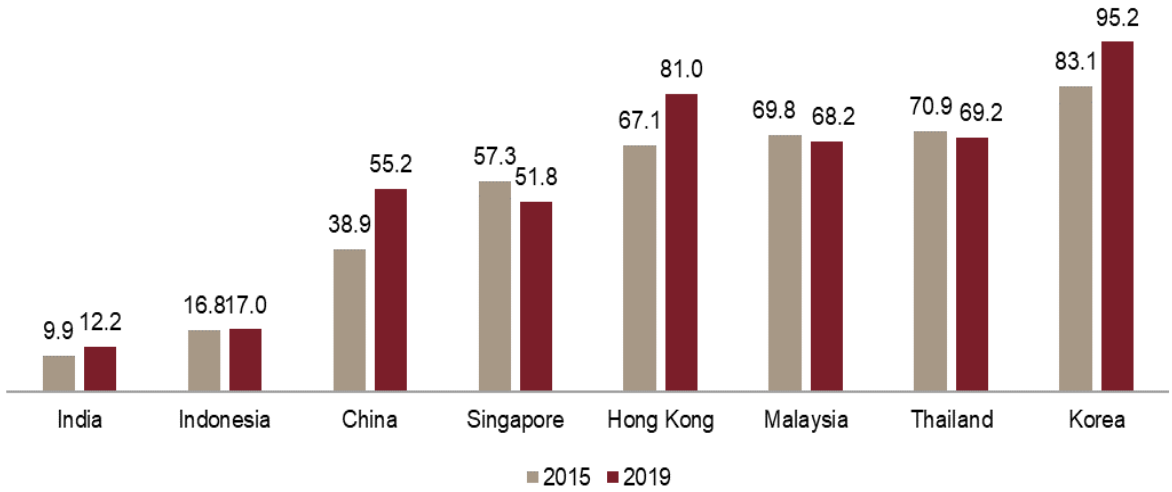
Disbursement volume classified by ticket size



Source: Bureau data, CRISIL Research

That effect of the pandemic aside, a number of factors are favourable to the growth of personal loans in the coming years. Broadly, these are:

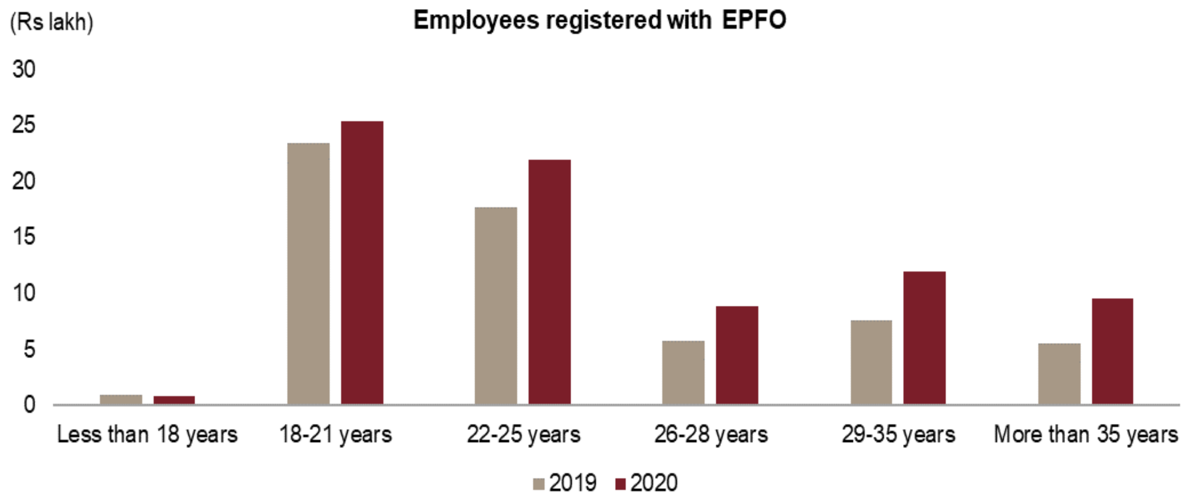
Strong growth potential – India has the lowest household debt to gross domestic product (GDP) ratio across select Asian countries



Source: Bank of International Settlements

Increase in potential customer base through higher formal sector employment

As the graph shows, the number of employees registered with the Employee provident fund has risen over the years. Another notable factor is that the proportion of employees in EPFO in the 18-35 age bracket are in majority and have registered robust growth. This uptick in the population of young individuals with purchasing power has pushed up personal loan disbursements in the past two fiscals and will continue doing so in the future.



Source: epfindia, CRISIL Research

- *Lower turnaround time (TAT)* – Customers are strongly guided by the TAT in their choice of financial institution for their needs. Most salaried individuals today are tech-savvy and prefer a digital interface which obviates paper work or branch visits. Customised and simplified products made possible through technological advancements increasingly cater to customer needs. While technology has enabled sanction of these loans within a few hours, disbursements take 2-3 days as they require requisite documentation and checks. Fintechs have the lowest TAT, followed by NBFCs.
- *Falling interest rates* – The interest rate depends on the customer profile and the underlying credit score. Banks focus on risk mitigation and offer favourable interest rates to customers with:

  - CIBIL Scores of 800 and above
  - Employment in CAT A corporates
  - High liquid deposits in their branches

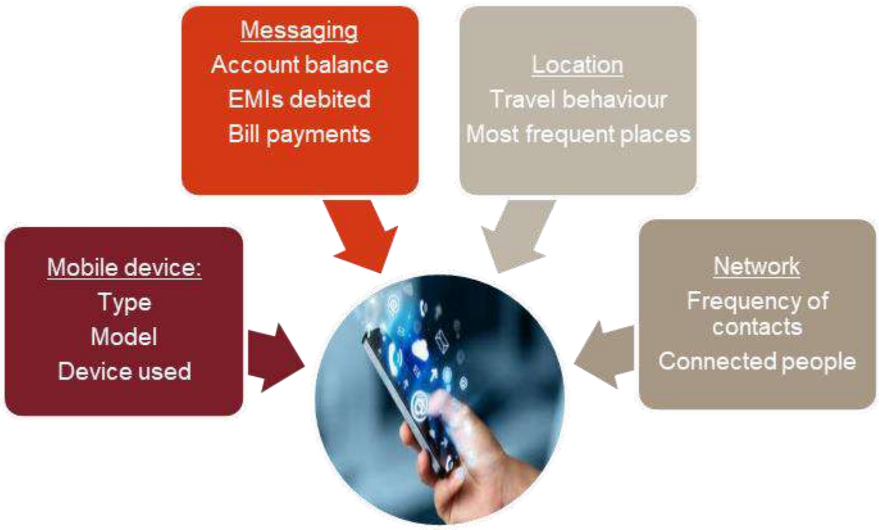
  Furthermore, the decline in the interest rate cycle and rationalisation of personal loan rates over the past few years has resulted in borrowers preferring formal lenders over moneylenders.

- **Cross-selling to existing customers to extract maximum potential per customer:** Banks and NBFCs such as HDFC Bank, ICICI Bank, Bajaj Finance, Tata Capital, etc., have been operating in this segment for decades and have a readymade data base of existing customers with their financial information. As a result, they are able to automatically generate analyses on their repayment capability as well as loan repayment history, which helps them offer a sanctioned loan amount at the time of initial contact to cross sell products. The cross sell percentage is higher in case of banks as compared with NBFCs. This becomes even more significant in the present context, where existing customers with a comfortable bank balance can be sold products aggressively. In stark contrast, fintechs, which have been proactive competitors for the past five years, do not possess the requisite customer base to cross sell. Additionally, as they cater to untapped customers for low ticket loans, the risks associated during the pandemic-induced recession will be much higher for this segment.

- **Changing lifestyles and spending habits**: Favourable consumer demographics, rising incomes, and higher spending habits, coupled with a general change in mindset to satisfy needs by availing of credit, augur well for the personal loan market. This was one of the prominent factors in personal loan growth prior to the pandemic.

- **Increasing usage of non-traditional data in credit decision-making, enhancing the comfort level of lenders**: With the advent of digital lending, the elongated period to collect documents has shortened, drastically reducing the timeline for the whole process. The major upshot of digitisation to the lending system in India is that the entire process of availing of a loan has effectively become paperless. All documents such as identity and address proof are submitted online via scanning.

  Also, the verification of documents is also automated to shorten the process and save on manpower. With the use of alternative data such as mobile phones, payments and social behaviour, automated credit assessment process is gaining traction. Fintechs, especially, are thrusting ahead in the use of mobile phone data as a source of customer data. Mobile phone data offers rich thread of insights into a customer's liquid cash flows as well as repayment history, along with his spending habits.



Developer & Construction Finance

Wholesale finance represents lending services to medium-sized and large corporate firms, institutional customers and real estate developers by banks and other financial institutions. It encompasses long- and short-term funding. CRISIL Research excludes Lease Rental Discounting (LRD) from wholesale book.

Wholesale finance book of non-banks is estimated at ~ ₹3.1 trillion in March 2020, a decline of ~6% compared to fiscal 2019. While most non-banks reported a decline in their wholesale book, a few large HFCs arrested the decline in wholesale lending space by posting an incremental growth. The decline in overall book is primarily driven by shrinking real estate loan books.

Default of IL&FS in Septembers 2018 led lenders to take a cautious approach to a few segments like wholesale finance. Current pandemic will further increase the market risk aversion to this segment as projects are likely to be delayed on account of nation-wide lockdowns and labour migration. Thus, debt funding towards this segment will continue to be a challenge. Wholesale book of non-banks will continue to de-grow to by ~10-12% given sharp decline in real estate demand.

OUR BUSINESS

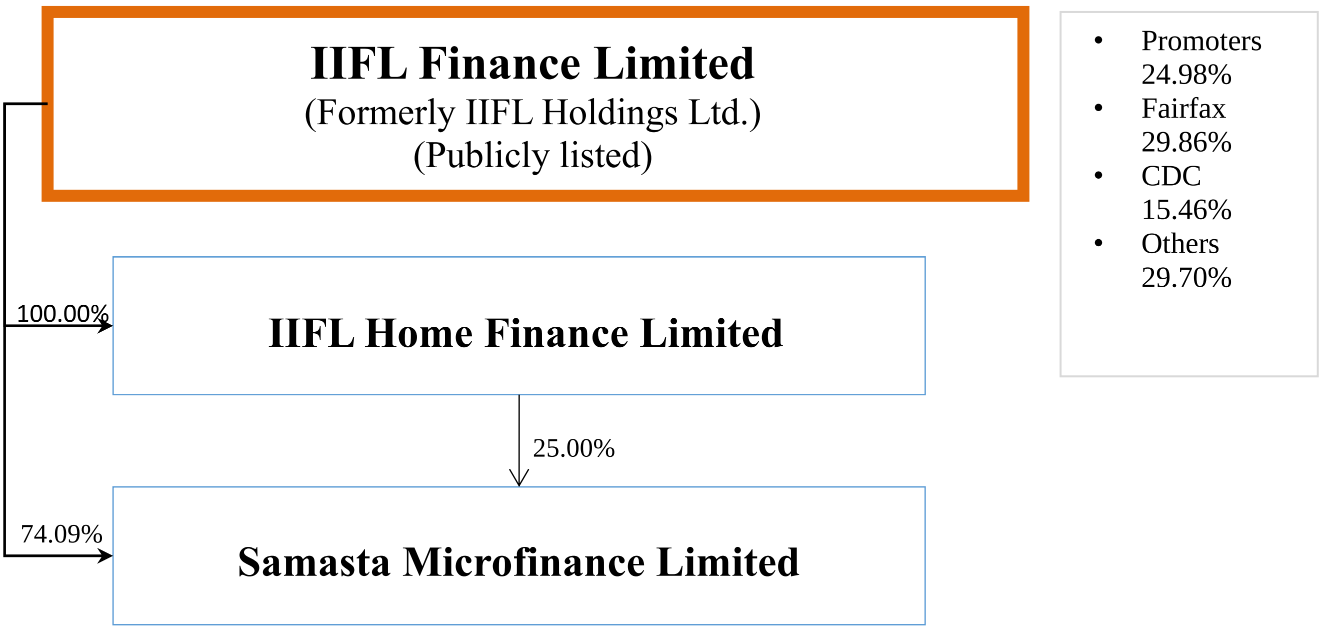
*Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. This section should be read in conjunction with the sections "**Forward Looking Statements**", "**Risk Factors**", and "**Financial Statements**" on pages 22, 24, and 188, respectively, of this Shelf Prospectus. Unless otherwise indicated, the financial information included herein is based on our Interim Condensed Financial Statements as at June 30, 2020, Unaudited Ind AS Financial Information as at December 31, 2020 and Reformatted Financial Statements for Fiscals 2020, 2019, 2018, 2017 and 2016, as included in this Shelf Prospectus. Our fiscal year ends on March 31 of each year and references to a particular fiscal year are to the twelve months ended March 31 of that year.*

Overview

In accordance with the Composite Scheme of Arrangement, the main object of the Company was amended to carry on the lending business activity. The Company received the registration as a Non-Banking Financial Company post making necessary application with RBI and the merger of India Infoline Finance Limited, erstwhile subsidiary of the Company, with the Company was effectuated.

Our Company is a Systemically Important Non-deposit taking Non-Banking Financial Company ("**NBFC-ND-SI**") registered with the RBI, catering to the credit requirements of a diverse customer base with its plethora of products. Our offerings include home loans, gold loans, business loans including loans against property and medium and small enterprise financing, micro finance, construction and real estate finance and capital market finance; catering to both retail and corporate clients.

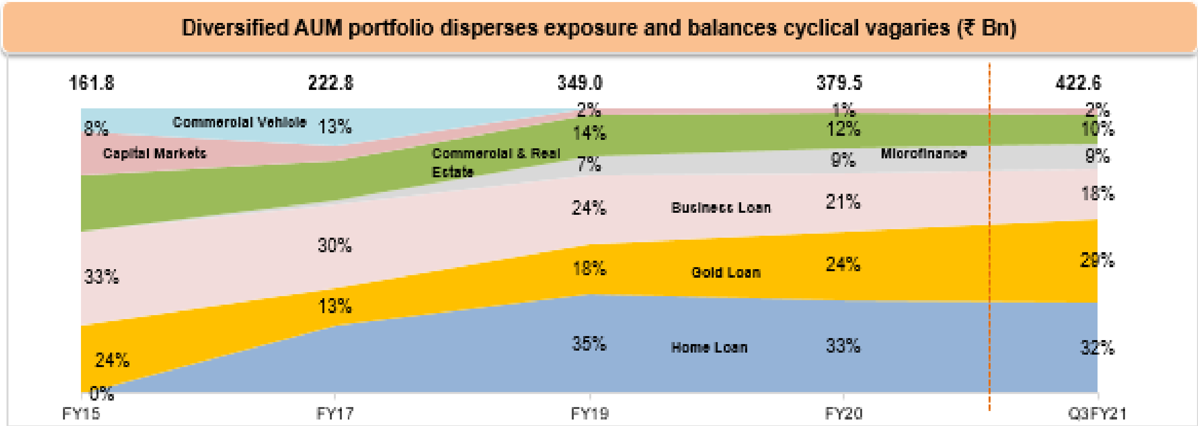
Corporate Structure:



**Based on equity shareholding as on December 31, 2020.*
*** With effect from July 27, 2020, Clara Developers Private Limited ceased to be the subsidiary of the Company.*

Business Description:

Over the past several years, we have diversified our products and expanded our presence into segments that are of greater relevance to the evolving business environment and customer demand trends. Our product offering evolution is depicted below:



As of March 31, 2019, we completed the sale of our commercial vehicles' financing business as a going concern, in order to focus on scaling up existing business segments of Affordable Home Loans, Gold Loans, Business Loans and Microfinance.

Our key strategy is to steadily grow high quality, diversified retail assets focusing on under-banked segments, with effective risk management and cost optimization through well-defined processes and leveraging technology.

Our product offerings are detailed below:

- ***Home Loans****:* include finance for purchase of flats, construction of houses, extension and for improvement in the flats/homes.

- ***Business Loans***: include loans against property and small and medium enterprise financing. Loan against property (LAP) is availed for working capital requirements, business use or acquisition of new commercial property. In the medium and small enterprise financing segment (MSME), we provide working capital finance to small business owners. We provide small ticket loans, thereby being able to meet the needs of small scale businesses including standalone shops etc.

- ***Gold Loans****:* includes finance against security of mainly used gold ornaments. We offer loan against gold to small businessmen, vendors, traders, farmers and salaried people for their personal needs as well as for working capital needs.

- ***Microfinance***: includes credit support mainly to women, who have either limited or no access to formal banking channels. We provide financial services to the economically weaker sections of society with an aim to bring microfinance services to the doorstep of the rural and semi-urban BoP (Bottom of Pyramid) families in India. Loans are offered under various categories such as income generation, education, emergency etc. We follow the Grameen Model (also regarded as joint liability group).

- ***Construction and Real Estate finance***: includes loans to developers for construction and development of predominantly affordable residential projects and a small proportion of mixed-use projects. In line with our broader retail strategy, the construction finance vertical is an enabler for providing 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.

- ***Capital Market Finance:*** includes Loans against Securities, Margin Funding, IPO financing and other structured lending transactions.

As at December 31, 2020, March 31, 2020, March 31, 2019 and March 31, 2018, our consolidated assets under management were ₹ 4,22,641.05 million, ₹ 379,511.30 million, ₹ 349,034.73 million and ₹ 311,336.29 million, respectively.

Our product wise split of assets under management on a consolidated basis is as under:

(₹ In million)

Products	AUM (Consolidated basis)			
	December 31, 2020	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**
Mortgage Loans	1,34,445.35	124,430.62	121,965.70	85,791.23
Construction and Real Estate Finance	43,189.03	47,269.76	50,549.24	45,847.21
Gold Loan	1,22,120.29	91,250.87	61,950.66	40,368.87
Commercial Vehicles Financing	-	-	-	40,661.17
Capital Markets Financing	5,802.51	4,508.55	6,598.69	10,625.96
SME Loans & Others	77,884.24	78,053.15	85,118.03	79,635.66
Microfinance	39,199.63	33,998.35	22,852.41	8,406.19
Total AUM	**4,22,641.05**	**379,511.30**	**349,034.73**	**311,336.29**

The following table sets forth certain key performance metrics on a consolidated basis, as of and for the periods indicated:

(₹ In million)

Particulars	December 31, 2020 (As per INDAS)	March 31, 2020 (As per INDAS)	March 31, 2019 (As per INDAS)	March 31, 2018 (As per IGAAP)
AUM	4,22,641.05	379,511.30	349,034.73	311,336.29
Total Comprehensive Income/Profit After Tax (post minority/non-controlling interest)	4,661.68	4,951.77	7,846.04	9,113.24
NIM (on average loans) (%)	9.20%	8.64%	7.10%	8.32%
Cost/income ratio (%)	35.64%	51.66%	43.73%	37.57%
ROA (%)	1.72%	1.61%	1.77%	2.35%
ROE (%)	12.36%	12.21%	12.56%	10.25%
GNPA (%)	1.61%	2.31%	1.96%	1.71%
NNPA (%)	0.77%	0.97%	0.63%	0.79%
PCR (%) {including Stage 1, Stage 2 and SICR provision/ standard asset provision}	259.75%	127.79%	152.79%	85.38%
No. of employees^	18,083	18,569	16,779	12,135
No. of branches^	2,439	2,377	1,947	1,378

^The no. of employees & branches for the Fiscal year 2018 & 2019, are of India Infoline Finance Limited (now merged with our Company)

Our revenue from operations on a consolidated basis grew at a CAGR of 14.73% and on a standalone basis grew at a CAGR of 163.48% over the last three Fiscals.

For the nine months ended December 31, 2020 & Fiscals 2020, 2019 and 2018, our total revenue from operations on a consolidated basis was ₹ 42,411.34million, ₹ 47,389.24 million, ₹ 49,777.96 million and ₹ 38,126.19 million; and on a standalone basis was ₹ 24,214.61 million, ₹ 26,083.01 million, ₹ 29,533.35 million, and ₹ 1,587.64 million respectively.

Our Total Comprehensive Income/profit after tax on a consolidated basis post minority interest for nine months ended December 31, 2020 and the Fiscals 2020, 2019 and 2018 was ₹ 4,661.68 million, ₹ 4,951.77 million, ₹7,846.04 million and ₹ 9,113.24 million; and on a standalone basis was ₹ 1,369.33 million, ₹ 1,463.17 million, ₹ 4,521.68 million, and ₹ 2,043.48 million respectively.

The following table sets forth the Key Operational and Financial Parameters on a consolidated basis:

(₹ In million)

Parameters	September 30, 2020 (IND AS)	FY 2020 (IND AS)	FY 2019 (IND AS)
Networth (Note 1)	49,189.54	46,660.96	42,917.33
Total Debt	**283,198.23**	**269,831.34**	**265,170.53**
- Debt Securities	103,772.28	81,844.93	105,861.49
- Borrowings (Other than Debt Securities)	160,060.46	167,549.42	143,813.25
- Subordinated Liabilities	19,365.49	20,436.99	15,495.79
Property, Plant and Equipment, Capital work in progress, Other Intangible assets and Right to Use Assets (Note 2)	3,727.46	3,950.21	1,119.07
Cash and Cash Equivalents	21,368.04	15,656.01	12,754.06
Bank balances other than cash and cash equivalents	18,069.51	16,503.17	12,462.28
Loans	295,388.53	285,319.73	273,774.65
Financial assets (Note 3)	6,074.15	13,726.10	24,763.74
Non-Financial assets (Note 4)	8,515.66	8,255.52	7,514.71
Financial liabilities (Note 5)	16,656.91	24,192.39	21,367.89
Non-Financial liabilities	3,289.49	1,730.88	2,263.04
Asset under Management	408,432.03	379,511.30	349,034.73
Off Balance sheet assets (Direct Assignment)	109,982.46	97,171.21	73,786.89
Revenue from Operations	27,525.25	47,389.24	49,777.96
Total Income	28,103.57	48,207.29	50,848.78
Finance Cost	13,337.78	23,968.16	25,850.43
Bad Debts write off including Impairment on financial instruments #	5,715.74	4,662.05	3,693.23
PAT (Post Minority)^	2,441.56	5,018.30^	7,946.20^^
Total Comprehensive Income (Post Minority)	2,348.53	4,951.77	7,846.04
Gross Stage 3 %- (Gross NPA) (%)	1.81%	2.31%	1.96%
Net Stage 3 % - Net NPA (%)	0.77%	0.97%	0.63%
Tier I Capital Adequacy Ratio (%)*	14.97%	13.13%	13.13%**
Tier II Capital Adequacy Ratio (%)*	3.78%	4.42%	5.13%**
Debt Equity Ratio	5.66	5.66	6.08

** Standalone basis*

 # Impairment on Financial Instruments for period ended September 30, 2020 and FY 2019-20 includes onetime hit of ₹4,148.80 mn and ₹2,594.90 mn respectively on account of Covid-19 provisions.

^Consolidated PAT for period ended September 30, 2020 and FY 2019-20 includes one-time hit of ₹3,104.63 mn and ₹2,110.56 mn (net-off tax) on account of Covid-19 provision. Consolidated PAT for period ended September 30, 2020 also includes one time MTM Gain on forex borrowings ₹174.96 mn.

^^ Consolidated PAT for FY 2018-19 includes one-time gain of ₹ 944.19 mn (net-off tax) on disposal of Commercial Vehicle Business

***Reinstated based on IND AS Financials of IIFL Finance Limited, post giving effect to merger*

Notes:

1. Networth means share capital plus reserves less miscellaneous expenditure to the extent not written off.
2. "Property, Plant and Equipment and Other Intangible assets" refers to the aggregate of Property, Plant and Equipment, Other intangible assets, Capital work in progress, Right to Use Assets and Goodwill
3. Financial assets refers to aggregate of Investments, Receivables and Other financials assets.
4. Non Financial assets refers to aggregate Current tax assets (Net), Deferred tax Assets (Net), Investment Property, Other non-financial assets and Right to use assets.
5. Financial liabilities refers to aggregate of Derivative financial instruments, Payables, Other financial liabilities and Finance lease obligation.
6 "Debt to equity ratio" refers to aggregate of Debt securities, Borrowings (other than debt securities), Subordinated Liabilities at the end of the period divided by equity.

Debt Equity Ratio of our Company on a consolidated basis

	December 31, 2020
After the issue of debt securities*	5.83

**The debt-equity ratio post the Issue is indicative on account of the assumed inflow of ₹ 10,000 million from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

(₹ In million)

Parameters	Mar-18	Mar-17
	(IGAAP)	(IGAAP)
Networth *	65,545.67	56,248.04
Total Debt	**329,734.01**	**243,304.29**
- *Non Current Maturities of Long Term Borrowings*	127,109.87	128,010.93
- *Short Term Borrowings*	153,446.07	92,121.28
- *Current Maturities of Long Term Borrowings*	49,178.07	23,172.08
Net Fixed Assets	7,899.29	6,766.11
Non Current Assets **	213,729.28	155,714.55
Cash and Cash Equivalents	29,531.17	37,913.14
Current Investments	16,564.43	28,750.22
Current Assets***	169,308.99	108,462.79
Current Liabilities	37,543.65	34,250.67
Assets Under Management	311,336.29	222,810.37
Off Balance Sheet Assets	35,181.14	30,011.90
Revenue from Operations	38,126.19	31,378.50
Total Income	38,541.62	31,639.98
Interest Income from financing activities	33,883.98	28,668.25
Finance Cost	18,967.68	17,793.52
Provisioning & Write-offs	3,131.46	1,759.01
PAT (Post Minority)	9,113.24	6,860.89
Gross NPA (%)[#]	1.71%	1.82%
Net NPA (%)[#]	0.79%	0.58%
Tier I Capital Adequacy Ratio (%)[#]	14.97%	18.13%
Tier II Capital Adequacy Ratio (%)[#]	1.35%	2.59%
Gross Debt: Equity Ratio of the Company	5.02	4.32

*Networth means share capital plus reserves less miscellaneous expenditure to the extent not written off.
** Non current assets includes non-current investments, deferred tax assets (net), long term loans and advances-others and other non-current assets.
*** Current assets includes trade receivables, short term loans and advances- others and other current assets.
# Data pertains to "India Infoline Finance Limited merged with IIFL Finance Limited (Formerly Known as IIFL Holdings Limited) pursuant to the Composite Scheme of Arrangement as approved by the Hon'ble National Company Law Tribunal vide its order dated March 07, 2019."

We have maintained our asset quality over the years, which is reflected in our low levels of NPAs (gross and net). The NPAs as a percentage of our consolidated Loan Book is as set out below:

Financial Year	Gross NPA as a % of the loan book	Net NPA as a % of the Loan Book (net of provisioning)
March 31, 2018*	1.71%	0.79%
March 31, 2019	1.96%	0.63%
March 31, 2020	2.31%	0.97%
December 31, 2020	1.61%	0.77%

*figures are as per IGAAP

The following table sets forth details of our non-performing assets and provisions as at December 31, 2020, March

31, 2020, 2019 and 2018 on a consolidated basis.

(₹ in million)

Particulars	December 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018*
Loan Book	3,08,931.58	2,82,340.09	2,75,247.84	2,76,155.14
GNPA	4,983.76	6,525.89	5,405.39	4,732.13
GNPA as % of Loan Book	1.61%	2.31%	1.96%	1.71%
Provision against NPA	2,617.89	3,799.02	3,669.56	2,561.09
NNPA	2,365.87	2,726.87	1,735.83	2,171.04
NNPA as % of Loan Book	0.77%	0.97%	0.63%	0.79%
Provision towards Standard assets	10,327.63	4,540.59	4,589.07	1,479.35
PCR % - Specific provision	52.53%	58.21%	67.89%	54.12%
PCR % - Overall provision	259.75%	127.79%	152.79%	85.38%

*figures as per IGAAP

We are subject to capital adequacy ratio ("**CAR**") requirements prescribed by RBI. We are currently required to maintain a minimum of 15% as prescribed under the Prudential Norms of RBI based on our total capital to risk weighted assets. As part of our governance policy, we ordinarily maintain capital adequacy higher than statutorily prescribed CAR. As of December 31, 2020, our capital adequacy ratio computed on the basis of applicable RBI requirement was 21.40% as compared to a minimum of capital adequacy requirement of 15% stipulated by RBI.

Set forth below is our capital adequacy ratio for the last five fiscal years on a standalone basis:

Particulars	December 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Capital Adequacy Ratio	21.40%	17.55%	18.26%	16.32%	20.71%	17.71%
Tier I Capital	17.95%	13.13%	13.13%	14.97%	18.13%	11.66%
Tier II Capital	3.45%	4.42%	5.13%	1.35%	2.59%	6.05%

Our Credit Ratings

Our current credit ratings for our Company are set forth below:

Credit Ratings for IIFL Finance Limited:

Credit Rating Agency	Instruments	Ratings
CRISIL	Long Term Bank Lines	CRISIL AA/Negative
	Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAr/Negative
	Subordinated Debt	CRISIL AA/Negative
	Non Convertible Debentures	CRISIL AA/Negative
	Commercial Paper Programme (IPO Financing)	CRISIL A1+
ICRA	Long-term Bank Lines	[ICRA] AA (negative)
	Secured NCD Programme	[ICRA] AA (negative)
	Subordinated Debt Programme	[ICRA] AA (negative)
	Unsecured NCD Programme	[ICRA] AA (negative)
	Long-term Principal Protected Equity Linked Debenture Programme	PP-MLD[ICRA]AA (negative)
	Long-term Principal Protected Market Linked Debenture Programme	PP-MLD[ICRA]AA (negative)
	Commercial Paper Programme	[ICRA]A1+
	Commercial Paper Programme (IPO Financing)	[ICRA]A1+

Credit Rating Agency	Instruments	Ratings
CARE	Long Term Bank Lines	CARE AA Negative
	Non-convertible Debenture	CARE AA Negative
	Subordinated Debt	CARE AA Negative
Brickworks	Secured NCDs	BWR AA+ ‘Negative’
	Unsecured Subordinated NCDs	BWR AA+ ‘Negative’
Moody's	Corporate family rating (CFR)	B2 / Stable Outlook
	Long-term foreign- and local-currency senior secured ratings to USD1 billion Medium Term Note (MTN) program.	B2 / Stable Outlook
Fitch	Long-Term Issuer Default Rating (IDR)	B+ / Rating Watch Maintained
	Senior secured notes issued under USD1 billion Medium Term Note (MTN) Programme	B+ / Rating Watch Maintained

Our Strengths

We believe that the following are our key strengths:

Diversified product portfolio catering to a wide customer base

Our Company aims at promoting inclusive growth and with a wide variety of loan products including home loans, loans against property, gold loans, loans against securities, small and medium enterprise financing and micro finance, caters to all types of customers in the country – salaried, self-employed, informal sector, HNIs and corporates. We have a widespread network of branches spanning the length and breadth of the country which facilitates servicing a broad customer base while reducing dependency on a single or small number of regions. Our branch network also helps us adopt best practices developed in a region across all our branches. We provide multiple products from our branches thereby providing better accessibility to clients, reducing operating costs and improving total sales.

Strong asset quality with consistent low level of NPAs

The quality of our loan portfolio is reflected in the consistent low level of NPAs. We believe that our robust credit approval mechanisms, credit control processes, audit and risk management processes and policies help us maintain the quality of our loan portfolio. We have in place product specific lending policies, credit approval committees and regular monitoring of exposures. We routinely monitor credit risk, risk concentration and compliance with board approved policies. Credit monitoring for retail products is undertaken at portfolio level wherein risk assessment is undertaken on various parameters like demographics, sector, geography, etc. As part of the credit assessment, we analyze past financial information, applicant’s business performance/earnings history to assess their ability to repay loans. In addition to document verification and credit bureau reports, we conduct site verifications, interviews, as well as market and banking reference checks on the applicant, co-applicant and guarantor, as applicable. For institutional borrowers, additional assessment is undertaken on parameters of viability of business, credit history, and reputation and experience of the relevant promoters/founders/management of the organization. Additionally, as on December 31, 2020, 82.58%% of our consolidated Loan Book is secured with adequate collaterals which helps mitigate risks further.

As on December 31, 2020, on a consolidated basis, our Net NPA constituted 0.77% of our loan book, as compared to 0.97% of our loan book as on March 31, 2020. As on December 31, 2020 on a consolidated basis, our Gross NPA constituted 1.61% of our Loan Book, as compared to 2.31% of our Loan Book as on March 31, 2020. Total provisions coverage ratio (including Stage 1 and Stage 2 provisions (as defined hereinafter)) for December 31, 2020 on a consolidated basis is 259.75%. Our specific provision coverage ratio is 52.53% of gross NPAs as on December 31, 2020.

Diversified funding sources and strong credit profile

Our funding requirements are currently predominantly sourced through term loans from banks, issue of redeemable non-convertible debentures on public and private placement basis and cash credit from banks including working capital loans. We have access to funds from multiple classes of credit providers, including public sector banks, private commercial banks, insurance companies and mutual funds. We believe that we have developed stable long term relationships with our lenders and have established a track record of timely servicing of our debts. As such, we are able to borrow from a range of sources at competitive rates and remain well funded, keeping a margin of safety.

In relation to our long-term debt instruments, we currently have long term ratings of AA (negative) from CRISIL, AA (negative) from ICRA and CARE, and AA+ (negative) from Brickworks.

Further, in relation to our short-term debt instruments, we currently have short term rating of A1+ from CRISIL and ICRA.

Set forth below is our average cost of borrowing for the last three fiscal years on a consolidated basis.

Year	December 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Average cost of borrowing	9.1%	9.3%	8.8%	8.5%

Well-defined processes with a strong focus on technology

We believe our well-defined business processes ensure efficient achievement of organisational tasks and in turn effective service to our customers. Our robust credit approval and credit control processes, centralized operations unit, independent audit unit for checking compliance with the prescribed policies, and risk management processes and policies provide for multiple checks and verifications for both legal and technical parameters. Our loan approval and administration procedures, collection and enforcement procedures are designed to minimize delinquencies and maximize recoveries.

Further, we have a strong focus on digitization across all organisational functions and believe technology is a business enabler for our Company. Our technology driven processes aid in product innovation, reduced turnaround times, cost optimization and superior customer experience thereby creating balanced scalable growth models. We are incrementally leveraging technology to streamline processes across the loan lifecycle including sourcing and on-boarding, underwriting, administration, monitoring and collection in order to further improve turnaround times, enhance the quality of service provided to customers as well as achieve a higher degree of productivity within the organization. We believe technology driven processes will facilitate us to respond to market opportunities and challenges swiftly, help monitor process and performance, and improve our risk management capabilities.

We believe that our end-to-end digitized processes, robust loan management system and strong analytics abilities offer us a significant competitive advantage. Our systems have the capability of end to end customer data capture, computation of income, margin monitoring, collateral data capture, and repayment management. Our loan approval is controlled by the loan application system. Our systems are customised for our services and help us reduce turnaround time and enhance our processes and operational excellence. Our systems fully integrate businesses in every aspect bringing together various departments in simple transitions and customer information updates. Continuous enhancement of our technology capabilities allows us better informed decision making and faster execution along with strong internal control mechanisms.

We have completely digitized our business loans journey, right from customer on-boarding to underwriting, disbursements and collections. We are collaborating with the fintech ecosystem to further enhance our platform and customer experience. With these strong partnerships, we intend to co-create solutions for enhanced experience in SME lending. We have enabled digital top-up to retain quality customers in home loan and secured MSME loan, wherein the entire journey is paperless – communication for accepting sanction letter and e-agreement is sent to eligible customers sent via sms. The disbursement is automatic with no manual intervention.

Strong physical and digital footprint

A strong physical as well as digital footprint is very important in our business, as it increases reach and access to customers. Physical presence is required in the gold and micro finance business whereas a digital identity provides wider access in the home, personal and MSME loan categories. We have steadily expanded our branches over time, and have 2,439 branches as of December 31, 2020. Our widespread branch network enhances the brand equity and enriches customer experience. Our branch network is well spread across Tier I/II and Tier III cities across the country, effectively providing credit to the underserved segments of customers in these areas. Our microfinance branches are well entrenched in rural and semi-urban areas as well, effectively serving the relevant customer segment. In line with our strategy to achieve greater digitization in the organisation and considering the ever increasing penetration of internet and mobile services in the country, we also have in place advanced technology led systems for loan applications through our website and portable tablet based applications. This caters to the growing section of population which prefers or is incrementally relying on digital channels to access services. Our cross-country branch presence coupled with well-developed digital infrastructure gives us a widespread presence across channels and enables us to access and service a diverse customer base and their multiple credit requirements.

Well established brand along with a strong and experienced management team

'IIFL' is a well-established brand among retail, institutional and corporate clientele in India. We believe we have benefited extensively from the Promoters' experience in the financial services industry to develop deep understanding of the market and related opportunities, gauge customer expectations and design suitable products for our target customer base.

We derive synergies from our group companies owing to the common brand. Our Company is able to leverage on the relationships of the promoter and the group companies for competitive advantage. IIFL Securities has a vast broker network and relationships with mutual funds, insurance companies etc which can be leveraged for cross sell of our loan products, cross sell insurance to our customers, and for raising funds. IIFL Wealth is one of the leading wealth management firms in the country and their large HNI customer base can be tapped for our bond placements, investments in real estate projects etc. Our company's wide branch network in turn offers reach and brand recognition, we are able to provide capital market funding to IIFL Securities clients and our vast customer base is a strong opportunity for cross sell of investment products and advisory services. All our group company transactions are strictly done on arms-length basis.

We are led by a qualified and experienced Board of Directors and key managerial personnel. The Board comprises eight directors with significant experience in the banking and finance sector. The members of our executive management team also have significant experience in the products and services offered by us. We believe that our senior management and experienced executives are and would continue to be the principal drivers of our growth and success in all of our businesses; and that their extensive relevant experience and financial acumen will continue to provide us with a distinct competitive advantage. Our management organization structure is designed to support each product line with a dedicated team of executives with substantial experience in their particular business segment.

Our strategies

Our key strategy is to steadily grow high quality, diversified retail assets focusing on under-banked segments, with effective risk management and cost optimization through well-defined processes and leveraging technology. Key elements of our strategy are:

Address growing financial needs in under-served markets

With a significant portion of population still being outside the reach of the formal credit system, our Company believes in contributing to bridging the credit gap in the country. We aim to efficiently and effectively provide credit to the underserved segment of customers and our diversified offerings have been built on a sound understanding of customer needs. With our widespread branch network, retail focus and a product suite catering to all classes of customers, we aim to contribute to financial inclusion in the country.

Build capacity and grow customer base through retail focus and geographic expansion

We are focused on high growth, dispersed risk- retail lending. We have innovatively designed our product and distribution strategies to fulfil our clients' various credit requirements. Our product portfolio caters to all segments of customers - salaried, self-employed, informal sector, HNIs and corporates. We seek to further increase our presence in retail segments including home loans, gold loans, MSME and micro financing with an aim to capitalize on the opportunity arising from underserved customer segments as well as provide scale and diversify the risk across industries and collaterals.

We intend to utilize our extensive branch network to access a larger customer base and plan to expand our network as relevant with the aim of achieving deeper penetration in existing products and regions as well as tap new, lucrative markets. While assessing a potential branch site, we analyse the local market and proximity to target customers with the objective of providing ease of access to customers as well as enhancing brand visibility for the Company. Our diversification and expansion strategy aims to adapt to a constantly changing digital milieu, and thereby seize growth opportunities whilst remaining cognizant to associated risks to our value chain.

Achieve superior performance with further strengthening our operating processes and risk management system

We are focused on building a process driven organization with a culture of compliance, audit and risk management. Operations excellence and risk management forms an integral part of our business. Our processes have been standardized with the objective of providing high levels of service quality and we have implemented high levels of digitization in our operational processes which contribute to faster turnaround times with lesser incidence and occurrence of errors.

Our risk management procedures are integrated seamlessly across our business operations and ensure constant measurement and monitoring of various risks we are subject to. The risk management model involves initial management control at business entity level, risk control and compliance oversight functions and overall independent audit and assurance functions. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business.

Continue to invest in digitization and technology which will reduce cost and improve efficiency

As retail lending needs a high degree of operational excellence and automation to reduce turnaround time, we have our own proprietary system for loan processing and booking. Our loan application system has been built in-house by leveraging the expertise of the business and technology teams. We regularly update our systems and continue to streamline our credit approval, administration and monitoring processes to meet customer requirements and maintain our risk profile. We continue to focus on developing and strengthening our technological capabilities to support our growth and improve the quality of our services.

Ensure effective asset-liability management, diversify borrowing sources and strengthen our credit profile

The Company has in place Risk Management Committee and Asset Liability Management Committee (ALCO), consisting of Directors and senior officials. They regularly meet and review the policies, systems, controls, and positions of the financing business. Since our Company is a non-deposit taking NBFC and has a varied product mix of lending portfolio resulting into maturities of loans in different time buckets, efforts are made to match the maturity of liabilities with those of the assets and minimize the asset liability mismatch. We monitor liquidity risk through our ALCO Committee with the help of fortnightly and monthly liquidity and Asset Liability mismatch reviews. This involves the categorisation of all assets and liabilities in different maturity buckets and evaluating them for any mismatches in any particular maturity bucket, especially in the short-term. The ALM Policy has capped the maximum mismatches in the various maturities in line with RBI guidelines.

We secure funding from a variety of sources to meet our capital requirements. We believe that we have been able to access cost-effective debt financing and reduced our average cost of borrowings over the years due to several factors, including our financial performance and improving credit ratings. We will continue to focus on developing a diversified funding model to achieve an optimum cost of funds while balancing liquidity and concentration risks. We believe we will continue to improve our credit ratings and thereby access a greater pool of diversified funding sources.

Details of securitisation transactions undertaken by our Company in the last 5 financial years

(₹ in million)

S. No	Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
1.	No. of Accounts /Pool	416,055	184,570	493,660	75,380	44,933
2.	Total book value of loan assets	34,088.37	13,335.89	6,792.05	5,935.10	5,872.08
3.	Sale Consideration	34,088.37	13,335.89	6,792.05	5,935.10	5,818.03

S. No	Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
	Received					

Capital Optimized Value Innovation Driven (COVID) strategy

We are slowly transforming to a new business strategy- from a lending institution to a lending platform, which is Capital Optimized Value Innovation Driven (COVID) strategy. Banks have a strong capital base and risk appetite whereas we have access to customers and advanced niche underwriting skills. Working together will turn into a win-win approach wherein banks profitably expand their retail and priority loan assets and we are able to leverage our capital resources more effectively. The key metric to measure this strategy is income from assignment and cross sell, i.e. 'Income without use of risk capital' (non fund based income). Several fintech players have also partnered with us to get access to lending platform for their innovative strategies to source and underwrite. We are uniquely placed due to our vast branch network to source, service & collect, strong online presence and proprietary technology and large base of existing customers coupled with a culture of innovation.

Our Products and Services

We operate in the following lines of business: (i) home loan; (ii) business loans including loans against property and medium and small enterprise financing (iii) gold loan; (iv) micro finance; (v) construction and real estate finance and (vi) capital market finance

Details of each product, originations, operations, underwriting policies and risk management are given below

(A) Home Loans

Home loans include finance for purchase of flats, construction of houses, extension and for improvement in the flats/homes and for acquiring plots of land (which are intended to be used for construction of houses). Pricing of retail home loans is driven by the risk profile of the borrower, the product and market demand for the product. Loan applications are sourced through direct sourcing and other alternate channels. These loans are mortgage backed secured loans. Home loans are secured by equitable mortgage or a registered mortgage of the residential property, land, under construction residential/commercial properties and fully constructed properties, as applicable. As on December 31, 2020, our home loans accounted for 31.81% of the consolidated AUM with an average ticket size of ₹ 1.78Mn, portfolio yield of 10.33% and tenor ranging upto 19 years.

Business origination

For our home loan business, we rely on multiple sourcing channels including our direct sales teams (DSTs), direct selling agents (DSAs), our website, walk-ins at our branches as well as cross-sell options. We have a stringent selection criterion for the recruitment of DSTs and a dedicated policy defining the norms to be complied with for empaneling a DSA.

Our target customers include salaried and self-employed individuals with low to middle range income levels. Self-employed individuals include both professionals and small business owners and salaried individuals hail from a broad spectrum of companies/firms across industries. We cater to the broad segment with a range of loans with suitable ticket-sizes.

Our loan on-boarding is majorly being done via portable tablet based applications which is provided to our sales teams/DSTs. Our tablet application is also embedded with basic credit appraisal checks for assessing proposals (up to pre-defined limits) using analytical scorecards (as per our internal policy) and applications are processed through the same. For proposals within acceptable scorecard criteria, an instant, in-principal approval is granted thereby reducing the turnaround time. For cases where additional details are necessary to be assessed, the DSA/DSTs collect all requisite documents as per policy norms and submit to credit appraisal teams for assessment.

Credit policy and controls

For all our products, the credit policy is approved by the Board of Directors. The policy ensures multiple checks are conducted through the process. The appraisal model requires an independent credit appraisal process, which ensures superior quality of loans owing to multiple check points and standard processes.
We conduct digital underwriting for salaried and small ticket self-employed borrowers, which involves utilizing

logical and rule- managers, in-built in the tablet application, to provide instant decision on eligibility of the prospective borrower. Loan proposals are evaluated on the various prescribed parameters defined in our credit policy such as past repayment history, income source, KYC and property acceptance norms.

Upon sourcing of a customer and obtaining their loan application, the loan officer submits all the requisite documents to the credit team for assessment. Our credit team consists of highly qualified professionals, experienced in various appraisal and due diligence processes. The credit underwriting is done as specified in the credit control policies and procedures manual, which includes the following:

- checking the eligibility based on defined credit parameters. If these parameters are met, then the case is logged in for further processing;
- performing various checks on the documents provided by the borrower to assess genuineness. These checks are done through an independent Fraud Control Unit;
- conducting in-person meetings and/or video PD with borrowers by our loan officers at their business premises or residence;
- conducting credit and financial background check on each borrower; and
- conducting legal and technical evaluation of the offered security. We have empanelled professionally qualified legal vendors and valuation agencies to carry out security evaluation for us. These vendors are supervised by our professionally qualified, independent legal and technical teams.

Risk management

The company has a dedicated risk management team which works to achieve the below mentioned objectives:

- to identify the various types of risks involved in the business;
- to define the methodology to measure/quantify the risks;
- to control and mitigate the variety of risks involved in business;
- to specify the risk tolerance of the Company;
- to ensure regulatory and statutory compliance on risk management and prudential norms;
- to improve the asset quality of the Company by using risk management tools; and
- 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.

(B) Business Loans

Business loans include loans against property and small and medium enterprise financing.

Loan against property (LAP) is availed for working capital requirements, business use, acquisition of new commercial property. These loans are mortgage backed secured loans. Pricing of the product is driven by risk profile of borrower and the type of property being funded along with current prevailing property market rates.

In the medium and small enterprise financing segment (MSME), we provide working capital finance to small business owners. We provide small ticket loans, thereby being able to meet the needs of small scale businesses including standalone shops etc. This product helps facilitate customers having little or no access to banking channels, for loans, capital essential to keep their business running, and provides support to the plethora of micro and small-scale enterprises that are crucial to India’s economy. We use a combination of direct sales force and direct selling agents for our sourcing. The pricing is driven by the risk profile of the borrower, the product and the market demand.

As of December 31, 2020, our business loans segment accounted for 18.43% of our AUM on a consolidated basis with an average ticket size of ₹ 1.30 Mn, portfolio yield of 15.89% and tenor ranging upto 12years. 69% of the portfolio as on December 31, 2020 was collateralized.

Business origination

Business loan facilities are extended to entities with profitable business operations for certain pre-defined period as a mandatory criterion.

We source these loans through multiple channels like direct sales teams (DST), direct sales agents (DSA), website, walk-ins at our branches, and cross sell. Incrementally, most of our low-ticket loan originations are being done using our proprietary portable tablet-based application. Upon lead identification, our sales executives equipped with tablets visit and obtain requisite information including identity and address proof, business financials, bank statements and income tax returns. The application is entrenched with basic credit appraisal checks using analytical tools which analyses the basic data obtained from customer. Upon preliminary assessment of basic parameters, an instant in-principle approval for the loan application is granted. For cases where additional details are necessary to be assessed, the DSA/DSTs collect all requisite documents as per policy norms and submit to credit appraisal teams for assessment. Our on-field presence provides greater convenience to our customers and increases access to customers for the Company without incurring additional operational costs.

Credit policy and controls

For all our products, the credit policy is approved by the Board of Directors, senior management members, risk and audit committees.

We undertake digital underwriting for small ticket loan borrowers where logical policy checks and underwriting rule engines are in- built in the tablet-based loan application as well as in the Loan Processing System. In most cases the digital underwriting process is sufficient to assess eligibility of a prospective borrower and provide instant credit decision. For appraisal of applications of big-ticket customers, multiple document checks, financial and credit history and risk control checks are carried out and assessment is conducted/considered by various credit committees and at the board level, depending on the value of the transaction. Senior members of the credit teams are empowered at the local level to take credit decisions. Credit team members are authorized to underwrite and approve the cases depending on the value of the transaction and assigned approval authority.

In accordance with our credit policy, once a customer has been identified and has completed an application, the loan proposal is evaluated on the prescribed parameters such as past repayment history, income source, KYC and business profile. Credit underwriting is done as specified in the credit control policies and procedures manual.

The credit appraisal process is summarized as follows:

- Bureau Credit score is the gatekeeper for accepting a loan application. If score parameters defined in policy are met, then the case is logged in for further processing.
- Various checks are performed on the documents provided by the borrower to assess genuineness. These checks are done through an independent fraud control unit.
- Depending on the loan size, our loan officers either connect digitally or meet the borrowers at their business premises and carry out a personal discussion.
- A credit and financial background check on each borrower is mandatorily conducted.
- For collateralized loans, we conduct legal and technical evaluation of the offered security. We have empaneled professionally qualified legal vendors and valuation agencies to carry out security evaluation for us. These vendors are supervised by our professionally qualified, independent legal and technical teams.

In addition to the aforesaid, we have empanelled experienced and qualified vendors and agencies to carry out customer profile evaluation for us. These vendors are supervised by our independent credit and fraud control team.

Risk management

Our robust risk management procedures include monthly portfolio quality reports 'analysis and portfolio performance review TTD (Through-The-Door) population monitoring based these reports. We generate, analyze and review extensive MIS reports which are broken down by multiple segments (sourcing channels, Salaried/Self-employed etc.) in order to better understand each segment we are active in, logically analyse performance trends and mitigate potential/perceived risks in the portfolio by way of modification in credit policy or other measures as relevant.

(C) Gold loans

We offer loan against gold to small businessmen, vendors, traders, farmers and salaried people for their personal needs as well as for working capital needs, at competitive rates and a fast turnaround time. We provide a range of schemes for our customers' diverse requirements along with multiple disbursal modes and repayment options for convenience of transacting.

As at December 31, 2020, gold loans accounted for 28.89% of the consolidated AUM with an average ticket size of ₹ 0.06 Mn, portfolio yield of 18.89% and tenor upto 1 year.

Business origination

We source clients directly at our branches which are conveniently spread across the country to grant ease of access to our diverse customer base, along with sourcing through our website, other online channels and customer referrals. Our branch sales staff periodically conduct promotional activities and events around the branch catchment areas to drive visibility and generate leads. The campaigns create awareness on the various schemes on offer, and contribute to brand recall. The fulfilment of all gold loan leads sourced happens at our branches.

Once a prospective customer walks into any of our gold branch, the customer care executive in the branch explains the various product schemes on offer and helps in identification of best scheme for the customer based on the current requirement. Upon selection of a suitable scheme by the customer, the customer care executive enters client details and uploads mandatory KYC documents into our in-house loan origination tablet application. This application is equipped to screen customers for earlier defaults, frauds and presence in negative customer list as circulated by concerned regulatory and government bodies from time to time.

Credit policy and controls

Post successful authentication of the mandatory documents, the customer proceeds to the valuation counter where the physical gold is valued independently by an experienced team of valuers. Dual underwriting helps in enhancing controls further. We follow a strong verification process and our officers are certified and trained in asset quality practices. The pricing is driven by the risk profile of the borrower, the product and the market demand.

Our branch staff are trained to observe and/or handle fraudulent customers by observing their behaviour, verifying ownership of the gold and matching the jewellery with customer profile or location. For some of high ticket loans, a secondary evaluation may be required to be conducted by an independent consultant and additionally a board committee approval may be required. After our branch staff have opened and verified the loan account, the loan is sanctioned/approved by the appropriate authorities. The disbursal is processed post completion of mandatory checks as per our credit policy.

Risk management

Ensuring the safety and security of the branch premises is vital to our business since our cash reserves and gold inventory are stored in each branch. The gold ornaments pledged with us are kept in a tamper proof packet with its appraiser certificate and then placed into a fire and burglary proof vault. The branch is also under electronic surveillance at all times.

We follow mark-to-market process for valuation of the underlying collateral. In the event of drop in gold prices, collection is initiated from the customer to cover the margin. IIFL reserves the right to sell the collateral in the event of fall in prices below prescribed threshold.

Majority of our loans go through an audit process at a transaction level where, apart from a valuation done by independent valuers at the time of loan disbursement, an experienced and trained gold inspector re-appraises the pledged jewels to ensure the purity of the gold is the same as mentioned. 100% of our loan cases are audited by our gold inspectors, customers' KYC and financing documents are checked and scrutinised by offsite auditors and additionally, the fraud triggers in place are well defined and identify early warning alarms of unusual behaviour and suspicious customers.

(D) Micro finance

In the microfinance segment, we offer credit support to women who have either limited or no access to formal banking channels. We provide financial services to the economically weaker sections of society with an aim to bring microfinance services to the doorstep of the rural and semi-urban BoP (Bottom of Pyramid) families in India. Loans are offered under various categories such as income generation, education, emergency etc. We follow the Grameen Model (also regarded as joint liability group). Through the group lending methodology, loan is disbursed to each individual in the group, and the group guarantees for each other's loans.

As of December 31, 2020, the segment accounted for 9.27% of our AUM on a consolidated basis with an average ticket size of ₹ 0.02 Mn, portfolio yield of 21.63% and tenor upto 2 years.

Business origination

Before establishing any branch, a detailed survey is conducted at field level which takes into account the credit culture, economic activity, political stability law and order situation, climatic condition, demographic detail etc. Based on the survey report and assessment and branch approval being signed off jointly by risk and business centrally, the Company is able to minimise the risk of operating in high risk areas.

A customer relationship officer is responsible for customer acquisition and maintenance while a branch manager and credit manager scrutinize and validate KYC documents. We have a dedicated credit manager at every branch, who carries out all the pre-disbursement checks in addition to that done by the branch manager, which helps in establishing the veracity of application documents. The loan application is processed only after the branch manager approves the customer upon physical verification of customer's address and documents provided.

Credit policy and controls

We require each member seeking a loan from us to submit an application in the centre meeting that is managed by our customer relationship officers. Once complete, a new loan application is only accepted at a group meeting if the majority of members in a group are present. Once we have accepted the loan application, we review the information provided by the member on items such as the purpose of the loan, the amount, and the relevant expertise of the member in the business, as well as the experience, if any. We also review the previous loan of customers with us as well as other lenders through the credit bureau reports.

A credit check is done for every customer through an automated system-to-system integration with the credit bureau. As part of this check, certain parameters are looked at to verify a customer's credit-worthiness and also to ensure they are not overburdened.

We approve new loans based on internal and external credit recommendations with respect to an applicant.

This approval process follows the following steps:

- credit bureau check;
- consent from the center members;
- customer understanding on company process and policy;
- customer agreement for joint liability; and
- approval of loan application by the branch manager.

Most of the application and approval mechanism is controlled and validated through the technology so that policy and regulatory aspects are addressed. In addition, we do have a maker checker concept in branch to reduce the errors and ensure proper control of the laid down process and policies. Each Branch has dedicated credit personnel to evaluate aspects related to credit compliances.

Risk management

The initial focus of our loan portfolio management efforts is on our customer relationship officers, who are given primary responsibility for both the issuance of loans and the collection of repayments from our borrowers. They also regularly conduct checks or reviews of our borrowers and the end use of loans.

We regularly monitor defaults in the field and get in touch with the field teams to conduct prompt follow up. Central teams also report the observations to the management and seek guidance for further action to improve collections. In addition, we have an internal audit team, which reports on the operational and other processes and systems.

We have in place a dedicated risk management team to understand and formulate various risk mitigation plans for various types of risks. The identified risks are reported to risk management committee of the Board for review. A quality assurance division has been formed to improve the customer service experience and strengthen adherence to the Fair Practice Code and Code of Conduct stipulated by Regulators. A dedicated vigilance setup has been constituted to conduct screening of centers, visit certain customers, and seek to identify fraud at early stages.

(E) Construction and Real Estate finance

Construction and Real Estate finance includes loans to developers for construction and development of predominantly affordable residential projects and a small proportion of mixed-use projects. In line with our broader retail strategy, the construction finance vertical is an enabler for providing retail loans under the approved project route, the Company has tie-ups with developers for funding the property buyers under the retail home loan category.

As at December 31, 2020, our construction and real estate finance accounted for 10.22% of the consolidated AUM with an average ticket size of ₹ 364.37 Mn, portfolio yield of 14.51% and tenor upto 5 years or till completion of project sales or to a maximum of 6 months after the legal completion date, whichever is earlier.

Business origination

In the real estate financing business, we endeavour to enter into and maintain a relationship with the client, understanding their business requirement and structuring appropriate mix of construction finance option to the developer. In order to determine demand and supply in a market, we conduct surveys, either directly or through external vendors. We lend largely to residential projects and developers that are not subject to any concentration risks. We have also formulated a prudent lending criteria for borrowers in this segment.

Our sales teams meet with clients for deal origination and receive preliminary information. A name clearance memorandum is generated for the credit committee of the Board and post the committee's deliberation, the borrower may be considered for a loan. Our team then proceeds to collect requisite information and documentation from the prospective customer, prepares a proposal with case details for relevant authorities to review and logs the case into our loan management system for further processing.

Credit policy and controls

The loan application submitted by the sales team is checked for various parameters including the completeness of the application form, relevant KYC documents, etc. A legal and technical assessment by reputed external vendors is initiated to verify the authenticity of the documents, the legal title to the collateral property and its market value. Our credit team also conducts in-person meeting with the prospective customer to gain understanding of their business, revenue streams, expenses and cash management. The credit team then prepares a credit appraisal note which is sent to our sanctioning authority for final approval.

We follow a strict underwriting and risk assessment mechanism for our real estate loan cases, which include the following:

- *Borrower group and promoter profile check*: wherein we check the developers' past and ongoing project details, financial and banking details, debt history and other outstanding loans etc.

- *Project assessment/overview*: wherein, in case of a developed/partially developed project, we check the location, total saleable area, number of units available for sale and the market conditions in the geographic region for assessing demand etc; and in case of a new/under construction project, we check the committed commencement and completion dates, percentage of work done, total cost incurred and projections for the planned duration of the project.

- *Financial performance appraisal*: which involves an in-depth assessment of the financial statements and health of the developer using ratio analysis, sensitivity analysis, credit worthiness assessments and total project cost and expected sales assessments.

- *Collateral/security evaluation by external agencies*: which involves assessment of the external valuation report along with various approvals received by the developer for the project, and the title search report.

- *Cash flow and sensitivity analysis*: wherein cash flows of the project are analyzed on the rationale of sales, construction, approvals, contingencies and debt cost assumptions. A sensitivity check is performed to ascertain the project level debt service coverage ratio.

- *Completion of requisite documentation*: Prescribed financing documents and KYC documents are obtained and included in the loan application file.

Risk management

Our construction and real estate loan application proposals are screened by the senior management and a multi-level committee depending on the loan amount. We seek to mitigate the risk of default by including specific covenants in the financing documentation in addition to our general terms and conditions, on a case-to-case basis.

Our risk management system involves monitoring projects and assessing the facility on a regular basis. Strict project monitoring process post disbursement is followed which includes a quarterly site visit by the technical manager to evaluate technical progress of the project, monitoring of fund transfers, NOC issuances and sales, audit of escrow account, and annual asset quality review. Performance of the portfolio is also regularly reviewed at senior management level and suitable actions are taken either by change in credit policy or by other requisite actions.

(F) Capital Market finance

Our capital market finance products are short term loans secured by pledge of listed equity shares, vested ESOPs, equity and debt mutual fund units, structured notes, bonds, debentures and collateral as approved by the credit policy ("**Approved Securities**"). In case of IPO financing, margins are dependent on over subscription of the issue.

As at December 31, 2020, our capital market finance accounted for 1.37% of our AUM on a consolidated basis with an average ticket size of ₹ 12.26 Mn, portfolio yield of 13. 09% and tenor upto 2 years. Capital market finance includes loan against shares, mutual fund units, debentures etc., margin funding, IPO financing and ESOP financing.

Business origination

In our loan against security product we offer an opportunity to borrowers generally HNIs, corporates, private trusts, HUFs, limited liability partnership firms etc. to monetise their investments (listed equity shares, mutual fund units, structured notes, bonds, debentures etc.) in order to raise capital for their personal, investments, or business financing needs. The shares or securities are generally very liquid, from high quality companies, and highly valued securities. The amount depends on valuation of the shares, margin allowed by the company, and client's past credit history.

The origination/sourcing team is our group wealth and broking entities which directly meets with clients for deal origination and receives preliminary information

Credit policy and controls

A proper due diligence is conducted on the profile of the borrower and collateral offered for the loan, keeping in mind the concentration risk involved against the funding of the particular security at borrower level as well as entity level. The eligibility criteria for loan are very stringent with regards to borrower profile and nature of the security. The proposals are presented to the credit committee who decides on the final eligibility of a particular client before sanctioning the loan.

Upon sourcing a customer and obtaining a loan application along with the relevant documentation, the relationship officers fill in the case details on the online loan management portal or in hard copy format and hand over the documents and credit appraisal note to a credit officer. Thereafter, credit bureau checks and other relevant checks like watchout investor, google search, SEBI search etc. are conducted to identify any fraudulent activity at an early stage by our credit team. A credit bureau report is then generated where the credit score of the applicant is reviewed along with a track record of loan repayments, where relevant.

The loan application is checked by our internal audit team for various parameters including the completeness of the application form, relevant KYC documents, and income proofs, where applicable. Upon the receipt of security documents, which are to be used as collateral, the disbursement officer initiates a legal and technical assessment, to verify the authenticity of the collateral, the legal title to the collateral and its market value. A personal discussion is conducted by our credit managers over the telephone as well as through in-person meetings at the customer's house or place of business to understand their business, revenue streams, expenses etc., and based on income validations, determine their loan eligibility.

The credit risk team sends documents to the credit committee or sanctioning authority for final approval. We use a risk based pricing matrix to determine the interest rate to be charged for different loans. We seek to mitigate the risk of default by including specific covenants in the financing documentation in addition to our general terms and conditions, on a case-by-case basis.

We have implemented a robust process of credit assessment comprising:

- Underwriting: We have a credit team comprising credit managers and disbursement officers who conduct an independent verification of customers, evaluate their securities, and analyze their ability to repay loans;

- Legal assessments: We conduct legal assessments through our in-house team of lawyers and by engaging external vendors who help us perform functions such as the verification of documents and title to securities;

- Technical assessments: We conduct technical assessments through our in-house team of internal audit and by engaging external vendors who help us perform functions such as conducting valuation of collateral and the periodical review of overall portfolio; and

- Risk Control Unit: Our risk containment unit conducts credit bureau checks, security checks, scrutinizes documents, visits certain customers and seeks to identify fraud at early stages. They also conduct risk assessment of the portfolio on daily basis to maintain a healthy portfolio within the regulatory purview. Daily mark to mark valuation of securities is performed by the risk team so as to track portfolio quality and take necessary corrective action.

Risk management

A robust risk management process is conducted on a daily basis on the overall portfolio to maintain the portfolio quality.

The prices of the securities are updated daily on the basis of end of day price file received from the stock exchanges. On volatile days price files are uploaded on a real-time basis. The clients are then intimated of the margin shortfalls by business teams via phones/emails/letters. The collateral in the loan management system is reconciled with the securities lying with the depositories on a daily basis through an automated process by the operations team. Margins on each of the loans are monitored on regular basis and further margin is called for as and when the need arises. This helps us to maintain comfortable margins and enables us to mitigate risks against potential defaults. Margin calls are sent to clients on a daily basis and in case of a shortfall when the client is unable to maintain the margin, the loan value is realised through the sale of the securities at the earliest. Our centralized risk management system helps us monitor our client’s credit exposure on a real time basis, enabling us to make margin calls on a dynamic basis and take suitable action in volatile markets.

Operational controls

We have well defined policies and procedures that help maintain operational control across the lifecycle of the loan. The function is independent and centralized and among other tasks, majorly checks loan cases for adherence to policy parameters. For every loan proposal, disbursals are approved by the front-end operations after conducting proper non-discrepancy checks.

Collections and monitoring

We have developed a comprehensive collection mechanism leveraging both technology and on-field strength. Our collection mechanism strategy is centered on four important pillars comprising centralized tele-calling centres, on- field collection agents, NPA collection teams and legal recovery teams.

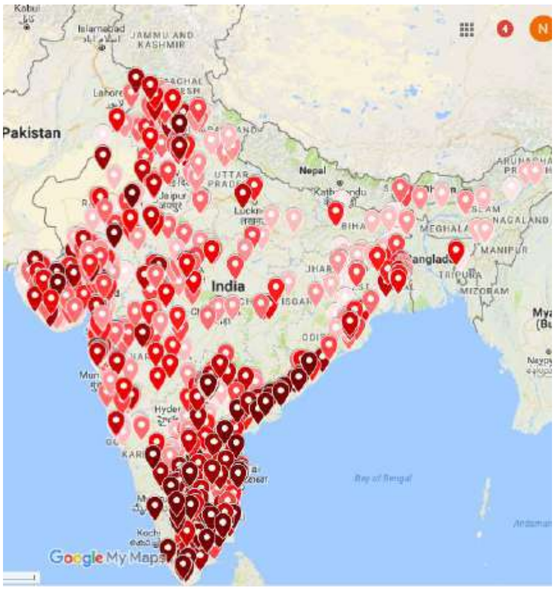
At the time of loan disbursement, customers are provided with various payment options like automated clearance house, cheque, ECS and digital mode (Quick Pay & Virtual Account). Prior to monthly EMI due-date, customers are reminded of their dues either in form of voice-blasts or SMS reminders. Customers are also sensitized about the implication of default on their credit history and bureau score.

For customers defaulting on payments, collection visits are carried out by our field agents to collect instalments in various methods. Our field agents have the responsibility for a specified number of borrowers, depending on the volume, past collection performance and business performance in the region. Additional measures are undertaken in order to balance customer accounts and effectively manage performance on periodic basis. We ensure that there is continuous monitoring of all customer accounts by collection agents, especially for strategic high-ticket cases and adopt various collection strategies (including legal and settlement) on a case-to-case basis.

Considering our business caters to diverse clientele, our company has a separate in-house collection mechanism for various products depending upon product characteristics, business origination type and legal recovery options. For a customer defaulting on payments, reasons for default are identified and prompt actions are initiated pursuant to well- defined internal collection policy. For secured loans with customers' default, our company may initiate the process for repossessing collateral. In spite of regular reminders with strong efforts of collection teams, if the customer continues to default over a period of time, and in cases where there is suspicion on customer's intent to service the loan, legal action is initiated. A dedicated team is in place for review of high delinquent geographic locations or resolution of certain strategic cases. Additionally, an experienced legal team having extensive experience in various legal recovery mechanisms has been established for supporting the collections teams. We have an independent risk department responsible for monitoring portfolio performance region, product and channel wise.

Branch Network

As on December 31, 2020, our Company had 2,439 branches across India. A distribution of our branches across the country is depicted below:



Note: Map for representational purposes only

Our Subsidiaries

Listed below are major subsidiaries of our Company, for more details about the subsidiaries of our Company, please refer to the Section "*History and Main Objects*" on Page 145.

IIFL Home Finance Limited

IIFL Home Finance Limited ("**IIHFL**") is a wholly owned subsidiary of the Company registered with the National Housing Bank (NHB). The Company holds 100.00% of the paid up share capital of IIHFL. IIHFL holds Certificate of Registration (not valid for acceptance of public deposits) from the NHB dated September 14, 2018 to carry on the business of a housing finance institution.

IIHFL caters to a vast segment of retail and corporate customers through its loan offering - this includes both Home Loans and Loans against Property. IIHFL has a significant competitive advantage of the parent Company, which provides managerial, financial and operational support. IIHFL has access to the pan India branch and distribution network of the Company, and it leverages the same.

IIHFL uses its own proprietary loan software for loan originations and repayment management. The system offers greater control and flexibility over other available systems in the market since changes regarding the loan offering, policy parameters etc. can be implemented on real time basis.

As a part of the verification process, our officers undertake the prescribed checks. The checks include document verification and personal discussion. We also undertake independent fraud control checks. Our Company uses a fraud control application system called 'Hunter' by Experian Bureau which is a hosted solution provided to the closed user group members. The product aims at identifying fraudulent borrowers at the application stage itself, as well as identifying inconsistencies in applications made by the same borrower to different member banks/FIs.

IIHFL's has membership with four credit bureaus in India – CIBIL, Experian, CRIF and Equifax. The team works in close proximity with the bureau teams and capitalizes on their expertise and learning with other players in the industry. This is helpful for the business since the market is very dynamic and helps us to adopt best practices.

(₹ in million)

AUM	December 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Home Loan	1,34,445.35	1,24,430.62	1,21,856.87	85,674.33
Loan against Property	53,755.10	48,821.48	47,533.75	42,948.49
Construction and Developer Finance	9,226.10	11,695.25	12,187.68	14,589.22
Total	1,97,426.56	**184,947.35**	**181,578.31**	**143,212.03**

Key financial numbers of IIHFL for last three financial years

(₹ in million)

Particulars	December 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Total Income	15,280.78	17,751.94	18,277.78	12,686.66
TCI/ PAT	2,852.59	2,412.49	2,956.58	1,974.09

Samasta Microfinance Limited ("Samasta")

Samasta Microfinance Limited ("**Samasta**") is a subsidiary of IIFL Finance limited registered with the Reserve Bank of India. As on December 31, 2020, the Company holds 74.09% of the paid up share capital of Samasta. Samasta holds Certificate of Registration (not valid for acceptance of public deposits) from the RBI dated May 17, 2011 to carry on the business of microfinance. Samasta began operations as an MFI in March 2008 with an aim to provide financial services to the financially weaker sections in the country.

(₹ In million)

AUM	December 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Microfinance loan	39,199.63	33,998.35	22,852.41	8,406.19
Loan against Property	360.00	-	-	-
Total	**39,559.62**	**33,998.35**	**22,852.41**	**8,406.19**

Key financial numbers of Samasta for last three financial years

(₹ in million)

Particulars	December 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Total Income	4,814.55	5,821.08	3,397.54	968.30
PAT/TCI	448.83	1,068.02	527.73	23.76

Clara Developers Private Limited, (erstwhile subsidiary of the Company)

Sale of Clara Developers Private Limited, (erstwhile subsidiary of the Company)

The Board of Directors at its meeting held on July 21, 2020 approved sale of sale of Clara Developers Private Limited, wholly-owned subsidiary to Pacific Advisory Solutions Private Limited, a third party, for a cash consideration of ₹ 1 Lakh. Clara Developers Private Limited ceased to be the subsidiary of the Company w.e.f. July 27, 2020.

Provisioning norms

With the introduction of new accounting standards – Ind AS from FY2018-19, our Company has started computing provisions on expected credit loss (ECL) model. Primarily, ECL accounts for credit losses in future based on observed portfolio behaviour rather than incidental provision computation in IGAAP. ECL Credit losses can be considered as difference observed between contractual future cash inflows and expected cash inflows. ECL accounts for two major characteristics: current behaviour of a financial instrument and observed portfolio losses in the portfolio over a period of time considering the time value of money and has following important parameters:

1. Exposure at default – Estimate of contractual cash inflows in future as on reporting date
2. Probability of default – Indicator of likelihood of default of financial instrument for a time period
3. Loss given default – Indicator of normalised loss incurred post default of financial instrument

Stage 1 includes financial instruments that have low credit risk as on the reporting date. For such assets, 12-month expected credit losses are computed on the exposure and interest revenue is accounted on gross asset value (without considering expecting credit losses). ECL is computed based on expected default events within 12 months since reporting date. It is a measure of likelihood of low credit risk portfolio transitioning to high credit risk (and losses post its transition) in next 12 months ("**Stage 1**").

Stage 2 includes financial instruments that have higher credit risk than Stage 1 but with no objective impairment evidence. For such assets, lifetime expected credit losses are computed on the exposure yet interest revenue is accounted on gross asset value (without considering expecting credit losses). ECL is computed based on expected default events over the balanced loan tenure ("**Stage 2**").

Stage 3 includes financial assets that have high credit risk and are considered default as per regulatory norms at the reporting date. For these assets, losses are computed based on empirical data and interest revenue is accounted on net asset value (considering credit losses) ("**Stage 3**").

Further, additional provisions are provided for certain weak accounts.

Sales and Marketing

Marketing activities for our Company are managed by our marketing and corporate communications department. Through in-house teams, external creative agencies and execution partners, the marketing department conducts various activities ranging from brand awareness, product awareness, creative development, lead generation activities and enhancing customer experience, with a focus on aligning product communication to create an economic, social and environmental impact and an overall aim to make our brand 'IIFL' the brand of choice for its customers. The above activities are implemented through various modes such as broadcast media (TV, print, radio), digital assets (website, social media platforms), digital advertising, out-of-home media and on-ground activities.

Risk and Asset-Liability Management

Risk management is a key element of our business strategy and is integrated seamlessly across all of its business operations. The objective of the Company's risk management process is to optimise the risk-return equation and ensure meticulous compliance to all extant laws, rules, and regulations applicable for its business. We take a holistic view of risk management and undertakes an enterprise-wide risk management approach under the Enterprise Risk Management ("**ERM**") Framework.

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through the Audit Committee, the Asset Liability Committee and the Risk

Management Committee. We adopt a ‘three lines-of-defence’ model wherein management control at the business entity level is the first line of defence in risk management. Various risk control and compliance oversight functions, established by the management are the second line of defence. Finally, the third line comprises the internal audit/assurance function. In order to maintain financial soundness of the company, it seeks to promote a strong risk culture throughout the organization. All major risk classes viz credit risk, market risk, operational risk, fraud risk, liquidity risk, business risk and reputational risk are managed via well-defined risk management processes.

Risk	**Risk Response Strategies**
Credit, liquidity and finance risk	• Our Company has separate multi-level credit and investment committee, consisting of Directors of the Board/head of the departments, to consider medium to large credit proposals. However, smaller proposals are decided at appropriate level as per the approval matrix. • The Company has in place a risk management committee and asset liability management committee (ALCO), consisting of directors and senior officials. They regularly meet and review the policies, systems, controls, and positions of the financing business. The committee reviews the risk management processes, covering credit and underwriting controls, operations, technology and compliance risks. • Liquidity risk arises due to non-availability of adequate funds or non-availability of adequate funds at an appropriate price, or of appropriate tenure, to meet our business requirements. This risk is minimised through a mix of strategies, including asset securitisation and temporary asset liability gap. • We monitor liquidity risk through our ALCO Committee with the help of fortnightly and monthly liquidity and Asset Liability mismatch reviews. This involves the categorisation of all assets and liabilities in different maturity buckets, and evaluating them for any mismatches in any particular maturity bucket, especially in the short-term. The ALM Policy has capped the maximum mismatches in the various maturities in line with RBI guidelines.
Technology Risk	• Our management periodically reviews various technology risks such as protecting sensitive customer data, identity theft, cybercrimes, data leakage, business continuity, access controls, etc. • We have put in processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting. • We have implemented tools for mitigating various security risks - privileged identity management, advanced malware detection and protection, end-point encryption, mobile device management and secured internet access. • We successfully completed the ISO 27001:2013 annual re-certification in January 2020. During the year, many processes are automated to reduce the risk of manual error and frauds.
Compliance Risk	• We have implemented business-specific Compliance Manuals, limit monitoring systems and AML/KYC policies. • The compliance requirements across various service points have been communicated comprehensively to all through compliance manuals and circulars. To ensure complete involvement in the compliance process, reporting processes have been instituted by heads of all businesses/zones/area offices and departments, through submission of quarterly compliance reports. The compilations of these reports are reviewed by the Audit Committee/Board and are also submitted to regulatory authorities, periodically. Besides, the internal auditors verify the compliances as part of their audit process.
Operational risk management	• Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and controls or from external events (as defined by Basel Committee on Banking Supervision).

Risk	Risk Response Strategies
	• Independent operational risk management team reporting to the risk head is in place which is responsible for coordinating all the operational risk activities including building an understanding of the risk profile, implementing tools related to operational risk management, branch operations, cash handling, customer lifecycle management, etc, and working towards the goals of improved controls and lower risk.
Credit risk management	• Credit Risk is a measure of loss arising due to failure of borrower to meet the contractual obligation of repayment as per agreement. Our Company has defined processes for identification, ongoing assessment and mitigation of credit risk for various products on regular basis. • Our Company routinely monitors credit risk including asset impairment risks and ensures compliance within the board approved policies and risk limits. Additionally, we monitor risk concentrations based on various characteristics. Portfolio reviews are undertaken on monthly basis highlighting behaviour of products on various financial and non-financial parameters. • Our Company's credit concentration monitoring is undertaken on continual basis. Our Company has board-approved policy capping credit concentration to entities. This is effectively undertaken to ensure avoidance of default of large exposures affecting our Company's financial performance.
Fraud Risk Management:	Our Company has a comprehensive Fraud Risk Management framework in place with an independent Fraud Control Unit (FCU) team responsible for fraud prevention, fraud detection and fraud investigations supported by offsite Audit team, internal audit function, outsourced verification vendors and fraud analytics.

Internal Controls

The Company has an Internal Control System which is commensurate with the size, scale and complexity of its operation. The Internal Audit team monitors and evaluates the efficacy and adequacy of Internal Control systems in the Company, its compliance with operating systems and accounting procedures. Based on the report of the Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations, if any and corrective actions and implementation thereof are presented to the Audit Committee of the Board. Status of resolution tracking as well as pending issues is reported to senior management and audit committee of the Board on a regular basis as an 'Action Taken Report'.

Human Resources

Our human resource management systems and processes are future ready and go hand-in-hand with the demands of the business and environment. We have got a scalable talent acquisition system which seamlessly interacts with business and stakeholders to hire and onboard talent. Training and development which is central to our people development theme has the right mix of classroom, online, MDP trainings and certification courses.

We have been taking employee feedback through our annual Pulse Survey, which enables us to constantly recalibrate our policies and initiatives and improve on areas, based on the feedback. As of December 31, 2020, the Company has a strong workforce of 18,083 employees.

Corporate Social Responsibility

On the social front, IIFL Foundation (the CSR arm of the group) has undertaken many initiatives for community welfare, with a special focus on education. Out-of-school children are one of the biggest challenges in India today and to address this, IIFL Foundation has set up close to 1,200 community schools in rural and remote areas of Rajasthan, and has managed to bring back over 38,000 out-of-school children (never enrolled/dropped out) into the fold of education. The foundation has also started study centres--cum-creche for children of construction workers on sites where IIFL is providing developer finance, with the aim of providing access to education and place of safety for these children who are otherwise without means to attend school. IIFL Foundation has appointed trained teachers, caretakers and helping staff for eight 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, cancer care camp in Karnataka, free medical and dental treatment at Pandharpur (Maharashtra) and addressing environment sustainability through river rejuvenation initiatives are some more ways in which IIFL foundation is proactively contributing towards community building as a responsible organization. During the Covid-19 pandemic, the Company undertook many measures to help fight the healthcare crisis. IIFL Foundation contributed ₹ 50 Mn. to the PM Cares Fund. IIFL Foundation supported the initiative of FICCI Socio Economic Development Foundation with ₹ 0.5 Mn for procurement of medical kits for hospitals in Mumbai. IIFL Foundation also made a contribution of ₹ 1 Mn to 'Mumbai Police Foundation' towards procurement of protective gears for the on-duty personnel. Also, to help battle the Covid-19 crisis for patients residing at higher altitudes, such as inhabitants of Kashmir, IIFL Foundation has donated 24 oxygen concentrators to the community, to help patient's during their home quarantine period.

Competition

Our Company offers a diversified range of products including home, gold, business and micro finance loans, loans against property and loans against securities. These are provided to a broad segment of customers including salaried and self-employed personnel and corporates. We face competition primarily from other NBFCs. The major competitive factors among the peer group are an extensive branch network, greater funding capabilities, wider range of products and services, and advanced technology offerings.

Insurance

Our Company has insured its various properties and facilities against the risk of fire, burglary, breakdown of office equipment, risk of financial loss due to fraud and other perils including public liability which covers the legal liability arising out of third party bodily injury or third-party property damage in company premises. Our Company has obtained money policy to cover "money in safe and till counter and money in transit" for the branches and various offices.

Our Company also has in place a group mediclaim policy for its employees and their dependent family members, group term life and group personal accident policies, which provide uniform benefits to all the employees.

Further, our Company has a Directors and Officers Liability Policy which provides a cover for the personal liability of directors and officers arising due to wrongful acts in their managerial capacity.

For a discussion of certain risks relating to our insurance coverage, please refer to the section titled "*Risk Factors*" - Internal Risks and Risks Associated with our Business - Our insurance coverage may not adequately protect us against on Page 24 of this Shelf Prospectus.

Property

Our Registered office is located at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra – 400604, this office is leased by the Company. Our Corporate office is located at 802, 8th Floor, Hubtown Solaris, N. S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai – 400069 , this office is leased by the Company. We have entered into lease / leave and license agreements for terms ranging from one to ten years for all of our branches.

Our Company owns the following properties* as at March 31, 2020:

(i) Unit no.12A/10, Unit no.14A/10 and Unit no.14A/09 at Parinee Cresenzo, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051

(ii) Shop No. G 22B, Revenue Survey No. 1001/1, Paiki Town Planning Scheme No.4, Final Plot No. 110, Paiki, City Survey No. 7396, Municipal Survey No. 1/12/94, Unjha, Mehsana

**Note: The above mentioned properties were owned by India Infoline Finance Limited (now merged with our Company). The said properties are in the process of transfer in the name of our Company.*

Intellectual Property

Our Company has entered into a trademark license agreement with IIFL Securities Limited dated March 19, 2019. Pursuant to which, IIFL Securities Limited has granted our Company with a non-exclusive right and license to use the trademark, service mark and logos pertaining to "IIFL". The term for which the license is granted is in perpetuity, subject to the terms and conditions contained in the trademark license agreement. For details please refer to *History and Main Objects" on page 145 of this Shelf Prospectus.* Further, our Company has applied for trademark application with the trademark and logo 'My Money' in class 36.

Information Technology

Information Technology in our Company is the core element which drives business growth and forms the backbone of our organization. Information technology is used as a strategic tool which comprises industry standard business applications and robust IT infrastructure setup which are used to manage business operations which improves our overall productivity and efficiency and provide seamless and world class experience to our customers. We believe that through our information systems and adequate controls we are able to manage our nationwide operations efficiently, market effectively to our target customers, and effectively monitor and control risks. Business applications including loan operating system are designed, developed and implemented to meet our business and regulatory requirements round the clock and is being used in all our branches across India to manage business operations, improve customer services and efficiency from time to time. IT and Information security and processes are aligned with RBI Master Directions, ISO 27001 and Industry best practices and industry standard security solutions are implemented to control security and Cyber Risks.

Treasury Operations

Our treasury operations are mainly focused on meeting our funding requirements and managing short term surpluses. Our funding requirements are currently predominantly sourced through term loans, issuance of debentures, commercial paper and securitisation of receivables. We believe that through our treasury operations we are able to maintain our ability to repay borrowings as they mature and obtain new loans at competitive rates. Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI requirements of asset liability management. The objective is to ensure smooth functioning of all our operations and at the same time avoid the holding of excessive cash. Our treasury maintains a balance between interest earning liquid assets and cash to optimize earnings. We actively manage our cash and funds flow using various cash management services provided by banks. As part of our treasury activities we also invest our temporary surplus funds in fixed deposits with banks, liquid debt-based mutual funds and government securities. Our investments are made in accordance with the investment policy approved by the Board.

Awards and Accolades

During the last 12 months, the Company received the following awards and accolades

- Received recognition as one of the 'Economic Times Best Brands 2020'.
- Received Golden Peacock National Training Award 2020.
- Received Golden Peacock Award for Risk Management from the Institute of Directors at Singapore Global Convention on Board Leadership & Risk Management
- Recognised as one of the 'Most Promising Brands' in the BFSI segment by The Economic Times.
- Won the 'Best Fintech NBFC of the Year Award' at the India NBFC Excellence Awards 2019.
- Ranked as India's most trusted Non-Banking Financial Company (NBFC) in a select list of top 10 NBFCs to watch in 2019 by the Insights Success magazine.
- IIFL Finance's TVC with Rohit Sharma received the Best Marketing Campaign Award at the National Awards for Marketing Excellence.
- IIFL Finance's #SeedhiBaat campaign received the Best PR Campaign award at the Global Marketing Excellence Awards.
- IIFL Foundation's flagship girl child litercy program 'Sakhiyon Ki Baadi' received Women Empowerment Award at Golden Globe Tigers International Awards.
- Ms Madhu Jain, Director, IIFL Foundation received the CSR Leadership Award at Golden Globe Tigers International Awards 2020.

HISTORY AND MAIN OBJECTS

Corporate Profile:

Our Company was incorporated at Mumbai on October 18, 1995 as a private limited company with the name Probity Research & Services Private Limited under the provisions of the Companies Act, 1956. The status of our Company was changed to a public limited company and our name was changed to 'Probity Research & Services Limited' pursuant to a fresh certificate of incorporation dated on April 28, 2000 issued by the Registrar of Companies, Maharashtra, Mumbai. The name of our Company was subsequently changed to 'India Infoline.Com Limited', and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Mumbai on May 23, 2000. The name of our Company was further changed to 'India Infoline Limited', and a fresh certificate of incorporation, consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Mumbai on March 23, 2001. Thereafter, the name of our Company was changed to 'IIFL Holdings Limited', and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Maharashtra, Mumbai on February 18, 2014. Thereafter, the name of our Company was changed to 'IIFL Finance Limited' and a fresh certificate of incorporation, consequent upon change of name was issued by Registrar of Companies, Maharashtra, Mumbai on May 24, 2019.

Our Company has obtained a certificate of registration dated March 06, 2020 bearing registration no. – N-13.02386 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act. Based on the revised regulatory framework prescribed by RBI for NBFCs, our Company was classified under the category "*Loan Company-Non-Deposit Accepting*" and is a systemically important non-deposit taking NBFC. Later on, RBI vide its circular no. RBI/2018-19/130 DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019 has classified all Loan Companies into a new category called NBFC – Investment and Credit Company (NBFC-ICC).

Change in registered office of our Company

The registered office of our Company was firstly changed from, 208-C, Agarwal Market, Vile Parle (East), Mumbai 400 057 to 1, Snehdeep, Gokhale Road, Vile Parle (East), Mumbai, 400057 with effect from August 06, 1999.

The registered office of the company was further changed from 1, Snehdeep, Gokhale Road, Vile Parle (East), Mumbai, 400057 to Building No. 24, Nirlon Complex, off Western Express Highway, Goregaon (East), Mumbai – 400 063, Maharashtra, India with effect from January 15, 2001.

The registered office of our Company was further changed from Building No 24, Nirlon complex, Off Western Express Highway, Goregaon (East) Mumbai-400 063 to Building No 75, Nirlon complex, Off Western Express Highway, Goregaon (East) Mumbai-400 063 with effect from July 22, 2005.

The registered office of our Company was further changed from Building No 75, Nirlon complex, Off Western Express Highway, Goregaon (East) Mumbai-400 063 to IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604 with effect from April 24, 2010.

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. To carry on the business of borrowing/lending money by way of pledge, mortgage, hypothecation, charge or otherwise with or without any securities to any person, individual, body-corporate, firm, organization, authority but the company shall not carry on banking business within the meaning of Banking Regulations Act, 1949.*

2. To solicit and procure insurance business as Corporate Agent and to undertake such other activities as are incidental or ancillary thereto. *

2A. To carry on the activities as investment company and to buy, sell, trade, invest, deal or to do broking in shares, stocks, debentures, bonds, derivatives, commodities, obligations, bills, securities, movable and immovable property and other investments. *

**Replaced pursuant to the Composite Scheme of Arrangement approved by the Shareholders at their meeting held on December 12, 2018 and approved by Hon'ble National Company Law Tribunal, Mumbai Bench vide its Order dated March 07, 2019*

Key terms of Material Agreements and Material Contracts

Other than the below-mentioned agreements, our Company has not entered into material agreements and material contracts which are not in the ordinary course of business, in the last 2 (two) years.

(i) Shareholders Agreement between our Company, and CDC Group Plc. ("CDC")

The Company had entered into a Shareholders Agreement with CDC Group PLC (CDC) dated December 17, 2018, which came into effect after the merger of India Infoline Finance Limited with the Company and on receiving of freely tradable shares by CDC. The Shareholders Agreement confers certain rights on CDC to regulate its relationship with respect to its investment in our Company. The Shareholders Agreement shall continue to be valid and binding on the parties to it until such time that CDC ceases to hold any equity shares of the Company.

(ii) Trademark License Agreement

Pursuant to the merger of India Infoline Finance Limited with the Company, in terms of the Scheme, the Trademarks of our Company stands transferred to IIFL Securities Limited and in furtherance thereof, the Company ("**Licensee**") has entered into a trademark license agreement with IIFL Securities Limited ("**Licensor**") dated March 19, 2019 ("**Trademark License Agreement**"). Pursuant to such Trademark License Agreement, the Licensee shall continue to use the trademark, service mark and logos pertaining to "***IIFL***", for a one time fee payable to the Licensor, as set out therein. The term for which the license is granted is in perpetuity, subject to the terms and conditions contained in the Trademark License Agreement. Further, the Trademark License Agreement contains the customary provisions relating to the protection of the intellectual property, warranties, indemnities and termination.

(iii) Slump sale of Commercial Vehicle Business to IndoStar Capital Finance Limited:

The Company entered into a Business Transfer Agreement dated February 03, 2019 ("**BTA**") with IndoStar Capital Finance Limited ("**IndoStar**"). Pursuant to the agreement the Company has undertaken to sell the vehicle finance business, as a going concern by way of a slump sale.

The following is contemplated under the BTA in favour of IndoStar:

a) Transfer of loan portfolio or loan assets

b) Transfer of business assets

c) Transfer of books and records

d) Transfer of off balance sheet assets contracts and assignment of vendor contracts

e) Transfer of insurance policies by endorsement

f) Any other deeds, assignments and other instruments and documents of transfer necessary to transfer/ assign all right, title and interest under the BTA

(iv) Slump sale of Mortgage Loan Business to IIFL Home Finance Limited

The Company entered into a business transfer agreement dated June 29, 2019 ("**BTA**") with IIFL Home Finance Limited ("IIHFL") pursuant to the Company's decision to exit the line of business. IIHFL took over the housing finance loan and loan against property business of the Company, as a going concern by way of a slump sale.

Under the BTA the seller shall in one or more tranches:

a) Transfer and deliver all such assets comprising the Business Undertaking

b) Deliver all the employee information and offer employment and retention benefits to the employees and inform them of the transfer of their employment to IIHFL.

c) Transfer the outstanding credit enhancement obligations to the IIHFL, assignment of receivables and non-performing assets under the customer contracts.

d) Service provider contracts would be assigned and where consent is received letters of novation would be executed.

e) All collection and pay out services would be transferred to the IIHFL

f) Clean-up call option would be transferred to IIHFL

The transfer of outstanding credit enhancement obligations, service provider contracts, collection and pay out services would require consent to be taken by the parties from the assignees, trustees, investors, service providers and such other parties involved. On the receipt of such consent the letters of novation would be executed wherever required.

(v) Business Transfer Agreement with Samasta Microfinance Limited

The Company in its Board meeting dated November 29, 2019 approved the sale of Micro Finance business of the company to the purchaser. The company had agreed for the sale with its respective assets and liabilities as a going concern on a slump sale basis for a lump sum purchase consideration of ₹ 1,723.50 million. The sale of Micro Finance business was executed by way of Business Transfer Agreement ("**Agreement**") on December 19, 2019 between the company and the purchaser. The Company vide a Deed of Assignment ("**Deed**") dated December 19, 2019 agreed to sell, transfer and assign the receivables along with the corresponding rights, title, interest, benefits in relation to the receivables including the underlying security as defined in the deed. The company and the purchaser, both, agreed to the terms and conditions as laid down in the agreement.

Subsidiary Companies

The Company has following subsidiaries:

(i) IIFL Home Finance Limited (earlier know as India Infoline Housing Finance Limited):

IIFL Home Finance Limited was incorporated under the provisions of the Companies Act, 1956 bearing CIN U65993MH2006PLC166475 on December 26, 2006, under the name of India Infoline Housing Finance Limited. Its name was changed to 'IIFL Home Finance Limited' pursuant to fresh certificate of incorporation dated May 02, 2018 issued by the Registrar of Companies, Maharashtra, Mumbai. It is registered with the NHB as housing finance company vide registration no. 09.0175.18 dated September 14, 2018. The NHB registration no. before change of name of IIFL Home Finance Limited was 02.0070.09 dated February 03, 2009. The IIFL Home Finance Limited has been notified as a financial institution under SARFAESI Act vide Government notification dated June 23, 2010.

IIFL Home Finance is primarily engaged in providing mortgage loans, which includes housing loans and loans against property ("**LAP**") and developer loans. Housing loans include finance for purchase of flats, construction of houses, extension and for improvement in the flats/homes and for acquiring plots of land (which are intended to be used for construction of houses). LAP is availed for, working capital requirements, for business and personal use.

Change in registered office of IIFL Home Finance Limited:

The Registered office of the Company was subsequently changed from IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604 to 12A-10, 13th Floor, Parinee Crescenzo, C-38 & 39, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, with effect from June 18, 2013. Further, IIFL Home Finance Limited shifted its Registered office from 12A-10, 13th Floor, Parinee Crescenzo, C-38 & 39, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 to IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604 with effect from April 15, 2019.

Principal Business

IIFL Home Finance Limited is involved in carrying out activities of Housing Finance.

Board of Directors

Details of Board of Directors of IIFL Home Finance Limited is as set out in the below table:

S. No.	Name of Directors	Designation	DIN No.
1.	S. Sridhar	Chairman & Independent Director	00004272
2.	Kranti Sinha	Independent Director	00001643
3.	Suvalaxmi Chakraborty	Independent Director	00106054
4.	Nirmal Bhanwarlal Jain	Non-Executive Director	00010535
5.	Venkataraman Rajamani	Non-Executive Director	00011919
6.	Monu Ratra	Executive Director & CEO	07406284
7.	Arun Kumar Purwar	Independent Director	00026383

Shareholding Pattern

The Shareholding pattern of IIFL Home Finance Limited as on December 31, 2020 is as set out in the table below:

S. No.	Name of Equity Shareholders	No. of Equity Shares held of face value of ₹ 10/- each	% total of Equity Shares
1.	IIFL Finance Limited	2,09,67,581	100.00
2.	Mr. Bhawani Jhanwar*	100	0.00
3.	Mr. Narendra Jain*	100	0.00
4.	Mr. R. Mohan*	100	0.00
5.	Mr. Monu Ratra*	100	0.00
6.	Mr. Amit Kumar Gupta*	100	0.00
7.	Ms. Sneha Patwardhan *	100	0.00
	Total	**2,09,68,181**	**100.00%**

*****Note: Six (6) nominee shareholders are holding 100 equity shares each on behalf of IIFL Finance Limited.

(ii) Samasta Microfinance Limited:

Samasta Microfinance Limited ("**Samasta**") was incorporated as a public limited company under the Companies Act, 1956 on August 09, 1995, in Bangalore, Karnataka bearing CIN U65191KA1995PLC057884. Its registered office is situated at 110/3, Lal Bagh Main Rd, Krishnappa Layout, Bengaluru, Karnataka 560027, India.

Since its inception in March 2008, Samasta has been providing innovative and affordable financial products to women from unbanked sections in society in both rural and semi urban areas. Samasta as the organisation caters to 17 states across India, Samasta with its wide array of responsible financial products and services acts as a catalyst for sustainable and inclusive economic growth. As on December 31, 2020 Samasta has 605 branches across 17 states and 1 union territory.

As a business correspondent, Samasta uses its market know how and accessibility to the rural and semi urban bottom of pyramid families in India to bring microfinance services like micro loans, credit linked insurance, group based savings account etc. to their doorstep.

Transfer of Shares held by our Company in Samasta Microfinance Limited

Pursuant to the approval of the board of the Company at its meeting held on June 05, 2020, the Company has transferred, 6,60,61,285 number of fully paid equity shares of ₹ 10 each constituting of upto 25% equity shares held by the Company in Samasta Microfinance Limited at a price of ₹ 20 per equity share being the fair value as per the valuation by the Independent Chartered Accountant aggregating to ₹ 132,12,25,700.

Investment in Samasta Microfinance Limited by our Company

Pursuant to the approval of the Board of Directors of the Company at its meeting held on December 18, 2020, the Company has invested in the right issue of Samasta Microfinance Limited of 4,24,26,147 equity shares of Rs.10/- each for an amount aggregating to ₹ 67.50 crores at a price of ₹ 15.91 per share.

Principal Business

Samasta is involved in the business of microfinance lending.

Board of Directors

Details of the board of directors of Samasta is as set out in the table below:

S. No.	Name of Directors	Designation	DIN
1.	Seshadri Badrinarayanan	Independent Director	00507371
2.	Malini Benjamin Eden	Independent Director	00732954
3.	Narayanaswamy Venkatesh	Managing Director	01018821
4.	Vikraman Ampalakkat	Independent Director	01978341
5.	Shivaprakash Deviah	Wholetime Director	02216802
6.	Ramanathan Annamalai	Independent Director	02645247
7.	Monu Ratra	Director	07406284

Shareholding Pattern

The Shareholding pattern of Samasta as on December 31, 2020 is as set out in the table below:

S. No.	Name of the Share holder	No. of Equity Shares held	% of Share Holding
1.	Shivaprakash. Deviah	3,45,000	0.11
2.	Venkatakrishnama Appa Naidu Narayanaswamy	10,52,938	0.33
3.	Anitha Shivanna	1,93,200	0.06
4.	Venkatesh Narayanaswamy	13,35,840	0.42
5.	IIFL Finance Limited	23,76,83,022	74.09
6.	IIFL Home Finance Limited	8,02,03,334	25.00
7.	Prema Narayanaswamy	1	0.00
8.	Vidhya Anand	1	0.00
TOTAL		32,08,13,336	100.00

Note: Prema Narayanaswamy and Vidhya Anand holding 1 equity share of ₹ 10 each respectively are Registered owners and Beneficial Interest of such shares lies with Narayanaswamy V.A

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. The Articles of Association sets out that the number of Directors in our Company shall be not less than three and not more than Fifteen.

As of the date of this Shelf Prospectus, we have eight Directors on the Board, out of which two Directors are Executive Directors and six Directors are Non-Executive Directors. Out of the six Non-Executive Directors, four Directors are Independent Directors. Our Company has 1 (one) woman director on the Board.

Details of Board of Directors as on the date of this Shelf Prospectus:

Name, Designation, DIN, Nationality, Occupation and Term	Age (years)	Address	Date of Appointment	Other Directorships
Nirmal Bhanwarlal Jain *Designation:* Chairman & Whole-time Director *Nationality:* Indian *Occupation:* Business *DIN:* 00010535 *Term of Appointment:* Five years w.e.f. April 23,2020	54	103 A Wing, Guruprasad CHS Limited, TPS II, CTS 777, F.P., 10 Hanuman Road, Vile Parle (East), Mumbai – 400 057.	18/10/1995	1. IIFL Wealth Management Limited 2. IIFL Home Finance Limited 3. MNJ Consultants Private Limited. 4. Pratham Education Foundation.
Venkataraman Rajamani *Designation:* Managing Director *Nationality:* Indian *Occupation:* Business *DIN:* 00011919 *Term of Appointment:* Five years w.e.f. April 23, 2020	53	604, Glen Heights, Hiranandani Gardens, Powai, Mumbai – 400 076.	05/07/1999	1. IIFL Wealth Management Limited 2. IIFL Home Finance Limited 3. IIFL Management Services Limited 4. IIFL Securities Limited 5. IIFL Asset Management Limited 6. Orphues Trading Private Limited
Arun Kumar Purwar *Designation:* Independent Director *Nationality:* Indian *Occupation:* Professional *DIN:* 00026383	74	C-2303/4, Flr-23, Ashok Tower, Dr. SS Rao Road, Parel, Mumbai – 400 012	10/03/2008	1. Jindal Steel and Power Limited 2. ONGC Tripura Power Company Limited 3. Alkem Laboratories Limited 4. Balaji Telefilms Ltd. 5. IIFL Home Finance Limited 6. Eroute Technologies Private Limited 7. Energy Infratech Private Limited

Name, Designation, DIN, Nationality, Occupation and Term	Age (years)	Address	Date of Appointment	Other Directorships
Term of Appointment: Five years w.e.f. April 01, 2019				8. Mizuho Securities India Private Limited
Geeta Mathur *Designation:* Independent Director *Nationality:* Indian *Occupation:* Professional *DIN:* 02139552 *Term of Appointment:* Five Years w.e.f. September 18, 2019	54	B-1/8, Vasant Vihar 1, New Delhi 110057.	18/09/2014	1. Motherson Sumi Systems Limited 2. NIIT Limited 3. IIFL Wealth Management Limited 4. TATA Communications Transformation Services Limited 5. Sentiss Pharma Private Limited 6. JTEKT India Limited 7. Ummeed Housing Finance Private Limited 8. IPE Global Centre For Knowledge And Development 9. Info Edge (India) Limited 10. Raymond Consumer Care Limited 11. Onmobile Global Limited 12. Canara HSBC Oriental Bank of Commerce life Insurance Company Limited
Vijay Kumar Chopra *Designation*: Independent Director *Nationality:* Indian *Occupation:* Professional *DIN:* 02103940 *Term of Appointment:* Five Years w.e.f. May 21, 2019	74	4-A, Harmony Tower, Dr. E. Moses Road, Worli, Mumbai – 400018, Maharashtra	21/05/2019	1. Pegasus Asset Reconstruction Private Limited 2. Milestone Capital Advisors Private Limited 3. Greenlam Industries Limited 4. Future Enterprises Limited 5. Sheela Foam Limited 6. IIFL Facilities Services Limited 7. Nippon Life India Trustee Limited
Nilesh Vikamsey *Designation:* Independent Director *Nationality:* Indian *Occupation:* Professional *DIN:* 00031213 *Term of Appointment:* Five Years w.e.f. April 01, 2019	56	Kalpataru Habitat, 184 / A Wing, Dr. SS. Rao Road, near Gandhi Hospital, Parel, Mumbai 400012.	11/02/2005	1. IIFL Wealth Management Limited 2. Navneet Education Limited 3. Thomas Cook (India) Limited 4. PNB Housing Finance Limited 5. NSEIT Limited 6. SOTC Travel Limited 7. Nippon Life India Trustee Limited 8. Gati Limited

Name, Designation, DIN, Nationality, Occupation and Term	Age (years)	Address	Date of Appointment	Other Directorships
Nagarajan Srinivasan *Designation:* Non-Executive Director *Nationality:* Indian *Occupation:* Professional *DIN:* 01480303 *Term of Appointment:* As per the terms contained in the Shareholders Agreement with CDC Group PLC (CDC) dated December 17, 2018	58	64, 31st Cross, 7th Block Jayanagar, Bangalore South, BSK II Stage, Bangalore - 560082	21/05/2019	1. Ayana Renewable Power Private Limited 2. CDC India Advisers Private Limited 3. Rainbow Children's Medicare Private Limited 4. Blue Sapphire Healthcares Private Limited 5. Healthcare Global (Africa) Private Limited 6. CDC India Investments Private Limited
Chandran Ratnaswami *Designation:* Non-Executive Director *Nationality:* Canadian *Occupation:* Professional *DIN:* 00109215 *Term of Appointment:* Retirement by rotation	71	177 Mckee Avenue, Ontario, M2N4C6 Toronto M2N4C6 CA	15/05/2012	1. Thomas Cook (India) Limited 2. Quess Corp Limited 3. Bangalore International Airport Limited 4. Sanmar Engineering Services Limited 5. Go Digit General Insurance Limited 6. Fairbridge Capital Private Limited 7. National Collateral Management Services Limited 8. Go Digit Infoworks Services Private Limited

Brief profile/particulars of the Directors of the Company

Nirmal Bhanwarlal Jain, Chairman & Whole-Time Director

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

Venkataraman Rajamani, Managing Director

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

Arun Kumar Purwar, Independent Director

Mr. Arun Kumar Purwar works as Chairman of Eroute Technologies Private Limited, a fintech Co. He also works as an Independent Director in Companies across diverse sectors like power, telecom, steel, engineering consultancy, pharma and financial services. He also acts as an advisor to Mizuho Securities, Japan. He was Chairman of the State Bank of India ("SBI") from 2002 to 2006 and Chairman of the Indian Bank Association during 2005 to 2006. He has previously held positions such as Managing Director of State Bank of Patiala and has been associated in the setting up of SBI Life. Post his retirement from SBI, he was associated with a leading industry house in setting up the first healthcare focused private equity fund as well as a non-banking finance company focused on funding real estate projects as well as educational institutions. He has won a number of awards including the CEO of the year award from the Institute of Technology and Management (2004), "Outstanding Achiever of the Year" award from the Indian Banks' Association (2004) and "Finance Man of the Year" Award by the Bombay Management Association in 2006.

Geeta Mathur, Independent Director

Ms. Geeta Mathur is an experienced finance professional having worked as a banker both on the asset side and risk side and with large corporate treasuries and investor relations. She started her career with ICICI, where she worked for over 10 years in the field of project, corporate and structured finance as well represented ICICI on the Board of reputed companies such as Eicher Motors, Siel Limited etc. She then worked in various capacities in large organizations such as IBM and Emaar MGF across areas of Corporate Finance, Treasury, Risk Management and Investor relations. She currently serves as an independent director in various large organizations across manufacturing and services such as Motherson Sumi Systems Limited, Info Edge (India) Limited, NIIT Ltd, Tata Communication Transformation Services Limited. She co chairs the India chapter of Women Corporate Directors Foundation, a global membership organization and community of women corporate directors with a mission is to foster a powerful, trusted community of influential women corporate directors. She is a graduate in Commerce from Shriram College of Commerce, Delhi University and did her articles with PriceWaterhouse while pursuing her CA.

Vijay Kumar Chopra, Independent Director

Mr. Vijay Kumar Chopra is a fellow member of the Institute of Chartered Accountants of India. He was the whole-time member of SEBI for two years; prior to that he has been a career banker and has held several top positions during his 36 years of experience in banking industry. Some of his accomplishments include being the Chairman and Managing Director in Corporation Bank and SIDBI, 3 years as an Executive Director in Oriental Bank of Commerce and 31 years in various capacities in Central Bank of India.

Nilesh Vikamsey, Independent Director

Mr. Nilesh Vikamsey is a senior partner at Khimji Kunverji & Co LLP, an 82-year-old Chartered Accountants firm, which is a member firm of HLB International. He is presently Member of the Advisory Committee on Mutual Funds & Corporate Governance Committee of Securities and Exchange Board of India (SEBI), Risk Management Committee of Central Depository Services (India) Limited (CDSL), and Expert Advisory Committee of Institute of Chartered Accountants of India (ICAI). He is the Past President of ICAI. He was an observer on the Board of International Federation of Accountants and Member of IFAC's Technology Advisory Group. He was a member of IRDA. He was the Chairman of SEBI's Qualified Audit Report Committee and member of Corporate Governance Committee chaired by Uday Kotak, Primary Market Advisory Committee and Committee on Disclosures and Accounting Standards (SCODA). He is a Speaker/Chairman, at various seminars, meetings, lectures held by various Committees, Regional Councils, Branches & Study Circles of ICAI, Bankers Training College of the RBI, Comptroller & Auditor General of India (C&AG) and various other organisations.

Nagarajan Srinivasan, Non-Executive Director

Mr. Nagarajan Srinivasan is the Managing Director and Head–Asia of CDC India, a wholly-owned subsidiary of CDC Group Plc., London, based in Bengaluru since 2013. His role relates to all CDC's investments in South Asia for its three lines of activity: Funds & Capital Partnerships, Direct Equity investments and Debt/Structured Finance. He joined Commonwealth Development Corporation, London in 1996, and was seconded to Africa where he served for about 4 years. He moved to India in 2000 and worked for Actis Private Equity Fund between 2004- 2012. He has been on the board of several companies as Director and currently he is on the boards of 9 CDC investee companies in India. He holds a MA (Economics) from Madras University and PGDBM from Warwick School of Business and has completed senior Leadership program from Harvard Business School. On the board of our Company, Mr. Nagarajan represents CDC Group Plc with effect from May 5, 2020.

Chandran Ratnaswami, Non-Executive Director

Mr. Chandran Ratnaswami is a Non-Executive Director of the Company. He is the Chief Executive Officer and Director of Fairfax India Holdings Corporation, a Company listed on the Toronto Stock Exchange and is also a Managing Director of Hambli Watsa Investment Counsel Limited, a wholly owned investment management company of Fairfax Financial Holdings Limited. Hamblin Watsa provides discretionary investment management to all the insurance and reinsurance subsidiaries of Fairfax and currently manages approximately $ 40 Billion of assets.

Mr. Ratnaswami serves on the Boards of, among others, Quess Corp Limited, Bangalore International Airport Limited, National Collateral Management Services Limited, Go Digit General Insurance Limited, Thomas Cook (India) Limited, Fairbridge Capital Private Limited in India, Zoomer Media, Fairfax India Holdings Corporation in Canada, Thai Reinsurance, Thailand, and Fairfirst Insurance Limited, Sri Lanka. He holds a Bachelor's degree in Civil Engineering from IIT Madras, India and an MBA from the Rotman School of Management, University of Toronto, Canada.

Relationship between Directors

None of our Directors are related to each other. None of our Directors is, or was, a director of any listed company, which has been or was delisted from any recognised stock exchange, during the term of his/her directorship in such company.

Remuneration of Directors

The Nomination and Remuneration Committee ("**NRC**") determines and recommends to the Board the compensation to Directors. The Board of Directors or the shareholders, as the case may be, approve the compensation to Directors. The tables and details below sets forth the details of the remuneration pertaining to the last three financial years which has been paid or was payable to the Directors by the Company. The Directors do not receive any remuneration from our subsidiary and associate companies except Mr. Venkataraman Rajamani who was paid remuneration upto May 14, 2019 by the subsidiary of the Company i.e. India Infoline Finance Limited which got merged with the Company w.e.f March 30, 2020 under the Composite Scheme of Arrangement approved by the Hon'ble NCLT vide its Order dated March 07, 2019. Mr. Venkataraman Rajamani was also appointed as the Managing Director of IIFL Securities Limited, another group company with effect from May 15, 2019 and thereafter his entire Remuneration was paid by IIFL Securities Limited.

Details of remuneration paid to the Executive Directors for the nine months ended December 31, 2020 and financial years ended March 31, 2020, March 31, 2019 and March 31, 2018, by our Company:

(₹ In million)

Name of Director	December 31, 2020	FY 2019-20#	FY 2018-19#	FY 2017-18
Nirmal Bhanwarlal Jain^	40.24	86.97	68.71	54.35
Venkataraman Rajamani*	-	5.50	48.57	38.49

 # Inclusive of charge towards Gratuity / leave liability.

^Entire remuneration was paid by the subsidiary of the Company i.e. India Infoline Finance Limited which got merged with the Company w.e.f March 30, 2020 under the Composite Scheme of Arrangement approved by the Hon'ble NCLT vide its Order dated March 07, 2019. The remuneration for the nine months ended December 31, 2020 is being paid by the Company.

**Mr. Venkataraman Rajamani who was paid remuneration upto May 14, 2019 by the subsidiary of the Company i.e. India Infoline Finance Limited which got merged with the Company w.e.f March 30, 2020 under the Composite Scheme of Arrangement approved by the Hon'ble NCLT vide its Order dated March 07, 2019. Mr. Venkataraman Rajamani was also appointed as the Managing Director of IIFL Securities Limited, one of the group company w.e.f May 15, 2019 and thereafter his entire Remuneration was paid by IIFL Securities Limited.*

Our Directors have not received any remuneration from Subsidiary and Associate companies.

The terms of remuneration of the Executive Directors are as below:

1. Nirmal Bhanwarlal Jain, Chairman & Whole Time Director

The following table sets forth Terms of Remuneration to Nirmal Bhanwarlal Jain, Whole Time Director reappointed with effect from April 23, 2020, as approved by the Shareholders of the Company at their Annual General Meeting held on September 30, 2019 and by Board as on May 28, 2020:

Particulars	Terms of Remuneration
Basic Salary (w.e.f. April 01, 2020)	₹ 3.13 million per month.
Housing/ HRA	He shall be entitled to a Company provided house or house rent allowance of upto 50 % of basic salary.
Leave Travel	Expenses for him and his family, once in a year subject to a maximum of one month's basic salary.
Other benefits (w.e.f. April 01, 2020)	In addition to the above, he will be entitled to claim reimbursement of expenses on account of home furnishing, residence telephones, two cars, business promotion, entertainment, professional development and traveling, full re-imbursement of the education expenses of his children and other incidental expenses incurred in the normal course of the company's business, full medical expenses incurred for self and his family, including premium for medical insurance. Other benefits will be subject to a maximum of ₹ 1.25 million per month.
Increment	Board / Nomination and Remuneration Committee can determine the remuneration on an annual basis subject to increment not exceeding 25% p.a. of basic salary, allowances and perquisites.
Commission	He shall be paid commission as permissible under the Companies Act, 2013 and as determined by the Board / Nomination and Remuneration Committee from time to time. In addition, he will be eligible for contribution to provident funds, gratuity and superannuation and leave encashment as per the rules of the Company.

2. Venkataraman Rajamani, Managing Director

Mr. Venkataraman Rajamani is also a Managing Director of IIFL Securities Limited, an IIFL group company. He is drawing his entire remuneration from IIFL Securities Limited and not drawing any remuneration from the Company.

Remuneration of Non-Executive and Independent Directors

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

With effect from October 01, 2020 the Company shall pay sitting fees of ₹ 1,00,000 (Rupees One Lakh only) per meeting to Non – Executive Independent Directors for attending meetings of the Board and Audit Committee and ₹ 30,000 (Rupees Thirty Thousand only) per meeting for attending other Committee meetings plus reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. Except the Corporate Social Responsibility Committee meetings for which there is no sitting fees is payable.

Before October 01, 2020 the Company was paying sitting fees of ₹ 30,000 (Rupees Thirty Thousand only) per meeting to the Non-Executive Independent Directors for attending meetings of the Board and Audit Committee and ₹ 15,000 (Rupees Fifteen Thousand only) towards attending each of the other committee meetings plus reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. Except the Corporate Social Responsibility Committee meetings for which there is no sitting fees is payable.

Apart from above, the Non-Executive Directors and Independent Directors are eligible for commission as approved by the shareholders of the Company at the Annual General Meeting held on July 29, 2016. The amount of commission is based on the overall financial performance of the Company and Board of Directors. The commission payable to the Non-Executive Independent Directors of the Company is as decided by the Board of the Company from time to time provided it does not exceed one percent of the net profit of the Company for the respective year.

The following table sets forth all compensation recorded by the Company to the Non-Executive Independent Directors for the nine months ended December 31, 2020, financial year ended March 31, 2020, March 31, 2019 and March 31, 2018:

(₹ In million)

Name of Director	December 31, 2020		March 31, 2020		March 31, 2019		March 31, 2018	
	Commission	Sitting Fees	Commission	Sitting Fees*	Commission	Sitting Fees	Commission	Sitting Fees
Nilesh Vikamsey	-	1.025	1.00	1.2	1.00	0.495	1.00	0.225
Geeta Mathur	-	0.875	1.00	1.005	1.00	0.42	1.00	0.36
Arun Kumar Purwar	-	0.575	1.00	0.39	1.00	0.345	1.00	0.18
Kranti Sinha#	-	-	-	0.195	1.00	0.45	1.00	0.345
S Narayan#	-	-	-	0.12	1.00	0.09	1.00	0.12
Vijay Kumar Chopra##	-	0.98	1.00	1.23	NA	NA	NA	NA

Notes:

**The sitting fees include the fees paid as independent director of India Infoline Finance Limited for its Committees and Board Meetings attended.*

 # Mr. Kranti Sinha and Mr. S Narayan ceased to be Directors w.e.f. May 21, 2019

*## Mr. Vijay Kumar Chopra was appointed as Independent Director w.e.f. May 21, 2019 and subsequently his appointment was approved by the shareholders at the 24th Annual General Meeting of the Company he*ld on September 30, 2019.

Terms of Appointment of Independent Directors

The following are the terms and conditions for the Independent Directors of the Company:

1. Appointment

   Appointment will be for a term of five years from the date of appointment unless terminated earlier or extended, as per the provisions of this letter or applicable laws ("**Term**"). Independent Director will not be liable to retire by rotation.

   Re-appointment for another term of maximum period of five years at the end of the current term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders by way of Special Resolution. Re-appointment would be considered by the Board based on the outcome of the performance evaluation process and upon continuance of meeting the independence criteria.

2. Role, duties and responsibilities

I. As member of the Board Independent Directors' along with the other Directors will be collectively responsible for ensuring the objectives of the Board which include:

   (a) The Company ensuring the requirements under the Companies Act, 2013

   (b) Responsibilities of the Board as outlined in the Corporate Governance requirements as prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

   (c) Accountability under the Directors' Responsibility Statement,

(d) Overseeing the maintenance of high standards of company's values and ethical conduct of business,

(e) Reviewing the business plan, model and monitoring the action plan,

(f) Overseeing the Company's contribution to enhancing the corporate social responsibility

(g) Act not in a manner that unfairly obstructs the functioning of the board and its committees

(h) Strive to attend all meetings of the board and its committees

II. Independent Directors' shall abide by the 'Code for Independent Directors' as outlined in Schedule IV to Section 149(8) of the 2013 Act, and duties of directors as provided in the 2013 Act (including Section 166), in Listing Agreement/SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and in other applicable laws as may be applicable from time to time.

3. Time Commitment

Independent Directors' shall devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as an Independent Director.

4. Remuneration

(a) An Independent Director shall be paid sitting fees for attending the meetings of the Board and the Committees of which the Independent Director is a member as fixed by the Board from time to time. In addition to the sitting fees, Independent Director may be eligible for commission as may be decided by the Board subject to the necessary approval of the shareholders of the Company.

(b) Further, the Company may pay or reimburse such reasonable travel, hotel or other related expenditure, as may have been incurred by while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred for attending Board/ Committee meetings, Annual General Meetings, Extraordinary General Meetings, court convened meetings, meetings with shareholders/ creditors/ management, induction and training (organized by the Company for Directors) and in obtaining, subject to prior consultation with the Board, professional advice from independent advisors in the furtherance of the duties as an Independent Director

5. Insurance

The Company has obtained Directors' and Officers' liability insurance policy and Independent Directors' will be covered under the same.

6. Code of Conduct

The Independent Director of the Company agrees to comply with the Code of Conduct for Non-Executive Directors (NEDs) as outlined below:

(a) Non-Executive Directors of a Company will always act in the interest of the Company and ensure that any other business or personal association which they may have, does not involve any conflict of interest with the operations of the Company and his/ her role therein,

(b) Non-Executive Directors will comply with all applicable laws and regulations of all the relevant regulatory and other authorities as may be applicable to such Directors in their individual capacities,

(c) Non-Executive Directors will strictly safeguard the confidentiality of all information received by them by virtue of their position.

(d) Unless specifically authorised by the Company, you shall not disclose company and business information to public constituencies such as the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors and importers.

(e) Your obligation of confidentiality shall survive termination or cessation of your directorship with the Company.

(f) We would also like to draw your attention to the applicability of both, SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Code of Conduct on Prevention of Insider Trading Policy, prohibiting disclosure or use of unpublished price sensitive information.

Additionally, they shall not participate in any business activity which might impede the application of your independent judgment in the best interest of the Company. they are required to sign a confirmation of acceptance of the Code of Conduct for NEDs on annual basis.

7. Familiarization program

The Company shall, if required, conduct formal familiarization program for its Independent Directors.

8. Performance Appraisal / Evaluation Process

As a member of the Board, Independent Director's performance as well as the performance of the entire Board and its Committees shall be evaluated annually. Evaluation of each director shall be done by all the other directors. The criteria for evaluation shall be determined by the Nomination and Remuneration Committee and disclosed in the Company's Annual Report.

However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

9. Disclosures, other directorships and business interests

During the Term, Independent Directors' agree to promptly notify the Company of any change in their directorships and provide such other disclosures and information as may be required under the Applicable Laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Director of the Company, they shall promptly disclose the same to the Chairman and the Company Secretary. As on date of this letter, they have no such conflict of interest issues with your existing directorships. Further, they are required to obtain prior consent of the Company in case they intent to join the board of any companies engaged in the same sphere of activities that of IIFL group.

During their term, they agree to promptly provide a declaration under Section 149(7) of the 2013 Act, every year and upon any change in circumstances within 20 days which may affect their status as an Independent Director.

10. Changes of personal details

During the term, Independent Directors' shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

11. Termination

Your directorship on the Board of the Company shall terminate or cease in accordance with law. Apart from the grounds of termination as specified in the 2013 Act, your directorship may be terminated in case of violation of any provision of the Code of Conduct as applicable to Non-Executive Directors.

You may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation and also to Registrar of Companies (RoC). The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later.

If at any stage during the Term, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the 2013 Act or, if applicable, you fail to meet the criteria for "independence" pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, you agree to promptly submit your resignation to the Company with effect from the date of such change.

12. Co-operation

    In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on Independent Directors' part during the term, they agree to render all reasonable assistance and co-operation to the Company and provide such information and documents as are necessary and reasonably requested by the Company or its counsel.

13. Miscellaneous

    This letter represents the entire understanding, and constitutes the whole agreement, in relation to your appointment and supersedes any previous agreement between yourself and the Company with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.

    No waiver or modification of this letter shall be valid unless made in writing and signed by Independent Director and the Company.

    As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the terms of the letter along with their detailed profile shall be disclosed on the website of the Company and the relevant stock exchange.

Other understandings and confirmations

No Director of our Company is a director or is otherwise associated in any manner with any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, willful defaulter list maintained by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority.

None of our Directors is, or was, a director of any listed company, which has been or was delisted from any recognised stock exchange, during the term of his/her directorship in such company.

None of our Directors have committed any violation of securities laws in the past and no such proceedings are pending against any of our Directors.

None of our present Directors are related to each other.

None of our Directors have not been categorised as a wilful defaulter by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months

Borrowing Powers of the Board:

Pursuant to resolution passed by the shareholders of our Company at their AGM held on September 30, 2019 and in accordance with provisions of Section 180 (1)(c) and all other applicable provisions of the Companies Act, 2013 and Articles of Association the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) by a sum not exceeding ₹ 35,000 Crores (Rupees Thirty Five Thousand Crores Only).

Interest of the Directors:

All the directors of our Company, including our independent directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. All the non-executive independent directors of our Company are entitled to sitting fees for every meeting of the Board or a committee thereof except the Corporate Social Responsibility Committee meetings for which no sitting fees is payable. The whole-time Directors of our Company are interested to the extent of remuneration paid for services rendered / ESOP granted, if any, as an officer or employee of our Company. The Non-Executive Non-Independent Directors are not paid any sitting fees and commission.

All the directors of our Company, including independent directors, may also be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Shelf Prospectus and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Shelf Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them. Our Company's directors have not taken any loan from our Company.

As on the date of this Prospectus, our Directors have not taken any loan from our Company. Except as disclosed in the Section "*Financial Statements*" on page 188 of this Shelf Prospectus none of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to anybody corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them to become, or to help them qualify as a director, or otherwise for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

None of our Directors' relatives have been appointed to an office or place of profit.

Except as disclosed hereinabove and the section titled *"Risk Factors"* on page 24 of this Shelf Prospectus, the Directors do not have an interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as stated in the section titled *"Financial Statements"* on page 188 of this Shelf Prospectus and to the extent of compensation and commission if any, and their shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors have no interest in any immovable property acquired or proposed to be acquired by the Company in the preceding two years of filing this Shelf Prospectus with the Designated Stock Exchange nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to the Company. No benefit/interest will accrue to our Promoters/Directors out of the objects of the issue.

Debenture holding of Directors:

Except as mentioned below, as on December 31, 2020, none of the Directors of our Company hold any Debentures issued by our Company:

Sr. No.	Name of the Director	ISIN	Debenture Holding	Amount (₹)
1.	Nirmal Bhanwarlal Jain	INE866I08337	10	92,14,048.2*
2.	Venkataraman Rajamani	INE530B07054	203	2,03,00,000

***** The Company had partially redeemed the Non-Convertible Debentures, issued under the ISIN INE866I08337, on December 22, 2020 but the corporate action of the redemption was filed with the depositories on January 06, 2021.

Details of change in Directors of our Company during last three years preceding the date of this Shelf Prospectus:

Name of Director, Designation and DIN	Appointment / Resignation/ Change in Designation	Date of Appointment/ Resignation	Director of the Company since (in case of resignation)	Remarks (if any)
Vijay Kumar Chopra *Designation:* Independent Director *DIN:* 02103940	Appointment	21/05/2019	-	-
Nagarajan Srinivasan *Designation:* Non-Executive Director *DIN:* 01480303	Appointment	21/05/2019	-	-
Mr. Kranti Sinha *Designation:* Independent Director *DIN:* 00001643	Resignation	21/05/2019	27/01/2005	-
Mr. Subbaraman Narayan *Designation:* Independent Director *DIN:* 00094081	Resignation	21/05/2019	01/08/2012	-

Shareholding of Directors, including details of qualification shares held by Directors as on the date of this Shelf Prospectus:

As on December 31, 2020, none of our Directors hold any qualification shares in our company

Shareholding of our Directors in our Company is as follows:-

S. No.	Name of the Director, Designation and DIN	No. of Equity Shares of ₹ 2 each	% of total shares of our Company
1.	Mr. Nirmal Bhanwarlal Jain *Designation:* Chairman & Whole-Time Director *DIN:* 00010535	4,77,19,154	12.61
2.	Mr. Venkataraman Rajamani *Designation:* Managing Director *DIN:* 00011919	1,09,84,432	2.90
3.	Mr. Nilesh Vikamsey *Designation:* Independent Director *DIN:* 00031213	165,000	0.04
4.	Mr. Arun Kumar Purwar *Designation:* Independent Director *DIN:* 00026383	95,000	0.03

Shareholding of Directors in subsidiaries companies, including details of qualification shares held by Directors as on the date of this Shelf Prospectus:

As of the date of this Shelf Prospectus, none of our Directors hold any shares in our Subsidiary companies.

Key Managerial Personnel's of our Company:

Rajesh Rajak - Chief Financial Officer

Mr. Rajesh Rajak comes with more than 22 years of work experience in the Financial Sector. Prior to this, he was working as Senior Vice President with HDFC Bank Ltd., where he has been for the past 14 years, heading the Business Finance function across all business of the Bank. Mr. Rajesh has also worked with IDBI Bank, Union National Bank- UAE and Ernst & Young.

Sneha Patwardhan – Company Secretary & Compliance Officer*

Ms. Sneha Patwardhan, is a qualified member of the Institute of Company Secretaries of India, a Law Graduate and Post Graduate in Commerce. She has around 13 years of experience in the field of Secretarial, Compliance, Legal, Corporate Advisory, Corporate Governance and Mergers & Acquisitions. Prior to joining IIFL, she was part of the General Corporate Law Practice at Cyril Amarchand Mangaldas.

**Note: Mr. Jayesh Sharma, Company Secretary of the Company has resigned to pursue other opportunities. His resignation was accepted by the Board of Directors at its meeting held on November 03, 2020 and he was relieved from the services w.e.f. November 03, 2020.*

Apart from the Key Managerial Personnel's of our Company as disclosed above, Nirmal Bhanwarlal Jain and Venkataraman Rajamani are also the Key Managerial Personnel of the Company and their profiles are stated in this section under the head "*Brief profiles / particulars of the Directors of the Company"*.

Corporate Governance

We are in compliance with the requirements in relation to the composition of the Board of Directors and constitution of Committees such as Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Risk Management Committee as mandated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to a RBI Circular dated May 8, 2007 (including modifications made from time to time) and the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, all NBFC-ND-SIs are required to adhere to certain corporate governance norms including constitution of Audit Committee, Nomination and Remuneration Committee, Asset Liability Management Committee, Risk Management committee, IT Strategy Committee and certain other norms in connection with disclosure and transparency and connected lending. Our Company is in compliance with these corporate governance requirements.

Details of various committees of the Board as on December 31, 2020:

Audit Committee

The Audit was last reconstituted vide a resolution passed by the Board on March 12, 2020 effective date being March 30, 2020. As on the date of this Shelf Prospectus, it comprises of:

Name	Designation	Nature of Directorship
Vijay Kumar Chopra	Chairman	Independent Director
Nilesh Vikamsey	Member	Independent Director
Nagarajan Srinivasan	Member	Non-Executive Director
Geeta Mathur	Member	Independent Director

The scope of the Audit Committee includes the references made under Regulation 18 read with part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 177 and other applicable provisions of the Companies Act, 2013 besides the other terms that may be referred by the Board of Directors. The broad terms of reference of the Audit Committee are:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

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

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

    (b) Changes, if any, in accounting policies and practices and reasons for the same;

    (c) Major accounting entries involving estimates based on the exercise of judgment by management;

    (d) Significant adjustments made in the financial statements arising out of audit findings;

    (e) Compliance with listing and other legal requirements relating to financial statements;

    (f) Disclosure of any Related Party Transactions;

    (g) Modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue and making appropriate recommendations to the Board to take up steps in this matter;

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

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

9. Scrutiny of inter-corporate loans and investments;

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

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure or internal control systems or a material nature and reporting the matter to the Board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To review the functioning of the Whistle Blower Mechanism;

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

21. Reviewing the utilization of loans and/ or advances from/investment by the Company in its subsidiaries exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances /investments existing;

22. Reviewing the following information:

    I. Management discussion and analysis of financial condition and results of operations;

    II. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by management;

    III. Management letters/ letters of internal control weaknesses issued by the statutory auditors;

    IV. Internal audit reports relating to internal control weaknesses; and

    V. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

    VI. Statement of deviations:

        (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1).

        (b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7).

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was last reconstituted vide a resolution passed by the Board on March 12, 2020 effective date being March 30, 2020. As on the date of this Shelf Prospectus, it comprises:

Name	Designation	Nature of Directorship
Vijay Kumar Chopra	Chairman	Independent Director
Nagarajan Srinivasan	Member	Non-Executive Director
Arun Kumar Purwar	Member	Independent Director
Nilesh Vikamsey	Member	Independent Director

The scope of activities of the Nomination and Remuneration Committee is as set out in Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended read with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee are broadly as follows:

1. Succession planning of the Board of Directors and Senior Management Employees;

2. Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;

3. Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;

4. Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;

5. Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, it also ensures that the relationship of remuneration to performance is clear, that the performance meets the appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay, reflecting the short- term and long- term objectives of the Company;

6. Devising a policy on diversity of Board of Directors;

7. Administer, monitor and formulate detailed terms and conditions of the employees' stock option scheme;
8. Recommend to the Board, all remuneration, in whatever form, payable to senior management;

9. Ensure 'fit and proper' status of proposed/ existing directors as per RBI guidelines.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was last reconstituted vide a resolution passed by the Board on December 06, 2017. As on the date of this Shelf Prospectus, it comprises:

Name	Designation	Nature of Directorship
Arun Kumar Purwar	Chairman	Independent Director
Nirmal Bhanwarlal Jain	Member	Whole Time Director
Venkataraman Rajamani	Member	Managing Director

The broad terms of reference of committee are as under:

1. Approval of transfer/ transmission of shares/ debentures and such other securities as may be issued by the Company from time to time;

2. Approval to issue of duplicate share certificates for shares/ debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;

3. Approval to issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates/ certificates relating to other securities;

4. Approval to issue and allot right shares/ bonus shares pursuant to a Rights Issue/ Bonus Issue made by the Company, subject to such approvals as may be required;

5. To approve and monitor dematerialization of shares/ debentures/ other securities and all matters incidental or related thereto;

6. Monitoring expeditious redressal of investors/ stakeholders grievances;

7. Review of measures taken for effective exercise of voting rights by shareholders;

8. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;

9. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the Company;

10. All other matters incidental or related to shares, debentures and other securities of the Company.

Risk Management Committee

The Risk Management Committee was last reconstituted vide a resolution passed by the Board on January 29, 2021. As on the date of this Shelf Prospectus, it comprises:

Name	Designation	Nature of Directorship
Arun Kumar Purwar	Chairman	Independent Director
Nilesh Vikamsey	Member	Independent Director
Nagarajan Srinivasan	Member	Non Executive Director
Geeta Mathur	Member	Independent Director
Venkataraman Rajamani	Member	Managing Director
Sanjeev Srivastava	Member	Chief Risk Officer

The broad terms of reference of the Committee are as under:

1. Reviewing risks including cyber security and evaluating the treatment including initiating mitigation actions;

2. To monitor and review the overall risk management plan of the Company including liquidity risk;

3. To ensure there is an embedded, robust process in place throughout the Company to identify, assess, mitigate and report business risks with clear lines of ownership;

4. To drive and co-ordinate risk management process covering all areas of risk (including operational, strategic, financial, commercial, regulatory, reputational etc);

5. To ensure that the business risk strategy and management processes comply with applicable regulatory requirements and corporate governance principles;

6. To ensure that the business risk management principles and processes are widely understood across the Company through adequate induction, training and awareness programmes;

7. To periodically monitor and review Company's key business risks and risk mitigation plans, and advise the Board of business risks which could materially impact Company's delivery of its business plans, strategy, and reputation, if left untreated;

8. To monitor external developments in the business environment which may have an adverse impact on Company's risk profile, and make recommendations, as appropriate;

9. To sponsor specialist reviews of key risk areas as appropriate;

10. To report to the Board on key risks, risk management performance and the effectiveness of internal controls;

11. To constitute operating risk management committee and delegate such powers to it as may be deemed necessary;

12. Any other matter as may be mandated/referred by the Authority/Board.

Corporate Social Responsibility Committee ("CSR Committee")

The Corporate Social Responsibility Committee was constituted vide a resolution passed by the Board on March 29, 2014. As on the date of this Shelf Prospectus, it comprises:

Name	Designation	Nature of Directorship
Nirmal Bhanwarlal Jain	Chairman	Whole Time Director
Nilesh Vikamsey	Member	Independent Director
Venkataraman Rajamani	Member	Managing Director

The terms of reference of Corporate Social Responsibility Committee (CSR) is mentioned below:

1. To review the existing CSR Policy indicating activities to be undertaken as specified in Schedule VII of the Companies Act, 2013. The CSR policy of the Company may be accessed on the website of the company i.e. www.iifl.com

2. To provide guidance on various CSR activities and to monitor the same.

Asset Liability Management Committee ("ALCO")

The Asset Liability Management Committee was last reconstituted vide a resolution passed by the Board on January 29, 2021. As on the date of this Shelf Prospectus, it comprises:

Name	Designation	Nature of Directorship
Venkataraman Rajamani	Chairman	Managing Director

Name	Designation	Nature of Directorship
Vijay Kumar Chopra	Member	Independent Director
Rajesh Rajak	Member	Chief Financial Officer
Sanjeev Srivastava	Member	Chief Risk Officer
Govind Modani	Member	VP Treasury

The broad terms of reference of committee are as under:

1. Ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives;

2. Prepare forecasts (simulations) showing the effects of various possible changes in market conditions related to the balance sheet and recommend the action needed to adhere to Company's internal limits;

3. Ensure that the Company operates within the limits / parameters set by the Board;

4. ALCO would also articulate the current interest rate view of the Company and base its decisions for future business strategy on this view;

5. Measuring and managing liquidity needs and ensure Company's ability to meet its liabilities as they become due, liquidity management can reduce probability of an adverse situation developing;

6. Present to the Board statement of assets and liabilities;

7. Update Board on various assets and securitization of mortgage loans, commercial vehicle & gold loans;

8. Recommending Board about the viable source of finance to cater fund requirements of the Company;

9. Any other matter as may be mandated/referred by the Authority/Board.

Finance Committee

The Finance Committee was last reconstituted vide a resolution passed by the Board on January 29, 2021. As on the date of this Shelf Prospectus, it comprises**:**

Name	Designation	Nature of Directorship
Venkataraman Rajamani	Chairman	Managing Director
Nirmal Bhanwarlal Jain	Member	Whole-Time Director
Rajesh Rajak	Member	Chief Financial Officer
Sanjeev Srivastava	Member	Chief Risk Officer

The terms of reference of the Finance Committee inter alia includes the following:

1. To borrow funds for and on behalf of the Company up to the maximum amount as determined by the Board of Directors of the Company from time to time.

2. To invest funds of the Company from time to time in equity shares, preference shares, debt securities, bonds, whether listed or unlisted, secured or unsecured, fixed deposits, units of mutual fund, security receipts, securities, etc taking into consideration all investment parameters subject to such amount and limits as provided in the Investment policy of the Company and any amount above this said amount shall require the approval of Board at its Board Meeting;

3. To allot securities of the Company including equity shares, preference shares, debt securities, bonds, etc from time to time;

4. To enter into derivative transactions viz. Generic and/ or Structured derivative transactions on behalf of the Company subject to condition that structured derivative shall not have any naked position.
5. To enter into securitization/assignment transaction/s in the name of Company in terms of RBI Guidelines.

6. To borrow funds for meeting short term requirements of funds of the Company by issuing Commercial Paper.

7. To authorize various persons from time to time to open, operate and close Bank Accounts, Demat Accounts, Trading Account, Subsidiary General Ledger Account, Constituent Subsidiary General Ledger Account, Gilt Account, Custodian Account in the name of the Company;

8. Addition / Substitution / Withdrawal of the Signatories from time to time to operate the Bank Accounts, Demat Accounts, Trading Account, Subsidiary General Ledger Account, Constituent Subsidiary General Ledger Account, Gilt Account, Custodian Account, etc necessitated on account of change in, relocation or separation of employees;

9. To avail various value added services from the Banks for operation of account(s) held with the Banks including but not limited to cash management services, internet banking, operation of the accounts by fax or such other mode as may be feasible from time to time;

10. To authorize various persons from time to time for various operational purposes including signing of master loan agreements, loan documents, subscription agreement, escrow agreements, security documents, term sheets, non- disclosure agreement, other agreements, sanction letter, power of attorney, plaints, notices, applications, documents, submissions, instructions, etc;

11. To authorize various persons from time to time to perform various acts under the Loan Agreements or Documents, Power of Attorney(s) executed by the borrowers in favor of the Company, to open and operate bank and demat accounts on behalf of the borrower and to generally act under the said Power of Attorney(s);

12. To authorize various persons from time to time to sanction loans under various financial products and matters pertaining to credit, risk, release of collateral, sale of collateral, signing and execution of loan document, etc;

13. To authorize various persons from time to time to sign the Vakalatnamas, Plaints, Applications, Replies, Written Statements, Affidavits and other paper/documents in the legal proceedings, appeals etc filed by the Company or against the Company and to appear before the Court, Tribunal and other Judicial/Quasi Judicial bodies, Local Authority and other Government Authorities;

14. To avail guarantee from companies, body corporates and any person from time to time in connection with a loan, financial assistance, etc availed by the Company from Bank, Financial Institution, Non-Banking Financial Companies, other body corporates, etc;

15. To avail security from Companies, body corporates and any person from time to time to be provided as collateral/security in connection with a loan, financial assistance, etc availed by the Company from Bank, Financial Institution, Non-Banking Financial Companies, other body corporates, etc;

16. To offer assurances on behalf of other Companies, body corporates and any person from time to time, in the form of guarantee, security, undertakings, letters (including without limitation, letter of comfort), deeds, declarations or any other instruments in connection with loan availed by them from Bank, Financial Institution, Non-Banking Financial Companies, other body corporates, etc upto such limit, if applicable, as delegated / decided by the Board from time to time;

17. To appoint Direct Selling Agent (DSA) for sourcing the business, fix criteria for selecting DSA, adopt code of conduct for DSAs and lay down guidelines for outsourcing;

18. To authorize various persons from time to time to act as a representative of the Company in respect of a) the investments in shares, securities, debentures, instruments, etc held by the Company; and b) companies to which Company is a creditor and to do the following:-

    (i) To attend the general meetings & meetings of the creditors;

    (ii) To sign proxy form, postal ballot form, shorter consent notice, consent for dispensation from holding meeting in case of Merger and Amalgamation and other documents;

    (iii) To exchange correspondence & communication with the Investee companies, companies to which the Company is a creditor;

(iv) Approving the request of transfer and transmission of securities of the Company; and

(v) Approving the request for issue of duplicate Security certificate, split Security certificates, etc.

19. To write off/ waivers and settlement cases involving POS/interest of ₹ 25 Lakhs to ₹ 1 Crore.

20. Powers relating to issuance and allotment of Debentures:

(a) To determine terms and conditions and number of debentures to be issued.

(b) Determining timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of oversubscription, if any and early redemption thereof.

(c) To approve and make changes to the draft prospectus, to approve the final prospectus, including any corrigendum, amendments supplements thereto, and the issue thereof.

(d) To identify the select group of persons to whom the debentures shall be issued & allotted.

(e) To do all such acts, deeds and things which the Board is empowered to do as per Section 42 of the Companies Act, 2013 read with rules framed thereunder, as may be necessary or expedient, from time to time.

(f) To approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilization of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, extension of Issue and/or early closure of the Issue

21. To authorize various persons from time to time to sign and execute applications, documents and agreements related to lease, rent, telephone connection, electricity connection, shops and establishment license, trade license, road permit and Internet and broadband connection, opening of new branches and other operational matters in the ordinary course of business of the Company or incidental or in connection thereto.

22. To authorize various persons from time to time under Income Tax Act, Goods and Services Tax and other taxation laws.

23. To authorize various persons from time to time to sign and execute various agreements, papers, documents, undertakings, letters, memorandum of understanding, applications, statements, submissions, etc including any modification of the above, and other necessary documents, for and on behalf of the Company, as may be required in the ordinary course of business of the Company.

24. To do all such acts, deeds, matter and things, as may be necessary in connection with the Median Term Notes (Notes), including but not limited to appointment of various intermediaries//agencies/exchanges, seeking necessary regulatory consents and further to delegate the powers extended unto them to such person(s) as they may deem fit for execution of documents pertaining to the Notes.

25. To do all such acts, deeds, matter and things, as may be necessary in connection with the Public Issue of NCDs, including but not limited to appointment of various intermediaries//agencies/exchanges, seeking necessary regulatory consents and further to delegate the powers extended unto them to such person(s) as they may deem fit for execution of documents pertaining to the NCDs.

IT Strategy Committee

The IT Strategy Committee was last reconstituted vide a resolution passed by the Board on January 29, 2021. As on the date of this Shelf Prospectus, it comprises:

Constitution of the IT Strategy Committee is as set out below:

Name of Member	Designation	Nature of Directorship
Nilesh Vikamsey	Chairman	Independent Director
Aditya Sisodia	Member	Chief Information Officer
Raghunathan Balaji	Member	Chief Technology Officer
Sanjay Tiwari	Member	Chief Information Security Officer
Sanjeev Srivastava	Member	Chief Risk Officer
Geeta Mathur	Member	Independent Director

The broad terms of reference of committee are as under:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;

2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;

3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;

5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls;

6. Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;

7. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;

8. Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;

9. Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;

10. Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;

11. Periodically reviewing the effectiveness of policies and procedures;

12. Communicating significant risks in outsourcing to the NBFC's Board on a periodic basis;

13. Ensuring an independent review and audit in accordance with approved policies and procedures;

14. Ensuring that contingency plans have been developed and tested adequately;

15. Ensuring that the business continuity preparedness is not adversely compromised on account of outsourcing;

16. To work in partnership with other Board committees and Senior Management to provide input to them. It will also carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.

17. Any other matter as may be mandated/referred by the Authority/Board.

Further, the Board of Directors of the Company has constituted various other committees comprising of senior management persons for day to day operations of the Company viz. Credit Committee, Group Credit Committee and Environment Social and Governance Committee.

OUR PROMOTER AND PROMOTER GROUP

The Promoters of our Company are Nirmal Bhanwarlal Jain and Venkataraman Rajamani. As on December 31, 2020, our Promoters collectively with other Promoter Group and persons acting in concert hold 9,45,47,490 Equity Shares equivalent to 24.98% of the Equity Share capital of our Company.

Profile of Our Promoter

1. Mr. Nirmal Bhanwarlal Jain

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

2. Mr. Venkataraman Rajamani

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

Other understanding and confirmations

The Promoters, relatives of our Promoters and members of our Promoter Group along with persons acting in concert have confirmed that they have not been identified as willful defaulter by the RBI or any other governmental authority.

No violation of securities laws has been committed by the Promoters in the past or is currently pending against it except as disclosed in section titled "*Outstanding Litigations*" on page 210 of this Shelf Prospectus.

The Promoters are not debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

Common Pursuits of Promoters

Our Promoter has interests in IIFL Wealth Prime Limited (subsidiary of IIFL Wealth Management Limited), a systemically important non-deposit accepting NBFC, which is engaged in businesses similar to ours and this may result in potential conflict of interest with our Company. Our Promoters are Promoters of IIFL Wealth Management Limited.

For further details, see section titled *"Risk Factors"* at page 24 of this Shelf Prospectus.

For further details on the related party transactions, to the extent up to which our Company is involved, see the section titled *"Financial Statements"* at page 188 of this Shelf Prospectus.

Interest of the Promoter in the Company

Except as stated under the "*Related Party Transaction*" segment of the Financial Statements of the Company, available at page 188 of this Shelf Prospectus and other than as our shareholders, our Promoter and / or Promoter entities, to the extent of the dividend that may be declared by our Company, do not have any other interest in our Company.

Equity share allotted to our Promoter in last three fiscal years:

As on the date of this Shelf Prospectus, no equity shares have been allotted to the Promoter in the last three fiscal years.

Payment of benefit to the Promoter in last three years

Other than as disclosed under the *"Related Party Transactions"* segment of the Financial Statements of the Company, available at page 188 of this Shelf Prospectus and other than the dividend that may be declared and paid by our Company, the Company has not made payments of any benefits to the Promoter during the last three years preceding the date of this Shelf Prospectus.

Details of shares pledged or encumbered by our Promoter

No shares have been pledged or encumbered by our Promoter as of the date of this Shelf Prospectus.

Shareholding pattern of our Promoter in the Company as on December 31, 2020:

Name of Promoter shareholder	Total Number of Equity Shares	Number of shares in demat form	Total shareholding as % of total no of equity shares	Number of shares pledged	% of shares pledged with respect to shares owned
Mr. Nirmal Bhanwarlal Jain	4,77,19,154	4,77,19,154	12.61	NIL	NIL
Mr. Venkataraman Rajamani	109,84,432	109,84,432	2.90	NIL	NIL

Interest of our Promoters in property, land and construction

Except as stated in the section titled *"Financial Statements"* at page 188 of this Shelf Prospectus, our Promoter does not have any interest in any property acquired by our Company within two years preceding the date of filing of this Shelf Prospectus or any property proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Promoter Group and persons acting in concert

In addition to the Promoters named above, the names of the persons and entities constituting the Promoter Group of our Company in terms of Regulation 2(I)(zb) of the SEBI ICDR Regulations along with their shareholding as on December 31, 2020 are set out below:

Sr. No.	Name of Promoter Group	No. of Equity Shares	% Percentage
1.	Madhu N Jain	120,75,000	3.19
2.	Aditi Athavankar	200,000	0.05
3.	Harshita Jain and Mansukhlal Jain (In their capacity as Trustees of Nirmal Madhu Family Private Trust)	100,00,000	2.64
4.	Aditi Avinash Athavankar (In her capacity as Trustee of Kalki Family Private Trust)	90,00,000	2.38
5.	Ardent Impex Private Limited	32,68,904	0.86
6.	Orpheus Trading Private Limited	13,00,000	0.34

REGULATIONS AND POLICIES

The regulations summarised below are not exhaustive and are only intended to provide general information to investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, 1961 and applicable tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below. For purposes of this section, references to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification are to such legislation, act, regulation, rule, guideline, policy, circular, notification or clarification as amended from time to time. Investors shall carefully consider the information described below, together with the information set out in other sections of this Shelf Prospectus including the financial statements before making an investment decision relating to the NCDs, as any changes in the regulations and policies could have a material adverse effect on our Company's business.

The following description is a summary of certain sector specific laws and regulations and policies as prescribed by the Government of India and other regulatory bodies, which are applicable to our Company. The information detailed in this section has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Our Company is a systemically important NBFC which does not accept public deposits. As such, our business activities are regulated by RBI regulations applicable to a Systemically Important Non – Deposit taking Non – Banking Financial Company ("ND-SI-NBFC").

As at September 1, 2016, the RBI issued an *updated Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as updated from time to time)* applicable to all ND-SI-NBFCs ("RBI Master Directions").

The major regulations governing our Company are detailed below:

NBFC Regulations

The Reserve Bank of India Act, 1934

The RBI regulates and supervises activities of NBFCs. Chapter III B of the Reserve Bank of India Act, 1934 ("**RBI Act**") empowers the RBI to regulate and supervise the activities of all NBFCs in India. The RBI Act defines an NBFC under Section 45-I (f) as:

(i) "a financial institution which is a company;
(ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;
(iii) such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify."

Section 45-I(c) of the RBI Act, defines "financial institution" to mean any non-banking institution which, among other things, carries on the business of, or part of its business of, financing, by way of making of loans or advances or otherwise, of any activity other than its own; the acquisition of shares, stock, bonds, debentures or securities issued by a Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

The RBI has clarified through a press release (Ref. No. 1998-99/ 1269) dated April 08, 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if(a) its financial assets are more than 50 per cent of its total assets (netted off by intangible assets); and (b) income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case, not later than December 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration ("CoR"). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI has raised the requirement of minimum net owned fund ("NOF") from ₹ 2.5 million to ₹ 20 million for the NBFC which commences business on or after April 21, 1999 also it shall be mandatory for all NBFCs to attain a minimum NOF of ₹ 20 million by the end of April 1, 2017.

NBFCs are primarily governed by the RBI Act and the RBI Master Directions. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits.;
- NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself; and
- Deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositor of NBFCs.

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

Further, an NBFC may be registered as a deposit accepting NBFC ("NBFC-D") or as a non-deposit accepting NBFC ("NBFC-ND"). NBFCs registered with RBI are further classified as:

- Systemically Important Core Investment Company;
- Investment and Credit Company
- Infrastructure finance companies;
- Infrastructure debt fund - NBFCs;
- NBFC - micro finance institutions;
- NBFC – Factors;
- Mortgage guarantee companies;
- NBFC- non-operative financial holding company; and
- Non-Banking Financial Company-Peer to Peer Lending Platform.

Our Company has been classified as a loan company and is an NBFC-ND-SI, being an Investment and Credit Company ("NBFC-ICC").

RBI Master Directions define 'NBFC ICC' to mean a company which is a financial institution carrying on as its principal business of asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities.

Systemically Important NBFC-NDs

The RBI in its notification (RBI/2014-15/520 DNBR (PD) CC.No.024/03.10.001/2014-15) dated March 27, 2015, the revised threshold for defining systemic significance for NBFCs-ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹ 5000 million and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹ 5000 million and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 15%.

Rating of NBFCs

Pursuant to RBI Master Directions all applicable NBFCs are required to furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them, within 15 days of such a change in rating to Regional Office.

Prudential Norms

The RBI Master Directions, amongst other requirements, prescribe guidelines on NBFCs-ND-SI regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. The RBI Master Directions state that the credit/ investment norms shall not apply to a systemically important non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

Provisioning Requirements

An NBFC-NDSI, after taking into account the time lag between an account becoming non-performing, its recognition, the realization of the security and erosion overtime in the value of the security charged, shall make provisions against standard assets, sub-standard assets, doubtful assets and loss assets in the manner provided for in the RBI Master Directions.

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI vide their circular no. DNBS.PD.CC. No.207/ 03.02.002/2010-11 dated January 17, 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25% of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated June 3, 2015 raised the provision for standard assets to 0.40% to be met by March 2018. The provisions on standard assets are not reckoned for arriving at net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as ‘Contingent Provisions against Standard Assets’ in the balance sheet. NBFCs are allowed to include the ‘General Provisions on Standard Assets’ in Tier II Capital which together with other ‘general provisions/ loss reserves’ will be admitted as Tier II Capital only up to a maximum of 1.25% of the total risk-weighted assets.

Capital Adequacy Norms

Every NBFC-ND-SI should maintain, with effect from April 1, 2007, a minimum capital ratio consisting of Tier I and Tier II Capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Further, NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) are required to maintain a minimum Tier I capital of 12.00%. Also, the total of the Tier II Capital of a ND-NBFC shall not exceed 100% of the Tier I capital.

Tier – I Capital means, owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a Systemically important non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year.

Owned Funds means, paid-up equity capital, Cumulative Compulsory Convertible Preference Shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier – II Capital means to include the following (a) Preference Shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%;(c) general provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and one-fourth per cent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt to the extent the aggregate does not exceed Tier – I capital; and (f) perpetual debt instrument issued by a systemically important NDSI-NBFC, which is in excess of what qualifies for Tier I Capital to the extent that the aggregate Tier-II capital does not exceed 15% of the Tier – I capital.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed.

Credit Concentration Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the RBI Master Direction, prescribed credit exposure limits for financial institutions in respect of their lending to single/group borrowers. Credit exposure to a single borrower shall not exceed 15% of the owned funds of the systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the systemically important NBFC-ND. Further, the systemically important NBFC-ND may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds. Any systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5% of its owned fund, with the approval of its Board of Directors. Further, the loans and investments of the systemically important NBFC-ND taken together may not exceed 25% of its owned funds to or in a single party and 40% of its owned fund to or in single group of parties.

However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI.

The above norms shall apply to any NBFC-ND-SI not accessing public funds, either directly or indirectly and not issuing guarantees. Further, NBFC-ND-SI may exceed the concentration of credit / investment norms, by 5% for any single party and by 10% for a single group of parties, if the additional exposure is on account of infrastructure loan and / or investment.

Corporate governance norms

As per the RBI Master Directions, all NBFC-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Directions. Further, RBI *vide* notification dated November 10, 2014 has mandated the Audit Committee to ensure that an information systems audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the company. RBI has also mandated the NBFCs to have a policy to ascertain the 'fit and proper criteria' at the time of appointment of directors and on a continuing basis.

Asset Classification

The RBI Master Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

(i) Standard assets;
(ii) Sub-standard assets;

(iii) Doubtful assets; and
(iv) Loss assets.

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC is required to make a provision for standard assets at 0.40%.

Other stipulations

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance.

The RBI Master Directions also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 20 million.

For this purpose, the RBI Act has defined "net owned fund" to mean:

Net Owned Fund - The aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii)deferred tax asset (net); and (iv) other intangible assets; and further reduced by the amounts representing,

(i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and

(ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10% of (a) above.

Further, in accordance with RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (as amended), which provides that a non-banking financial company holding a certificate of registration issued by RBI and having minimum net owned fund of less than ₹ 20 million may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of ₹ 20 million before April 1, 2017.

Reserve Fund

Under Section 45 – IC of the RBI Act, every NBFC must create a reserve fund and transfer thereto a sum not less than 20 per cent of its net profit every year, as disclosed in the statement of profit and loss account and before any dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is a ND-NBFC or not. Further, no appropriation can be made from the fund for any purpose by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such appropriation.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no's, etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need to ensure that its registration with the RBI remains current.

Adherence to KYC Direction

Similarly, all NBFCs are required to comply with Master Direction on Know Your Customer Direction, 2016" issued by the RBI and as amended from time to time, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

Fair Practices Code

The RBI Master Directions requires all NBFCs having customer interface to formulate with the approval of their Boards a Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower) based on the directions outlined therein. Applicable NBFCs will have the freedom of drafting the Fair Practices Code, enhancing the scope of the directions but in no way sacrificing the spirit underlying the directions. The same shall be put up on their web-site, if any, for the information of various stakeholders.

Guidelines for NBFCs with gold loan business

The RBI pursuant to the RBI Master Directions has prescribed that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. The RBI Master Directions has issued guidelines with regard to the following:

(i) Appropriate infrastructure for storage of gold ornaments: A minimum level of physical infrastructure and facilities is available in each of the branches engaged in financing against gold jewellery including a safe deposit vault and appropriate security measures for operating the vault to ensure safety of the gold and borrower convenience. Existing NBFCs should review the arrangements in place at their branches and ensure that necessary infrastructure is put in place at the earliest. No new branches should be opened without suitable storage arrangements having been made thereat. No business of grant of loans against the security of gold can be transacted at places where there are no proper facilities for storage/security.

(ii) Prior approval of RBI for opening branches in excess of 1,000: It is henceforth mandatory for NBFC to obtain prior approval of the Reserve Bank to open branches exceeding 1,000. However, NBFCs which already have more than 1,000 branches may approach the Bank for prior approval for any further branch expansion. Besides, no new branches will be allowed to be opened without the facilities for storage of gold jewellery and minimum security facilities for the pledged gold jewellery.

(iii) Standardization of value of gold in arriving at the loan to value ratio: For arriving at the value of gold jewellery accepted as collateral, it will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by BBA or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.

(iv) Verification of the Ownership of gold: NBFCs should have Board approved policies in place to satisfy ownership of the gold jewellery and adequate steps be taken to ensure that the KYC guidelines stipulated by the Reserve Bank are followed and due diligence of the customer undertaken. Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. The method of establishing ownership should be laid down as a Board approved policy.

(v) Auction Process and Procedures: The following additional stipulations are made with respect to auctioning of pledged gold jewellery:

   (a) The auction should be conducted in the same town or taluka in which the branch that has extended the loan is located. NBFCs are allowed to pool gold jewellery from different branches within a district and auction the pooled gold jewellery at any location within the district, subject to meeting the following conditions:
   (i) The first auction has failed; and
   (ii) All compliance requirement regarding the auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met by the NBFC.

   (b) While auctioning the gold the NBFC should declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85% of the previous 30 day average closing price of 22 carat gold as declared by The Bombay Bullion Association Limited and value of the jewellery of lower purity in terms of carats should be proportionately reduced.

   (c) It will be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower.

(d) NBFCs must disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

(vi) Other Instructions:

(a) NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above ₹ 500,000.

(b) High value loans of ₹ 20,000 and above must only be disbursed by cheque.

(c) Documentation across all branches must be standardized.

(d) NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("RBI KYC Directions")

The RBI KYC Directions are applicable to every entity regulated by the RBI (including Housing Finance Companies), specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated there under is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC'S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has further prescribed detailed instructions in relation to, inter alia, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies, and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further updated on January 9, 2020 with a view to leveraging the digital channels for customer identification process by regulated entities, whereby the RBI has decided to permit video based customer identification process as a consent based alternate method of establishing the customer's identity, for customer onboarding.

Financing of NBFCs by banks

RBI Master circular DBR.BP.BC.No.5/21.04.172/2015-16 on Financing of NBFCs by bank

The RBI has issued guidelines vide a circular bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) all types of loans and advances by NBFCs to their subsidiaries, group companies, entities;(v) further lending to individuals for the purpose of subscribing to an initial public offer.

In addition to the above the RBI has issued guidelines vide a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015- 16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against gold has directed banks to (i) reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks' capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 15% of banks' capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

Norms for excessive interest rates

In addition, the RBI has introduced vide a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has included norms for regulation of excessive interest charged by NBFCs in the Fair Practice Code chapter of Master Direction –NBFC SI Non Deposit taking Company & Deposit taking Company Directions, 2016 and as updated from time to time.

These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFC's website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Supervisory Framework

In order to ensure adherence to the regulatory framework by systemically important ND-NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio, etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution requiring to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalization of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013, the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI , it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the Registered Office of the company is located.

Liquidity Risk Management Framework

All non-deposit taking NBFCs with asset size of ₹ 100 crore and above, systemically important Core Investment Companies and all deposit taking NBFCs irrespective of their asset size, shall adhere to Liquidity Risk Management framework issued by RBI dated November 4, 2019. The Liquidity risk management shall rests on the functioning of Board of Directors, Risk Management Committee, Asset Liability Management ("ALM") organization including an Asset Liability Committee ("ALCO") and ALM support groups, and the ALM process including liquidity risk management, management of marketing risk, funding and capital planning, profit planning and growth projection, and forecasting/ preparation of contingency plans. It has been provided that the management committee of the board of directors or any other specific committee constituted by the board of directors should oversee the implementation of the system and reviews functioning periodically. The ALM

Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/ 31 days' time-bucket should not exceed the prudential limit of 15% of outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 01, 2015, updated from time to time, to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 ("PMLA") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 10 lakh; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹10 lakh where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 10 lakh.

Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

RBI Notification dated December 3, 2015 titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015, as amended from time to time.

Master Direction dated September 29, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

All NBFC-ND-SIs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-SI is required to report all cases of fraud of ₹ 1 lakh and above, and if the fraud is of ₹ 100 lakh or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-SI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Accounting Standards & Accounting policies

The Ministry of Corporate Affairs has amended the existing Indian Accounting Standards vide Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 and the same is applicable to the Company from April 1, 2018. RBI vide notification number RBI/2019-20/170DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 framed regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation. The guidelines cover aspects on governance framework, prudential floor and computation of regulatory capital and regulatory ratios.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to thereby.

Ombudsman scheme for customers of NBFCs

The RBI has on February 23, 2018 introduced the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the "Scheme"). The stated objective of the Scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by certain categories of NBFCs registered with the RBI to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. The Scheme provides for the appointment by RBI of one or more officers not below the rank of general manager as ombudsmen (the "Ombudsmen") for a period not exceeding three years at a time, to carry out the functions entrusted to Ombudsmen under the Scheme. The Scheme describes the nature of complaints which any person could file with an Ombudsman alleging deficiency in services by an Covered NBFC, which include inter alia failure to convey in writing the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, failure or refusal to provide adequate notice on proposed changes being made in the sanctioned terms in vernacular or a language understood by the borrower, levying of charges without adequate prior notice to the borrower/customer and failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues. The complaints may be settled by the Covered NBFC within a specified period or may be decided byan award passed by Ombudsman after affording the parties a reasonable opportunity to present their case, either in writing or in a meeting. Where the Ombudsman decides to allow the complaint, the award passed is required to contain the direction/s, if any, to the Covered NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the Covered NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the Covered NBFC. The Covered NBFC is required to implement the settlement arrived at with the complainant or the award passed by the Ombudsman when it becomes final and send a report in this regard to the RBI within 15 days of theaward becoming final. The Ombudsman is required to send a report to the RBI governor annually (as on June 30 every year) containing general review of the activities of his office during the preceding financial year and provide such other information as may be required by the RBI.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-ND-SI, the auditor shall make a separate report to the Board of Directors of the company on, *inter alia*, examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on March 31 of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank, whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions ("MFI").

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding, *inter alia*, asset liability mismatches and interest rate risk, quarterly report on branch information, and Central Repository of Information on Large Credits ("CRILC") on a quarterly basis as well as all Special Mention Account ("SMA-2") status on a weekly basis to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

Master Direction on Information Technology Framework for the NBFC Sector, 2017

All systemically important NBFCs must implement the security enhancement requirements under the Master Direction with respect to enhancing security of its Information Technology/Information security Framework ("IT") business continuity planning, disaster recovery and management. NBFCs must constitute a IT Strategy Committee and IT Steering Committee and formulate an IT and Information security policy in furtherance of the same. Further, a Cyber Crisis Management Plan must be formulated to address cyber intrusions and attacks.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("Risk Management Directions"). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "DRT Act") provides for establishment of the Debts Recovery Tribunals (the "DRTs") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

RBI Master Circular on Wilful Defaulters dated July 1, 2015

In the Master Circular on '*Willful Defaulters*' the term 'willful default' has been redefined, which would be deemed to have occurred if any of the following events occur: (a) Default in repayment obligations despite having capacity to honour the said obligations. (b) Default in repayment obligations and diversion of funds for other purposes, including non-utilization of funds for the specific purposes for which finance was availed. (c) Default in repayment obligations and siphoning off the funds and non-utilization of funds for the specific purposes for which finance was availed moreover when the funds are not available with the unit in the form of other assets. (d) Default in repayment obligations to a lender and disposal or removal of assets (movable, fixed or immovable) which have been given as security without the knowledge of the lender. Further, special emphasis has been added on siphoning-off of funds. Diversion and siphoning of funds includes the following situations: (i) utilization of short-term working capital funds for long-term purposes in contravention of the terms of sanction; (ii) utilization of borrowed funds for creation of assets other than those for which loan was sanctioned; (iii) Transferring of funds to subsidiaries or group companies or other corporates; (iv) routing of funds through any bank other than the lender bank or consortium without prior permission of the lender; (v) investment in other companies by acquiring equities / debt instrument without the approval of lenders; (vi) shortfall in deployment of funds vis-à-vis the amounts disbursed / drawn without the difference being accounted for. After identification of Willful Defaulters, the guidelines mandatorily direct the lenders to adopt certain penal measures, which include the following: (a) No additional facilities will be granted by banks and financial institutions. (b) Promoters of companies that have been identified for siphoning of funds, misrepresentation of accounts and fraudulent transactions will be debarred from institutional finance for floating new ventures for a period of five years (c) Legal process (criminal and civil) will be initiated expeditiously. (d) Willful defaulters will not be allowed to take up board positions in any company and those who are on board will be removed expeditiously.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is a Non Performing Asset ("NPA"). While taking recourse to the sale of secured assets in terms of Section 13(4) of the SARFAESI Act, a SC/RC may itself acquire the secured assets, either for its own use or for resale, only if the sale is conducted through a public auction.

As per the SARFAESI (Amendment) Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issues by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the
purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any Securitization company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties. Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016. As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting, *inter alia*, any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act.

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

RBI vide its circular dated June 7, 2019, laid down the Prudential Framework for Resolution of Stressed Assets whereby prescribing the regulatory approach for resolution of stressed assets *inter alia* by: (i) early recognition and reporting of default by banks, financial institutions and NBFCs in respect of large borrowers; (ii) Affording complete discretion to lenders with regard to design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A, SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluation; (iii) Laying down a system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings; (iv) Withdrawal of asset classification dispensations on restructuring. Future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period; and (v) Requiring the mandatory signing of an inter-creditor agreement (ICA) by all lenders, which will provide for a majority decision making criteria. MCA vide notification dated November 15, 2019, issued the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 ("**FSP Rules**") *inter alia* governing the corporate insolvency resolution process and liquidation process of Financial Service Providers (FSPs) under the Bankruptcy Code. The issuance of the FSP Rules has made viable and unified resolution process accessible for the FSPs and their creditors with some procedural differences.

Companies Act, 2013

The Companies Act, 2013 ("Companies Act") has been notified by the Government of India on August 30, 2013 (the "Notification"). Under the Notification, Section 1 of the Companies Act has come into effect and the remaining provisions of the Companies Act have and shall come into force on such dates as the Central Government has notified and shall notify. Section 1 of the Companies Act deals with the commencement and application of the Companies Act and among others sets out the types of companies to which the Companies Act applies.

The Companies Act provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, requirements for independent directors, director's liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the Companies Act. As mentioned above, certain provisions of the Companies Act, 2013 have already come into force and the rest shall follow in due course.

Under the Companies Act every company having net worth of ₹ 5,000 million or more, or turnover of ₹ 10,000 million or more or a net profit of ₹ 50 million or more during the immediately preceding financial year shall formulate a corporate social responsibility policy. Further, the board of every such company shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its corporate social responsibility policy.

SEBI Regulations

The Securities and Exchange Board of India ("SEBI") governs listed entities pursuant to the powers granted to it under the Securities and Exchange Board of India Act, 1990, as amended from time to time. In pursuance of these powers, SEBI prescribes regulations with respect to listed entities, ensuring high standards of investor safety and corporate governance. SEBI (Listing Obligations and Disclosure Requirements), 2015, as amended from time to time, list out the continuous disclosure obligations of a listed entity for securing transparency in process and ethical capital market dealings. Listed NDSI-NBFCs are subject to SEBI Regulations and face penal actions for any violation thereof.

Foreign Investment Regulations

Foreign investment in Indian securities is regulated through the Foreign Exchange Management Act, 1999 ("**FEMA**") and rules and regulations issued thereunder i.e., the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, FEMA (Debt Instruments) Regulations, 2019, FEM Mode of Payment and Reporting of Non-Debt Instruments Regulations, 2019, each as amended from time to time. The government bodies responsible for granting foreign investment approvals are the concerned ministries/ departments of the Government of India and the RBI. The Union Cabinet has approved phasing out the Foreign Investment Promotion Board, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments. Subsequently, the Department of Industrial Policy & Promotion ("**DIPP**") issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "**SOP**"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the "Competent Authority") for the grant of post facto approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority. The DIPP has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendment to FEMA. In case of any conflict FEMA will prevail.

Shops and establishments regulations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter* *alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour laws

India has stringent labour related legislations. Our Company is required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Intellectual property regulations

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

Regulatory measures on account of the COVID-19 pandemic

The RBI has issued circulars, the Statement of Developmental and Regulatory Policies dated May 22, 2020 and Monetary Policy Statement, 2020-2021: Resolution of Monetary Policy Committee dated May 22, 2020 announcing certain additional regulatory measures with an aim to revive growth and mitigate the impact of COVID-19 on business and financial institutions in India, including:

(a) permitting banks to grant a moratorium of six months on all term loan instalments and working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), falling due between March 1, 2020 and August 31, 2020, subject to the fulfilment of certain conditions;

(b) permitting the recalculation of 'drawing power' of working capital facilities sanctioned in the form of cash/ credit overdraft facilities by reducing the margins till the extended period, being August 31, 2020, and permitting lending institutions to restore the margins to the original levels by March 31, 2021;

(c) permitting the increase in the bank's exposures to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank, up to June 30, 2021;

(d) deferring the recovery of the interest applied in respect of all working capital facilities sanctioned in the form of cash/credit overdraft facilities during the period from March 1, 2020 to August 31, 2020;

(e) permitting lending institutions to convert the accumulated interest on working capital facilities up to the deferment period(up to August 31, 2020) into a funded interest term loan which shall be repayable not later than the end of the current financial year (being, March 31, 2021);

(f) permitting the lending institutions to exclude the moratorium period wherever granted in respect of term loans as stated in(a) above, from the number of days past-due for the purpose of asset classification under the income recognition and asset classification norms, in respect of accounts classified as standard as on February 29, 2020, even if overdue;

(g) permitting the lending institutions to exclude deferment period on recovery of the interest applied, wherever granted as stated in (d) above, for the determination of out of order status, in respect of working capital facilities sanctioned in the form of CC/OD where the account is classified as standard, including special mention accounts, as on February 29, 2020; and

(h) requiring lending institutions to make general provisions of not less than 10% of the total outstanding of accounts in default but standard as on February 29, 2020 and asset classification benefit is availed, to be phased over two quarters as provided:(i) not less than 5% for the quarter ended March 31, 2020; and (ii) not less than 5% for the quarter ended June 30, 2020, subject to certain adjustments.

SECTION V – FINANCIAL STATEMENTS

Independent Auditor's Examination Report on Reformatted Standalone Financial Statements As Per Ind AS

To the Board of Directors of IIFL Finance Limited (formerly known as IIFL Holdings Limited)

Dear Sirs,

1) We have examined the attached Reformatted Standalone Financial Statements As Per Ind AS of IIFL Finance Limited (formerly known as IIFL Holdings Limited) ("the Company" or "the Issuer") comprising the Reformatted Standalone Statement of Assets and Liabilities as at March 31, 2020 and 2019, the Reformatted Standalone Statement of Profit and Loss, the Reformatted Standalone Statement of Cash Flows for the years ended March 31, 2020 and 2019, the Reformatted Standalone Statement of Changes in Equity and the Statement of Significant Accounting Policies and other Explanatory Information (collectively, the "Reformatted Standalone Financial Statements under Ind AS"). The Reformatted Standalone Financial Statements under Ind AS have been prepared by the Management of the Company on the basis of Note 1 to the Reformatted Standalone Financial Statements under Ind AS and have been approved by the Finance Committee of the Board of Directors of the Company vide its Resolution dated June 27, 2020 for the purpose of inclusion in the Draft Shelf Prospectus, Shelf Prospectus and respective Tranche Prospectus(es) (the "Offer Documents") prepared by the Company in connection with its proposed public issue of Secured Redeemable Non-Convertible Debentures and / or Unsecured Redeemable Non-Convertible Debentures ("the Debentures" or "the NCDs) prepared in terms of the requirements of:
    a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
    b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("the Regulations"); and
    c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2) The Company's Board of Directors is responsible for the preparation of the Reformatted Standalone Financial Statements under Ind AS for the purpose of inclusion in the Offer Document to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Mumbai in connection with the proposed public issue of NCDs. The Reformatted Standalone Financial Statements under Ind AS have been prepared by the Management of the Company on the basis of preparation stated in Note 1 to the Reformatted Standalone Financial Statements under Ind AS. The Board of Directors is responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted Standalone Financial Statements under Ind AS. The Company's Board of Directors are responsible for identifying and ensuring that the Company complies with the Act, the Regulations and the Guidance Note.

3) We have examined such Reformatted Standalone Financial Statements under Ind AS taking into consideration:
    a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated June 25, 2020 in connection with the proposed public issue of Debentures / NCDs of the Company;
    b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
    c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Standalone Financial Statement; and
    d) The requirements of Section 26 of the Act and the Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the

Regulations and the Guidance Note in connection with the proposed public issue of Debentures / NCDs.

4) These Reformatted Standalone Financial Statements under Ind AS have been compiled by the management from the audited Standalone financial statements of the Company as at and for the years ended March 31, 2020 and 2019 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Act, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 28, 2020 and May 15, 2019 respectively and audited by the auditors of the Company for those years. In relation to the aforesaid standalone financial statements audited by the previous auditors of the Company, we have not carried out any audit tests or review procedures, and, accordingly reliance has been placed on the financial statements audited by the previous auditors for the said years. The figures as at and for the year ended March 31, 2019 have been recast to give effect to the Composite Scheme of Arrangement as more detailed in Note 38 since the Scheme was effective from April 1, 2018, being the date of merger as per the court approved scheme and had been included in the previous year figures in the audited standalone financial statements for the year ended March 31, 2020.

5) For the purpose of our examination, we have relied on the Auditor's Report issued by M/s Deloitte Haskins & Sells LLP, the previous statutory auditors of the Company on the Standalone Financial Statements for the year ended March 31, 2020 and 2019 dated June 7, 2020 and May 15, 2019 respectively.

6) The Standalone Financial Statements as at and for the years ended March 31, 2020 and 2019 reported upon by the previous auditors of the Company on which reliance has been placed by us, have been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure requirements of the financial year ended March 31, 2020. The figures included in the Reformatted Standalone Financial Statements, do not reflect the effects of changes in accounting policies or events that occurred subsequent to the date of the reports of the previous auditors referred to in Para 5 above.

7) The Auditor's Report on the Standalone Financial Statements issued by the previous statutory auditors for the financial year 2019-20 dated June 7, 2020 was unmodified and included the following Emphasis of Matter paragraph:

Emphasis of Matter

"We draw attention Note No.38 to the Standalone Financial Statements which describes the reasons for implementation of the composite scheme of arrangement amongst the Company, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited, and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme"), in Parts, based on the legal opinion obtained by the Company. The Scheme has been approved by the National Company Law Tribunal vide its order dated March 07, 2019 and filed with the Registrar of Companies on April 11, 2019

Subsequent to the receipt of certificate of registration by the Company for carrying on business of non-banking financial institution from the Reserve bank of India on March 11, 2020, the said Scheme has been refiled with Registrar of Companies on March 30, 2020 to give effect to the final part of the Scheme.

Our report is not modified in respect of this matter.

We draw attention to Note 8.3 to the Standalone Financial Statements, which fully describes that the Company has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our report is not modified in respect of this matter.”

8) The Auditor’s Report on the Standalone Financial Statements issued by the previous statutory auditors for the financial year 2018-19 dated May 15, 2019 was unmodified and included the following Emphasis of Matter and Other Matters paragraphs:

Emphasis of Matter

“We draw attention Note No. 34.1 to the standalone financial statements which describes the reasons for implementation of the Composite Scheme of Arrangement amongst the Company, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited, IIFL Distribution Services Limited and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the “Scheme”),in Parts, based on the legal opinion obtained by the Company. The Scheme has been approved by the National Company Law Tribunal vide its order dated 07 March 2019 and filed with the Registrar of Companies on 11 April 2019.

Our report is not modified in respect of this matter.”

Other Matters

“We did not audit the financial statements of India Infoline Media and Research Services Limited (“IMRL”), which has been merged with the Company with effect from April 1, 2017 as per the Scheme, whose financial statements reflect total assets of ` 267.28 million as at March 31, 2018 and ` 248.09 million as at April 01, 2017, total revenues of ` 164.19 million and net cash inflows 25.79 million for the year ended March 31, 2018, as considered in the standalone financial statements. These financial statements have been audited by other auditors whose report in terms of subsection (3) of the Section 143 of the Act, in so far as it relates to the IMRL is based solely on the report of the other auditors.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

The comparative Financial Statements of the Company for the year ended 31st March 2018 and the related transition date opening balance sheet as at 1st April 2017 included in these standalone financial statements, have been prepared after adjusting previously issued the standalone financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. Adjustments made to the previously issued standalone financial statements to comply with Ind AS have been audited by us.

Our opinion on the standalone financial statements is not modified in respect of the above matter on the comparative Financial Statements.”

9) Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the report of the other auditor as mentioned in Para 5 above, we report that the Reformatted Standalone Financial Statements under Ind AS are prepared, in all material respect, on the basis described in Note 1 to the Reformatted Standalone Financial Statements under Ind AS.

10) At the request of the Company, we have also examined the following Standalone Financial Information of the Company as at and for the years ended March 31, 2020 and 2019 prepared by the Management and approved by the Finance Committee of the Board of Directors vide Resolution dated June 27, 2020:
    (i) Standalone Statement of Dividend as per Ind AS enclosed as Annexure I;
    (ii) Standalone Statement of Capitalization enclosed as Annexure II; and
    (iii) Standalone Statement of Accounting Ratios as per Ind AS enclosed as Annexure III.

11) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by the previous statutory auditors, nor should this be construed as a new opinion on any of the financial statements referred to herein.

12) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13) Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Mumbai, Maharashtra in connection with the proposed issue of Debentures / NCDs. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **V. Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

Place: Mumbai
Date: June 27, 2020

(G.SANKAR)
Partner
(M.No. 046050)
UDIN: 20046050AAAADM2718

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED)

REFORMATTED STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(₹ in millions)

Sr. No	Particulars	Notes	As at March 31, 2020	As at March 31, 2019 (See note 38)
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	4	6,062.71	4,147.30
(b)	Bank balance other than (a) above	5	10,444.00	10,049.99
(c)	Derivative financial instruments	6	2,405.21	-
(d)	Receivables			
	(i) Trade receivables	7	96.21	76.73
	(ii) Other receivables	7	-	20,177.78
(e)	Loans	8	1,42,318.62	1,21,703.87
(f)	Investments	9	19,585.47	13,052.71
(g)	Other financial assets	10	1,640.27	838.99
			1,82,552.49	**1,70,047.37**
[2]	**Non-financial assets**			
(a)	Current tax assets (net)		1,946.04	1,465.75
(b)	Deferred tax assets (net)	11	2,028.08	2,581.97
(c)	Investment property	12	2,030.24	2,634.27
(d)	Property, plant and equipment	13	1,012.00	886.19
(e)	Capital work-in-progress		24.94	60.21
(f)	Right of-use assets	14	2,486.56	-
(g)	Other intangible assets	15	6.39	15.25
(h)	Other non-financial assets	16	1,534.09	261.10
			11,068.34	**7,904.74**
	Total assets		**1,93,620.83**	**1,77,952.11**
	Liabilities And Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	6	267.63	6.59
(b)	Payables			
	(I)Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	17	522.80	531.52
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c)	Finance lease obligation	14	2,613.31	-
(d)	Debt securities	18	56,683.86	72,116.68
(e)	Borrowings (other than debt securities)	19	69,183.51	49,594.14
(f)	Subordinated liabilities	20	15,555.02	8,600.32
(g)	Other financial liabilities	21	11,698.97	10,404.14
			1,56,525.10	**1,41,253.39**
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)		180.42	303.55
(b)	Provisions	22	376.29	432.39
(c)	Other non-financial liabilities	23	460.94	539.21
			1,017.65	**1,275.15**
	Total Liabilities		**1,57,542.75**	**1,42,528.54**
[3]	**Equity**			
(a)	Equity share capital	24	756.68	638.41
(b)	Incremental shares pending issuance	24	-	117.31
(c)	Other equity	24.1	35,321.40	34,667.85
			36,078.08	**35,423.57**
	Total Liabilities and Equity		**1,93,620.83**	**1,77,952.11**
	See accompanying notes forming part of the reformatted standalone financial statements	1 - 54		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

For and on behalf of the Board of Directors of IIFL FINANCE LIMITED (Formerly IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer

RAJESH RAJAK
Chief Financial Officer

Place : Mumbai
Dated: June 27, 2020

GAJENDRA THAKUR
Company Secretary

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ in millions)

Sr. No	Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019 (See note 38)
	Revenue from operations			
(i)	Interest income	25.1	25,160.42	28,123.64
(ii)	Dividend income	25.2	441.81	841.25
(iii)	Fees and commission income		480.78	568.46
(iv)	Net gain on fair value changes		-	-
(v)	Net gain on derecognition of financial instruments under amortised cost category		-	-
(I)	**Total revenue from operations**		**26,083.01**	**29,533.35**
(II)	**Other income**	27	215.79	92.57
(III)	**Total Income (I+II)**		**26,298.80**	**29,625.92**
	Expenses			
(i)	Finance costs	28	12,444.95	13,651.84
(ii)	Net loss on fair value changes	26	943.69	166.00
(iii)	Net loss on derecognition of financial instruments under amortised cost category	29	3,110.83	2,950.56
(iv)	Impairment on financial instruments	30	(676.27)	11.59
(v)	Employee benefits expenses	31	4,407.39	4,156.11
(vi)	Depreciation, amortisation and impairment	13, 14 & 15	894.09	241.05
(vii)	Other expenses	32	2,853.83	3,371.88
(IV)	**Total Expenses (IV)**		**23,978.51**	**24,549.03**
(V)	**Profit before exceptional items and tax (III-IV)**		**2,320.29**	**5,076.89**
(VI)	Exceptional items	33	46.06	1,153.30
(VII)	**Profit before tax (V +VI)**		**2,366.35**	**6,230.19**
(VIII)	**Tax expense:**			
	(1) Current tax	34	419.33	1,258.27
	(2) Deferred tax	11 & 34	98.60	450.30
	(3) Current tax expenses relating to previous years	34	(20.69)	11.37
	Total tax expense		**497.24**	**1,719.94**
(IX)	**Profit before impact of change in the rate of opening deferred tax (VII-VIII)**		**1,869.11**	**4,510.25**
(X)	Impact of change in the rate of opening deferred tax	11	381.08	-
(XI)	**Profit for the year (IX-X)**		**1,488.03**	**4,510.25**
(XII)	**Other Comprehensive Income**			
	(A)			
	(i) Items that will not be reclassified to profit or loss	34	(33.22)	16.13
	(ii) Income tax relating to items that will not be reclassified to profit or loss	11 & 34	8.36	(4.70)
	Subtotal (A)		**(24.86)**	**11.43**
	(B)			
	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Subtotal (B)		-	-
	Other Comprehensive Income (A+B)		**(24.86)**	**11.43**
(XIII)	**Total Comprehensive Income for the year**		**1,463.17**	**4,521.68**
(XIV)	**Earnings per equity share of face value ₹ 2 each**	35		
	Basic (₹)		3.94	11.94
	Diluted (₹)		3.93	11.86
	See accompanying notes forming part of the reformatted standalone financial statements	1 - 54		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place : Mumbai
Date : June 27, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED STANDALONE STATEMENT OF CASH FLOWS

(₹ in millions)

Particulars	Notes	Year ended March 31, 2020		Year ended March 31, 2019 (See note 38)	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax			**2,366.35**		**6,230.19**
Adjustments for:					
Depreciation, amortisation and impairment	13, 14 & 15	894.09		241.05	
Impairment on loans	30	(719.10)		(15.57)	
Impairment on other financial instruments		4.33		25.72	
(Profit)/ loss on sale of assets		6.19		0.41	
Net (gain)/ loss on fair value changes - realised	26	958.05		168.65	
Net (gain)/ loss on fair value changes - unrealised	26	(14.36)		(3.02)	
Net (gain)/ loss on derecognition of financial instruments under amortised cost	29	(429.91)		(296.10)	
Employee benefit expenses - share based		89.36		68.46	
Employee benefit expenses - others		48.39		68.81	
Exchange fluctuation on foreign currency borrowings realised		8.31		-	
Exchange fluctuation on foreign currency borrowings unrealised		2,206.05		3.47	
MTM on derivatives financial instruments		(2,137.58)		-	
Net (gain)/ loss on future contract		(15.37)		-	
Interest on loans		(23,668.93)		(26,973.31)	
Interest on deposits with banks	25.1	(689.64)		(645.30)	
Interest on investments	25.1	(113.43)		(505.03)	
Finance cost		12,688.43		13,557.51	
Loss on buy back of commercial paper (net)		8.21		39.00	
Loss on buy back of debentures (net)		(546.19)		0.37	
Income received on loans		23,621.59		25,995.58	
Interest received on deposits with banks		706.77		627.41	
Income received on investments		49.09		595.86	
Finance cost paid		(12,640.69)	313.66	(13,008.96)	(54.99)
Operating profit before working capital changes			**2,680.01**		**6,175.20**
Decrease/ (increase) in financial and non financial assets		15,501.49		(19,546.34)	
Increase in financial and non financial liabilities		3,512.69	19,014.18	4,643.50	(14,902.84)
Cash (used in)/ generated from operations			**21,694.19**		**(8,727.64)**
Taxes paid			(919.49)		(1,342.05)
Net cash (used in)/ generated from operating activities			**20,774.70**		**(10,069.69)**
Loans (disbursed)/ repaid (net)			(19,892.04)		35,463.53
Net cash generated from operating activities (A)			**882.66**		**25,393.84**
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and other intangible assets			(462.50)		(522.14)
Sale of property, plant and equipment and other intangible assets			47.37		12.20
Investments in subsidiaries			(1,500.00)		(2,000.00)
Investment in debentures of subsidiary			(472.83)		(491.00)
Redemption in debentures of subsidiary			471.96		-
Purchase of investment property			-		(183.12)
Proceeds from investment property			20.00		-
Purchase of investments			(5,50,358.55)		(7,69,131.13)
Proceeds from sale/ maturity of investments			5,44,966.98		7,75,639.48
Deposits placed with banks			(36,869.86)		(8,841.78)
Proceeds from maturity of deposits placed with banks			36,493.21		7,604.33
Net cash (used in)/ generated from investing activities (B)			**(7,664.22)**		**2,086.84**
C. CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of equity share capital			20.45		32.83
Adjustment due to Composite Scheme of Arrangement on account of merger			(22.10)		9.65
Dividend paid (including dividend distribution tax)			(896.39)		(1,908.79)
Proceeds from debt securities			1,60,092.29		3,86,630.30
Repayment of debt securities			(1,76,536.84)		(4,07,968.91)
Proceeds from borrowings (other than debt securities)			1,32,906.30		8,04,825.89
Repayment of borrowings (other than debt securities)			(1,13,931.32)		(8,05,710.61)
Proceeds from subordinated liabilities			7,067.08		4,214.63
Repayment of subordinated liabilities			(2.50)		(5,004.17)
Net cash (used in)/ generated from financing activities (C)			**8,696.97**		**(24,879.18)**
Net increase in cash and cash equivalents (A + B + C)			**1,915.41**		**2,601.50**
Add : Opening cash and cash equivalents as at the beginning of the year			4,147.30		**10.44**
Add: Cash and cash equivalents transferred through Composite Scheme of Arrangement due to scheme of merger as on April 01 2018			-		**1,535.36**
Cash and cash equivalents as at the end of the year	4		**6,062.71**		**4,147.30**
See accompanying notes forming part of the reformatted standalone financial statements	1 - 54				

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly IIFL HOLDINGS LIMITED)

G. Sankar
Partner
Membership No. 046050

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer

Place : Mumbai
Date : June 27, 2020

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED STANDALONE STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital (₹ in millions)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at March 31, 2020 (Refer Note 24)	638.41	118.27	756.68
As at March 31, 2019 (Refer Note 24)	637.96	0.45	638.41

B. Other Equity (₹ in millions)

Particulars	Share application money pending allotment (Note 1)	Reserves & Surplus								Total
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Capital Redemption Reserve (Note 6)	Debenture Redemption Reserve (Note 7)	Retained Earnings (Note 8)	Stock Compensation Reserve (Note 9)	
Balance as at April 01, 2018	**4.16**	**-**	**10,604.07**	**577.45**	**-**	**51.11**	**-**	**2,900.14**	**52.19**	**14,189.12**
Addition due to Composite Scheme of Arrangement (Refer note 38.1)		(4,245.33)	-							(4,245.33)
Addition due to Composite Scheme of Arrangement (Refer note 38.2)	-	4,843.93	7,630.80	463.00	3,868.50	2,250.00	3,845.70	(1,137.51)	19.36	21,783.78
Opening restated balance as on April 01,2018	**4.16**	**598.60**	**18,234.87**	**1,040.45**	**3,868.50**	**2,301.11**	**3,845.70**	**1,762.63**	**71.55**	**31,727.57**
Profit for the year	-	-	-	-	-	-	-	4,510.25	-	4,510.25
Remeasurement of defined benefit (net of tax)	-	-	-	-	-	-	-	11.43	-	11.43
Interim dividend	-	-	-	-	-	-	-	(1,725.75)	-	(1,725.75)
Dividend distribution tax on interim dividend	-	-	-	-	-	-	-	(183.04)	-	(183.04)
Transfer to/ from reserves	-	-	19.49	4,007.86	769.00	-	(4,007.65)	(769.00)	(19.70)	-
On account of merger	-	-						(10.33)		(10.33)
On account of demerger	-	240.25						1.59	(24.94)	216.90
Addition/(Reduction) during the year	(4.16)	-	56.52				258.95	(258.95)	68.46	120.83
Balance as at March 31, 2019 (refer note 38)	**-**	**838.85**	**18,310.88**	**5,048.31**	**4,637.50**	**2,301.11**	**97.00**	**3,338.83**	**95.37**	**34,667.85**
Profit for the year	-	-	-	-	-	-	-	1,488.03	-	1,488.03
Remeasurement of defined benefit (net of tax)	-	-	-	-	-	-	-	(24.86)	-	(24.86)
Interim dividend	-	-	-	-	-	-	-	(817.05)	-	(817.05)
Dividend distribution tax on interim dividend	-	-	-	-	-	-	-	(79.34)	-	(79.34)
Transfer to/ from reserves	-	-	10.26	37.74	617.61	-	31.04	(686.05)	(10.59)	-
On account of merger	-	-		-	-	-	-	(25.82)	-	(25.82)
Addition during the year	-	-	23.22	-		-		-	89.36	112.58
Balance as at March 31, 2020	**-**	**838.85**	**18,344.36**	**5,086.05**	**5,255.11**	**2,301.11**	**128.04**	**3,193.74**	**174.14**	**35,321.40**

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED STANDALONE STATEMENT OF CHANGES IN EQUITY

Notes:

1. **Share application money pending allotment:** Money received for share application for which allotment is pending.
2. **Capital Reserves:** Capital reserve is created on account of Composite Scheme of Arrangement.
3. **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve.
4. **General Reserve:** The reserve can be distributed/ utilised by the Company, in accordance with The Companies Act, 2013.
5. **Special Reserve:** Pursuant to section 45-IC of the Reserve Bank of India Act, 1934, 20% of the profit after tax for the year has been transferred from Retained Earnings to Special Reserve.
6. **Capital Redemption Reserve:** This reserve has been created on redemption of preference shares capital as per section 55 of The Companies Act, 2013.
7. **Debenture Redemption Reserve:** 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 an NBFC is required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures offered through public issue. Pursuant to Ministry of Corporate Affairs circular dated August 16, 2019, reserve is not required to be created for the Non Convetible Debentures going forward.
8. **Retained Earnings:** These are the profits that the Company has earned till date, less any transfers to Statutory Reserve, Debenture Redemption Reserve, General Reserve, Dividend distribution and Capital Redemption Reserve.
9. **Stock Compensation Reserve:** The employee stock options reserve represents reserve in respect of equity settled share options granted to the employees of the Company and its Group in pursuance of employee stock options plan.

See accompanying notes forming part of the reformatted standalone financial statements (1 - 54)

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place : Mumbai
Date : June 27, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Note 1.

The Company has prepared the Reformatted Standalone Statement of Assets and Liabilities as at March 31, 2020 and 2019 and Reformatted Standalone Statements of Profit and Loss and the Reformatted Standalone Statement of Cash Flows for the years ended March 31, 2020 and 2019 and the significant accounting policies and other explanatory information (together comprising the "Reformatted Standalone Financial Statements"). Accordingly these Reformatted Standalone Financial Statements will be included in the draft shelf prospectus proposed to be filed by the Company with the National Stock Exchange of India Limited, BSE Limited, Securities and Exchange Board of India (the "SEBI") (the "Draft Shelf Prospectus") in connection with the proposed public issue by the Company of Secured Redeemable Non-Convertible Debentures and/or Unsecured Subordinated Redeemable Non-Convertible Debentures.

The Reformatted Standalone Financial Statement are based on and have been extracted by the Management of the Company from the Audited Standalone Financial Statements of the Company for the years ended March 31, 2020 and 2019. The figures as at and for the year ended March 31, 2019 have been recast to give effect to the Composite Scheme of Arrangement as more detailed in Note 38 since the Scheme was effective from April 01, 2018, being the date of merger as per the court approved scheme and has been included as previous year figure in the Audited Standalone Financial Statements of the Company for the year ended March 31, 2020. The Reformatted Standalone Financial Statements as at and for the years ended March 31, 2019 has been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure in line with the Audited Standalone Financial Statements for the year ended March 31, 2020 to comply with requirements of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time (the "SEBI (ILDS) Regulations") issued by the Securities and Exchange Board of India (the "SEBI").

These Reformatted Standalone Financial Statements, do not reflect the effects of events that occurred subsequent to the dates of approval of the audited standalone financial statements of the respective years by the Board of Directors of the Company and also do not reflect the effects of change in accounting policies from one year to another, if any.

These Reformatted Standalone Financial Statements have been approved by the Finance Committee of the Board of Directors on its meeting held on June 27, 2020.

Note 1.1. CORPORATE INFORMATION:

Company overview

IIFL Finance Limited (the "Company") is a Systemically Important Non-Banking Financial Company not accepting public deposits ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in financing and related activities. The Company had received the certificate of registration from RBI on March 12, 2020, enabling the Company to carry on business as a Non-Banking Financial Company. The Company offers a broad suite of financial products such as mortgage loan, gold loan, loan against securities and loans to small & medium enterprise ("SME") to retail and corporate clients.

Note 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS:

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

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

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

(a) Use of estimates and judgments

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial

statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(b) Statement of compliance

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

(c) Presentation of financial statements

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

Note 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

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

i. Interest income and dividend income

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

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

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

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

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

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Company's Statement of Profit and Loss include, among other things, fees charged for servicing a loan.

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

iii. Income from financial instruments at FVTPL

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

iv. Assignment transactions

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

v. Securitisation transactions

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

vi. Other operational revenue

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

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

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

For transition to Ind AS, the Company has elected to adopt as deemed cost, the opening written down value as per Previous GAAP on the transition date of April 1, 2017.

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

The estimated useful life of assets is as under:

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

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

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

Capital work in progress

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

(c) Intangible assets

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

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

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

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

(d) Investment property

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

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

(e) Impairment of tangible and intangible assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, intangible assets and investment property assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, intangible assets and investment property are tested for impairment so as to determine the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

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

(f) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Securities premium includes:
- The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme

(g) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

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

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

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

(h) Earnings per share

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

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

(i) Taxes on income

Current tax

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

Deferred tax

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

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/ business losses/ losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(j) Financial instruments

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

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

Financial assets

Classification and measurement

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

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

Financial instruments measured at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognised in the Statement of Profit and Loss when the Company's right to receive dividends is established.

Reclassifications

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

Impairment of financial assets

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

ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

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

Key elements of ECL computation are outlined below:

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

Credit impaired financial assets

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

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

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

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Default considered for computation of ECL computation is as per the applicable prudential regulatory norms.

Significant increase in credit risk

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

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

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

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

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

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

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

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

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

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

Derecognition of financial assets

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

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

Write-off

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

Financial liabilities and equity Instruments

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

Equity instruments

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

Compound instruments

The component parts of compound instruments (e.g. convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain/ loss is recognised in Statement of Profit and Loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the life of the convertible notes using the effective interest rate method.

Financial liabilities

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

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

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

Derecognition of financial liabilities

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

(k) Cash and bank balances

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

(l) Goods and service tax input credit

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

(m) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

(n) Foreign currencies

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

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

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

(o) Segment reporting

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

(p) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

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

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

Contingent liability is disclosed in case of:

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

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

(q) Statement of Cash Flows

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

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

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

(r) Derivative financial instruments

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

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

(s) IND AS 116 Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

As a lessor

Leases for which the Company is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Critical accounting estimate and judgement

1. Determination of lease term

Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. Discount rate

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Adoption of Ind AS 116:

On 30 March 2019, the Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective from 1 April 2019 ('the date of transition'), the Company applied Ind AS 116 using the modified retrospective approach, wherein Right-of-use ('ROU') asset is recognised at an amount equal to the lease liability. Accordingly, the comparative information is not restated – i.e. it is presented, as previously reported, under Ind AS 17. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

Refer note 14 – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

The Company as a lessee

As a lessee, the Company leases assets which includes gold loan branches/office premises and vehicles to employees. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for these leases.

On transition, for leases classified as operating leases under Ind AS 17, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

Following is the summary of practical expedients elected on initial application:
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term.

Accordingly, a right-of-use asset of Rs. 2,486.56 million and lease liability of Rs.2,613.31 million has been recognised. The weighted average incremental borrowing rate of 9.1% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The Company as a lessor
The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub - lease. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application.

Note 4. Cash and Cash Equivalents **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Cash on hand	799.73	429.71
Cheques on hand	-	12.30
Balance with Banks - In current accounts	1,962.37	3,705.29
- In Deposit accounts (original maturity less than or equal to three months)	3,300.00	-
- Interest accrued on above fixed deposits	0.61	-
Total	**6,062.71**	**4,147.30**

Note 5. Bank Balance (other than Cash and cash equivalents) **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with Banks in earmarked accounts towards unclaimed amount on NCD and dividend	95.70	61.21
In Deposit accounts (original maturity more than three months) (refer note 5.1 below)	10,270.00	9,893.35
Interest accrued on fixed deposits	78.30	95.43
Total	**10,444.00**	**10,049.99**

Note 5.1 Out of the Fixed Deposits shown above **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Lien marked	5,978.41	7,219.62
Margin for credit enhancement	4,027.59	2,672.73
Other deposits	264.00	1.00
Total	**10,270.00**	**9,893.35**

Note 6: Derivative Financial Instruments

(₹ in millions)

Part I	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives						
- Spot and forwards	40,648.82	2,405.21	-	-	-	-
(ii) Interest rate derivatives						
- Forward rate agreements and interest rate swaps	6,955.00	-	267.63	-	-	-
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives	-	-	-	-	-	-
Forward exchange contract	-	-	-	280.00	-	6.59
Total Derivative Financial Instruments	**47,603.82**	**2,405.21**	**267.63**	**280.00**	**-**	**6.59**

(₹ in millions)

Part II	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging	-	-	-	-	-	-
(ii) Cash flow hedging						
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated derivatives	-	-	-	-	-	-
- Currency derivative	40,648.82	2,405.21	-			
- Interest rate derivative	6,955.00	-	267.63			
Forward exchange contract	-	-	-	280.00	-	6.59
Total Derivative Financial Instruments	**47,603.82**	**2,405.21**	**267.63**	**280.00**	**-**	**6.59**

Credit Risk and Currency Risk

(₹ in millions)

	Total		Exchange Traded		Over the Counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
Year ended March 31, 2020						
Derivative Asset	40,648.82	2,405.21	-	-	40,648.82	2,405.21
Derivative Liabilities	6,955.00	267.63	-	-	6,955.00	267.63
Year ended March 31, 2019						
Derivative Asset	-	-		-	-	-
Derivative Liabilities	280.00	6.59	-	-	280.00	6.59

Note: As at the Balance Sheet date the Company had open derivatives contracts of USD 2,643,750 (March 31, 2019 Nil) without any corresponding financial instruments. The Company has subsquently cancelled the same on May 26, 2020.

Note 7. Receivables **(₹ in millions)**

Receivables	As at March 31, 2020	As at March 31, 2019
(i) Trade Receivables		
Receivables considered good - Secured	-	61.34
Receivables considered good - Unsecured	96.21	15.39
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	2.95	-
Total (i) - Gross	**99.16**	**76.73**
Less: Impairment loss allowance	(2.95)	-
Total (i) - Net	**96.21**	**76.73**
(ii) Other Receivables		
Receivables considered good - Secured (refer note 4 below and note 33 on Exceptional items)	-	**20,177.78**

Notes:

1. No trade or other receivables are due from directors or other officer of the company either severally or jointly, with any other person. No trade or other receivables are due from firms including limited liability partnerships, private companies in which any director is a partner or a director or a member.
2. The Company had adopted simplified approach for impairment allowance on trade receivables. Expected credit loss ("ECL") has been recognised on credit impaired receivables.
3. Trade receivables are non-interest bearing.
4. During the Previous year ended March 2019, the Company executed definitive agreement for divestment of its "Vehicle Financing Business" as a going concern on a slump sale basis to IndoStar Capital Finance Limited ("Indostar"). In terms of the Business Transfer Agreement, the Company received the outstanding purchase consideration of ₹ 20,177.78 million from Indostar in twelve monthly installments, with interest. The outstanding amount for this transaction is reflected under 'Other Receivables' in the previous year.

Note 8. Loans

(₹ in millions)

Particulars	As at March 31, 2020		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	85,700.56	28,513.66	1,14,214.22
(ii) Non Convertible Debentures - for financing real estate projects	23,961.29	-	23,961.29
(iii) Inter corporate deposit (refer note 40.2)	11,382.04	-	11,382.04
Total (A) - Gross	**1,21,043.89**	**28,513.66**	**1,49,557.55**
Less: Impairment loss allowance	(6,973.37)	(265.56)	(7,238.93)
Total (A) - Net	**1,14,070.52**	**28,248.10**	**1,42,318.62**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	86,521.39	24,543.88	1,11,065.27
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	-	-	-
(iv) Unsecured	34,522.50	3,969.78	38,492.28
Total (B) - Gross	**1,21,043.89**	**28,513.66**	**1,49,557.55**
Less: Impairment loss allowance	(6,973.37)	(265.56)	(7,238.93)
Total (B) - Net	**1,14,070.52**	**28,248.10**	**1,42,318.62**
(C)			
(I) Loans in India	**1,21,043.89**	**28,513.66**	**1,49,557.55**
(i) Public Sector	-	-	-
(ii) Others	1,21,043.89	28,513.66	1,49,557.55
Less: Impairment loss allowance	(6,973.37)	(265.56)	(7,238.93)
Total (C) (I) - Net	**1,14,070.52**	**28,248.10**	**1,42,318.62**
(II) Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total (C) (II) - Net	-	-	-
Total C (I) and C (II)	**1,14,070.52**	**28,248.10**	**1,42,318.62**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

(₹ in millions)

Particulars	As at March 31, 2019		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	80,912.52	25,000.00	1,05,912.52
(ii) Non Convertible Debentures - for financing real estate projects	22,714.26	-	22,714.26
(iii) Inter corporate deposit (refer note 40.2)	817.50	-	817.50
Total (A) - Gross	**1,04,444.28**	**25,000.00**	**1,29,444.28**
Less: Impairment loss allowance	(7,612.84)	(127.57)	(7,740.41)
Total (A) - Net	**96,831.44**	**24,872.43**	**1,21,703.87**
(B)			-
(i) Secured by tangible assets (refer note 8.1 and 8.2)	82,098.47	22,001.49	1,04,099.96
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	-	-	-
(iv) Unsecured	22,345.81	2,998.51	25,344.32
Total (B) - Gross	**1,04,444.28**	**25,000.00**	**1,29,444.28**
Less: Impairment loss allowance	(7,612.84)	(127.57)	(7,740.41)
Total (B) - Net	**96,831.44**	**24,872.43**	**1,21,703.87**
(C)			**-**
(I) Loans in India	**1,04,444.28**	**25,000.00**	**1,29,444.28**
(i) Public Sector	-	-	-
(ii) Others	1,04,444.28	25,000.00	1,29,444.28
Less: Impairment loss allowance	(7,612.84)	(127.57)	(7,740.41)
Total (C) (I)-Net	**96,831.44**	**24,872.43**	**1,21,703.87**
(II) Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total (C) (II)- Net	-	-	-
Total C (I) and C (II)	**96,831.44**	**24,872.43**	**1,21,703.87**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

Notes:

8.1 Secured loans are secured by way of equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.

8.2 Secured loans include loans aggregating to ₹ 3,434.30 million (March 31, 2019: ₹ 5,388.13 million) in respect of which the creation of security is under process.

8.3 (i) The outbreak of COVID 19 pandemic and consequent lockdown has severely impacted business and operations of the Company in the last week of March 2020. In terms of the policy approved by the Board of Directors of the Company pursuant to Reserve Bank of India (RBI) Circulars dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has granted EMI moratorium to all eligible customers for a period up to 3 months with regards to the payment falling due between March 01, 2020 and May 31, 2020. Further, in relation to the accounts overdue but standard as at 29 February 2020 where moratorium benefit has been extended in terms of aforesaid RBI guidelines, the staging of those accounts at March 31, 2020 is based on the days past due status as on February 29, 2020. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. On May 22, 2020, the RBI has extended the Moratorium Period by further three months.

(ii) The Company's assessment of impairment loss allowance on its loans and other assets is subject to a number of management judgments and estimates. In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the determination of the impairment loss allowance calculations remained unchanged from those applied while preparing the Standalone Financial Statements for the year ended March 31, 2019, the Company has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic based on early indicators of moratorium and delayed payments metrics observed along with an estimation of potential stress on probability of defaults and exposure at default. Accordingly, the Company has measured additional impairment loss allowance on loans and other assets and recognised the incremental impairment provision for ₹ 2,171.22 million in the Standalone Financial Statements which is adequate in the view of the Company considering the current information available. In addition, while assessing the liquidity situation, the Company has taken into consideration certain assumptions with respect to repayments of loan assets, sale of loan assets and undrawn committed lines of credit, based on its past experience which have been adjusted for current events. Given the dynamic nature of pandemic situation, the Company's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic and, as a result, actual Standalone Financial Statements may differ from these estimates as on the date of approval of these Standalone Financial Statements. The Company will continue to monitor any material changes to the future economic conditions.

Note 9. Investments

(₹ in millions)

Particulars	As at March 31, 2020		
	At Fair Value through profit and loss	At Cost	Total
(A)			
Mutual funds	66.32	-	66.32
Alternate investment funds	50.01	-	50.01
Government securities	5,220.80	-	5,220.80
Debt securities:			
in subsidiaries	447.01	-	447.01
in others	0.23	-	0.23
Equity instruments:			
in subsidiaries	-	11,969.21	11,969.21
in others	1,813.13	-	1,813.13
Others	18.76	-	18.76
Total – Gross (A)	**7,616.26**	**11,969.21**	**19,585.47**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	7,616.26	11,969.21	19,585.47
Total – (B) to tally with Total (A)	**7,616.26**	**11,969.21**	**19,585.47**
Less: Impairment loss allowance - (C)	-	-	-
Total Net (D) = A - C	**7,616.26**	**11,969.21**	**19,585.47**

(₹ in millions)

Particulars	As at March 31, 2019		
	At Fair Value through profit and loss	At Cost	Total
(A)			
Mutual funds	76.10	-	76.10
Alternate investment funds	63.19	-	63.19
Government securities		-	-
Debt securities:			
in subsidiaries	470.79	-	470.79
in others	610.65	-	610.65
Equity instruments:			
in subsidiaries	-	10,469.21	10,469.21
in others	591.50	-	591.50
Others	771.27	-	771.27
Total – Gross (A)	**2,583.50**	**10,469.21**	**13,052.71**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	2,583.50	10,469.21	13,052.71
Total – (B) to tally with Total (A)	**2,583.50**	**10,469.21**	**13,052.71**
Less: Impairment loss allowance - (C)	-	-	-
Total Net (D) = A - C	**2,583.50**	**10,469.21**	**13,052.71**

Note 9.1 Investment details script wise

Particulars	As at March 31, 2020			As at March 31, 2019		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in millions)	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in millions)
Mutual funds			**66.32**			**76.10**
IIFL Focused Equity Fund-Direct Plan-Growth	45,62,418.45	10	66.32	45,62,418.45	10	76.10
Alternate investment fund			**50.01**			**63.19**
Phi Capital Growth Fund-I	173.97	1,00,000	21.17	156.93	1,00,000	9.27
Indiareit Apartment Fund - Class B	23.20	1,00,000	4.27	28.32	1,00,000	4.42
IIFL Income Opportunities Fund- Special Situation - Class B	9,32,923.14	3.9963	2.04	9,32,923.14	3.9963	4.11
IIFL Income Opportunities Fund- Special Situation - Class S	1,02,78,484.68	3.9963	22.53	1,02,78,484.68	3.9963	45.39
Government securities			**5,220.80**			**-**
Government securities	5,00,00,000.00	100	5,220.80	-	-	-
Debt securities (in subsidiaries)			**447.01**			**470.79**
8.93 % IIFL Home Finance-2023 (formerly known as India Infoline Housing Finance Limited)	500.00	10,00,000	447.01	500.00	10,00,000	470.79
Debt securities (other than subsidiaries)			**0.23**			**610.65**
9.25% DHFL - 2023	8,908.00	1,000	0.23	7,48,346.00	1,000	610.65
Equity instruments (other than subsidiaries)			**1,813.13**			**591.50**
TransUnion CIBIL Limited	2,50,000.00	10	988.50	2,50,000.00	10	591.50
SBI Cards and Payment Services Limited (formerly known as SBI Cards and Payment Services Private Limited)	13,32,955.00	10	824.63	-	-	-
Equity instruments (in subsidiaries)			**11,969.21**			**10,469.21**
IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited)	2,09,68,181.00	10	8,254.77	2,09,68,181.00	10	8,254.77
Samasta Microfinance Limited	26,13,18,160.00	10	3,714.29	17,51,12,133.00	10	2,214.29
Clara Developers Private Limited	10,000.00	10	0.15	10,000.00	10	0.15
Others			**18.76**			**771.27**
IRB InvIT Fund	7,32,500.00	93.50	18.76	1,15,65,000.00	96.60	771.27
Total Gross			**19,585.47**			**13,052.71**

Note 10. Other financial assets **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good)		
Security deposits	232.24	271.82
Deposit with Clearing Corporation of India Ltd	25.40	2.40
Interest strip asset on assignment	772.84	320.12
Staff advances	0.76	0.62
Receivable from Group companies/ subsidiaries	25.99	42.91
Insurance receivable	286.10	152.99
Less: Provisions on insurance receivables (refer note 10.3 below)	(68.68)	(75.36)
Receivable on account of assignment	-	0.05
Other receivables	185.74	6.40
Accrued interest on investments	133.18	68.84
Other advance (refer note 10.1 below)	46.70	48.20
(Unsecured, considered doubtful)		
Security deposits	4.90	8.05
Less : Provisions on security deposits (refer note 10.4 below)	(4.90)	(8.05)
Total	**1,640.27**	**838.99**

Note 10.1 The Company during the year ended March 31, 2018 had acquired an existing advance portfolio from M/S IIFL Management Services Limited ("IIFLMSL"), a fellow subsidiary of the Company uptil March 2018. IIFLMSL has been underwriting affordable residential units with recognised developers in past, but was finding it challenging to manage this book. The Company, being in the business of financing and having contact with the developers, was in a better position to manage this book and therefore acquired the portfolio from IIFLMSL, which shall be repaid by the developers through their cash flows or sales at regular rests with a fixed rate of return. The Company is in the process of obtaining requisite no objection certificates / agreements from the respective developers/ builders for transferring said allotment letters in its name.

Note 10.2 Impairment loss allowance on Other advances **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	**-**	70.60
Addition	-	-
Less: Transfer to Loans	-	(70.60)
Closing	-	**-**

Note 10.3 Provisions on insurance receivables **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	**75.36**	**41.03**
Addition	11.30	44.23
Reduction	(17.98)	(9.90)
Closing	**68.68**	**75.36**

Note 10.4 Provisions on security deposit **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	**8.05**	**-**
Addition	2.88	8.05
Reduction	(6.03)	-
Closing	**4.90**	**8.05**

Note 11. Deferred Tax Assets and Liabilities

Significant components of deferred tax assets and liabilities for the year ended March 31, 2020 are as follows: **(₹ in millions)**

Particulars	Opening balance (as on April 1, 2019)	Transfer through slump sale (refer note 33)	Effect of Rate Change (refer note 11.1)	Recognised in profit or loss	Recognised in/ reclassified from OCI	Closing balance (as on March 31, 2020)
Deferred tax assets						
Property, plant and equipment	203.69	-	(27.64)	33.33	-	209.38
Provisions, allowances for doubtful receivables / loans	2,179.38	(74.60)	(275.89)	(83.68)	-	1,745.21
Compensated absences and retirement benefits	35.08	-	(4.76)	(4.32)	8.36	34.36
Income amortisation (net)	0.01	(7.97)	3.37	(145.27)	-	(149.86)
Expenses deductible in future years	54.34	-	(50.03)	0.53	-	4.84
Carry-forward losses on investments	68.36	-	(9.28)	62.11	-	121.19
Unrealised losses on investments	41.11	-	(16.85)	6.80	-	31.06
Lease liabilities- Ind AS 116	-	-	-	31.90	-	31.90
Total	**2,581.97**	**(82.57)**	**(381.08)**	**(98.60)**	**8.36**	**2,028.08**

Significant components of deferred tax assets and liabilities for the year ended March 31, 2019 are as follows: **(₹ in millions)**

Particulars	Opening balance (as on April 1, 2018)	Addition on account of Merger (refer note 38.2)	Recognised in profit or loss	Recognised in/ reclassified from OCI	Closing balance (as on March 31, 2019)
Deferred tax assets					
Property, plant and equipment	(0.15)	248.04	(44.20)	-	203.69
Provisions, allowances for doubtful receivables / loans	-	2,524.14	(344.76)	-	2,179.38
Compensated absences and retirement benefits	1.40	26.42	11.96	(4.70)	35.08
Income amortisation (net)	-	117.45	(117.44)	-	0.01
Expenses deductible in future years	-	0.67	53.67	-	54.34
Carry-forward losses on investments	68.36	-		-	68.36
Unrealised losses on investments	-	50.64	(9.53)	-	41.11
Total	**69.61**	**2,967.36**	**(450.30)**	**(4.70)**	**2,581.97**

Note 11.1:

The recently promulgated Taxation Laws (Amendment) Ordinance 2019 has inserted section 115BAA in the Income Tax Act, 1961 providing existing domestic companies with an option to pay tax at concessional rate of 22% plus applicable surcharge & cess. The reduced tax rates come with the consequential surrender of specified deductions & incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961 for assessment year (AY) 20-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These financial statements are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the opening deferred tax asset (net) has been measured at the lower rate, with a one-time charge of ₹ 381.08 million to the statement of Profit & Loss during the year ended March 31, 2020.

Note 12. Investment property (at cost) **(₹ in millions)**

Particulars	Property (Flats)*	Land	Total
Gross carrying value			
As at April 1, 2019	**1,555.53**	**1,078.74**	**2,634.27**
Additions during the year	-	-	-
Deductions/ adjustments during the year	-	(20.00)	(20.00)
As at March 31, 2020	**1,555.53**	**1,058.74**	**2,614.27**
Less : Impairment loss allowance	(478.16)	(105.87)	(584.03)
Net carrying value as at March 31, 2020	**1,077.37**	**952.87**	**2,030.24**
Fair value as on March 31, 2020 (Fair value hierarchy : Level 3)	1,710.13	1,067.16	2,777.29

*Distress value of above flats is ₹ 1,197.07 millions.

(₹ in millions)

Particulars	Property (Flats)	Land	Total
Gross carrying value			
As at April 1, 2018	**1,550.72**	**900.43**	**2,451.15**
Additions during the year	4.81	178.31	183.12
Deductions/ adjustments during the year	-	-	-
As at March 31, 2019	**1,555.53**	**1,078.74**	**2,634.27**
Less : Impairment loss allowance	**-**	**-**	**-**
Net carrying value as at March 31, 2019	**1,555.53**	**1,078.74**	**2,634.27**
Fair value as on March 31, 2019 (Fair value hierarchy : Level 3)	1,710.00	1,081.15	2,791.15

Note 12.1: Management has acquired possession of these properties in satisfaction of the debts and intends to dispose them in due course, subject to conducive market conditions. These properties have been valued taking into consideration various factors such as location, facilities & amenities, quality of construction, percentage of completion of construction (as for some properties the construction is currently on hold), residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation and ready recknor published by government. These valuations have been performed by external independent valuers, having appropriate recognised professional qualification and experience in the location and category of property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged in an arm's length transaction. These properties are not depreciated as they have not been put to use.

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2020 and March 31, 2019

Note 13. Property, Plant and Equipment (₹ in millions)

Particulars	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2019	398.13	11.50	92.65	359.31	98.50	271.71	**1,231.80**
Additions during the year	273.67	-	11.17	-	107.33	103.02	**495.19**
Deductions/ adjustments	(11.78)	-	(1.58)	-	(9.90)	(78.66)	**(101.92)**
As at March 31, 2020	**660.02**	**11.50**	**102.24**	**359.31**	**195.93**	**296.07**	**1,625.07**
Depreciation							
As at April 1, 2019	123.14	5.00	39.12	42.30	35.26	100.79	**345.61**
Depreciation for the year	127.75	2.38	12.59	21.15	54.74	97.28	**315.89**
Deductions/ adjustments	(6.37)	-	(1.07)	-	(5.57)	(35.42)	**(48.43)**
Up to March 31, 2020	**244.52**	**7.38**	**50.64**	**63.45**	**84.43**	**162.65**	**613.07**
Net block as at March 31, 2020	**415.50**	**4.12**	**51.60**	**295.86**	**111.50**	**133.42**	**1,012.00**

(₹ in millions)

Particulars	Furniture And Fixture	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2018	1.67	9.90	3.37	7.21	0.67	0.30	**23.12**
Transfer in due to merger (refer note 38.2)	157.84	1.60	49.17	359.31	47.99	144.83	**760.74**
Additions during the year	246.99	-	48.33	-	56.31	140.87	**492.50**
Transfer out due to demerger (refer note 38.1)	(1.67)	-	(3.23)	(7.21)	(0.67)	(0.20)	**(12.98)**
Deductions/ adjustments	(6.70)	-	(4.99)	-	(5.80)	(14.09)	**(31.58)**
As at March 31, 2019	**398.13**	**11.50**	**92.65**	**359.31**	**98.50**	**271.71**	**1,231.80**
Depreciation							
As at April 1, 2018	0.68	1.82	1.26	0.70	0.26	0.18	**4.90**
Transfer in due to merger (refer note 38.2)	44.44	0.60	22.03	21.15	15.11	30.45	**133.78**
Depreciation for the year	82.20	2.58	20.36	21.15	24.26	78.35	**228.89**
Transfer out due to demerger (refer note 38.1)	(0.68)	-	(1.23)	(0.70)	(0.26)	(0.15)	**(3.02)**
Deductions/ adjustments	(3.50)	-	(3.30)	-	(4.11)	(8.04)	**(18.95)**
Up to March 31, 2019	123.14	5.00	39.12	42.30	35.26	100.79	**345.61**
Net block as at March 31, 2019	**274.99**	**6.50**	**53.53**	**317.01**	**63.24**	**170.92**	**886.19**

Note 14. Leases

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

(i) As a Lessee

(₹ in millions)

Particulars	Premises	Vehicle	Total
Lease commitments as at March 31, 2019	5.42	-	5.42
Add/(less): adjustments on account of lease period	1,849.41	-	1,849.41
Add/(less): contracts reassessed as lease contracts	-	6.27	6.27
Lease liabilities as on April 01, 2019	**1,854.83**	**6.27**	**1,861.10**

Following are the changes in the carrying value of right of use assets for the period ended March 31, 2020:

(₹ in millions)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2019	**1,854.83**	**6.27**	**1,861.10**
Addition during the year	1,468.06	7.19	1,475.25
Deduction/Adjustment	(280.65)	(2.31)	(282.96)
Depreciation during the year	(563.85)	(2.98)	(566.83)
Closing Balance as at March 31, 2020	**2,478.39**	**8.17**	**2,486.56**

Following is the break up value of the Current and Non - Current Lease Liabilities for the period ended March 31, 2020:

(₹ in millions)

Particulars	As at March 31, 2020
Current lease liabilities	426.11
Non-current lease liabilities	2,187.20
Total	**2,613.31**

The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in millions)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2019	1,854.83	6.27	1,861.10
Addition during the year	1,468.06	7.19	1,475.25
Deduction/Adjustment	(286.51)	(2.24)	(288.75)
Finance cost accrued during the period	210.91	0.69	211.60
Payment of lease liabilities	(642.48)	(3.41)	(645.89)
Closing Balance as at March 31, 2020	**2,604.81**	**8.50**	**2,613.31**

Table showing details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

(₹ in millions)

Particulars	As at March 31, 2020
Less than one year	621.82
One to two years	560.66
Two to five years	1,384.91
More than five years	858.38
Total	**3,425.77**

Rental expense recorded for short-term leases was ₹ 86.59 million for the year ended March 31, 2020

Amounts recognised in profit or loss **(₹ in millions)**

Particulars	As at March 31, 2020
Interest on lease liabilities	211.60
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	4.25
Depreciation for the year	566.83
Total	**782.68**

Amounts recognised in the statement of cash flows **(₹ in millions)**

Particulars	As at March 31, 2020
Total cash outflow for leases	645.89

(ii) As a Lessor

Operating Lease The Company has entered into operating lease for one of its office building. These leases have terms of between 2 to 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The total contingent rents recognised as income during the year is ₹ 32.88 million (P.Y Nil). Future minimum rentals receivable under non-cancellable operating leases as at March 31, 2020 are, as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Upto 1 Year	36.41	-
Upto 2 Year	36.41	-
Upto 3 Year	6.07	-

Note 15. Other Intangible Assets (other than internally generated)

(₹ in millions)

Particulars	Computer software
Cost or valuation as at April 1, 2019	**36.73**
Additions during the year	2.59
Deductions /Adjustments during the year	(0.08)
As at March 31, 2020	**39.24**
Amortisations	
As at April 1, 2019	**21.48**
Additions during the year	11.37
Up to March 31, 2020	**32.85**
Net block as at March 31, 2020	**6.39**

(₹ in millions)

Particulars	Computer software
Cost or valuation as at April 1, 2018	**14.36**
Transfer in due to merger (refer note 38.2)	20.11
Additions during the year	11.36
Transfer out due to demerger (refer note 38.1)	(9.10)
As at March 31, 2019	**36.73**
Amortisations	
As at April 1, 2018	**6.03**
Transfer in due to merger (refer note 38.2)	7.04
Amortisation during the year	12.15
Transfer out due to demerger (refer note 38.1)	(3.74)
Up to March 31, 2019	**21.48**
Net block as at March 31, 2019	**15.25**

Note 16. Other non-financial assets (₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Prepaid expenses	255.03	103.77
Receivable from securitisation trust	843.04	-
Advances for operational expenses*	260.87	30.53
Deposits with government	18.92	29.66
GST / Service tax input	155.13	94.92
Other assets	1.10	2.22
Total	**1,534.09**	**261.10**

* Includes foreign currency payments amounting to ₹ 90.70 million (March 31, 2019 Nil)

Note 17. Payables (₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
(i)Total outstanding dues of creditors other than micro enterprises and small enterprises		
Outstanding dues of creditors	36.17	101.04
Accrued salaries and benefits	45.46	58.07
Provision for expenses	441.17	371.83
Other trade payables	0.00	0.58
Total	**522.80**	**531.52**

Note 17.1 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

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

Particulars	2019-2020	2018-2019
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

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

Note 18. Debt Securities (₹ in millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(i) Non Convertible Debentures (refer note (a) and (c) and 18.1 below) - Secured	57,123.20	37,610.31
Less : Unamortised debenture issue expenses	(383.15)	(205.66)
Less : Unexpired discount on NCD	(56.19)	-
(ii) Commercial Papers (refer note 18.1 below) - Unsecured	-	34,950.00
Less : Unexpired discount on Commercial Paper (refer note (b) below)	-	(237.97)
Total (A)	**56,683.86**	**72,116.68**
Debt securities in India	27,910.18	72,116.68
Debt securities outside India (refer note (c))	28,773.68	-
Total (B) to tally with (A)	**56,683.86**	**72,116.68**

(a) The Non Convertible Debentures are secured by way of first pari-passu charge on immovable property, current assets, book debts, loans and advances including receivables other than those specifically charged.

(b) Unexpired discount on Commercial Papers is net of Nil (March 31, 2019: ₹ 538.39 million), towards discount accrued but not due.

(c) During the year the Company has borrowed ₹ 28,557.00 million (equivalent to USD 400 million) under Secured Medium Term Note Programme. These are secured by way of all rights, titles, interest, benefits, claims and demands, whatsoever of the Company in, to and in respect of, all present and future, receivables/assets, including Company's accounts, operating cash flows, current assets, book debts, stock in trade, loans and advances and receivables, both present and future to the extent of complying with the Security Coverage Ratio, but excluding the Ineligible Assets.

Note 18.1 - Terms of repayment

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
Non Convertible Debentures (secured)		**57,123.20**		**37,610.31**
Fixed:		**46,853.57**		**26,676.92**
More than 5 years	-	-	-	-
3-5 Years	9.75% - 10.20%	32,058.40	9.50% - 10.20%	10,626.92
1-3 Years	8.00% - 10.20%	9,420.17	8.00% - 10.20%	9,250.00
Less than 1 year	9.75% - 10.20%	5,375.00	7.75% - 9.50%	6,800.00
Floating:^		**5,000.00**		**7,000.00**
More than 5 years	-	-	-	-
3-5 Years	-	-	-	-
1-3 Years	-	-	8.87%	5,000.00
Less than 1 year	8.77%	5,000.00	8.15% -8.44%	2,000.00
Zero Coupon:		**5,269.63**		**3,933.39**
More than 5 years	-	-	-	-
3-5 Years	-	-	9.60%	494.23
1-3 Years	8.75% - 9.85%	2,270.85	8.75% - 9.30%	3,044.16
Less than 1 year	8.75% - 10.00%	2,998.78	8.85% - 9.30%	395.00
Commercial Papers				**34,950.00**
Less than 1 year	-	-	8.90% - 9.10%	34,950.00
TOTAL		**57,123.20**		**72,560.31**

^The floating rate Non Convertible Debentures are linked with Government securities / Treasury Bills interest rates plus applicable spread.

Note 18.2 - Non Convertible Debentures - instrument wise details

(₹ in millions)

Description of security	Coupon/ Yield	As at March 31, 2020	As at March 31, 2019
9.30% Redeemable Non Convertible Debentures. Date of Maturity 5/04/2019	9.30%	-	2,000.00
Secured Redeemable Non-Convertible Debentures. Series C7. Date of Maturity 21/05/2019	8.15%	-	1,000.00
7.75% Secured Redeemable Non-Convertible Debentures. Date of Maturity 06/06/2019	7.75%	-	1,500.00
Secured Redeemable Non-Convertible Debentures. Series C9. Date of Maturity 05/07/2019	8.44%	-	1,000.00
7.85% Secured Redeemable Non-Convertible Debentures. Series C5. Date of Maturity 26/08/2019	7.85%	-	1,250.00
Zero Coupon Non Convertible Debentures with Date of Maturity 12/09/2019	9.30%	-	65.00
Zero Coupon Non Convertible Debentures With Date of Maturity 24/09/2019	9.30%	-	105.00
9.20 % Redeemable Non Convertible Debentures Date of Maturity 4/11/2019	9.20%	-	300.00
Zero Coupon Non Convertible Debentures with Date of Maturity 12/11/2019	8.85%	-	50.00
9.50% Secured Rated Listed Redeemable Non Convertible Debentures. Series E1. Date of Maturity 31/12/2019	9.50%	-	1,750.00
Zero Coupon G-Sec Index Principal Protected Market Linked Listed Secured Redeemable Non Convertible Debentures. Series C-13. Date of Maturity 10/01/2020	9.00%	-	175.00
Zero Coupon Non Convertible Debentures with Date of Maturity 07/04/2020	8.85%	110.00	110.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A11. Date of Maturity 20/04/2020	9.30%	1,093.00	1,500.00
Zero Coupon 10 Year G-Sec Rate Linked Secured Listed Rated Redeemable Non Convertible Debentures. Series C11. Date of Maturity 21/04/2020	8.75%	262.00	500.00
Zero Coupon 10 Year G-Sec Rate Linked Secured Listed Rated Redeemable Non Convertible Debentures. Series C12. Date of Maturity 27/04/2020	9.00%	295.52	574.16
Secured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	8.77%	5,000.00	5,000.00
Zero Coupon Secured Non Convertible Debentures - 10 Year G-Sec Price MLD 2020. Series D2. Date of Maturity 09/07/2020	9.00%	285.58	-
9.98% Secured Listed Rated Redeemable Non Convertible Debentures. Series C14 Option Ii. Date of Maturity 28/09/2020	9.98%	1,000.00	1,000.00
9.75% Secured Redeemable Non Convertible Debentures - Series F1. Date of Maturity 09/10/2020	9.75%	1,500.00	-
10.20% Secured Redeemable Non Convertible Debentures. Date of Maturity 03/11/2020	10.20%	2,875.00	2,875.00
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series I. Date of Maturity 06/12/2020	10.00%	952.69	-
8% Secured Redeemable Non-Convertible Debentures. Series C6. Date of Maturity 29/04/2021	8.00%	2,500.00	2,500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series C8. Date of Maturity 30/04/2021	8.75%	100.00	100.00
Zero Coupon Secured Listed Rated Redeemable Non Convertible Debentures. Series C10. Date of Maturity 25/05/2021	9.25%	260.00	260.00
Zero Coupon Secured Non Convertible Debentures - Nifty 50 Index MLD 2021. D3 Option I. Date of Maturity-27/09/2021	9.50%	1,070.12	-
10.20% Secured Redeemable Non Convertible Debentures. Date of Maturity 03/11/2021	10.20%	2,875.00	2,875.00
9.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series I. Date of Maturity 07/05/2022	9.50%	2,605.00	2,605.00
9.60% Secured Rated Listed Redeemable Non Convertible Debenture. Series I. Date of Maturity 07/05/2022	9.60%	380.38	389.15
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debenture. Series II - Category II,III & IV. Date of Maturity 07/05/2022	9.60%	468.79	494.23
Zero Coupon Secured Non Convertible Debentures - NIFTY ENHANCER STRUCTURE - MLD 2022. D3 Option II. Date of Maturity 27/09/2022	9.50%	254.50	-
9.50% Secured Non Convertible Debentures - Tranche II. Series II. Date of Maturity 06/12/2022	9.50%	360.07	-
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series III. Date of Maturity 06/12/2022	9.85%	117.44	-
9.85% Secured Non Convertible Debentures - Tranche II. Series IV. Date of Maturity 06/12/2022	9.85%	649.72	-
9.75% Secured Redeemable Non Convertible Debentures - Series D4. Date of Maturity 17/01/2023	9.85%	50.00	-
5.875% Secured MTN Dollar Bond. Date of Maturity- 20/04/2023 *	9.75%	29,023.57	-
9.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series III. Date of Maturity 07/02/2024	9.75%	1,812.85	6,368.09
10.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series IV. Date of Maturity 07/02/2024	10.20%	1,221.97	1,264.68
TOTAL		**57,123.20**	**37,610.31**

* Includes hedging cost

Note 19. Borrowings (Other than Debt securities) (₹ in millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(A)		
(a) Term loan (refer note 19.1 below)		
(i) From banks (secured) (refer note (a))	31,036.61	37,676.83
(ii) From Others (refer note (b))	7,538.59	-
Less : Prepaid expenses	(126.86)	(66.19)
(b) Other loans (refer note 19.2 below)		
(i) Cash credit/ overdraft (secured) (refer note (a) below)	7,829.56	7,512.78
(iii) Securitisation liability	22,405.61	4,474.06
Less : Prepaid expenses	-	(3.34)
(iv) Inter corporate deposit (refer note 40.2)	500.00	-
Total (A)	**69,183.51**	**49,594.14**
(B)		
Borrowings in India	61,644.92	49,594.14
Borrowings outside India (refer note (b))	7,538.59	-
Total (B) to tally with (A)	**69,183.51**	**49,594.14**

Notes:

(a) These loans are secured by way of a 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.

(b) During the year the Company has borrowed an amount of ₹ 6,870.00 million (equivalent to USD 100 million) as external commercial borrowings under automatic route and secured by way of first paripassu charge by way of hypothecation on the standard receivables of the company with asset cover of 1.20 times of the sanction amount.

Note 19. 1 - Terms of repayment of term loans

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest/ Yield	Amount (₹ in million)	Rate of Interest/ Yield	Amount (₹ in million)
(i) From Banks				
Floating:*		**31,036.61**		**37,676.83**
More than 5 years	9.35%	250.00	-	-
3 - 5 Years	9.35% - 10.30%	4,088.82	8.40% - 10.25%	6,687.34
1 - 3 Years	9.10% - 10.30%	15,837.46	8.40% - 10.80%	16,165.57
Less than 1 year	9.00% - 10.50%	10,860.33	8.40% - 10.80%	14,823.92
(ii) From Others				
Floating:**		**7,538.59**		**-**
3 - 5 Years	8.62%	7,538.59	-	-
Total		**38,575.20**		**37,676.83**

* The rate of interest for the above term loans from banks is linked to marginal cost of funds based lending rate/ treasury bills plus applicable spread. The above categorisation of loans has been based on the interest rates prevalent as on the respective reporting dates.

** The rate of interest for the above loan is linked to 6 month U.S. LIBOR plus margin 1.85% p.a.

Note 19. 2 - Terms of repayment of other loans (₹ in millions)

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest/ Yield	Amount (₹ in million)	Rate of Interest/ Yield	Amount (₹ in million)
Floating:				
Cash credit/ overdraft : Less than 1 year ***	6.97% - 10.95%	7,829.56	8.40% - 10.95%	7,512.78
Securitisation liability				
Fixed:		**13,005.14**		**4,363.35**
More than 5 years	-	**-**	-	**-**
3- 5 Years	10.03% - 10.10%	9.36	10.10%	0.48
1-3 Years	10.05% - 10.10%	2,373.43	10.10%	2,467.38
Less than 1 year	9.57% - 10.75%	10,622.35	10.10%	1,895.49
Floating:******		**-**		**110.71**
More than 5 years	-	-	7.20%	57.10
3- 5 Years	-	-	7.20%	24.34
1-3 Years	-	-	7.20%	20.25
Less than 1 year	-	-	7.20%	9.02
Project IRR		**9,400.47**		-
Less than 1 year	20.65% -21.93%	9,400.47	-	-
Inter corporate deposit				
Floating:		**500.00**		**-**
Less than 1 year (refer note 40.2)	11.40%	500.00	-	-
Total		**30,735.17**		**11,986.84**

***The rate of interest for the above loans is linked to marginal cost of funds based lending rate/ fixed deposits plus applicable spread. The above categorisation of loans has been based on the interest rates prevalent as on the respective reporting dates.

****The rate of interest for the above loans is linked to base rate of Bank plus applicable spread. The above categorisation of loans has been based on the interest rates prevalent as on the respective reporting dates.

Note 20. Subordinated liabilities (₹ in millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(A)		
Non Convertible Debentures (unsecured)	15,709.21	8,644.63
Less: Unamortised debenture issue expenses	(154.19)	(44.31)
Total (A)	**15,555.02**	**8,600.32**
(B)		
Subordinated liabilities in India	12,305.02	5,350.32
Subordinated liabilities outside India	3,250.00	3,250.00
Total (B) to tally with (A)	**15,555.02**	**8,600.32**

Note 20.1 - Terms of repayment

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in million)	Rate of Interest / Yield	Amount (₹ in million)
Non Convertible Debenture (unsecured)				
Fixed		**8,401.39**		**8,144.63**
More than 5 years	8.70% - 10.50%	4,971.39	8.70% - 10.50%	4,714.63
3- 5 Years	12.10%	100.00	12.10% - 12.20%	530.00
1-3 Years	10.50% - 12.20%	780.00	10.50% -11.25%	2,900.00
Less than 1 year	10.75% - 11.25%	2,550.00	-	-
Zero Coupon		**7,307.82**		**500.00**
More than 5 years	9.35% - 10.50%	557.82	9.35%	500.00
1-3 Years	9.00%	6,750.00	-	-
Total		**15,709.21**		**8,644.63**

Note 20.2 - Non Convertible Debentures - instrument wise details (₹ in millions)

Description of security	Coupon/ Yield	As at March 31, 2020	As at March 31, 2019
10.75% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	10.75%	450.00	450.00
10.75% Unsecured Redeemable Non Convertible Subordinated Debentures In The Nature of Tier II Capital. Date of Maturity 03/06/2020	10.75%	100.00	100.00
11.25% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 05/09/2020	11.25%	2,000.00	2,000.00
10.75% Unsecured Redeemable Non Convertible Debentures. Series U01. Date of Maturity 10/09/2021	10.75%	200.00	200.00
10.50% Unsecured Redeemable Non Convertible Debentures. Series U02. Date of Maturity 16/09/2021	10.50%	150.00	150.00
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Covered PPMLD Series G1. Date of Maturity 21/10/2021	9.00%	2,750.00	-
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Covered PPMLD Series G2. Date of Maturity 22/11/2021	9.00%	4,000.00	-
12.15% Unsecured Redeemable Non-Convertible Debenture. Date of Maturity 30/08/2022	12.15%	200.00	200.00
12.2% Unsecured Redeemable Subordinated Taxable Non Convertible Debentures. Date of Maturity 04/11/2022	12.20%	230.00	230.00
12.10% Unsecured Redeemable Non Convertible Debentures. Series 1. Date of Maturity 24/05/2023	12.10%	100.00	100.00
10.00% Unsecured Redeemable Non Convertible Debentures. Tranche II. Series V. Date of Maturity 06/06/2025	10.00%	259.25	-
Zero Coupon Unsecured Redeemable Non Convertible Debentures. Tranche II. Series VI. Date of Maturity 06/06/2025	10.50%	57.83	-
8.70% Unsecured Redeemable Non-Convertible Subordinated Debentures – Series U03. Date of Maturity 19/11/2027	8.70%	1,000.00	1,000.00
9% India Infoline (Regs) 18-2028_Rupee Denominated Bond. Date of Maturity 28/06/2028	9.00%	3,250.00	3,250.00
Zero coupon Unsecured Rated Listed Redeemable Non Convertible Subordinated Debentures IIFL MLD-2028. Series U04. Date of Maturity 25/08/2028	9.35%	500.00	500.00
10% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Date of Maturity 07/02/2029	10.00%	307.65	310.15
10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Date of Maturity 07/02/2029	10.50%	154.48	154.48
TOTAL		**15,709.21**	**8,644.63**

Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2020 and March 31, 2019

Note 21. Other financial liabilities **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	2,334.02	2,152.28
Payable on account of assignment	1,110.27	7,969.42
Temporary overdrawn bank balances	36.01	120.93
Payables towards NCD	82.13	47.64
Payable to Group companies/ subsidiary	2.35	58.44
Unpaid dividends	13.57	13.56
Gratuity payable (refer note 31.2)	24.71	6.76
Payable to Indostar	2,721.70	-
Payable towards purchase of Government Securities	5,326.11	-
Other payables (auction proceeds, retention payable, etc.) (refer note 21.1 below)	48.10	35.11
Total	**11,698.97**	**10,404.14**

Note 21.1 During the year, amount of ₹ 1.29 million (March 31, 2019: ₹ 1.53 million) was transferred to Investor Education and Protection Fund. Also, amount of ₹ 0.95 million (March 31, 2019: ₹ 1.12 million) was due for transfer on March 31, 2020 and the said amount was transferred within 30 days of becoming due. Dues as on March 31, 2020 amounting to ₹ 0.03 million were pending to be transferred. On account of the current pandemic situation, extension for such transfer has been received.

Note 22. Provisions **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for bonus	117.06	135.72
Provision for leave encashment	65.76	59.47
ECL provision on sanctioned undisbursed loans	193.47	237.20
Total	**376.29**	**432.39**

Note 23. Other non-financial liabilities **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Income received in advance	28.77	41.94
Advances from customers	363.67	396.01
Statutory remittances	68.50	101.26
Total	**460.94**	**539.21**

Note 24: Equity Share Capital

(i) Authorised, Issued, Subscribed and Paid-up Share Capital **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital		
380,250,000 Equity Shares (March 31, 2019 600,000,000) of ₹ 2 each	760.50	1,200.00
Reduction due to Composite Scheme of Arrangement (Equity Shares of ₹ 2 each) - on account of demerger (refer note 38.1)	-	(439.50)
Addition to authorised share capital due to Composite Scheme of Arrangement on account of merger (refer note 38.2)		
1,975,000,000 Equity Shares (March 31, 2019 1,975,000,000) of ₹ 2 each	3,950.00	3,950.00
500,000,000 Preference Shares (March 31, 2019 500,000,000) of ₹ 10 each	5,000.00	5,000.00
Total	**9,710.50**	**9,710.50**
Issued, Subscribed and Paid-up Share Capital		
378,340,922 Equity Shares (March 31, 2019 319,203,092) of ₹ 2 each fully paid with voting rights	756.68	638.41
Total	**756.68**	**638.41**

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in millions	No. of Shares	₹ in millions
Equity Shares				
At the beginning of the year	31,92,03,092	638.41	31,89,79,026	637.96
Add: Shares issued during the year	4,83,274	0.96	2,24,066	0.45
Add: Shares issued due to Composite Scheme of Arrangement	5,86,54,556	117.31	-	-
Outstanding at the end of the year	**37,83,40,922**	**756.68**	**31,92,03,092**	**638.41**

(iii) Movement of shares pursuant to the composite scheme of arrangement

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in millions	No. of Shares	₹ in millions
Equity Shares				
Equity Shares of ₹ 2/- pending issuance pursuant to the Composite scheme of arrangement	-	-	5,86,54,556	117.31
Incremental shares to be issued	**-**	**-**	**5,86,54,556**	**117.31**

(iv) Rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2020, equity shareholders were paid an interim dividend of ₹ 2.25/- (March 31, 2019 ₹ 5) per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% Holdings	No. of Shares	% Holdings
Equity shares of ₹ 2 each fully paid up				
FIH Mauritius Investments Ltd.	8,46,41,445	22.37%	8,46,41,445	22.40%
CDC Group PLC *	5,85,01,587	15.46%	5,85,01,587	15.48%
Nirmal Bhanwarlal Jain	4,72,65,154	12.49%	4,64,02,000	12.28%
HWIC Asia Fund Class A shares	2,83,62,530	7.50%	2,83,62,530	7.51%

* Equity Shares to CDC Group PLC have been alloted on March 30, 2020 post giving effect of the merger of India Infoline Finance Limited basis appointed date April 01, 2018.

(vi) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares without payment being received in cash or by way of bonus shares or shares bought back except for 58,654,556 equity shares alloted on account of merger. (refer note 38.2)

(vii) Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments, including the terms and amount: Refer note 39 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

Note 24.1: Other Equity

(₹ in millions)

Particulars	Share application money pending allotment	Reserves & Surplus								Total
		Capital Reserve	Securities Premium Reserve	General Reserve	Special Reserve pursuant to Section 45 IC of Reserve Bank of India Act, 1934	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Stock Compensation Reserve	
Balance as at April 01, 2018	**4.16**	**-**	**10,604.07**	**577.45**	**-**	**51.11**	**-**	**2,900.14**	**52.19**	**14,189.11**
Addition due to Composite Scheme of Arrangement (Refer note 38.1)		(4,245.33)								(4,245.33)
Addition due to Composite Scheme of Arrangement (Refer note 38.2)	-	4,843.93	7,630.80	463.00	3,868.50	2,250.00	3,845.70	(1,137.51)	19.36	21,783.78
Opening restated balance as on April 01,2018	**4.16**	**598.60**	**18,234.87**	**1,040.45**	**3,868.50**	**2,301.11**	**3,845.70**	**1,762.63**	**71.55**	**31,727.57**
Profit for the year	-	-	-	-	-	-	-	4,510.25	-	4,510.25
Remeasurement of defined benefit (net of tax)	-	-	-	-	-	-	-	11.43	-	11.43
Interim dividend	-	-	-	-	-	-	-	(1,725.75)	-	(1,725.75)
Dividend distribution tax on interim dividend	-	-	-	-	-	-	-	(183.04)	-	(183.04)
Transfer to/ from reserves	-	-	19.49	4,007.86	769.00	-	(4,007.65)	(769.00)	(19.70)	-
On account of merger	-	-	-	-	-	-	-	(10.33)	-	(10.33)
On account of demerger	-	240.25	-	-	-	-	-	1.59	(24.94)	216.90
Addition during the year	(4.16)	-	56.52	-	-	-	258.95	(258.95)	68.46	120.83
Balance as at March 31, 2019 (refer note 38)	**-**	**838.85**	**18,310.88**	**5,048.31**	**4,637.50**	**2,301.11**	**97.00**	**3,338.83**	**95.37**	**34,667.85**
Profit for the year	-	-	-	-	-	-	-	1,488.03	-	1,488.03
Remeasurement of defined benefit (net of tax)	-	-	-	-	-	-	-	(24.86)	-	(24.86)
Interim dividend	-	-	-	-	-	-	-	(817.05)	-	(817.05)
Dividend distribution tax on interim dividend	-	-	-	-	-	-	-	(79.34)	-	(79.34)
Transfer to/ from reserves	-	-	10.26	37.74	617.61	-	31.04	(686.05)	(10.59)	-
On account of merger	-	-	-	-	-	-	-	(25.82)	-	(25.82)
Addition during the year	-	-	23.22	-	-	-	-	-	89.36	112.58
Balance as at March 31, 2020	**-**	**838.85**	**18,344.36**	**5,086.05**	**5,255.11**	**2,301.11**	**128.04**	**3,193.74**	**174.14**	**35,321.40**

Note 25.1 Interest income

(₹ in millions)

Particulars	FY 2019-20				FY 2018-19			
	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total
Interest on loans	18,442.53	-	4,975.12	23,417.65	23,490.22	-	3,438.14	26,928.36
Interest on investments	-	113.43	-	113.43	-	505.03	-	505.03
Interest on deposits with banks	689.64	-	-	689.64	645.30	-	-	645.30
Interest on inter corporate deposit	251.28	-	-	251.28	44.95	-	-	44.95
Other income	688.42	-	-	688.42	-	-	-	-
Total	**20,071.87**	**113.43**	**4,975.12**	**25,160.42**	**24,180.47**	**505.03**	**3,438.14**	**28,123.64**

Note 25.2 Dividend income

The Company received dividend income amounting to ₹ 441.81 million (March 31, 2019 ₹ 841.25 million). Dividend received from subsidiary company amounts to ₹ 431.06 million (March 31, 2019 ₹ 41.94 million)

Note 26. Net gain/ (loss) on fair value changes

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	(943.69)	(166.00)
Total net gain/(loss) on fair value changes	**(943.69)**	**(166.00)**
Fair value changes		
- Realised	(958.05)	(169.02)
- Unrealised	14.36	3.02
Total net gain/(loss) on fair value changes	**(943.69)**	**(166.00)**

Note 27. Other income

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Interest on income tax refund	27.09	-
Rent Income	32.88	-
Profit on sale of fixed assets	6.00	-
Miscellaneous income	149.82	92.57
Total	**215.79**	**92.57**

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2020 and March 31, 2019

Note 28. Finance costs

(₹ in millions)

Particulars	On Financial liabilities measured at Amortised Cost	
	FY 2019-20	FY 2018-19
Interest on debt securities*	3,243.51	7,909.60
Interest on borrowings other than debt securities*	7,139.47	4,426.44
Interest on subordinated liabilites	1,130.26	1,077.19
Interest on inter corporate deposit	333.58	79.00
Interest expense on lease - INDAS 116	211.60	-
Other borrowing cost *	386.53	159.61
Total	**12,444.95**	**13,651.84**

* Includes foreign currency expenses incurred amounting to ₹ 939.47 million (March 31, 2019 ₹ 22.28 million)

Note 29. Net (gain)/ loss on derecognition of financial instruments under amortised cost category

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Interest strip on assignment of loans	(429.91)	(296.10)
Bad debts written off (net)	3,540.74	3,246.66
Total	**3,110.83**	**2,950.56**

Note 30. Impairment on financial instruments

(₹ in millions)

Particulars	FY 2019-20			FY 2018-19		
	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total
Loans (refer note 8.3)	(581.11)	(137.99)	(719.10)	38.61	(54.18)	(15.57)
Other financial assets	42.83	-	42.83	27.16	-	27.16
Total	**(538.28)**	**(137.99)**	**(676.27)**	**65.77**	**(54.18)**	**11.59**

Note 31. Employee benefit expenses **(₹ in millions)**

Particulars	FY 2019-20	FY 2018-19
Salaries	3,894.83	3,722.18
Contribution to provident and other funds (refer note 31.1 below)	258.55	183.94
Leave encashment	26.93	48.13
Gratuity (refer note 31.2 below)	21.46	20.73
Staff welfare expenses	148.22	148.73
Share based payments	57.40	32.40
Total	**4,407.39**	**4,156.11**

31.1 Defined contribution plans **(₹ in millions)**

The Company has recognised the following amounts as an expense and included in the Employee benefit expenses

Particulars	FY 2019-20	FY 2018-19
Contribution to Provident fund	95.56	56.07
Contribution to Employee State Insurance Corporation	37.54	43.21
Contribution to Labour welfare fund	0.58	0.29
Company contribution to employee pension scheme	121.22	84.11
Contribution to NPS	3.65	0.26
Total	**258.55**	**183.94**

31.2 Gratuity disclosure statement

Particulars	FY 2019-20	FY 2018-19
Type of benefit	Gratuity	Gratuity
Country	India	India
Reporting currency	INR	INR
Reporting standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding status	Funded	Funded
Starting period	01-Apr-19	01-Apr-18
Date of reporting	31-Mar-20	31-Mar-19
Period of reporting	12 Months	12 Months

Assumptions (current year)		
Expected return on plan assets	6.04%	7.64%
Rate of discounting	6.04%	7.64% - 7.79%
Rate of salary increase	6.00%	5% - 6%
Rate of employee turnover	For service 4 years and below 27% p.a. & thereafter 3% p.a.	For service 4 years and below 31% p.a. & thereafter 2% p.a. For service 4 years and below 15% p.a. & thereafter 1% p.a.
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	N.A.	N.A.

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2020 and March 31, 2019

(₹ in millions)

Table showing change in the present value of projected benefit obligation	FY 2019-20	FY 2018-19
Present value of benefit obligation at the beginning of the year	96.76	98.25
Interest cost	7.40	7.66
Current service cost	20.94	20.16
Past service cost	-	-
Liability transferred in/ acquisitions	3.44	1.29
(Liability transferred out/ divestments)	(2.51)	(0.38)
(Gains)/ losses on curtailment	-	-
(Liabilities extinguished on settlement)	-	-
(Benefit paid directly by the employer)	(1.75)	(0.29)
(Benefit paid from the fund)	(11.46)	(16.35)
The effect of changes in foreign exchange rates	-	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	7.26	3.88
Actuarial (gains)/losses on obligations - due to change in financial assumptions	27.87	(27.91)
Actuarial (gains)/losses on obligations - due to experience	(2.23)	10.45
Present value of benefit obligation at the end of the year	145.72	96.76

(₹ in millions)

Table showing change in the Fair Value of Plan Assets	FY 2019-20	FY 2018-19
Fair value of plan assets at the beginning of the year	90.00	90.85
Interest income	6.88	7.09
Contributions by the employer	35.92	5.84
Expected contributions by the employees	-	-
Assets transferred in/ acquisitions	-	-
(Assets transferred out/ divestments)	-	
(Benefit paid from the fund)	(11.46)	(16.35)
(Assets distributed on settlements)	-	-
Effects of asset ceiling	-	-
The effect of changes in foreign exchange rates	-	-
Return on plan assets, excluding interest income	(0.33)	2.57
Fair value of plan assets at the end of the year	121.01	90.00

(₹ in millions)

Amount recognised in the Balance Sheet	FY 2019-20	FY 2018-19
(Present value of benefit obligation at the end of the year)	(145.72)	(96.76)
Fair value of plan assets at the end of the year	121.01	90.00
Funded status (surplus/ (deficit))	(24.70)	(6.76)
Net (liability)/asset recognised in the Balance Sheet	(24.70)	(6.76)

(₹ in millions)

Net interest cost for current year	FY 2019-20	FY 2018-19
Present value of benefit obligation at the beginning of the year	96.76	98.25
(Fair value of plan assets at the beginning of the year)	(90.00)	(90.85)
Net liability/(asset) at the beginning	6.76	7.40
Interest cost	7.40	7.66
(Interest income)	(6.88)	(7.09)
Net interest cost for current year	0.52	0.57

(₹ in millions)

Expenses recognised in the Statement of Profit or Loss for current year	FY 2019-20	FY 2018-19
Current service cost	20.94	20.16
Net interest cost	0.52	0.57
Past service cost	-	-
(Expected contributions by the employees)	-	-
(Gains)/losses on curtailments and settlements	-	-
Net effect of changes in foreign exchange rates	-	-
Expenses recognised	21.46	20.73

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2020 and March 31, 2019

(₹ in millions)

Expenses recognised in OCI for current year	FY 2019-20	FY 2018-19
Actuarial (gains)/ losses on obligation for the year	32.90	(13.56)
Return on plan assets, excluding interest income	0.32	(2.57)
Change in asset ceiling	-	-
Net (income)/ expense for the year recognised in OCI	33.22	(16.13)

(₹ in millions)

Balance Sheet reconciliation	FY 2019-20	FY 2018-19
Opening net liability	6.76	7.40
Expenses recognised in Statement of Profit or Loss	21.46	20.73
Expenses recognised in OCI	33.22	(16.13)
Net liability/(asset) transfer in	3.44	1.29
Net (liability)/asset transfer out	(2.51)	(0.38)
(Benefit paid directly by the employer)	(1.75)	(0.29)
(Employer's contribution)	(35.91)	(5.86)
Net liability/(asset) recognised in the Balance Sheet	24.71	6.76

(₹ in millions)

Category of Assets	FY 2019-20	FY 2018-19
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	121.01	90.00
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	121.01	90.00

Information for major category of plan assets of gratuity fund is not available with the Company and hence not disclosed

(₹ in millions)

Net interest cost for next year	FY 2019-20	FY 2018-19
Present value of benefit obligation at the end of the year	145.72	96.76
(Fair value of plan assets at the end of the year)	(121.01)	(90.00)
Net liability/ (asset) at the end of the year	24.71	6.76
Interest cost	8.80	7.40
(Interest income)	(7.31)	(6.88)
Net interest cost for next year	1.49	0.52

(₹ in millions)

Expenses recognised in the Statement of Profit or Loss for next year	FY 2019-20	FY 2018-19
Current service cost	33.48	20.94
Net interest cost	1.49	0.52
(Expected contributions by the employees)	-	-
Expenses recognised	34.97	20.86

(₹ in millions)

Maturity analysis of the benefit payments: From the Fund	FY 2019-20	FY 2018-19
Projected benefits payable in future years from the date of reporting		
1st following year	12.21	7.29
2nd following year	3.96	2.45
3rd following year	4.31	2.78
4th following year	4.81	2.96
5th following year	5.32	3.99
Sum of years 6 To 10	33.56	25.17
Sum of years 11 and above	342.35	329.08

(₹ in millions)

Sensitivity analysis	FY 2019-20	FY 2018-19
Projected benefit obligation on current assumptions	145.72	96.76
Delta effect of +1% change in rate of discounting	(18.32)	(12.29)
Delta effect of -1% change in rate of discounting	22.58	15.09
Delta effect of +1% change in rate of salary increase	20.59	14.03
Delta effect of -1% change in rate of salary increase	(17.27)	(11.81)
Delta effect of +1% change in rate of employee turnover	(0.68)	2.25
Delta effect of -1% change in rate of employee turnover	0.63	(2.74)

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

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

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

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

Notes

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

Salary escalation & attrition rate are in line with the industry practice considering promotion and demand and supply of the employees.

Maturity analysis of benefit payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

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

Value of asset is considered as fair value of plan asset for the period of reporting.

Qualitative disclosures

Characteristics of defined benefit plan

The Company has a defined benefit gratuity plan in India (funded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and company is exposed to the following risks:

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

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

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

Asset liability matching risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 103 of Income Tax Rules, 1962, this generally reduces ALM risk.

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

Characteristics of defined benefit plans

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

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

Note 32. Other expenses **(₹ in millions)**

Particulars	FY 2019-20	FY 2018-19
Advertisement and marketing expenses*	462.04	473.97
Direct operating expenses	220.93	227.64
Bank charges	27.24	52.17
Commission to non whole-time directors	4.14	6.00
Communication costs	96.38	92.16
Electricity	140.86	114.31
Exchange and statutory charges	12.43	10.26
Legal & professional fees*	473.30	608.32
Directors sitting fees	4.33	5.17
Office expenses	495.63	332.53
Postage & courier	59.46	43.72
Printing & stationary	37.78	38.03
Rates & taxes	2.69	6.08
Rent (refer note 40.1)	86.59	600.22
Repairs & maintenance		
- Computer	12.78	11.49
- Others	112.13	88.70
Remuneration to auditors		
- Audit fees	3.07	2.10
- Certification / other services **	2.61	5.58
- Out of pocket expenses	0.24	0.34
Software charges*	194.99	224.58
Travelling & conveyance*	153.86	208.09
Corporate social responsibility expenses (refer note 40.1)	120.19	109.02
Miscellaneous expenses	27.86	28.69
Insurance premium	102.30	82.30
Loss on sale of fixed assets	-	0.41
Total	**2,853.83**	**3,371.88**

*Includes below payments done in foreign currency **(₹ in millions)**

Particulars	FY 2019-20	FY 2018-19
Advertisement and marketing expenses	0.57	1.33
Travelling & conveyance	0.09	-
Software Charges	3.82	4.24
Legal & Professional fees	7.00	1.81

** During the year the Company has paid ₹ 11.99 million to the auditors towards certification required under its Public Issue of Non Convertible Debentures and Secured Medium Term Note Programme, the same has been amortised over the tenure of the borrowings.

Note 33. Exceptional items

i) During the year ended March 31, 2020, the Company has transferred its mortgage loan business undertaking with its respective assets and liabilities as a going concern on a slump sale basis, to IIFL Home Finance Limited (Formerly Known as 'India Infoline Housing Finance Limited'), a Wholly Owned Subsidiary of the Company w. e. f. June 30, 2019. The profit on sale aggregating to ₹ 15.04 million has been disclosed as exceptional item.

ii) During the year ended March 31, 2020, the Company has transferred its Microfinance Business undertaking with its respective assets and liabilities as a going concern on a slump sale basis, to Samasta Microfinance Limited a subsidiary Company w.e.f October 31, 2019. The profit on sale aggregating to ₹ 31.02 million has been disclosed as exceptional item.

iii) During the year ended March 2019, the Company executed definitive agreement for the sale of its "Vehicle Financing Business" as a going concern on a slump sale basis to IndoStar Capital Finance Limited ("Indostar"). The profit on sale aggregating to ₹ 1,153.30 million has been disclosed as an exceptional item. In terms of the Business Transfer Agreement, the Company has received the outstanding purchase consideration of ₹ 20,177.78 million from Indostar in 12 (twelve) equal monthly instalments from the closing date March 31, 2019, with interest.

Note 34. Income taxes

(₹ in millions)

Amounts recognised in statement of profit or loss	FY 2019-20	FY 2018-19
Current tax expense		
Current year	419.33	1,258.27
Changes in estimates related to prior years	(20.69)	11.37
Deferred tax expense		
Origination and reversal of temporary differences	479.68	450.30
Total	**878.32**	**1,719.94**

(₹ in millions)

Amounts recognised in other comprehensive income	FY 2019-20			FY 2018-19		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of defined benefit liability/ (asset)	(33.22)	8.36	(24.86)	16.13	(4.70)	11.43

(₹ in millions)

Reconciliation of income tax expense of the year to accounting year	FY 2019-20	FY 2018-19
Profit before tax	2,366.35	6,230.19
Tax using the Company's domestic tax rate	595.57	1,814.23
Tax effect of:		
Non-deductible expenses	15.55	24.74
Tax-exempt income- Others (includes deduction under section 80JJAA)	(44.89)	(34.19)
Tax-exempt income- Dividend	(111.19)	(244.97)
Income taxed at different rates	(2.43)	(7.84)
Others	10.52	-
Change in tax rate (refer note 11.1 and 38.2)	381.07	496.31
Adjustments for current tax for prior periods	(20.69)	11.37
Past-year losses for which no deferred tax asset is recognised	-	(284.77)
De-Recognition of previously recognised deductible temporary differences	54.81	(54.94)
Total income tax expense	**878.32**	**1,719.94**

Note 35. Earnings Per Share **(₹ in millions)**

Basic and Diluted Earnings Per Share (“EPS”) computed in accordance with INDAS 33 ‘Earnings per share”

Particulars		FY 2019-2020	FY 2018-2019
Face value of equity shares in ₹ fully paid up		2.00	2.00
BASIC			
Profit after tax as per statement of Profit and Loss		1,488.03	4,510.25
Less: Preference dividend and dividend distribution tax on preference dividend		-	-
Profit after tax attributable to equity share holders	A	1,488.03	4,510.25
Weighted average number of equity shares outstanding	B	37,80,44,762	37,77,15,954
Basic EPS (In ₹)	**A/B**	**3.94**	**11.94**
DILUTED			
Weighted average number of equity shares for computation of basic EPS		37,80,44,762	37,77,15,954
Add: Potential equity shares on account conversion of Employees Stock Options		9,36,649	25,81,740
Weighted average number of equity shares for computation of diluted EPS	C	37,89,81,411	38,02,97,694
Diluted EPS (In ₹)	**A/C**	**3.93**	**11.86**

Note 36. Risk Management

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

Risk management is integral to Company's strategy. The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Company operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross non-performing assets and net non-performing assets, leverage, funding and liquidity, etc.
Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed, to ensure minimal impact on the Company's growth and performance.

Risk Management Structure

The Company has established multi-level risk governance for monitoring and control of product and entity level risks. The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Risk Management Committee ("RMC") which is responsible for monitoring the overall risk process within the Company. The RMC is empowered to develop an independent risk strategy comprising of principles, frameworks, policies and limits and ensuring its effective implementation. Independent function of Risk management is in place headed by the Chief Risk Officer ("CRO") who reports to the Chief Executive Officer ("CEO") with oversight of RMC of the Board. The Risk department primarily operationalises risk management framework approved by RMC.

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

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

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

Risk Management Practices

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

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

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Information pertaining to different type of risks are identified, analysed and tested on timely basis. The same is presented to RMC at periodic intervals.

In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as cross currency interest rate swaps are entered to hedge certain foreign currency risk exposures and variable interest rate exposures.

The Company's central Treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

Note: 36A.1. Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.
Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables.

Credit quality analysis

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

(₹ in millions)

Particulars	As at March 31, 2020				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach/ cost	Total
Cash and cash equivalents	-	-	-	6,062.71	6,062.71
Bank balance other than above	-	-	-	10,444.00	10,444.00
Receivables					-
(i) Trade Receivables	-	-	2.95	96.21	99.16
(ii) Other Receivables	-	-	-	-	-
Loans*	1,08,291.42	6,218.77	5,448.73	-	1,19,958.92
Investments**	-	-	-	11,969.21	11,969.21
Other financial asets	-	-	-	1,713.85	1,713.85

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.
**Investments in subsidiaries are carried at cost.

(₹ in millions)

Particulars	As at March 31, 2019				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach/ cost	Total
Cash and cash equivalents	-	-	-	4,147.30	4,147.30
Bank Balance other than above	-	-	-	10,049.99	10,049.99
Receivables	-	-	-	-	-
(i) Trade Receivables	-	-	-	76.73	76.73
(ii) Other Receivables	-	-	-	20,177.78	20,177.78
Loans*	89,219.93	10,642.95	5,022.41	-	1,04,885.29
Investments**	-	-	-	10,469.21	10,469.21
Other Financial assets	-	-	-	922.40	922.40

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.
**Investments in subsidiaries are carried at cost.

Financial assets measured using simplified approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on cash and cash equivalents, bank balances, trade receivables, other receivables and other financial assets. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

36A.2. Collateral held

The Company holds collateral and other credit enhancements against certain of its credit exposures. The loans are collateralised against equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.

36A.3. Loss allowance and Exposure at Default

The following tables show reconciliations from the opening to the closing balance of the loss allowance on loans and advances

(₹ in millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening ECL Mar-19	**866.67**	**2,972.88**	**4,138.01**	**7,977.56**
New loans disbursed during the year	972.25	14.82	111.36	1,098.43
Loans closed/ written off during the year	(279.37)	(412.13)	(3,527.03)	(4,218.53)
Movement in provision without change in asset staging	1,052.15	(386.98)	55.26	720.43
Movement in provision due to change in asset staging	(77.63)	(1,581.67)	3,513.81	1,854.51
Closing ECL Mar-20	**2,534.07**	**606.92**	**4,291.41**	**7,432.40**

(₹ in millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening ECL Mar-18	**1,694.73**	**2,634.92**	**3,397.41**	**7,727.06**
New loans disbursed during the year	578.28	540.47	305.60	1,424.35
Loans closed/ written off during the year	(1,191.75)	(1,429.21)	(2,227.25)	(4,848.21)
Movement in provision without change in asset staging	(121.20)	(30.35)	27.36	(124.19)
Movement in provision due to change in asset staging	(93.39)	1,257.05	2,634.89	3,798.55
Closing ECL Mar-19	**866.67**	**2,972.88**	**4,138.01**	**7,977.56**

The following tables show reconciliations from the opening to the closing balance of the exposure at default ("EAD")

(₹ in millions)

Reconciliation of Exposure at Default	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening EAD Mar-2019	**1,19,309.42**	**11,093.73**	**5,022.41**	**1,35,425.56**
New loans disbursed during the year	96,942.42	2,525.95	239.40	**99,707.77**
Loans closed/ written off during the year	(62,898.89)	(5,300.83)	(4,163.83)	**(72,363.55)**
Movement in EAD without change in asset staging	(8,822.44)	(394.86)	(18.81)	**(9,236.11)**
Movement in EAD due to change in asset staging	(3,511.82)	(1,448.57)	4,369.55	**(590.84)**
Closing EAD Mar-2020	**1,41,018.69**	**6,475.42**	**5,448.72**	**1,52,942.83**

(₹ in millions)

Reconciliation of Exposure at Default	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening EAD Mar-2018	**1,43,408.06**	**21,398.71**	**4,813.23**	**1,69,620.00**
New loans disbursed during the year	82,192.63	5,428.42	461.96	88,083.01
Loans closed/written off during the year	(83,269.47)	(12,883.79)	(3,300.80)	(99,454.06)
Movement in EAD without change in asset staging	(15,224.84)	(96.15)	0.40	(15,320.59)
Movement in EAD due to change in asset staging	(7,796.96)	(2,753.46)	3,047.62	(7,502.80)
Closing EAD Mar-2019	**1,19,309.42**	**11,093.73**	**5,022.41**	**1,35,425.56**

36A.4. Write off

Contractual amount outstanding on financial assets that were written off (net of recovery) during the reporting period is ₹ 3,540.74 million (March 31, 2019 ₹ 3,246.66 million)

36A.5. Modified financial instruments

For financial assets, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that the modification does not result in cash flows that are substantially different (thereby not resulting into derecognition), the Company has disclosed modification gain/ loss based on discounted cash flows.

(₹ in millions)

Particulars	FY 2019-2020	FY 2018-2019
Value of modified assets at the time of modification	758.55	143.88
Value of modified assets outstanding at end of year	686.01	134.35
Modification gain/ loss	(3.67)	0.03

The above modification is in accordance with the provisions defined in the Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 Circular No DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (updated as on February 17, 2020)

36A.6. Credit risk grading of loans

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties.
The Company ensures effective monitoring of credit facilities through a portfolio quality review framework. As per this process, an asset is reviewed at a frequency determined based on the risk it carries at the review date.
For effective risk management, the company monitors its portfolio, based on product, underlying security and credit risk characteristics.
The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. An independent risk and policy team reviews adherence to policies and processes and carries out audit on periodic basis.
Additionally, the Company evaluates risk based on staging as defined in Ind AS, details of which are mentioned below.

Credit grading details **(₹ in millions)**

Period	Stage 1	Stage 2	Stage 3	Total EAD
March 31, 2019	1,19,309.42	11,093.73	5,022.41	1,35,425.56
March 31, 2020	1,41,018.69	6,475.42	5,448.72	1,52,942.83

36A.7. Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.
In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Company does not have concentration risk.

36B Liquidity Risk

Liquidity risk refers to the risk that the Company may not be able to meet its short-term financial obligations. The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of credit lines. Further, the Company has well defined Asset Liability Management (ALM) framework with an appropriate organizational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity. The Company seeks to maintain flexibility in funding mix by way of sourcing the funds through money markets, debt markets and banks to meet its business and liquidity requirements.

(i) Maturities of financial liabilities

(₹ in millions)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2020	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	267.63	-	267.63	-	-		-
Trade payables	522.80	522.80	-	-	-	-	-
Other payables	-	-	-	-	-	-	-
Finance lease obligation*	3,425.77	165.21	159.31	297.30	1,100.56	845.01	858.38
Debt securities	57,067.01	6,760.52	1,285.58	5,327.68	11,691.02	32,002.21	-
Borrowings (other than debt securities)	69,310.37	7,937.31	3,972.01	22,605.65	22,908.63	11,636.77	250.00
Subordinated liabilities	15,709.21	550.00	2,000.00	-	7,530.00	100.00	5,529.21
Other financial liabilities	11,698.97	10,434.31	458.71	186.31	418.17	121.35	80.12
Financial guarantee contracts	17,524.37	17,524.37	-	-	-	-	-
Total	**1,75,526.12**	**43,894.52**	**8,143.25**	**28,416.94**	**43,648.38**	**44,705.33**	**6,717.71**

* The amount represent undiscounted cash flows

(₹ in millions)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2019	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	6.59	6.59	-	-	-	-	-
Trade payables	531.52	531.52	-	-	-	-	-
Other payables	-	-	-	-	-	-	-
Debt securities	72,322.34	39,212.03	2,420.00	2,275.00	17,294.16	11,121.15	-
Borrowings (other than debt securities)	49,663.67	7,964.14	3,312.48	8,456.92	23,160.87	6,712.17	57.09
Subordinated liabilities	8,644.63	-	-	-	2,900.00	530.00	5,214.63
Other financial liabilities	10,404.14	9,211.11	386.45	311.33	461.33	6.62	27.30
Financial guarantee contracts	25,738.85	25,738.85	-	-	-	-	-
Total	**1,67,311.74**	**82,664.24**	**6,118.93**	**11,043.25**	**43,816.36**	**18,369.94**	**5,299.02**

(ii) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period

(₹ in millions)

	As at March 31, 2020	As at March 31, 2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	1,503.43	2,767.22
- Expiring beyond one year (bank loans)	-	-

36C Market Risk

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

36C.1 Interest rate risk

The exposure of the Company's borrowing and loans to interest rate changes at the end of the reporting period are as follows:

(₹ in millions)

	As at March 31, 2020	As at March 31, 2019
Floating rate borrowings	51,904.76	52,300.32
Fixed rate borrowings	80,781.35	78,330.32
Project IRR	9,400.47	-
Total borrowings	**1,42,086.58**	**1,30,630.64**

The Company had the following floating rate borrowings and cross currency interest rate swap contracts outstanding

(₹ in millions)

	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest rate (%)	Balance	% of total borrowings	Weighted average interest rate (%)	Balance	% of total borrowings
Bank overdrafts, bank loans	9.40%	38,866.17	27.35%	9.26%	45,300.32	34.68%
Non convertible debentures	8.77%	5,000.00	3.52%	8.71%	7,000.00	5.36%
External Commercial borrowings	8.62%	7,538.59	5.31%	-	-	-
Inter corporate deposit	11.40%	500.00	0.35%	-	-	-
Net exposure to cash flow interest rate risk		**51,904.76**			**52,300.32**	

Sensitivity

Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates (assuming other variables constant)

(₹ in millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest rates – increase by 30 basis points	(116.52)	(111.21)	-	-
Interest rates – decrease by 30 basis points	116.52	111.21	-	-

The Company had the following variable rate loans outstanding

(₹ in millions)

	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest rate (%)	Balance	% of total loans	Weighted average interest rate (%)	Balance	% of total loans
Floating rate loans	-	-	-	13.87%	6,468.03	5.26%

Sensitivity

Profit or loss is sensitive to higher/ lower interest income from loans as a result of changes in interest rates (assuming other variables constant)

(₹ in millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest rates – increase by 30 basis points	-	13.75	-	-
Interest rates – decrease by 30 basis points	-	(13.75)	-	-

36C.2. Exposure to currency risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from Financial Institutions, External Commercial Borrowings (ECB) and Banks

During the year ended March 31, 2020, the Company has hedged its foreign currency exposure through Forwards/ Future and / or Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company's profit before tax (PBT) and equity.

(₹ in millions)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign currency assets (in INR)*	2,405.21	-	-	-	-	-
Foreign currency liabilities (in INR)*	267.63	-	-	-	-	-
Net gap as at March 31, 2020	**2,137.58**	-	-	-	-	-

(₹ in millions)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign currency assets	-	-	-	-	-	-
Foreign currency liabilities (in INR)*	6.59	-	-	-	-	-
Net gap as at March 31, 2019	**(6.59)**	-	-	-	-	-

* Fully hedged by forward contract

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

(₹ in millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD sensitivity*				
INR/ USD - increase by 5%	(1,368.01)	(9.81)	-	-
INR/ USD - decrease by 5%	1,368.01	9.81	-	-

* Holding all other variables constant. The sensitivity on profit and loss is due to the timing difference of the maturity of the forward exchange contract. On the date of maturity of the forward exchange contract, the sensitivity of profit and loss to changes in the exchange rates will be Nil.

36C.3. Price Risk

(a) Exposure

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

(₹ in millions)

Particulars	Equity Shares (Other than Subsidiary)	Mutual Funds / Alternate investment funds/ Others	Bonds	Government Securities	Total
Market value as on March 31, 2020	1,813.13	135.09	447.24	5,220.80	**7,616.26**
Market value as on March 31, 2019	591.50	910.56	1,081.44	-	**2,583.50**

To manage its price risk arising from investments in equity securities/ other assets, the Company diversifies its portfolio.

(b) Sensitivity

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

(₹ in millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Increase 5%	284.97	91.56	-	-
Decrease 5%	(284.97)	(91.56)	-	-

36D.Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company monitors capital using a capital adequacy ratio as prescribed by the Reserve Bank Of India.

36E. Fair values of financial instruments

Financial instruments by category **(₹ in millions)**

Particulars	As at March 31, 2020		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	6,062.71
Bank Balance other than (a) above	-	-	10,444.00
Derivative financial instruments	2,405.21	-	-
Receivables			
(i) Trade receivables	-	-	96.21
(ii) Other receivables	-	-	-
Loans	-	28,248.10	1,14,070.52
Investments	7,616.26	-	11,969.21
Other financial assets	-	-	1,640.27
Total financial assets	**10,021.47**	**28,248.10**	**1,44,282.92**
Financial liabilities			
Derivative financial instruments	267.63	-	-
Trade payables	-	-	522.80
Other payables	-	-	-
Finance lease obligation	-	-	2,613.31
Debt securities	-	-	56,683.86
Borrowings (other than debt securities)	-	-	69,183.51
Subordinated liabilities	-	-	15,555.02
Other financial liabilities	-	-	11,698.97
Total financial liabilities	**267.63**	-	**1,56,257.47**

(₹ in millions)

Particulars	As at March 31, 2019		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	4,147.30
Bank Balance other than (a) above	-	-	10,049.99
Derivative financial instruments	-	-	-
Receivables	-	-	
(i) Trade receivables	-	-	76.73
(ii) Other receivables	-	-	20,177.78
Loans	-	24,872.43	96,831.44
Investments	2,583.50	-	10,469.21
Other financial assets	-	-	838.99
Total financial assets	**2,583.50**	**24,872.43**	**1,42,591.44**
Financial liabilities			
Derivative financial instruments	6.59	-	-
Trade payables	-	-	531.52
Other payables	-	-	-
Debt securities	-	-	72,116.68
Borrowings (other than debt securities)	-	-	49,594.14
Subordinated liabilities	-	-	8,600.32
Other financial liabilities	-	-	10,404.14
Total financial liabilities	**6.59**	**-**	**1,41,246.80**

36E. 1. Financial instruments measured at fair value – Fair value hierarchy

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

36E.2. Valuation methodologies of financial instruments measured at fair value

- Quoted equity/ debt/ instruments are measured based on the last traded price in the recognised stock exchange and are classified as level 1.
- Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.
- Alternate Investment Funds are measured based on the latest NAV provided by the fund house and are classified as level 3.
- Equity instruments in listed entities that are quoted market prices (unadjusted) in active markets for identical instruments are classified at level 1.
- Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued by external independent valuer and classified as Level 3.
- Government Securities are valued based on the closing price published by CCIL/ FIMMDA for March 2020 respectively and are classified as level 2.
- Unquoted debt securities are measured based on average of security level prices received from AMFI appointed/designated agencies viz: CRISIL and ICRA and are classified as level 2.
- Fair value of loans measured at FVOCI approximates its carrying value and are classified as level 3.
- Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date and are classified as Level 2.

(₹ in millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2020					
Financial assets					
Spot and forwards	-	2,405.21	-	**2,405.21**	**2,405.21**
Loans - classified under FVTOCI	-	-	28,248.10	28,248.10	28,248.10
Investments	**909.94**	**5,667.81**	**1,038.51**	**7,616.26**	**7,616.26**
(i) Mutual funds/ Alternate investment fund / Others	*85.08*	-	*50.01*	*135.09*	*135.09*
(ii) Government securities	-	*5,220.80*	-	*5,220.80*	*5,220.80*
(iii) Debt securities	*0.23*	*447.01*	-	*447.24*	*447.24*
(iv) Equity	*824.63*	-	*988.50*	*1,813.13*	*1,813.13*
Total financial assets	**909.94**	**8,073.02**	**29,286.61**	**38,269.57**	**38,269.57**
Financial liabilities					
Forward rate agreements and interest rate swaps	-	267.63	-	267.63	267.63
Total financial liabilities	**-**	**267.63**	**-**	**267.63**	**267.63**

(₹ in millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2019					
Financial assets					
Loans - classified under FVTOCI	-	-	24,872.43	24,872.43	24,872.43
Investments	**1,458.02**	**470.79**	**654.69**	**2,583.50**	**2,583.50**
(i) Mutual funds/ Alternate investment fund / Others	*847.37*	-	*63.19*	*910.56*	*910.56*
(ii) Government securities	-	-	-	-	-
(iii) Debt securities	*610.65*	*470.79*	-	*1,081.44*	*1,081.44*
(iv) Equity	-	-	*591.50*	*591.50*	*591.50*
Total financial assets	**1,458.02**	**470.79**	**25,527.12**	**27,455.93**	**27,455.93**
Financial liabilities					
Forward exchange contract	-	6.59	-	-	-
Total financial liabilities	-	**6.59**	-	-	-

36E.3. Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, Trade receivables, other receivables, balances other than cash and cash equivalents,other financial assets and other financial liabilities and trade payables.

Loans, Debts, Borrowings and Subordinated Debts

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated/proxy yields of identitical or similar instruments through the discounting factor. For instruments, having contractual residual maturity or original maturity less than one year, the carrying value has been considered as fair value. Fair values of Loans and advances are presented net of provisions for impairment.

(₹ in millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Total Fair value**	**Carrying value**	**Valuation hierarchy**
As at March 31, 2020			
Financial assets			
Cash and cash equivalents	6,062.71	6,062.71	-
Bank Balance other than included above	10,444.00	10,444.00	-
Receivables			
(i) Trade receivables	96.21	96.21	-
(ii) Other receivables	-	-	-
Loans	1,20,078.17	1,14,070.52	Level 3
Investment in subsidiary*	11,969.21	11,969.21	-
Other financial assets	1,640.27	1,640.27	-
Total financial assets	**1,50,290.57**	**1,44,282.92**	
Financial Liabilities			
Trade payables	522.80	522.80	-
Other payables	-	-	-
Debt securities **	56,858.50	56,683.86	Level 3
Borrowings (other than debt securities)	69,513.55	69,183.51	Level 3
Subordinated liabilities	15,218.79	15,555.02	Level 3
Other financial liabilities	11,698.97	11,698.97	-
Total financial liabilities	**1,53,812.61**	**1,53,644.16**	

* Investments in subsidiaries are carried at amortised cost and hence fair value is not disclosed.

** For MTN Bond book value is been considered as fair value .

(₹ in millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Total Fair value**	**Carrying value**	**Valuation hierarchy**
As at March 31, 2019			
Financial assets			
Cash and cash equivalents	4,147.30	4,147.30	-
Bank Balance other than included above	10,049.99	10,049.99	-
Receivables	-		
(i) Trade receivables	76.73	76.73	-
(ii) Other receivables	20,177.78	20,177.78	-
Loans	97,925.05	96,831.44	Level 3
Investment in subsidiary*	10,469.21	10,469.21	-
Other financial assets	838.99	838.99	-
Total financial assets	**1,43,685.05**	**1,42,591.44**	
Financial Liabilities			
Trade payables	531.52	531.52	-
Other payables	-	-	-
Debt securities	71,392.59	72,116.68	Level 3
Borrowings (other than debt securities)	49,696.82	49,594.14	Level 3
Subordinated liabilities	8,146.18	8,600.32	Level 3
Other financial liabilities	10,404.14	10,404.14	-
Total financial liabilities	**1,40,171.25**	**1,41,246.80**	

* Investments in subsidiaries are carried at amortised cost and hence fair value is not disclosed

36.E.4 Movements in Level 3 financial instruments measured at fair value :

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2019	**24,872.43**	**63.19**	**591.50**
Purchases	-	-	-
Issuances	65,507.77	1.70	-
Settlements	-	-	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(62,132.09)	(0.50)	-
Total gain/ losses recognised in profit and loss	-	(14.38)	397.00
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2020	**28,248.11**	**50.01**	**988.50**
Unrealised gain /(loss) related to balances held at the end of financial year	-	(18.12)	833.50

(₹ in millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2018	**19,251.38**	**90.27**	**381.25**
Purchases	-	-	-
Issuances	66,210.72	9.27	-
Settlements	-	-	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(60,589.67)	(7.93)	-
Total gain/ losses recognised in profit and loss	-	(28.42)	210.25
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2019	**24,872.43**	**63.19**	**591.50**
Unrealised gain/ losses related to balances held at the end of financial year	-	(3.74)	436.50

36 F. Transferred financial assets that are derecognised in their entirety

During the year ended March 31, 2020, the Company has sold some loans and advances measured at FVTOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets measured at FVTOCI and the gain/ (loss) on derecognition, per type of asset.

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Financial assets derecognised during the year	62,132.09	60,589.67
Gain from derecognition	1,565.76	934.16

36 G Transferred financial assets that are recognised in their entirety

The Company uses securitisations as a source of finance. Such transaction resulted in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Such deals resulted in continued recognition of the securitised assets since the Company retains substantial risks and rewards. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(₹ in millions)

Securitisations	As at March 31, 2020	As at March 31, 2019
Carrying amount of transferred assets measured at amortised cost	22,405.61	4,474.06
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	22,405.61	4,474.06
Fair value of assets	22,735.65	4,576.74
Fair value of associated liabilities	22,735.65	4,576.74
Net position at Fair value	-	-

Note 37. Capital, Other Commitments and Contingent Liabilities at Balance Sheet date:

Contingent Liabilities

(₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
In respect of Income tax demands (refer note (a) and (e) below)	539.76	493.12
In respect of Service Tax demands (refer note (b) below)	342.01	620.71
In respect of Profession Tax demands (refer note (c) below)	1.53	1.55
In respect of Bank guarantees given (refer note (d) below)	17,524.37	25,738.85

(a) The Company has filed appeal against the said demands raised by the Income Tax Department.

(b) Amount paid under protest with respect to service tax demand ₹ 18.92 million (March 31, 2019 - ₹ 29.66 million)

(c) Amount paid under protest with respect to profession tax demand ₹ 0.47 million (March 31, 2019 - ₹ 0.47 million)

(d) The above guarantee has been given on behalf of subsidiaries/group companies.

(e) Amount paid under protest with respect to income tax demand is ₹ 267.16 million (March 31, 2019 ₹ 260.09 million).

(f) Apart from the above, 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.

Commitments not provided for

(₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments related to loans sanctioned but undrawn	4,817.78	8,158.22
Estimated amount of contracts remaining to be executed on capital and operating account	169.28	117.90
Commitments related to Alternate Investment Funds	32.60	34.31

Note 38: Composite Scheme of Arrangement

Note 38.1: Demerged Operation in the previous year

The Board of Directors of the Company at their meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst India Infoline Finance Limited ("India Infoline Finance"), IIFL Finance Limited ("the Company"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth") and IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") which inter-alia, envisages the following:

i. amalgamation of IIFL M&R with the Company;

ii. demerger of the Securities Business Undertaking (as defined in the Scheme) of Company into IIFL Securities;

iii. demerger of the Wealth Business Undertaking (as defined in the Scheme) of Company into IIFL Wealth;

iv. transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis; and

v. Amalgamation of India Infoline Finance with the Company.

The Appointed Date for the amalgamation of IIFL M&R with the Company is opening hours of April 01, 2017 and for all the other steps, the Appointed Date is opening hours of April 01, 2018.

The National Company Law Tribunal Bench at Mumbai (Tribunal) approved the Scheme on March 07, 2019 under the applicable provisions of the Companies Act, 2013.

Certified copy of the said order of the Tribunal was received by the Company on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019 for complying with the provisions of Section 232 (5) of the Companies Act, 2013. .

Clause 56.2.4 of the Scheme states that Part V of the Scheme dealing with the merger of India Infoline Finance with the Company shall be made effective upon receipt of Non-Banking Finance Company (NBFC) registration by the Company from the Reserve Bank of India (RBI). Pending the receipt of NBFC registration from RBI and based on the legal opinion obtained by the Company, the Board of Directors at its meeting held on May 13, 2019 decided to give effect to the Scheme (except for the part relating to amalgamation of India Infoline Finance with the Company) in the following manner:

a) Merger of IIFL M&R with the Company with effect from the Appointed Date i.e. April 01, 2017;

b) Demerger of Securities Business Undertaking and the Wealth Business Undertaking from the Company with effect from the Appointed Date i.e. April 01,2018; and

c) Transfer of the Broking and Depository Participant Business Undertaking from IIFL Wealth to its wholly owned subsidiary, IIFL Distribution with effect from the Appointed Date April 01, 2018.

d) Merger of India Infoline Finance with the Company to be given effect after receipt of necessary registration from the RBI.

The Company fixed May 31, 2019 as the Record date for determining the eligibility of the shareholders of the Company for allotting shares of IIFL Securities and IIFL Wealth in the ratio of 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Securities for every 1 (One) equity share of Rs. 2 each of the Company and 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Wealth for every 7 (Seven) equity shares of Rs. 2 each of the Company. Accordingly on June 6, 2019, IIFL Securities and IIFL Wealth allotted 31,92,34,462 & 4,56,04,924 equity shares respectively to eligible shareholders of the Company. IIFL Securities and IIFL Wealth had filed their respective Listing Application with Stock exchange(s) and the In principle approval for listing of equity shares of IIFL Securities and IIFL Wealth was received on August 13, 2019 (NSE) and August 21, 2019 (BSE) & August 19, 2019 (NSE) and August 21, 2019 (BSE) respectively. Accordingly, the shares of IIFL Wealth and IIFL Securities were listed on Stock Exchanges(s) on September 19, 2019 and September 20, 2019 respectively.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

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(I) Following Assets and Liabilities were transferred to Respective undertakings on April 01, 2018 as per the composite scheme of arrangement

(₹ in millions)

Particulars	Securities Undertaking	Wealth Undertaking
ASSETS		
1. Financial Assets		
(a) Cash and cash equivalents	187.25	38.46
(b) Bank Balance other than (a) above	2.49	0.07
(c) Receivables		
(I) Trade receivables	23.04	2.38
(II) Other receivables	1.54	-
(d) Investments	1,256.67	66.02
(e) Other financial assets	40.11	3.36
Sub-total	**1,511.10**	**110.29**
2. Non-financial Assets		
(a) Current tax assets (net)	-	-
(b) Deferred tax Assets (net)	-	20.08
(c) Property, Plant and Equipment	6.57	3.39
(d) Other intangible assets	3.62	1.75
(e) Other non-financial assets	3.05	2.06
Sub-total	**13.24**	**27.28**
Total Assets	**1,524.34**	**137.57**
LIABILITIES AND EQUITY		
LIABILITIES		
1. Financial Liabilities		
(a) Payables		
(I)Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3.48	2.83
(II) Other payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(b) Other financial liabilities	-	34.61
Sub-total	**3.48**	**37.44**
2. Non-Financial Liabilities		
(a) Current tax liabilities (Net)	-	-
(b) Provisions	28.38	2.10
(c) Deferred tax liabilities (Net)	8.41	-
(d) Other non-financial liabilities	13.92	0.97
Sub-total	**50.71**	**3.07**
Total Liabilities	**54.19**	**40.51**
Net Assets transferred	**1,470.15**	**97.06**

(II) Following is the table showing movement of capital reserve

(₹ in millions)

Particulars	As at March 31, 2019	As at April 01, 2018
Net assets value of Securities Business Undertaking (a)	1,414.99	1,470.15
Net assets value of Wealth Business Undertaking (b)	116.47	97.06
Cancellation of investments in IIFL Securities and IIFL Wealth (c)	2,678.13	2,678.13
ESOP reserves (d)	24.95	-
Retain earnings (e)	179.56	-
Adjustments to Capital Reserve out of above (a+b+c-d-e) *	**4,005.08**	**4,245.33**

* As there is no cash settlement, movement of assets and liabilities and profit and loss and other comprehensive income for the period ended March 31, 2019 has been adjusted against capital reserve.

Note 38.2: Merger

The Company received the Non-banking Financial Company License dated March 06, 2020, bearing Certificate of Registration No. N-13.02386 from the Reserve Bank of India to carry on the Non Banking Financial Activity on March 11, 2020. Thereafter, the Company has decided to give effect to the amalgamation of India Infoline Finance and the Company with effect from March 30, 2020 with Appointed date as April 1, 2018.

Consequently, the residual shareholders of India Infoline Finance Limited were allotted 5,86,54,556 shares of the Company on March 30, 2020 in the ratio 135 fully paid up equity shares of ₹ 2 each in the Company for every 100 shares held in India Infoline Finance Limited. The said new shares got listed and admitted for trading w.e.f. April 27, 2020 in terms of final listing and trading approval received from NSE and BSE.

Pursuant to the merger, the Company has filed the revised Return of Income for FY 2018-19 on March 31, 2020 by applying corporate tax rate @ 25% on the taxable Income of the merged entity considering the turnover of the Company for FY 2016-17 being less than ₹ 2,500 millions. As a result, the merged tax liability of the Company has reduced and thereby, the excess current tax provision and deferred tax assets created of ₹ 391.06 millions and ₹ 493.81 millions respectively, in the books India Infoline Finance Limited, has been reversed during the year ended on March 31, 2019.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

(I) Following Assets Liabilities and Other Equity were transferred from India Infoline Finance Limited as on April 01, 2018 as per the Composite Scheme of Arrangement

(₹ in millions)

Particulars	As at April 01, 2018
ASSETS	
1. Financial Assets	
(a) Cash and cash equivalents	1,535.36
(b) Bank Balance other than (a) above	8,946.97
(c) Receivables	
(I) Trade receivables	207.19
(d) Loans	1,55,971.83
(e) Investments	17,235.69
(f) Other financial assets	1,013.61
Sub-total	**1,84,910.65**
2. Non-financial Assets	
(a) Current tax assets (net)	1,186.54
(b) Deferred tax Assets (net)	2,967.34
(c) Investment Property	2,451.14
(d) Property, Plant and Equipment	626.96
(e) Capital work-in-progress	41.93
(f) Other intangible assets	13.07
(g) Other non-financial assets	122.76
Sub-total	**7,409.74**
Total Assets	**1,92,320.39**
LIABILITIES AND EQUITY	
LIABILITIES	
1. Financial Liabilities	
(a) Payables	
(I)Trade payables	
(i) Total outstanding dues of micro enterprises and small enterprises	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	412.66
(II) Other payables	
(i) Total outstanding dues of micro enterprises and small enterprises	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-
(b) Debt Securities	92,958.27
(c) Borrowings (Other than Debt Securities)	50,535.75
(d) Subordinated Liabilities	9,413.66
(e) Other financial liabilities	5,424.09
Sub-total	**1,58,744.43**
2. Non-Financial Liabilities	
(a) Current tax liabilities (Net)	459.49
(b) Provisions	160.73
(c) Other non-financial liabilities	864.94
Sub-total	**1,485.16**
Total Liabilities	**1,60,229.59**
Net Assets	**32,090.80**
Less : Other Equity	(29,283.38)
Net Assets transferred	**2,807.42**

(II) Following table showing movement of capital reserve

(₹ in millions)

Particulars	**As at April 01, 2018**
Cancellation of investments in IIFL Finance Limited (a)	10,189.71
Net Assets transferred (b)	2,807.42
Securities Premium to be Cancelled on account of merger (c)	7,816.25
Cancellation of Non Controlling Interest (d)	4,527.28
Issue of new equity share of IIFL Finance Limited in Ratio 135:100 (e)	117.31
Capital reserve created on account out of above (a-b-c-d+e)	**(4,843.93)**

Previous year numbers have been recasted to give effect to the above scheme of merger w.e.f April 01, 2018, being the appointed date of merger as per the Court approved scheme.

Note 39. Employee stock option

The Company has implemented Employee Stock Option Scheme 2008 (ESOP Schemes) and has outstanding options granted under the said Schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of the grants made by the Nomination and Remuneration Committee and ESOP Schemes.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	**As at March 2020 ESOP 2008**	**As at March 2019 ESOP 2008**
Number of Option outstanding	4,34,937	9,48,456
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	05-Aug-2014, 02-Mar-2015, 08-Mar-2016 and 29-Apr-2017	10-Aug-2012, 29-Oct-2012, 05 Nov-2013, 05-Aug-2014, 02-Mar-2015, 08-Mar-2016 and 29-Apr-2017
Grant Price (₹ Per Share)	₹ 61.40, ₹ 82.73, ₹ 82.02 and ₹ 218.71	₹ 25.79, ₹ 31.05, ₹ 26.47, ₹ 61.40, ₹ 82.73, ₹ 82.02 and ₹ 218.71

(b) (i) Movement of options during the year ended March 31, 2020

Particulars	**Option Outstanding**	**Range of exercise price (in ₹)**	**Weight average exercise price (in ₹)**	**Weight average remaining contractual life (Years)**
Outstanding as on April 01, 2019	**9,48,456**	**25.79-218.71**	**62.76**	**2.88**
Granted during the year	-	-	-	-
Expired/forfeited during the year	30,245	82.02-218.71	127.21	-
Exercised during the year	4,83,274	25.79-82.73	36.23	-
Outstanding as on March 31, 2020	**4,34,937**	**61.40-218.71**	**87.76**	**2.89**
Exercisable as on March 31, 2020	**4,19,537**	**61.40-218.71**	**82.95**	**2.85**

b) (ii) Movement of options during year ended March 31, 2019

Particulars	**Option Outstanding**	**Range of exercise price (in ₹)**	**Weight average exercise price (in ₹)**	**Weight average remaining contractual life (Years)**
Outstanding as on April 01, 2018	**12,05,392**	**25.79-218.71**	**66.39**	**4.03**
Granted during the year	-	-	-	-
Expired/forfeited during the year	32,870	82.02-218.71	98.70	-
Exercised during the year	2,24,066	25.79-82.73	77.03	-
Outstanding as on March 31, 2019	**9,48,456**	**25.79-218.71**	**62.76**	**2.88**
Exercisable as on March 31, 2019	**6,20,676**	**25.79-218.71**	**46.25**	**2.27**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	**ESOP 2008**	
	2019-20	**2018-19**
Stock price (₹)	-	-
Volatility	-	-
Risk-free Rate	-	-
Exercise price (₹)	-	-
Time to Maturity (Years)	-	-
Dividend yield	-	-
Weight Average Value (₹)	-	-

Stock Price: The closing market price on NSE one day prior to the date of grant has been considered for the purpose of Option valuation.

Volatility: The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

The Company has granted Employee Stock Options under IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme pursuant to aforesaid Composite Scheme of Arrangement.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	**As at March 2020 ESOP 2020**	**As at March 2019 ESOP 2020**
Number of Option outstanding	82,65,678	91,73,539
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018, 18-Jan-2019 and 18-Sep-2019	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018 and 18-Jan-2019
Grant Price (₹ Per Share)	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22, ₹ 129.63	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04,₹ 182.22

(b) (i) Movement of options during the year ended March 31, 2020

Particulars	**Option Outstanding**	**Range of exercise price (in ₹)**	**Weight average exercise price (in ₹)**	**Weight average remaining contractual life (Years)**
Outstanding as on April 01, 2019	**91,73,539**	**61.48 -182.22**	**157.60**	**6.15**
Granted during the year	13,500	129.63	129.63	
Expired/forfeited during the year	9,21,361	61.48 -182.22	156.73	
Exercised during the year	-	-	-	
Outstanding as on March 31, 2020	**82,65,678**	**61.48 -182.22**	**157.65**	**5.15**
Exercisable as on March 31, 2020	**17,95,582**	**61.48 -182.22**	**125.01**	**4.34**

(b) (ii) Movement of options during the year ended March 31, 2019

Particulars	**Option Outstanding**	**Range of exercise price (in ₹)**	**Weight average exercise price (in ₹)**	**Weight average remaining contractual life (Years)**
Outstanding as on April 01, 2018	**24,57,600**	**61.48 -106.67**	**98.40**	**5.65**
Granted during the year	79,82,562	142.22-182.22	172.14	
Expired/forfeited during the year	12,66,623	61.48 -182.22	134.34	
Exercised during the year	-	-	-	
Outstanding as on March 31, 2019	**91,73,539**	**61.48 -182.22**	**157.60**	**6.15**
Exercisable as on March 31, 2019	**5,69,298**	**61.48 -106.67**	**91.12**	**4.46**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2020			
	21-Nov-18	04-Sep-18	02-May-18	02-May-18
Stock price (₹)	179.63	179.63	179.63	179.63
Volatility	59%	59%	59%	59%
Risk-free Rate	7.21% - 7.40%	7.21% - 7.44%	7.13% - 7.40%	7.13% - 7.34%
Exercise price (₹)	177.04	177.04	142.22	142.22
Time to Maturity (Years)	5.39	5.43	5.09	4.84
Dividend yield	1.00%	1.00%	1.00%	1.00%
Weight Average Value (₹)	102.29	102.87	106.78	106.94

Particulars	ESOP 2020		
	18-Sep-19	18-Jan-19	18-Jan-19
Stock price (₹)	179.63	179.63	179.63
Volatility	59%	59%	59%
Risk-free Rate	7.34% - 7.49%	7.28% - 7.49%	7.28% - 7.44%
Exercise price (₹)	129.63	182.22	182.22
Time to Maturity (Years)	6.22	5.80	5.55
Dividend yield	1.00%	1.00%	1.00%
Weight Average Value (₹)	118.06	161.25	102.16

Stock Price: The fair value of stock as on Appointed Date, i.e., April 1, 2018 (“the Effective date” or the “Date of Modification”) has been used to value the outstanding grants based on Mercahnt Banker's Report.

Volatility: The daily volatility of the stock prices on BSE, based on post demerger traded prices, has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered based on equity swap ratio of the Composite Scheme of Arrangement.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

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Note 40. List of Related Parties

Nature of relationship	Name of party *
Direct subsidiaries	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	Clara Developers Private Limited
	Samasta Microfinance Limited
Other related parties (due to Common promoter w.e f April 01, 2018)/ Fellow subsidiaries (upto March 31, 2018)	IIFL Securities Limited
	IIFL Management Services Limited
	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited
	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
	India Infoline Foundation
	IIFL Alternate Asset Advisors Limited
	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Wealth Finance Limited
	5paisa Capital Limited
Key managerial personnel	Mr.Nirmal Jain
	Mr.R. Venkataraman
	Mr.Sumit Bali
	Mr.Prabodh Agarwal (Upto February 01, 2020)
	Mr.Rajesh Rajak (w.e.f March 12,2020)
Relatives of key managerial personnel	Mrs.Aditi Athavankar (Spouse of R. Venkataraman)

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

Note 40.1 Significant transactions with related parties (₹ in millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Interest income				
IIFL Securities Limited	-	2.92	-	2.92
	-	(28.04)	-	(28.04)
IIFL Home Finance Limited	45.33			45.33
	(27.64)	-	-	(27.64)
IIFL Facilities Services Limited	-	172.80	-	172.80
	-	(3.12)	-	(3.12)
IIFL Management Services Limited	-	20.95	-	20.95
	-	(7.12)	-	(7.12)
5paisa Capital Limited	-	53.63	-	53.63
	-	(6.64)	-	(6.64)
Samasta Microfinance Limited	36.24	-	-	36.24
	(11.31)	-	-	(11.31)
Interest expense				
IIFL Facilities Services Limited	-	223.97	-	223.97
	-	(114.41)	-	(114.41)
IIFL Home Finance Limited	129.94	-	-	129.94
	(24.67)	-	-	(24.67)
Samasta Microfinance Limited	8.42			8.42
	-	-	-	-
IIFL Wealth Finance Limited	-	18.41	-	18.41
	-	(2.26)	-	(2.26)
IIFL Alternate Asset Advisors Limited	-	-	-	-
	-	(1.05)	-	(1.05)
IIFL Insurance Brokers Limited	-	2.16	-	2.16
	-	-	-	-
Service charges income				
IIFL Home Finance Limited	0.77	-	-	0.77
	(4.17)	-	-	(4.17)
Referral fees income				
IIFL Home Finance Limited	2.00	-	-	2.00
	-	-	-	-
IIFL Wealth Management Limited	-	-	-	-
	-	(14.35)	-	(14.35)
Investment Banking Income Pass Through				
IIFL Securities Limited	-	15.69	-	15.69
	-	-	-	-
Donation paid				
India Infoline Foundation	-	120.19	-	120.19
	-	(109.02)	-	(109.02)
Arranger/ processing fees /brokerage on non convertible debenture/merchant banking fees				
IIFL Securities Limited	-	143.54	-	143.54
	-	(222.35)	-	(222.35)
5paisa Capital Limited	-	11.18	-	11.18
	-	(1.17)	-	(1.17)
IIFL Facilities Services Limited	-	-	-	-
	-	(25.00)	-	(25.00)
IIFL Management Services Limited	-	97.76	-	97.76
	-	(59.55)	-	(59.55)
IIFL Wealth Management Limited	-	114.63	-	114.63
	-	(18.87)	-	(18.87)
Samasta Microfinance Limited	104.79	-	-	104.79
	(189.91)	-	-	(189.91)
IIFL Home Finance Limited	16.20	-	-	16.20
	(12.41)	-	-	(12.41)
Rent expenses				
IIFL Facilities Services Limited	-	17.50	-	17.50
	-	(43.09)	-	(43.09)
IIFL Management Services Limited	-	-	-	-
	-	-	-	-
Aditi Athavankar	-	-	1.80	1.80
	-	-	(2.40)	(2.40)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Commission/ brokerage expense				
IIFL Securities Limited	-	0.86	-	0.86
	-	(5.04)	-	(5.04)
Remuneration paid				
Mr.Nirmal Jain	-	-	86.97	86.97
	-	-	(68.71)	(68.71)
Mr.R. Venkataraman	-	-	5.50	5.50
	-	-	(48.57)	(48.57)
Mr.Sumit Bali	-	-	62.50	62.50
	-	-	(46.27)	(46.27)
Equity dividend received				
IIFL Home Finance Limited	314.52	-	-	314.52
	(41.94)	-	-	(41.94)
Samasta Microfinance Limited	116.53	-	-	116.53
	-	-	-	-
IIFL Commodities Limited		-		-
		(12.54)		(12.54)
IIFL Insurance Brokers Limited		-		-
		(50.00)		(50.00)
IIFL Securities Limited		-		-
		(280.77)		(280.77)
IIFL Wealth Management Limited		-		-
		(450.00)		(450.00)
Equity dividend paid				
India Infoline Employee Trust Limited	-	0.17	-	0.17
	-	(0.38)	-	(0.38)
ICD/loan taken				
IIFL Home Finance Limited	67,796.20	-	-	67,796.20
	(4,410.00)	-	-	(4,410.00)
Samasta Microfinance Limited	1,720.00	-	-	1,720.00
	-	-	-	-
IIFL Securities Limited	-	15,374.00	-	15,374.00
	-	-	-	-
IIFL Wealth Finance Limited	-	1,000.00	-	1,000.00
	-	-	-	-
IIFL Insurance Brokers Limited	-	146.60	-	146.60
	-	-	-	-
IIFL Facilities Services Limited	-	83,080.00	-	83,080.00
	-	(21,270.00)	-	(21,270.00)
ICD/loan returned				
IIFL Home Finance Limited	67,796.20	-	-	67,796.20
	(4,410.00)	-	-	(4,410.00)
Samasta Microfinance Limited	1,220.00	-	-	1,220.00
	-	-	-	-
IIFL Securities Limited	-	15,374.00	-	15,374.00
	-	-	-	-
IIFL Wealth Finance Limited	-	1,000.00	-	1,000.00
	-	-	-	-

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2020 and March 31, 2019

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Insurance Brokers Limited	-	146.60	-	146.60
	-	-	-	-
IIFL Facilities Services Limited	-	83,080.00	-	83,080.00
	-	(21,270.00)	-	(21,270.00)
ICD/loan given				
IIFL Securities Limited	-	5,590.00	-	5,590.00
	-	(26,330.00)	-	(26,330.00)
IIFL Management Services Limited	-	1,933.00	-	1,933.00
	-	(2,740.00)	-	(2,740.00)
IIFL Facilities Services Limited	-	24,676.00	-	24,676.00
	-	(22,092.50)	-	(22,092.50)
IIFL Home Finance Limited	25,566.94	-	-	25,566.94
	(77,147.00)	-	-	(77,147.00)
Samasta Microfinance Limited	610.00	-	-	610.00
	(3,545.00)	-	-	(3,545.00)
5paisa Capital Limited	-	3,418.10	-	3,418.10
	-	(1,072.00)	-	(1,072.00)
ICD/loan received back				
IIFL Securities Limited	-	5,590.00	-	5,590.00
	-	(26,330.00)	-	(26,330.00)
IIFL Facilities Services Limited	-	23,445.00	-	23,445.00
	-	(21,565.00)	-	(21,565.00)
IIFL Management Services Limited	-	2,223.00	-	2,223.00
	-	(2,450.00)	-	(2,450.00)
IIFL Home Finance Limited	25,566.94	-	-	25,566.94
	(77,147.00)	-	-	(77,147.00)
5paisa Capital Limited	-	2,418.10	-	2,418.10
	-	(1,072.00)	-	(1,072.00)
Samasta Microfinance Limited	610.00	-	-	610.00
	(4,489.74)	-	-	(4,489.74)
Investment in subsidiaries				
IIFL Home Finance Limited	-	-	-	-
	(1,000.00)	-	-	(1,000.00)
Samasta Microfinance Limited	1,500.00	-	-	1,500.00
	(1,000.00)	-	-	(1,000.00)
Purchase of investment				
IIFL Wealth Finance Limited	-	513.93	-	513.93
	-	-	-	-
Sale of investment				
IIFL Wealth Finance Limited	-	507.93	-	507.93
	-	-	-	-
Investment in non convertible debenture				
IIFL Home Finance Limited	-	-	-	-
	(491.00)	-	-	(491.00)
Allocation / reimbursement of expenses paid				
IIFL Securities Limited	-	309.45	-	309.45
	-	(604.35)	-	(604.35)
IIFL Asset Management Limited	-	7.50	-	7.50
	-	-	-	-
5paisa Capital Limited	-	-	-	-
	-	(0.02)	-	(0.02)
IIFL Home Finance Limited	6.99	-	-	6.99
	(5.65)	-	-	(5.65)
IIFL Management Services Limited	-	14.32	-	14.32
	-	(12.45)	-	(12.45)
IIFL Facilities Services Limited	-	27.72	-	27.72
	-	(34.97)	-	(34.97)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Allocation / reimbursement of expenses paid others				
IIFL Securities Limited	-	43.49	-	43.49
	-	(8.49)	-	(8.49)
IIFL Wealth Management Limited	-	0.98	-	0.98
	-	(0.11)	-	(0.11)
IIFL Commodities Limited	-	-	-	-
	-	(0.05)	-	(0.05)
IIFL Facilities Services Limited	-	0.62	-	0.62
	-	(0.52)	-	(0.52)
IIFL Home Finance Limited	31.76	-	-	31.76
	(0.22)	-	-	(0.22)
5paisa Capital Limited	-	1.97	-	1.97
	-	(0.15)	-	(0.15)
IIFL Management Services Limited	-	0.82	-	0.82
	-	(0.12)	-	(0.12)
IIFL Insurance Brokers Limited	-	2.05	-	2.05
	-	(0.07)	-	(0.07)
Allocation / reimbursement of expenses received				
IIFL Facilities Services Limited	-	0.62	-	0.62
	-	(0.01)	-	(0.01)
IIFL Management Services Limited	-	0.48	-	0.48
	-	(0.88)	-	(0.88)
IIFL Securities Limited	-	29.29	-	29.29
	-	(25.20)	-	(25.20)
IIFL Home Finance Limited	42.28	-	-	42.28
	(33.17)	-	-	(33.17)
5paisa Capital Limited	-	8.17	-	8.17
	-	(2.66)	-	(2.66)
IIFL Wealth Management Limited	-	5.64	-	5.64
	-	-	-	-
IIFL Insurance Brokers Limited	-	-	-	-
	-	(0.64)	-	(0.64)
Samasta Microfinance Limited	-		-	-
	(0.13)	-	-	(0.13)
Allocation / reimbursement of expenses received others				
5paisa Capital Limited	-	2.54	-	2.54
	-	(0.06)	-	(0.06)
IIFL Securities Limited	-	46.89	-	46.89
	-	(3.14)	-	(3.14)
IIFL Home Finance Limited	53.17	-	-	53.17
	(26.12)	-	-	(26.12)
IIFL Management Services Limited	-	3.05	-	3.05
	-	(31.01)	-	(31.01)
IIFL Facilities Services Limited	-	0.22	-	0.22
	-	(0.51)	-	(0.51)
IIFL Insurance Brokers Limited		1.81		1.81
				-
IIFL Asset Management Limited		2.47		2.47
				-
India Infoline Foundation		0.04		0.04
				-
IIFL Wealth Management Limited	-	0.29	-	0.29
	-	(0.00)	-	(0.00)
Security deposit paid towards rent				
IIFL Facilities Services Limited	-	-	-	-
	-	(11.70)	-	(11.70)
Payment towards assignment transaction				
Samasta Microfinance Limited	0.83	-	-	0.83
	-	-	-	-
IIFL Home Finance Limited	9.29	-	-	9.29
	(68.54)	-	-	(68.54)
Receipt towards assignment transaction				
Samasta Microfinance Limited	3.39	-	-	3.39
	(87.95)	-	-	(87.95)
IIFL Home Finance Limited	4.24	-	-	4.24
	(30.70)	-	-	(30.70)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Assignment/Secu transactions paid on HFC behalf				
IIFL Home Finance Limited	954.16	-	-	954.16
	-	-	-	-
Non convertible debenture issued				
IIFL Management Services Limited	-	2,322.00	-	2,322.00
	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	500.00	-	500.00
	-	(290.00)	-	(290.00)
IIFL Wealth Finance Limited	-	4,483.00	-	4,483.00
	-	(353.92)	-	(353.92)
Non convertible debenture redeemed/buyback				
IIFL Alternate Asset Advisors Limited	-	-	-	-
	-	(139.61)	-	(139.61)
IIFL Wealth Finance Limited	-	783.96	-	783.96
	-	(65.25)	-	(65.25)
IIFL Facilities Services Limited	-	3,475.00	-	3,475.00
	-	(197.10)	-	(197.10)
Sale of Portfolio				
IIFL Home Finance Limited	6,050.00	-	-	6,050.00
	-	-	-	-
Samasta Microfinance Limited	1,723.50	-	-	1,723.50
	-	-	-	-

Note 40.2 Closing balances with related parties **(₹ in millions)**

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Other payable				
5paisa Capital Limited	-	-	-	-
	-	(0.50)	-	(0.50)
IIFL Securities Limited	-	0.27	-	0.27
	-	(23.74)	-	(23.74)
IIFL Management Services Limited	-	-	-	-
	-	(16.94)	-	(16.94)
IIFL Facilities Services Limited	-	1.22	-	1.22
	-	(0.07)	-	(0.07)
Samasta Microfinance Limited	0.86	-	-	0.86
	(17.20)	-	-	(17.20)
Other receivable				
IIFL Wealth Management Limited	-	0.63	-	0.63
	-	(4.87)	-	(4.87)
IIFL Asset Management Limited	-	2.47	-	2.47
	-	-	-	-
IIFL Insurance Brokers Limited	-	-	-	-
	-	(0.02)	-	(0.02)
IIFL Home Finance Limited	22.89	-	-	22.89
	(38.02)	-	-	(38.02)
Security deposit receivable				
Aditi Athavankar	-	-		-
	-	-	(50.00)	(50.00)
IIFL Facilities Services Limited	-	8.75	-	8.75
	-	(11.70)	-	(11.70)
Receivable towards assignment				
IIFL Home Finance Limited	-	-	-	-
	(1.89)	-	-	(1.89)
Samasta Microfinance Limited	-	-	-	-
	(0.05)	-	-	(0.05)
Payable towards assignment				
IIFL Home Finance Limited		-	-	-
	(5.35)	-	-	(5.35)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Outstanding ICD (given)				
IIFL Management Services Limited	-	-	-	-
	-	(290.00)	-	(290.00)
5paisa Capital Limited	-	1,000.00	-	1,000.00
	-	-	-	-
IIFL Facilities Services Limited	-	1,758.50	-	1,758.50
	-	(527.50)	-	(527.50)
Outstanding ICD (Taken)				
Samasta Microfinance Limited	500.00	-	-	500.00
	-	-	-	-
Outstanding loan amount of assigned book purchased				
Samasta Microfinance Limited		-	-	-
	(3.43)	-	-	(3.43)
IIFL Home Finance Limited		-	-	-
	(137.48)	-	-	(137.48)
Outstanding loan amount of assigned book sold				
IIFL Home Finance Limited		-	-	-
	(125.48)	-	-	(125.48)
Corporate guarantee given				
Samasta Microfinance Limited	-	-	-	-
	(500.00)	-	-	(500.00)
IIFL Home Finance Limited	17,524.37	-	-	17,524.37
	(24,427.85)	-	-	(24,427.85)
IIFL Securities Limited	-	-	-	-
	-	(811.00)	-	(811.00)
Outstanding non convertible debenture issued				
IIFL Management Services Limited	-	221.30	-	221.30
	-	-	-	-
IIFL Wealth Finance Limited	-	11.00	-	11.00
	-	-	-	-
IIFL Facilities Services Limited	-	200.00	-	200.00
	-	(200.00)	-	(200.00)
Interest accrued on non convertible debenture issued				
IIFL Management Services Limited	-	7.88	-	7.88
	-	-	-	-
IIFL Wealth Finance Limited	-	1.24	-	1.24
	-	-	-	-
IIFL Facilities Services Limited	-	12.88	-	12.88
	-	(12.82)	-	(12.82)
Investment in non convertible debenture (including interest accrued)				
IIFL Home Finance Limited	530.46	-	-	530.46
	(521.34)	-	-	(521.34)
Gratuity payable *				
Mr.Nirmal Jain	-	-	1.42	1.42
	-	-	(1.20)	(1.20)
Mr.R. Venkataraman	-	-	1.44	1.44
	-	-	(1.20)	(1.20)
Mr.Sumit Bali	-	-	0.46	0.46
	-	-	(0.11)	(0.11)
Leave encashment payable *				
Mr.Nirmal Jain	-	-	6.69	6.69
	-	-	(4.84)	(4.84)
Mr.R. Venkataraman	-	-	3.54	3.54
	-	-	(3.44)	(3.44)
Mr.Sumit Bali	-	-	0.24	0.24
	-	-	(0.28)	(0.28)

* Based on actuarial valuation report

Amount is less than ₹ 0.01 million hence shown ₹ 0.00 wherever applicable

(Figure in bracket represents previous year figures)

Note 41. Corporate Social Responsibility

During the financial year 2018-2019, the Company has spent ₹ 120.19 million (P.Y. ₹ 109.02 million) out of the total amount of ₹ 120.19 million (P.Y. ₹ 109.02 million) required to be spent as per section 135 of The Companies Act, 2013 in respect of Corporate Social Responsibility (CSR). The aforementioned amount has been contributed to India Infoline Foundation.

Note 42.1 Maturity analysis of assets and liabilities as at March 31, 2020 (₹ in millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	6,062.71	-	6,062.71
(b)	Bank balance other than (a) above	9,841.33	602.67	10,444.00
(c)	Derivative financial instruments		2,405.21	2,405.21
(d)	Receivables			
	(i) Trade receivables	96.21	-	96.21
	(ii) Other receivables	-	-	-
(e)	Loans	74,574.86	67,743.76	1,42,318.62
(f)	Investments	6,511.43	13,074.04	19,585.47
(g)	Other financial assets	408.15	1,232.12	1,640.27
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	-	1,946.04	1,946.04
(b)	Deferred tax assets (net)	-	2,028.08	2,028.08
(c)	Investment property	-	2,030.24	2,030.24
(d)	Property, plant and equipment	-	1,012.00	1,012.00
(e)	Capital work-in-progress	-	24.94	24.94
(f)	Right of-use assets	-	2,486.56	2,486.56
(g)	Other intangible assets	-	6.39	6.39
(h)	Other non-financial assets	1,357.30	176.79	1,534.09
	Total Assets	**98,851.99**	**94,768.84**	**1,93,620.83**
	Liabilities and Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	267.63	-	267.63
(b)	Payables			
	(I)Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	522.80	-	522.80
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Finance lease obligation	426.11	2,187.20	2,613.31
(d)	Debt securities	13,270.93	43,412.93	56,683.86
(e)	Borrowings (other than debt securities)	39,176.99	30,006.52	69,183.51
(f)	Subordinated liabilities	2,524.97	13,030.05	15,555.02
(g)	Other financial liabilities	11,022.34	676.63	11,698.97
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	180.42		180.42
(b)	Provisions	132.55	243.74	376.29
(c)	Other non-financial liabilities	460.94		460.94
[3]	**Equity**			
(a)	Equity share capital	-	756.68	756.68
(b)	Other equity	-	35,321.40	35,321.40
	Total Liabilities and Equity	**67,985.68**	**1,25,635.15**	**1,93,620.83**

Note 42.2 Maturity analysis of assets and liabilities as at March 31, 2019 (₹ in millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	4,147.30	-	4,147.30
(b)	Bank balance other than (a) above	10,044.51	5.48	10,049.99
(c)	Derivative financial instruments	-	-	-
(d)	Receivables			
	(i) Trade receivables	76.73	-	76.73
	(ii) Other receivables	20,177.78	-	20,177.78
(e)	Loans	75,734.96	45,968.91	1,21,703.87
(f)	Investments	1,992.00	11,060.71	13,052.71
(g)	Other financial assets	327.09	511.90	838.99
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	-	1,465.75	1,465.75
(b)	Deferred tax assets (net)	-	2,581.97	2,581.97
(c)	Investment property	-	2,634.27	2,634.27
(d)	Property, plant and equipment	-	886.19	886.19
(e)	Capital work-in-progress	-	60.21	60.21
(f)	Other intangible assets	-	15.25	15.25
(g)	Other non-financial assets	229.96	31.14	261.10
	Total Assets	**1,12,730.33**	**65,221.78**	**1,77,952.11**
	Liabilities and Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	6.59	-	6.59
(b)	Payables			
	(I)Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	531.52	-	531.52
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Debt securities	43,856.75	28,259.93	72,116.68
(d)	Borrowings (other than debt securities)	24,213.74	25,380.40	49,594.14
(e)	Subordinated liabilities	-	8,600.32	8,600.32
(f)	Other financial liabilities	9,908.89	495.25	10,404.14
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	303.55	-	303.55
(b)	Provisions	152.51	279.88	432.39
(c)	Other non-financial liabilities	539.21	-	539.21
[3]	**Equity**			
(a)	Equity share capital	-	638.41	638.41
(b)	Incremental shares pending issuance	-	117.31	117.31
(c)	Other equity	-	34,667.85	34,667.85
	Total Liabilities and Equity	**79,512.76**	**98,439.35**	**1,77,952.11**

Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2020 and March 31, 2019

43. Disclosure as required under Annex XII- RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 as may be amended from time to time:

(i) Capital Adequacy Ratio **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
CRAR (%)	17.55%	18.26%
CRAR - Tier I Capital (%)	13.13%	13.13%
CRAR - Tier II Capital (%)	4.42%	5.13%
Amount of subordinate debt raised as tier- II capital *	15,709.21	8,644.63
Amount raised by issue of perpetual debt instruments.	-	-

*(Gross of Unamortised Debenture Issue Expenses of ₹ 154 .19 Millions (March 31, 2019 ₹ 44.31 Millions)

(ii) Disclosure of Investments **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Value of Investments		
Gross value of Investments*	**19,876.25**	**13,551.48**
(a) In India	19,876.25	13,551.48
(b) Outside India	-	-
Provision for depreciation/diminution	**290.78**	**498.77**
(a) In India	290.78	498.77
(b) Outside India	-	-
Net value of investments	**19,585.47**	**13,052.71**
(a) In India	19,585.47	13,052.71
(b) Outside India	-	-
Movement of provisions held towards depreciation on Investments		
Opening Balance	498.77	366.30
Add: Provision made during the year	212.00	156.70
Less : Write -off / write-back of excess provisions during the year	(419.99)	(24.23)
Closing balance	**290.78**	**498.77**

* Includes mark to market gain of ₹ 855.95 million (March 31, 2019 ₹ 465.58 million) as per IND AS

(iii) Derivatives:

(a) Forward Rate Agreement / Interest Rate Swap **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
The notional principal of Forward/swap agreements	47,603.82	280.00
Losses which would be incurred if counterparties failed to fulfill their obligation under the agreements.	-	-
Collateral required by the NBFC upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	-	-
The fair value of swap book	2,137.58	6.59

(b) Exchange traded Interest Rate "IR" derivatives **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Notional principal amount of exchange traded IR derivatives undertaken		
- Forward Rate agreements	280.30	-
Total	**280.30**	**-**
Notional principal amount of exchange traded IR derivatives outstanding		
- Forward Rate agreements	280.30	-
Total	**280.30**	**-**
Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
Mark to market value of exchange traded IR derivative outstanding and not highly effective	15.37	-

(c) Disclosures on Risk Exposure in Derivatives

(I) Qualitative disclosure:

a) Structure and organization for management of risk in derivatives trading:

The Board of Directors, the Asset Liability Management Committee (ALCO), the Risk Management Committee (RMC) and the Market Risk Management Department are entrusted with the management of risks in derivatives.

The philosophy and framework for the derivative business is laid out in the Board approved policies including limits. It also reviews the market risk exposures of derivatives against the limits. The Risk Management Committee reviews all risks on a consolidated basis and also reviews Stress Testing.

The monitoring and measurement of risk in derivatives is carried out by the Market Risk Management Department. The Market Risk Management Department is independent of the Treasury Front office back office and directly reports into the Group Chief Risk Officer.

b) Scope and nature of risk measurement, risk reporting and risk monitoring systems:

All significant risks of the derivative portfolio are monitored and measured daily. The Market Risk Management Department measures and reports Market Risk metrics like VaR, PV01, Option Greeks like Delta, Gamma, Vega, Theta, Rho, etc. The Credit Risk from the derivatives portfolio is also measured daily.

The Market Risk Management Department monitors these exposures against the set limits and also reviews profitability on a daily basis. MIS is sent to relevant teams on a periodic basis. Exception reports are also sent so that emerging risks are reviewed and managed on a timely basis. Stress testing is also performed on the Derivative portfolio.

c) Policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants:

The Board Approved 'Hedging Policy' details the hedging strategies, hedging processes, accounting treatment, documentation requirements and effectiveness testing for hedges.

Hedges are monitored for effectiveness periodically, in accordance with the Board Approved Policy.

d) Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index/Stock Futures/Currency Futures/Interest Rate Futures and/or Equity Index/Stock Options/ Currency Options as the case may be ("Derivatives Portfolio") which are released on final settlement/squaring-up of underlying contracts are disclosed under the head "Other Current Assets".

"Equity Index/Stock Option/Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively.

On final settlement or squaring up of contracts for Derivatives Portfolio, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. On settlement or squaring up of Derivatives Portfolio before expiry, the premium, prevailing in "Equity Index/Stock Option/Currency Option Premium Account" on that date is recognized in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market/Unrealised Profit/(Loss) on all outstanding Derivative portfolio comprising of Securities and Equity/Currency Derivatives positions is determined on scrip basis with net unrealized losses on scrip basis being recognized in the Statement of Profit and Loss.

(II) Quantitative Disclosure (₹ in millions)

Particulars	2019-2020 Currency Derivatives	2019-2020 Interest Rate Derivatives	2018-2019 Currency Derivatives	2018-2019 Interest Rate Derivatives
Derivatives (Notional Principle Amount):				
- For hedging *	40,648.82	6,955.00	280.00	-
Marked to market positions:				
a) Asset	2,405.21	-	-	-
b) Liability	-	267.63	6.59	-
Credit Exposure	-	-	-	-
Unhedged Exposures	-	-	-	-

* The Company has not opted for hedge accounting under IND AS 109 as the formal designation and documentation of hedging relationship at the inception changed later in the year. However, since the cash flows of the underlying borrowing and the derivative contract is back to back with the same counterparty, it offers economic hedge, and accordingly, the gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

(iv) Disclosures pertaining to securitisation transactions

The Company sells loans through securitisation and direct assignment.

(A) The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below:

(₹ in millions)

Particulars	March 31, 2020	March 31, 2019
Total number of loan assets under par structure	4,16,055	1,84,570
Total book value of loan assets	34,088.37	13,335.89
Sale consideration received	34,088.37	13,335.89

(B) The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(₹ in millions)

Particulars	March 31, 2020	March 31, 2019
No. of SPVs sponsored by the company for securitisation transactions	17	2
Total amount of securitised assets as per the books of SPVs sponsored by the company	13,005.13	4,474.06
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet	-	-
Other amount of Securtised assets as per the books of SPV sponsored by the company	9,400.47	-
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	737.10	-
b) On - Balance Sheet Exposures		
First Loss	1,978.26	517.50
Investment in PTC	-	-
Overcollateralization	843.04	-
Amount of exposures to securitisation transaction other than MRR	357.38	-
a) Off - Balance Sheet Exposures		
i) Exposures to own securitisations		
First Loss	-	-
Others	-	-
ii) Exposures to third party securitisations		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own securitisations		
First Loss	-	-
Others	-	-
ii) Exposures to third party securitisations		
First Loss	-	-
Others	-	-

(C) The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below:

(₹ in millions)

Particulars	March 31, 2020	March 31, 2019
Total number of loan assets under par structure	11,59,950	9,32,082
Total book value of loan assets	62,132.09	60,589.67
Sale consideration received	62,132.09	60,589.67

(D) The information on direct assignement of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

(₹ in millions)

Particulars	March 31, 2020	March 31, 2019
No. of transactions assigned by the Company	21	24
Total amount outstanding	32,679.99	26,130.90
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet	3,272.17	2,600.54
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	-	-
Exposures to own assigned transactions	-	-
Amount of exposures to assigned transaction other than MRR	-	-
a) Off - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	-	-
Others	-	-
ii) Exposures to third party assigned tranactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	-	-
Others	-	-
ii) Exposures to third party assigned tranactions		
First Loss	-	-
Others	-	-

(E) Details of Financial Assets sold to Securitisation/ Reconstruction Company for Assets Reconstruction:

(₹ in millions)

Particulars	March 31, 2020	March 31, 2019
Number of accounts	-	-
Aggregate value (net of provisions) of accounts sold to SC/RC	-	-
Aggregate consideration	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate loss over net book value	-	-

The aforementioned disclosure excludes sale of Non Performing Assets given in F (ii) below.

F) Details of non - performing financial assets purchased/ sold:

i. Details of non-performing financial assets purchased:

(₹ in millions)

Particulars	March 31, 2020	March 31, 2019
Number of accounts purchased during the year	-	-
Aggregate outstanding	-	-
Of these, number of accounts restructured during the year	-	-
Aggregate outstanding	-	-

ii. Details of non-performing financial assets sold:

(₹ in millions)

Particulars	March 31, 2020	March 31, 2019
Number of accounts sold	-	30
Aggregate outstanding	-	260.70
Aggregate consideration received	-	158.60

* Note: The above excludes divestment of Mortgage Financing business and Microfinance business in the current year and Vehicle Financing business in the previous year on slump sale basis.

(v) Asset liability management maturity pattern

As at March 31, 2020 **(₹ in millions)**

Particulars	Upto 30/31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	6,290.05	5,672.72	8,009.04	22,528.62	40,285.16	51,747.85	6,091.04	1,694.14	1,42,318.62
Investments	5,221.03	-	-	-	1,290.40	-	116.33	12,957.71	19,585.47
Borrowings**	8,880.57	1,184.05	5,183.22	7,257.44	31,386.32	41,328.34	41,039.42	5,163.03	1,41,422.39
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

As at March 31, 2019 **(₹ in millions)**

Particulars	Upto 30/31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	17,641.19	15,611.18	8,048.44	8,053.43	27,003.82	33,931.53	8,157.24	3,257.04	1,21,703.87
Investments	-	-	-	470.79	1,521.21	-	-	11,060.71	13,052.71
Borrowings**	24,941.77	13,230.79	9,003.62	5,732.48	10,731.92	43,355.03	18,091.46	5,224.07	1,30,311.14
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* EIR on borrowings and advances has been considered in the last bucket. The ECL provision has been netted off against balance available in the highest bucket of loans i.e: 3-5 years

** Includes borrowings in foreign currency

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

(vi) Exposure to Real Estate Sector **(₹ in millions)**

Category	March 31, 2020	March 31, 2019
a) Direct Exposure		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	31,094.54	38,655.60
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multi-purpose commercial premises, multi-family residentail building, multi tenanted commercial premises. industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based limits.	5,150.12	4,447.65
(iii) Investments in Mortgage back securities (MBS) and other securitised exposure-		
(a) Residential	-	-
(b) Commercial real estate	-	-
Total Direct Exposure (A)	36,244.66	43,103.25
b) Indirect Exposure (B)	28,332.31	36,500.59
Total Exposure to Real Estate Sector (A+B)	**64,576.97**	**79,603.84**

Note: Exposure includes amount outstanding including principal and interest overdue but excluding sanctioned undisbursed amounts.

(vii) Exposure to Capital Market: **(₹ in millions)**

Particulars	March 31, 2020	March 31, 2019
(i) Direct investment in equity shares, convertibles bonds, convertible debentures and unit of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,879.46	667.60
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investments in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and	902.53	4,429.43
(iii) Advances for any other purpose where shares or convertible bonds or convertibles debentures or units of equity-oriented mutual funds are taken as primary security;	1,544.08	2,345.75
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or unit or equity-oriented mutual funds i.e. where the	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbroker and market makers;	-	-
(vi) Loan 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)	68.77	834.46
Total Exposure to Capital Market	**4,394.84**	**8,277.24**

Note:
(a) Exposure includes amount outstanding including principal and interest overdue.
(b) The above excludes direct equity and debt investment in own subsidiary companies.

(viii) Details of penalties imposed by RBI or other regulators:
No penalty has been imposed during the year by RBI or other regulators.

(ix) Details of Credit Ratings:

A) Ratings assigned by Credit rating agencies:

(₹ in millions)

Rating Agency	Product	As at March 31, 2020		As at March 31, 2019	
		Amount	Rating assigned	Amount	Rating assigned
CARE Ratings Limited	Non Convertible Debenture^	16,300	CARE AA; Stable [Double A; Outlook: Stable]	16,300	CARE AA; Stable [Double A; Outlook: Stable]
CARE Ratings Limited	Long Term Bank Facilities^	20,000	CARE AA; Stable [Double A; Outlook: Stable]	20,000	CARE AA; Stable [Double A; Outlook: Stable]
CARE Ratings Limited	Preference Shares	500	CARE AA(RPS); Stable [Double A (RPS); Outlook: Stable]	500	CARE AA(RPS); Stable [Double A (RPS); Outlook: Stable]
CARE Ratings Limited	Subordinate Debt^	2,000	CARE AA; Stable [Double A; Outlook: Stable]	2,000	CARE AA; Stable [Double A; Outlook: Stable]
ICRA Limited	Long term Debt Programme^	25,100	[ICRA]AA (negative); outstanding	25,100	[ICRA]AA (Stable)
ICRA Limited	Secured NCD Programme^	20,000	[ICRA]AA (negative); outstanding	20,000	[ICRA]AA (Stable)
ICRA Limited	Un-secured NCD Programme^	5,000	[ICRA]AA (negative); outstanding	5,000	[ICRA]AA (Stable)
ICRA Limited	Non Convertible Debentures Programme^	50,000	[ICRA]AA (negative); outstanding	50,000	[ICRA]AA (Stable)
ICRA Limited	Commercial Paper programme^	80,000	[ICRA]A1+; outstanding	80,000	[ICRA]A1+
ICRA Limited	Subordinate Debt Programme^	10,000	[ICRA]AA (negative); outstanding	10,000	[ICRA]AA (Stable)
ICRA Limited	Long Term Bank Lines^	57,750	[ICRA]AA (negative); outstanding	57,750	[ICRA]AA (Stable)
ICRA Limited	Long Term Principle Protected Equity Linked Debenture Programme^	5,000	PP-MLD[ICRA] AA (negative); outstanding	5,000	PP-MLD[ICRA]AA (Stable)
ICRA Limited	Long Term Principle Protected Market Linked Debenture Programme^	5,000	PP-MLD[ICRA] AA (negative); outstanding	5,000	PP-MLD[ICRA]AA (Stable)
ICRA Limited	Commercial Paper programme (IPO financing)^	80,000	[ICRA]A1+; assigned/ outstanding	-	-
CRISIL Limited	Non Convertible Debentures^	3,250	CRISIL AA/Stable (Reaffirmed)	5,000	CRISIL AA/Stable
CRISIL Limited	Non Convertible Debentures ^*	50,000	CRISIL AA/Stable (Reaffirmed)	50,000	CRISIL AA/Stable
CRISIL Limited	Subordinate Debt^	4,984	CRISIL AA/Stable (Reaffirmed)	10,000	CRISIL AA/Stable
CRISIL Limited	Long Term Principal Protected Market Linked Debentures^	15,000	CRISIL PP-MLD AAr/Stable (Reaffirmed)	5,000	CRISIL PP-MLD AAr/Stable
CRISIL Limited	Commercial Paper programme (IPO financing)^	80,000	CRISIL A1+ (Reaffirmed)	60,000	CRISIL A1+
CRISIL Limited	Commercial Paper^	80,000	CRISIL A1+ (Reaffirmed)	80,000	CRISIL A1+

Rating Agency	Product	As at March 31, 2020		As at March 31, 2019	
		Amount	Rating assigned	Amount	Rating assigned
CRISIL Limited	Total Bank Loan Facilities Rated^ (Long Term Rating)	20,000	CRISIL AA/Stable (Reaffirmed)	-	-
Brickwork Ratings	NCDs (Public Issue)^*	50,000	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative	50,000	BWR AA+ (Stable)
Brickwork Ratings	Secured NCD^	500	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative	500	BWR AA+ (Stable)
Brickwork Ratings	Unsecured Subordinated NCD^	350	BWR AA+ 'Negative' Reaffirmed with change in outlook to Negative	350	BWR AA+ (Stable)
Moody's	Corporate family rating (CFR)	NA	Ba3 / Stable	-	-
Moody's	Long-term foreign- and local-currency senior secured ratings to USD 1 billion Medium Term Note (MTN) program.	USD 1000	Ba3 / Stable	-	-
Fitch	Long-Term Issuer Default Rating (IDR)	NA	B+ / Negative Watch	-	-
Fitch	Senior secured notes issued under USD 1 billion Medium Term Note (MTN) Programme	USD 1000	B+ / Negative Watch	-	-

^Transferred from India Infoline Finance Limited to IIFL Finance Limited
*Interchangeable between secured and subordinated debt.

B) Details of migration of credit ratings during the year:

Rating Agency	Product	Rating assigned	Migration in ratings during the year
ICRA Limited	Long term Debt Programme^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Secured NCD Programme^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Un-secured NCD Programme^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Non Convertible Debentures Programme^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Commercial Paper programme^	[ICRA]A1+; outstanding	Change in outlook from ICRA A1+ to ICRA A1+ (Outstanding)
ICRA Limited	Subordinate Debt Programme^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Long Term Bank Lines^	[ICRA]AA (negative); outstanding	Change in outlook from ICRA AA (Stable) to ICRA AA (Negative);outstanding
ICRA Limited	Long Term Principle Protected Equity Linked Debenture Programme^	PP-MLD[ICRA] AA (negative); outstanding	Change in outlook from PP-MLD[ICRA] AA (stable); to PP-MLD[ICRA] AA (negative); outstanding
ICRA Limited	Long Term Principle Protected Market Linked Debenture Programme^	PP-MLD[ICRA] AA (negative); outstanding	Change in outlook from PP-MLD[ICRA] AA (stable); to PP-MLD[ICRA] AA (negative); outstanding
Brickwork Ratings	NCDs (Public Issue)^*	BWR AA+ ‘Negative’ Reaffirmed with change in outlook to Negative	Change in outlook from BWR AA+ Stable to BWR AA+ Negaitive
Brickwork Ratings	Secured NCD^	BWR AA+ ‘Negative’ Reaffirmed with change in outlook to Negative	Change in outlook from BWR AA+ Stable to BWR AA+ Negaitive
Brickwork Ratings	Unsecured Subordinated NCD^	BWR AA+ ‘Negative’ Reaffirmed with change in outlook to Negative	Change in outlook from BWR AA+ Stable to BWR AA+ Negaitive

(x) During the year, company has received Certificate of Registration from the Reserve Bank of India as Non – Banking Financial institution without accepting public deposits under section 45-IA of Reserve Bank of India Act, 1934 pursuant to merger of India Infoline Finance Limited with IIFL Finance Limited wef March 30, 2020.

(xi) Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2020 & March 31, 2019 following are having Nil disclosure:

a. Draw down from reserves.
b. Overseas assets (for those with joint ventures and subsidiaries abroad).
c. Off- Balance Sheet SPVs sponsored.
d. Financing of parent company products.
e. Postponement of revenue recognition.

(xii) The Company during the year ended has not exceeded single borrower limit (SGL)/ group borrower limit (GBL) while performing its lending operations.

(xiii) Remuneration paid to Non Executive Directors: **(₹ in millions)**

Name of the Director	2019-2020	2018-2019
Mr. V. K Chopra	2.23	2.17
Mrs. Geeta Mathur	2.01	2.79
Mr. Nilesh Vikamsey	2.20	2.28
Mrs. Shubhalakshmi Panse	-	0.06
Mr. Subbaraman Narayan	0.12	1.09
Mr. Arun Kumar Purwar	1.39	1.35
Mr. Kranti Sinha	0.20	1.45
Total	**8.15**	**11.19**

(xiv) Details of Provisions and Contingencies **(₹ in millions)**

Particulars	2019-2020	2018-2019
Provision for depreciation on investment	290.78	498.77
Provision towards non performing advances	(42.52)	709.46
Other Provision and Contingencies:		
Bad debts written off/(back)	3,540.74	3,246.66
Provision for Contingencies/Other financial assets	42.83	27.16
Provision for Standard Assets	(676.58)	(725.03)
Total	**3,155.25**	**3,757.02**
Provision made towards Income Tax	878.32	1,719.94

(xv). Details of concentration of advances, exposures & NPA:

a) Concentration of Advances

(₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Total advances to twenty largest borrowers	29,237.60	29,753.65
Percentage of advances to twenty largest borrowers to total advances	22.29%	24.18%

b) Concentration of Exposures

(₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers / customers	29,900.14	29,902.08
Percentage of exposure to twenty largest borrowers / customers to total exposure	22.53%	24.04%

Note: Exposure includes amount outstanding including principal and interest overdue.

c) Concentration of NPAs

(₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to top four NPA accounts	2,481.73	2,555.26

d) Details of sectorwise NPA:

Sector	% of NPAs to total advances in that sector	
	As at March 31, 2020	As at March 31, 2019
Agriculture & allied activities	0.00%	2.70%
MSME	5.36%	3.10%
Corporate borrowers	4.57%	5.33%
Services	0.00%	6.49%
Unsecured personal loans	3.18%	3.80%
Auto Loans	0.00%	0.00%
Other loans*	1.50%	2.00%

* Other loans include all loans that cannot be classified under any of the other sectors.

xvi. Movement of NPAs:

(₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Net NPAs to Net Advances (%)	0.81%	0.73%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	5,022.41	4,813.23
(b) Addition during the year	4,608.95	3,509.98
(c) Reduction during the year	(4,182.64)	(3,300.80)
(d) Closing balance	5,448.72	5,022.41
(iii) Movement of Net NPAs		
(a) Opening balance	884.40	1,415.82
(b) Addition during the year	928.52	542.13
(c) Reduction during the year	(655.61)	(1,073.55)
(d) Closing balance	1,157.31	884.40
(iv) Movement of provision for NPAs (excluding provision on standard assets)		
(a) Opening balance	4,138.01	3,397.41
(b) Addition during the year	3,680.43	2,967.85
(c) Reduction during the year	(3,527.03)	(2,227.25)
(d) Closing balance	4,291.41	4,138.01

Note: The above has been computed basis EAD for credit impaired advances.

xvii. Disclosure of Complaints:

(₹ in millions)

Particulars	2019-20	2018-19
i. Number of complaints pending at the beginning of year	8	-
ii. Number of complaints received during the year	694	418
iii. Number of complaints redressed during the year	697	410
iv. Number of complaints pending at the end of the year	5	8

Note: It excludes any customer complaints received and redressed by Fintech Partners of the Company

(xviii) Disclosure of restructured accounts

Details for 2019-20

(₹ in millions)

Sr. No.	Type of Restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others					Total
	Asset Classification		Standard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	
1	Restructured Accounts as on April 1 of the FY 2019 (opening figures)*	No. of borrowers	-	-	-	-	-	77	11	1	2	91	91
		Amount outstanding	-	-	-	-	-	70.09	60.52	0.08	3.73	134.42	134.42
		Provision thereon	-	-	-	-		3.91	28.33	0.02	3.30	35.56	35.56
2	Fresh restructuring during the year 2019-2020	No. of borrowers	-	-	-	-	-	497	102	8	795	1,402	1,402
		Amount outstanding	-	-	-	-	-	229.73	75.39	76.58	330.31	712.01	712.01
		Provision thereon	-	-	-	-	-	20.81	52.15	38.75	279.76	391.47	391.47
3	Upgradations to restructured standard category during the FY 2019-2020	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
4	Increase / Decrease in existing restructured accounts[1]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	(4.03)	-	-	(0.15)	(4.18)	(4.18)
		Provision thereon	-	-	-	-	-	(0.22)	-	-	(0.14)	(0.36)	(0.36)
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2018 and hence need not be shown as restructured standard advances at the beginning of the next FY 2019	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
6	Downgradations of restructured accounts during the FY 2019-2020[2]	No. of borrowers	-	-	-	-	-	(39)	(10)	12	37	-	-
		Amount outstanding	-	-	-	-	-	(39.27)	(60.45)	73.40	20.60	(5.72)	(5.72)
		Provision thereon	-	-	-	-	-	(2.18)	(28.31)	36.16	16.65	22.32	22.32
7	Fully recovered / Write-offs of restructured accounts during the FY 2019-2020	No. of borrowers	-	-	-	-	-	(65)	(6)	(1)	(6)	(78)	(78)
		Amount outstanding	-	-	-	-	-	(36.86)	(2.16)	(0.08)	(1.64)	(40.74)	(40.74)
		Provision thereon	-	-	-	-	-	(5.43)	(1.84)	(0.02)	(1.52)	(8.81)	(8.81)
8	Restructured Accounts as on March 31 of the FY 2020(closing figures)*	No. of borrowers	-	-	-	-	-	470	97	20	828	1,415	1,415
		Amount outstanding	-	-	-	-	-	219.66	73.30	149.98	352.85	795.80	795.80
		Provision thereon including provision for diminution in fair value	-	-	-	-	-	16.89	50.33	74.91	298.05	440.18	440.18

Details of MSME Accounts Restructured as per instructions given by RBI in its circular dated January 1, 2019

No. of Accounts Restructured	Amount (₹ in millions)
468	218.01

Details for 2018-19 (₹ in millions)

Sr. No.	Type of Restructuring / Asset Classification	Details	Under CDR Mechanism / SME Debt Restructuring Mechanism: Standard	Sub-Standard	Doubtful	Loss	Total	Others: Standard	Sub-Standard	Doubtful	Loss	Total	Total
1	Restructured Accounts as on April 1 of the FY 2018 (opening figures)*	No. of borrowers	-	-	-	-	-	-	6	1	-	7	7
		Amount outstanding	-	-	-	-	-	-	3.42	0.09	-	3.51	3.51
		Provision thereon	-	-	-	-	-	-	0.03	0.00	-	0.03	0.03
2	Fresh restructuring during the year 2018-2019	No. of borrowers	-	-	-	-	-	77	14	-	2	93	93
		Amount outstanding	-	-	-	-	-	70.09	65.93	-	3.73	139.75	139.75
		Provision thereon	-	-	-	-	-	3.91	29.84	-	3.30	37.05	37.05
3	Upgradations to restructured standard category during the FY 2018-2019	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
4	Increase / Decrease in existing restructured accounts[1]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	(0.00)	-	(0.00)	(0.00)
		Provision thereon**	-	-	-	-	-	-	-	0.02	-	0.02	0.02
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2018 and hence need not be shown as restructured standard advances at the beginning of the next FY 2019	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
6	Downgradations of restructured accounts during the FY 2019-2020[2]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
7	Fully recovered / Write-offs of restructured accounts during the FY 2018-2019	No. of borrowers	-	-	-	-	-	-	(9)	-	-	(9)	(9)
		Amount outstanding	-	-	-	-	-	-	(8.83)	-	-	(8.83)	(8.83)
		Provision thereon	-	-	-	-	-	-	(1.54)	-	-	(1.54)	(1.54)
8	Restructured Accounts as on March 31 of the FY 2019(closing figures)*	No. of borrowers	-	-	-	-	-	77	11	1	2	91	91
		Amount outstanding	-	-	-	-	-	70.09	60.52	0.09	3.73	134.43	134
		Provision thereon including provision for diminution in fair value	-	-	-	-	-	3.91	28.33	0.00	3.30	35.54	35.54

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

[1]PD & LGD rate of last year has been considered for calculation

[2]For accounts which have transitioned from one asset category to another, Mar'19 provision has been considered for previous asset category and Mar'20 Provision has been considered for updated asset category

Details of MSME Accounts Restructured as per instructiions given by RBI in its circular dated January 1, 2019

No. of Accounts Restructured	Amount (₹ in millions)
77	70.09

(xix) Asset Classification (₹ in millions)

Particulars	Outstanding Balance	Provision
Standard Assets	1,47,494.11	3,140.99
	(1,30,403.15)	(3,839.55)
Sub-Standard Assets	4,752.36	3,848.25
	(4,371.79)	(3,739.99)
Doubtful Assets	696.36	443.16
	(650.62)	(398.02)
Loss Assets	-	-
	-	-

Note:

a. ECL provisioning for Stage 1,2 & SICR of ₹ 3,140.99 millions (March 31, 2019 ₹ 3,839.55 millions) include interest accrued but not due and Interest overdue of ₹ 218.2 millions (March 31, 2019 ₹ 827.68 millions).

b. Asset classification is as per Reserve Bank of India guidelines and provision is as per Expected Credit Loss methodology as per IND AS which is higher than the minimum required as per prudential norms.

c. As the ECL provisions is higher than provision required under IRACP (Income Recognition, Assets Classification & Provisioning, there is no requirement to create Impairement allowance.

d. Figures in bracket represent previous year's figures.

(xx) Particulars as per RBI Directions as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016:

1. Loans and advances availed by the NBFCs inclusive of interest accrued there on but not paid: **(₹ in millions)**

Particulars	March 31, 2020				March 31, 2019			
	Principal Amount outstanding	Interest Accrued but not due	Amount overdue	Total	Principal Amount outstanding	Interest Accrued but not due	Amount overdue	Total
Liability side:								
a) Debentures								
Secured	27,716.48	1,197.73	-	28,914.21	37,404.65	1,518.93	-	38,923.58
Unsecured (other than falling within the meaning of public deposits)	15,555.02	749.05	-	16,304.07	8,600.32	581.16	-	9,181.48
(b) Deferred credits	-		-	-	-	-	-	-
(c) Term loans	30,984.55	55.01	-	31,039.56	37,610.64	71.20	-	37,681.84
Term Loans from Financial Institution	7,463.80	54.78	-	7,518.58	-	-	-	-
Secured Medium Term Notes	28,967.38	306.57	-	29,273.95	-	-	-	-
(d) Inter–corporate loans and borrowings	500.00	-	-	500.00	-	-	-	-
(e) Commercial Paper	-	-	-	-	34,712.03	-	-	34,712.03
(f) Other Loans (Overdraft)	7,829.56	22.61	-	7,852.17	7,512.78	-	-	7,512.78
(g) Securitisation	22,405.61	-	-	22,405.61	4,470.72	-	-	4,470.72
Total	**1,41,422.39**	**2,385.75**	**-**	**1,43,808.15**	**1,30,311.14**	**2,171.29**	**-**	**1,32,482.43**

2. Break – up of Loans and Advances including Bills Receivables [Other than included in (4) below]: **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Assets side (Gross Value)		
(a) Secured	1,11,065.27	1,04,099.96
(b) Unsecured	38,492.28	25,344.32
Total	**1,49,557.55**	**1,29,444.28**

Note: The above include overdue principal.

3. Break- up of leased assets and stock on hire and other assets counting towards AFC activities: **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other Loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2020 and March 31, 2019

4. Break–up of Investments (Net of Provisions): **(₹ in millions)**

Particulars	As at March 31,2020	As at March 31,2019
Current Investments :		
1 Quoted :		
(i) Shares:		
(a) Equity	824.63	-
(b) Preference	-	-
(ii) Debentures and Bonds	0.23	610.65
(iii) Units of mutual funds	-	-
(iv) Government Securities		
(v) Others (Certificate of Deposits)	-	-
IRB InvIT	18.76	771.27
2 Unquoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	447.01	470.79
(iii) Units of mutual funds	-	76.10
(iv) Government Securities	5,220.80	-
(v) Others (please specify)	-	
Alternative Investment Funds		63.19
Total	**6,511.43**	**1,992.00**
Long Term Investments :		
1 Quoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2 Unquoted:		
(i) Shares:		
(a) Equity of subsidiary companies	11,969.21	10,469.21
(b) Preference of subsidiary companies	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	66.32	
(iv) Government Securities	-	-
(v) Others (please specify)		
Alternative Investment Funds	50.01	-
Equity Shares	988.50	591.50
Total (A)	**13,074.04**	**11,060.71**
Grand Total (A+B)	**19,585.47**	**13,052.71**

5. Borrower Group-wise Classification of all assets financed as in (2) and (3) above: **(₹ in millions)**

Category	As at March 31,2020			As at March 31,2019		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties	**-**	**2,758.50**	**2,758.50**	**-**	**817.50**	**817.50**
a) Subsidiaries	-	-	-	-	-	-
b) Companies in the same group	-	-	-	-	817.50	817.50
c) Other related parties	-	2,758.50	2,758.50	-	-	-
2. Other than related parties	1,11,065.27	35,733.78	1,46,799.05	1,04,099.96	24,526.82	1,28,626.78
Total	**1,11,065.27**	**38,492.28**	**1,49,557.55**	**1,04,099.96**	**25,344.32**	**1,29,444.28**

6. Investor group wise classification of all investments (Current and Long Term) in shares and securities (Both quoted and unquoted) :

(₹ in millions)

Category	As at March 31,2020		As at March 31,2019	
	Market Value Breakup or fair value or NAV	Book value (Net of provisions)	Market Value Breakup or fair value or NAV	Book value (Net of provisions)
1 Related Parties				
a) Subsidiaries*	12,416.22	12,416.22	10,940.00	10,940.00
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	7,169.25	7,169.25	2,112.71	2,112.71
Total	**19,585.47**	**19,585.47**	**13,052.71**	**13,052.71**

* Includes Investments in equity shares of subsidiaries carried at amortised cost and fair value is not disclosed

7. Other Information: **(₹ in millions)**

Particulars	As at March 31,2020	As at March 31,2019
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	5,448.72	5,022.41
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	1,157.31	884.40
(iii) Assets acquired in satisfaction of debt (Fair Value)	1,352.18	1,366.15

(xxi) Particulars as per RBI Directions for auction details (As required in terms of paragraph 26 (4)(d) of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016:

(₹ in millions)

Particulars	March 31,2020	March 31,2019
Number of gold loan accounts	38,682	40,366
Outstanding amount (₹ millions)	1,200.31	1,395.10
Amount recovered in auction (₹ millions)	1,487.55	1,590.60

None of the group companies have participated in the above auctions. The above details have been compiled by the Management and relied upon by the auditors.

44. Unhedged Foreign Currency Exposure:

The unhedged foreign currency exposure as on March 31, 2020 is Nil (P.Y Nil).

Note: As at the Balance Sheet date the Company had open derivatives contracts of USD 2,643,750 (March 31, 2019 Nil) without any corresponding financial instruments. The Company has subsquently cancelled the same on May 26, 2020.

45. Gold Loan Portfolio

As on March 31, 2020 the gold loan portfolio comprises 32.85% (March 31, 2019 25.81%) of the total assets of the Company.

46. Segment Reporting

The Company's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Company revolve around the main business. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments as per the IND AS 108 on 'Segment Reporting'.

47. Shared services

The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it by its Holding Company/group companies, which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the Company were identified and recovered/recoverable from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

48. Fraud

During the year under review, the Company had come across frauds totalling to ₹ 13.11 millions /- (March 31, 2019 ₹ 15.06 millions/-) in respect of its lending operations. Out of the above, frauds amounting to ₹ 0.57 millions/- (March 31, 2019 ₹ 2.87 millions/-) has already been recovered. Suitable action has been taken by the Company to recover the balance amounts.

(The above information for individual frauds exceeding ₹ 100,000 has been compiled from Fraud Monitoring Return filed with the RBI)

The above information has been compiled by the Management and relied upon by the auditors.

49. 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:

Name of Related Party	Outstanding as on March 31, 2020	Maximum Outstanding during the year
5paisa Capital Limited	1,000.00	1,000.00
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	320.00
IIFL Home Finance Limited	-	600.00
IIFL Securities Limited (Formerly India Infoline Limited)	-	890.00
IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)	1,758.50	3,520.00
Samasta Microfinance Limited	-	610.00

Name of Related Party	Outstanding as on March 31, 2019	Maximum Outstanding during the year
5paisa Capital Limited	-	350.00
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	290.00	790.00
IIFL Home Finance Limited	-	350.00
IIFL Securities Limited (Formerly India Infoline Limited)	-	5,000.00
IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)	527.50	15,640.00
Samasta Microfinance Limited	-	748.62

50. Disclosure pursuant to SEBI Circular no. SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018 for fund raising by issuance of debt securities by large entities:

(₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings Outstanding having original maturity more than 1 year (excluding External Commercial Borrowings)	70,845.45	78,954.89
Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	BWR AA+ (Pronounced as BWR Double A Plus) Outlook: Negative by Brickwork Ratings India Pvt Ltd	BWR AA+ (Pronounced as BWR Double A Plus) Outlook: Stable by Brickwork Ratings India Pvt Ltd
	ICRA AA (Pronounced as ICRA Double A) Outlook: Negative by ICRA Ltd '	
	CARE AA (Pronounced as CARE Double A) Outlook: Negative by CARE Ratings Ltd	
	CRISIL AA (Pronounced as CRISIL Double A) Outlook: Stable by CRISIL Ltd	

(₹ in millions)

Details of the borrowings	2019-20
i. Incremental borrowing done (a)	20,352.37
ii. Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	5,088.09
iii. Actual borrowings done through debt securities in FY (c)	12,352.37
iv. Shortfall in the mandatory borrowing through debt securities, if any	Nil
v. Reasons for short fall, if any, in mandatory borrowings through debt securities	NA

51. Public disclosure on liquidity risk:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings): **(₹ in millions)**

Number of Significant Counterparties	Amount*	% of Total deposits	% of Total Liabilities
16	86,252.44	NA	54.75%

Note : Total Liabilities represent Total Liabilities as per Balance Sheet less Total Equity

(ii) Top 20 large deposits N.A

(iii) Top 10 borrowings:

Amount *	% of Total Borrowings
71,175.98	50.09%

* The above table excludes details of benefeciary holders of the medium term note bonds as at March 31,2020

(iv) Funding Concentration based on significant instrument/product: **(₹ in millions)**

Name of the instrument/product	Amount	% of Total Liabilities
Non Convertible Debentures	72,238.88	45.85%
Term Loans	38,448.35	24.41%
Securitisation	22,405.61	14.22%
Cash Credit / Overdraft Facilties	7,829.56	4.97%

Note : Total Liabilities represent Total Liabilities as per Balance Sheet less Total Equity

(v) Stock Ratios:

Particulars	Percentage
Commercial papers as a % of total liabilities	Nil
Commercial papers as a % of total assets	Nil
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	Nil
Non-convertible debentures (original maturity of less than one year) as a % of total assets	Nil
Other short-term liabilities* as a % of total liabilities	33.13%
Other short-term liabilities* as a % of total assets	26.95%

* Short Term liabilities means total of current liabilities as per note 42.1 to the financial statements as reduced by current portion of Debt Securities and Suboridnated Liabilities.

(vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business.

The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk.

The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company.

Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk return perspective and within the risk appetite and guard-rails approved by the Board.

The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board.

ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time.

52. Disclosure pursuant to Reserve Bank of India Circular no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20:

	(₹ in millions)
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended (Granted a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 ('moratorium period'):	11,261.75

(ii) Respective amount where asset classification benefits is extended due to moratorium: Loan assets worth Rs. 1,999.34 million were classified as standard assets instead of Stage 3 assets due to moratorium.

(iii) Provisions created as the per above circular: **(₹ in millions)**

Particulars	Amount
Total Provision	563.09

53. Disclosure pursuant to Reserve Bank of India Circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as per required under Ind AS 109	Net Carrying Amount	Provision Required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Standard	Stage 1	1,36,805.10	2,428.66	1,34,376.44	843.71	1,584.95
	Stage 2	6,218.77	518.87	5,699.90	227.98	290.89
Subtotal		**1,43,023.87**	**2,947.53**	**1,40,076.34**	**1,071.69**	**1,875.84**
Non Performing Assets (NPA)						
Substandard (Sub- Total -(A))	Stage 3	4,752.36	3,848.25	904.11	359.58	3,488.67
Doubtful						
Upto 1 Year	Stage 3	334.66	204.81	129.85	100.22	104.59
1 to 3 years	Stage 3	270.30	164.49	105.81	112.28	52.21
More than 3 years	Stage 3	91.40	73.86	17.54	39.80	34.06
Doubtful (Sub- Total -(A))		**696.36**	**443.16**	**253.20**	**252.30**	**190.86**
Loss (Sub- Total -(A))	Stage 3	-	-	-	-	-
Subtotal of NPA (Sub- Total -(A+B+C))		**5,448.72**	**4,291.41**	**1,157.31**	**611.88**	**3,679.53**
Other items such as guarantees, loan commitments, etc, which are in the scope of Ind AS 109 but not covered under current income Recognition, Assets Classifications and Provisioning (IRACP) norms	Stage 1	4,213.59	105.41	4,108.18	-	105.41
	Stage 2	256.65	88.05	168.60	-	88.05
	Stage 3	-	-	-	-	-
Subtotal		**4,470.24**	**193.46**	**4,276.78**	**-**	**193.46**
Total	Stage 1	1,41,018.69	2,534.07	1,38,484.62	843.71	1,690.36
	Stage 2	6,475.42	606.92	5,868.50	227.98	378.93
	Stage 3	5,448.72	4,291.41	1,157.31	611.88	3,679.53
	Total	**1,52,942.83**	**7,432.40**	**1,45,510.43**	**1,683.57**	**5,748.82**

54. Previous year's figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Chief Executive Officer

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Place : Mumbai
Dated: June 27, 2020

IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)

Annexure - I

STANDALONE STATEMENT OF DIVIDEND AS PER IND AS

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Equity Share Capital (Rs.in Million)		756.68	755.72
Face Value Per Equity Share (Rs.)	(a)	2.00	2.00
Interim Dividend on Equity Shares (Rs per Equity Share)	(b)	2.25	5.00
Total interim dividend on Equity Shares (Rs.in Million)		817.05	1,725.75
Dividend Declared Rate (In %)	**(c=b/a)**	**112.50%**	**250.00%**
Dividend tax (gross) on interim dividend (Rs.in Million)		79.34	183.04

For V Sankar Aiyar & Co.
Chartered Accountants
(FRN 109208W)

For IIFL Finance Limited
(Formerly IIFL Holdings Limited)

G. Sankar
Partner
(M.No.46050)

R. Venkataraman
Managing Director
(DIN : 00011919)

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : June 27, 2020

IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)

Annexure – II

STANDALONE STATEMENT OF CAPITALISATION

₹ in Million

	Pre issue as at March 31, 2020 (D) *	Proposed proceeds from the issue**(E)	Post Issue** (F= D+F)
Debt			
Debt Securities & Subordinated Liabilities	72,238.88	50,000.00	122,238.88
Borrowings (Other than Debt Securities)	69,183.51	-	69,183.51
Total Debt (A)	**141,422.39**	**50,000.00**	**191,422.39**
Equity			
Equity and Share Capital	756.68	-	756.68
Other Equity	35,321.40	-	35,321.40
Total Equity (B)	**36,078.08**	**-**	**36,078.08**
Debt / Equity (A/ B)	**3.92**		**5.31**

* As per Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.
** The figures for the respective financial statements line items under Post Issue column are derived after considering the impact due to proposed issue and it does not consider any other transactions or movements for such financial statements line items after March 31, 2020. The debt-equity ratio post the Issue is indicative on account of the assumed inflow of Rs.50,000 million from the proposed Issue as on March 31, 2020. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.

For V Sankar Aiyar & Co.
Chartered Accountants
(FRN 109208W)

G. Sankar
Partner
(M.No.46050)

Place : Mumbai
Date : June 27, 2020

For IIFL Finance Limited
(Formerly IIFL Holdings Limited)

R. Venkataraman
Managing Director
(DIN : 00011919)

Rajesh Rajak
Chief Financial Officer

IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)

Annexure - III

STANDALONE STATEMENT OF ACCOUNTING RATIOS AS PER INDAS

1. Basic and Diluted Earnings per Share

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average number of equity shares outstanding for computation of Basic EPS (A)	378,044,762	377,715,954
Add: Potential equity shares (B)	936,649	2,581,740
Weighted average number of equity shares used in computation of diluted earnings per share (C=A+B)	378,981,411	380,297,694
Profit after Tax attributable to equity shareholders [Rs.in million] (D)	1,488.04	4,510.25
Nominal Value of share [in Rs.]	2.00	2.00
Basic earnings per share [in Rs.] (E=(D/A)) (not annualised)	3.94	11.94
Diluted earnings per share [in Rs.] (F=(D/C)) (not annualised)	3.93	11.86

2. Return on Networth

Particulars	As at March 31, 2020	As at March 31, 2019
Total Comprehensive Income [Rs.in million] (A)	1,463.17	4,521.68
Average networth [Rs.in million] (B) <Refer Annexure 1A>	35,258.97	24,829.87
Return on networth (A/B) (Annualised)	4.15%	18.21%

3. Net Asset Value Per Equity Share

Particulars	As at March 31, 2020	As at March 31, 2019
Number of equity shares (A)	378,340,922	377,857,648
Networth [Rs.in million] (B) <Refer Annexure 1A>	35,413.88	35,104.06
Net asset value per equity share (B/A)	93.60	92.90

4. Debt-equity ratio

Particulars	As at March 31, 2020	As at March 31, 2019
Debt [Rs.in million] (A) <Refer Annexure 1A>	141,422.39	130,311.14
Equity [Rs.in million] (B)	36,078.08	35,423.57
Debt-equity ratio (A/B)	3.92	3.68

For V Sankar Aiyar & Co.
Chartered Accountants
(FRN 109208W)

G. Sankar
Partner
(M.No.46050)

For IIFL Finance Limited
(Formerly IIFL Holdings Limited)

R. Venkataraman
Managing Director
(DIN : 00011919)

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : June 27, 2020

IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)

Annexure 1A

₹ in Million

Particulars		**FY 2020**	**FY 2019**
Share Capital		756.68	755.72
Reserve and Surplus		35,321.40	34,667.85
Total Equity	**A**	**36,078.08**	**35,423.57**
Less: Prepaid expense and Unamortised debenture issue expenses		664.20	319.51
Total	**B**	**664.20**	**319.51**
Networth	**c=a-b**	**35,413.88**	**35,104.06**
Average Networth (Refer Note a)		**35,258.97**	**24,829.87**
Total Debt			
(i) Debt Securities		56,683.86	72,116.68
(ii) Borrowings (Other than Debt Securities)		69,183.51	49,594.14
(iii) Subordinated Liabilities		15,555.02	8,600.32
Total Debt		**141,422.39**	**130,311.14**

Note: a) Average Networth means sum of opening and closing Networth divided by two.

Independent Auditor's Examination Report on Reformatted Consolidated Financial Statements As Per Ind AS

To the Board of Directors of IIFL Finance Limited (Formerly known as IIFL Holdings Limited)

Dear Sirs,

1) We have examined the attached Reformatted Consolidated Financial Statements As Per Ind AS of IIFL Finance Limited (formerly known as IIFL Holdings Limited) ("the Company" or "the Issuer"), its subsidiaries and trusts with residual beneficial interest, (the Company, its subsidiaries and trusts with residual beneficial interest together referred to as "the Group"), comprising the Reformatted Consolidated Statement of Assets and Liabilities as at March 31, 2020 and 2019, the Reformatted Consolidated Statement of Profit and Loss, the Reformatted Consolidated Cash Flow Statement for the years ended March 31, 2020 and 2019, the Reformatted Consolidated Statement of Changes in Equity and the Statement of Significant Accounting Policies and other Explanatory Information (collectively, the "Reformatted Consolidated Financial Statements under Ind AS"). The Reformatted Consolidated Financial Statements under Ind AS have been prepared by the Management of the Company on the basis of Note 1 to the Reformatted Consolidated Financial Statements under Ind AS and have been approved by the Finance Committee of the Board of Directors of the Company vide its Resolution dated June 27, 2020 for the purpose of inclusion in the Draft Shelf Prospectus, Shelf Prospectus and respective Tranche Prospectus(es) (the "Offer Documents") prepared by the Company in connection with its proposed public issue of Secured Redeemable Non-Convertible Debentures and / or Unsecured Redeemable Non-Convertible Debentures ("the Debentures" or "the NCDs) prepared in terms of the requirements of:
   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
   b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("the Regulations"); and
   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2) The Company's Board of Directors is responsible for the preparation of the Reformatted Consolidated Financial Statements under Ind AS for the purpose of inclusion in the Offer Document to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Mumbai in connection with the proposed public issue of NCDs. The Reformatted Consolidated Financial Statements under Ind AS have been prepared by the Management of the Company on the basis of preparation stated in Note 1 to the Reformatted Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted Consolidated Financial Statements. The Company's Board of Directors are responsible for identifying and ensuring that the Group complies with the Act, the Regulations and the Guidance Note.

3) We have examined such Reformatted Consolidated Financial Statements under Ind AS taking into consideration:
   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated June 25, 2020 in connection with the proposed public issue of Debentures / NCDs of the Company;
   b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Consolidated Financial Statement ; and
d) The requirements of Section 26 of the Act and the Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Regulations and the Guidance Note in connection with the proposed public issue of Debentures / NCDs.

4) These Reformatted Consolidated Financial Statements under Ind AS have been compiled by the management from the audited consolidated financial statements of the Group as at and for the years ended March 31, 2020 and 2019 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Act, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 28, 2020 and May 15, 2019 respectively and audited by the auditors of the Company for those years. In relation to the aforesaid consolidated financial statements audited by the previous auditors of the Company, we have not carried out any audit tests or review procedures, and, accordingly reliance has been placed on the financial statements audited by the previous auditors for the said years. The figures as at and for the year ended March 31, 2019 have been recast to give effect to the Composite Scheme of Arrangement as more detailed in Note 38 since the Scheme was effective from April 1, 2018, being the date of merger as per the court approved scheme and had been included in the previous year figures in the audited consolidated financial statements for the year ended March 31, 2020.

5) For the purpose of our examination, we have relied on the Auditor's Report issued by M/s Deloitte Haskins & Sells LLP, the previous statutory auditors of the Company on the Consolidated Financial Statements for the year ended March 31, 2020 and 2019 dated June 7, 2020 and May 15, 2019 respectively.

6) The Consolidated Financial Statements as at and for the years ended March 31, 2020 and 2019 reported upon by the previous auditors of the Company on which reliance has been placed by us, have been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure requirements of the financial year ended March 31, 2020. The figures included in the Reformatted Consolidated Financial Statements under Ind AS, do not reflect the effects of changes in accounting policies or events that occurred subsequent to the date of the reports of the previous auditors referred to in Para 5 above.

7) The Auditor's Report on the Consolidated Financial Statements issued by the previous statutory auditors for the financial year 2019-20 dated June 7, 2020 was unmodified and included the following Emphasis of Matter and Other Matters paragraphs:

Emphasis of Matter

"We draw attention Note No. 41 to the Consolidated Financial Statements which describes the reasons for implementation of the composite scheme of arrangement amongst the Company, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited, and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme"), in Parts, based on the legal opinion obtained by the Company. The Scheme has been approved by the National Company Law Tribunal vide its order dated March 07, 2019 and filed with the Registrar of Companies on April 11, 2019.

Subsequent to the receipt of certificate of registration by the Company for carrying on business of non-banking financial institution from the Reserve bank of India on March 11, 2020, the said Scheme has been refiled with Registrar of Companies on March 30, 2020 to give effect to the final part of the Scheme.

Our report is not modified in respect of this matter.

We draw attention to Note 8.3 to the Consolidated Financial Statements, which fully describes that the Group has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our report is not modified in respect of this matter."

Other Matters

"We did not audit the financial statements of two subsidiaries and two trusts with residual beneficial interest, whose financial statements / Financial Statements reflect total assets of Rs. 36,192.59 million as at 31 March 2020, total revenues of Rs.6,681.93 million and net cash outflows amounting to Rs. 190.21 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / Financial Statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and trusts with residual beneficial interest, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and trusts with residual beneficial interest is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors."

8) The Auditor's Report on the Consolidated Financial Statements issued by the previous statutory auditors for the financial year 2018-19 dated May 15, 2019 was unmodified and included the following Emphasis of Matter and Other Matters paragraphs:

"Emphasis of Matter

We draw attention Note No. 39.1 to the consolidated financial statements which describes the reasons for implementation of the Composite Scheme of Arrangement amongst the IIFL Holdings Limited, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited, IIFL Distribution Services Limited and their respective shareholders, under Sections 230 – 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme"),in Parts, based on the legal opinion obtained by the Company. The Scheme has been approved by the National Company Law Tribunal vide its order dated March 7, 2019 and filed with the Registrar of Companies on April 11, 2019.

Our report is not modified in respect of this matter."

"Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 19,309.11 million as at March 31, 2019, total revenues of Rs. 3,397.54 million and net cash inflows amounting to Rs. 368.55 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

The comparative financial statements for the year ended March 31, 2018 in respect of 22 subsidiaries, which includes its share of profit in its a joint venture prepared in accordance with the Ind AS and included in these consolidated financial statements have been audited by other auditors, whose reports have been furnished to us by the Management and in so far as it relates to the comparative amounts and disclosures included in respect of these subsidiaries and joint venture made in these consolidated financial statements, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements is not modified in respect of the above matters on the comparative Financial Statements."

9) Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the report of the other auditor as mentioned in Para 5 above, we report that the Reformatted Consolidated Financial Statements under Ind AS are prepared, in all material respects, on the basis described in Note 1 to the Reformatted Consolidated Financial Statements under Ind AS.

10) At the request of the Company, we have also examined the following Consolidated Financial Information of the Company as at and for the years ended March 31, 2020 and 2019 prepared by the Management and approved by the Finance Committee of the Board of Directors vide Resolution dated June 27, 2020:
    (i) Consolidated Statement of Capitalization enclosed as Annexure I; and
    (ii) Consolidated Statement of Accounting Ratios as per Ind AS enclosed as Annexure II.

11) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by the previous statutory auditors, nor should this be construed as a new opinion on any of the financial statements referred to herein.

12) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13) Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Mumbai, Maharashtra in connection with the proposed issue of Debentures / NCDs. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **V. Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

Place: Mumbai
Date: June 27, 2020

(G.SANKAR)
Partner
(M.No. 046050)
UDIN: 20046050AAAADM2718

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in millions)

Sr. No	Particulars	Notes	As at March 31, 2020	As at March 31, 2019 (See note 41)
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	4	15,656.01	12,754.06
(b)	Bank balance other than (a) above	5	16,503.17	12,462.28
(c)	Derivative financial instruments	6	2,426.49	55.42
(d)	Receivables			
	(i) Trade receivables	7	295.22	364.00
	(ii) Other receivables	7	-	20,177.78
(e)	Loans	8	2,85,319.73	2,73,774.65
(f)	Investments	9	7,548.29	2,123.93
(g)	Other financial assets	10	3,456.10	2,042.61
			3,31,205.01	**3,23,754.73**
[2]	**Non-financial assets**			
(a)	Current tax assets (net)		2,115.98	1,633.14
(b)	Deferred tax assets (net)	11	2,429.46	2,952.58
(c)	Investment property	12	2,030.80	2,634.85
(d)	Property, plant and equipment	13	1,141.50	1,027.80
(e)	Capital work-in-progress		24.94	67.77
(f)	Right of use assets	14	2,771.26	-
(g)	Other intangible assets	15	12.51	23.50
(h)	Other non-financial assets	16	1,679.28	294.14
			12,205.73	**8,633.78**
	Total assets		**3,43,410.74**	**3,32,388.51**
	Liabilities And Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	6	439.18	483.33
(b)	Payables			
	(I)Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises			-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	17	836.26	1,087.23
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises			-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c)	Finance Lease obligation	14	2,913.53	-
(d)	Debt securities	18	81,844.93	1,05,861.49
(e)	Borrowings (other than debt securities)	19	1,67,549.42	1,43,813.25
(f)	Subordinated liabilities	20	20,436.99	15,495.79
(g)	Other financial liabilities	21	20,003.42	19,797.33
			2,94,023.73	**2,86,538.42**
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)		424.97	546.39
(b)	Provisions	22	609.88	644.60
(c)	Other non-financial liabilities	23	696.03	1,072.05
			1,730.88	**2,263.04**
	Total Liabilities		**2,95,754.61**	**2,88,801.46**
[3]	**Equity**			
(a)	Equity share capital	24	756.68	638.41
(b)	Incremental shares pending issuance	24	-	117.31
(c)	Other equity	24.1	46,843.05	42,787.26
(d)	Non-controlling interest	24.1	56.40	44.07
			47,656.13	**43,587.05**
	Total Liabilities and Equity		**3,43,410.74**	**3,32,388.51**
See accompanying notes forming part of the reformatted consolidated financial statements		1 - 47		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place : Mumbai
Dated: June 27, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly IIFL Holdings Limited)

NIRMAL JAIN
Chariman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Cheif Executive Officer

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED)

REFORMATTED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in millions)

Sr. No	Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019 (See note 41)
	Revenue from operations			
(i)	Interest income	25.1	46,193.28	47,547.47
(ii)	Dividend income	25.2	10.90	800.24
(iii)	Fees and commission income	26	1,185.06	1,310.23
(iv)	Net gain on fair value changes	27	-	120.02
(v)	Net gain on derecognition of financial instruments under amortised cost category		-	-
(I)	**Total revenue from operations**		**47,389.24**	**49,777.96**
(II)	**Other income**	28	818.05	1,070.82
(III)	**Total Income (I+II)**		**48,207.29**	**50,848.78**
	Expenses			
(i)	Finance costs	29	23,968.16	25,850.43
(ii)	Net loss on fair value changes	27	650.88	-
(iii)	Net loss on derecognition of financial instruments under amortised cost category	30	3,373.27	2,824.44
(iv)	Impairment on financial instruments	31	230.39	187.29
(v)	Employee benefits expenses	32	7,460.92	6,901.08
(vi)	Depreciation, amortisation and impairment	13, 14 & 15	1,056.49	318.49
(vii)	Others expenses	33	4,215.34	4,513.94
(IV)	**Total Expenses (IV)**		**40,955.45**	**40,595.67**
(V)	**Profit before exceptional items and tax (III-IV)**		**7,251.84**	**10,253.11**
(VI)	Exceptional items	34	-	1,046.12
(VII)	**Profit before tax (V +VI)**		**7,251.84**	**11,299.23**
(VIII)	**Tax expense:**			
	(1) Current tax	35	1,778.98	2,891.55
	(2) Deferred tax	11 & 35	(17.71)	447.61
	(3) Current tax expenses relating to previous years	35	(43.19)	2.97
	Total tax expense		**1,718.08**	**3,342.13**
(IX)	**Profit for the year from continuing operations (VII-VIII)**		**5,533.76**	**7,957.10**
(X)	Impact of change in the rate of opening deferred tax	11	499.03	-
(X)	**Profit for the year**		**5,034.73**	**7,957.10**
	Attributable to:			
	Owners of the Company		5,018.30	7,946.20
	Non-controlling interest		16.43	10.90
(XI)	**Other Comprehensive Income**			
	(A)			
	(i) Items that will not be reclassified to profit or loss	35	(45.42)	(4.37)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	11 & 35	11.43	2.11
	Subtotal (A)		**(33.99)**	**(2.26)**
	(B)			
	(i) Items that will be reclassified to profit or loss	35	(43.58)	(245.24)
	(ii) Income tax relating to items that will be reclassified to profit or loss	11 & 35	10.97	147.23
	Subtotal (B)		**(32.61)**	**(98.01)**
	Other Comprehensive Income (A+B)		**(66.60)**	**(100.27)**
(XII)	**Total Comprehensive Income for the year**		**4,968.13**	**7,856.83**
	Attributable to:			
	Owners of the Company		4,951.77	7,846.04
	Non-controlling interest		16.36	10.79
(XIII)	**Earnings per equity share of face value ₹ 2 each**	36		
	Basic (₹)		13.27	21.04
	Diluted (₹)		13.24	20.89
	See accompanying notes forming part of the reformatted consolidated financial statements	1 - 47		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place : Mumbai
Dated: June 27, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly IIFL Holdings Limited)

NIRMAL JAIN
Chariman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Cheif Executive Officer

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in millions)

Particulars	Notes	Year ended March 31, 2020		Year ended March 31, 2019 (See note 41)	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax			**7,251.84**		**11,299.23**
Adjustments for:					
Depreciation, amortisation and impairment	13, 14 & 15	1,056.49		318.49	
Impairment on loans	31	134.94		160.13	
Impairment on other financial instruments		56.95		25.72	
(Profit)/ loss on sale of assets		6.76		1.29	
Net (Gain)/ loss on fair value changes - realised	27	634.81		(117.37)	
Net (Gain)/ loss on fair value changes - unrealised	27	44.43		(3.02)	
Net (Gain)/ loss on derecognition of financial instruments under amortised cost	30	(1,058.39)		(681.50)	
Employee benefit expenses - share based		89.36		68.46	
Employee benefit expenses - others		105.03		112.40	
Interest on loans	25.1	(44,533.20)		(46,232.69)	
Interest on deposits with banks	25.1	(897.87)		(816.59)	
Interest on investments		(73.79)		(498.18)	
Finance cost		24,199.10		25,695.26	
Loss on buy back of commercial paper (net)		9.92		54.02	
Loss/(Gain) on buy back of debentures (net)		(581.33)		(0.79)	
Exchange fluctuation on foreign currency borrowings realised		8.31		(2.99)	
Exchange fluctuation on foreign currency borrowings unrealised		2,206.05		3.47	
MTM on derivatives financial instruments		(2,137.58)		-	
Net (gain)/ loss on future contract		(15.37)		-	
Income received on loans		44,446.93		44,913.08	
Interest received on deposits with banks		898.16		782.52	
Income received on investments		9.58		619.35	
Finance cost paid		(22,965.57)	1,643.72	(24,520.53)	(119.47)
Operating profit before working capital changes			**8,895.56**		**11,179.76**
Decrease/ (increase) in financial and non financial assets		14,029.48		(19,744.08)	
Increase in financial and non financial liabilities		1,046.94	15,076.42	1,605.09	(18,138.99)
Cash (used in)/ generated from operations			**23,971.98**		**(6,959.23)**
Taxes paid			(2,275.87)		(2,917.12)
Net cash (used in)/ generated from operating activities			**21,696.11**		**(9,876.35)**
Loans (disbursed)/ repaid (net)			(11,644.57)		14,096.50
Net cash generated from operating activities (A)			**10,051.54**		**4,220.15**
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and other intangible assets			(564.64)		(682.25)
Sale of property, plant and equipment and other intangible assets			73.68		13.95
Impairment of goodwill			-		107.18
Purchase of investment property			-		(183.71)
Proceeds from investments property			20.00		-
Purchase of investments			(13,91,522.59)		(15,57,045.41)
Proceeds from sale/ maturity of investments			13,86,003.04		15,63,819.06
Deposits placed with banks			(48,367.35)		(14,071.15)
Proceeds from maturity of deposits placed with banks			45,422.00		12,123.87
Net cash (used in)/ generated from investing activities (B)			**(8,935.86)**		**4,081.54**
C. CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of equity share capital			20.45		32.83
Adjustment due to Composite Scheme of Arrangement on account of merger			(22.10)		9.64
Share issue expenses			-		(1.00)
Premium on issue of debentures			-		10.24
Dividend paid (including dividend distribution tax)			(986.76)		(1,917.41)
Proceeds from debt securities			1,96,493.61		5,36,998.51
Repayment of debt securities			(2,21,592.72)		(5,69,760.75)
Proceeds from borrowings (other than debt securities)			1,63,873.39		8,56,472.25
Repayment of borrowings (other than debt securities)			(1,41,033.88)		(8,23,348.75)
Proceeds from subordinated liabilities			7,036.78		6,710.09
Repayment of subordinated liabilities			(2,002.50)		(5,004.17)
Net cash generated from financing activities (C)			**1,786.27**		**201.48**
Net increase in cash and cash equivalents (A + B + C)			**2,901.95**		**8,503.17**
Add : Opening cash and cash equivalents as at the beginning of the year			**12,754.06**		**2,715.53**
Add: Cash and cash equivalents transferred through Composite Scheme of Arrangement due to scheme of merger as on April 01 2018			-		**1,535.36**
Cash and cash equivalents as at the end of the year	4		**15,656.01**		**12,754.06**
See accompanying notes forming part of the reformatted consolidated financial statements	1 - 47				

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly IIFL Holdings Limited)

G. Sankar
Partner
Membership No. 046050

NIRMAL JAIN
Chariman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

Sumit Bali
Cheif Executive Officer

Place : Mumbai
Dated: June 27, 2020

RAJESH RAJAK
Chief Financial Officer

Gajendra Thakur
Company Secretary

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(₹ in millions)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at March 31, 2020 (refer note 24)	638.41	118.27	756.68
As at March 31, 2019 (refer note 24)	637.96	0.45	638.41

B. Other Equity

(₹ in millions)

Particulars	Share Application Money (Note 1)	Reserves & Surplus										Total	Non-Controlling Interest
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987 (Note 6)	Capital Redemption Reserve (Note 7)	Debenture Redemption Reserve (Note 8)	Retained Earnings (Note 9)	Stock Compensation Reserve (Note 10)	Effective portion of Cash Flow Hedges (Note 11)		
Balance as at April 01, 2018	**4.16**	**-**	**10,603.07**	**577.45**	**6.80**	**962.70**	**51.11**	**1,133.80**	**5,592.27**	**52.19**	**-**	**18,983.55**	**33.28**
Addition due to Composite Scheme of Arrangement (Refer note 41.1)		(4,245.33)										(4,245.33)	
Addition due to Composite Scheme of Arrangement (Refer note 41.2)	-	4,843.93	7,630.80	463.00	3,868.50	-	2,250.00	3,845.70	(1,137.50)	19.36	-	21,783.79	-
Opening restated balance as on April 01,2018	**4.16**	**598.60**	**18,233.87**	**1,040.45**	**3,875.30**	**962.70**	**2,301.11**	**4,979.50**	**4,454.77**	**71.55**	**-**	**36,522.01**	**33.28**
Profit for the year									7,946.20			7,946.20	10.90
Remeasurement of defined benefit (net of tax)									(100.16)			(100.16)	(0.11)
Interim dividend									(1,725.75)			(1,725.75)	
Dividend distribution tax on interim dividend									(191.66)			(191.66)	
Transfer to/ from reserves	-	-	19.49	4,946.46	875.42	613.00	-	(4,465.75)	(1,968.92)	(19.70)	-	-	-
On account of merger	-	-		-	-	-	-	-	(10.34)	-	-	(10.34)	-
On account of demerger	-	240.25	-	-	-	-	-	-	1.59	(24.94)	-	216.90	-
Addition during the year	(4.16)	-	65.76	-	-	-	-			68.46	-	130.06	-
Balance as at March 31, 2019 (refer note 41)	**-**	**838.85**	**18,319.12**	**5,986.91**	**4,750.72**	**1,575.70**	**2,301.11**	**513.75**	**8,405.73**	**95.37**	**-**	**42,787.26**	**44.07**
Profit for the year									5,018.30			5,018.30	16.43
Remeasurement of defined benefit (net of tax)									(66.53)			(66.53)	(0.07)
Interim dividend									(817.05)			(817.05)	(1.46)
Dividend distribution tax on interim dividend									(167.95)			(167.95)	(0.30)
Change in Minority									2.27			2.27	(2.27)
Transfer to/ from reserves			10.26	537.74	832.22	493.00	-	(385.71)	(1,476.92)	(10.59)	-	-	
On account of merger									(25.83)			(25.83)	
Addition during the year			23.22	-		-	-			89.36	-	112.58	
Balance as at March 31, 2020	**-**	**838.85**	**18,352.60**	**6,524.65**	**5,582.94**	**2,068.70**	**2,301.11**	**128.04**	**10,872.01**	**174.14**	**-**	**46,843.05**	**56.40**

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes:

1. Share application money pending allotment: Money received for share application for which allotment is pending.

2. Capital Reserves: Capital reserve is created on account of Composite Scheme of Arrangement.

3. Securities Premium Reserve: The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve (including debenture premium). Total additions to Securities Premium is after netting of share issue expenses.

4. General Reserve: The reserve can be distributed/utilised by the Group, in accordance with the Companies Act, 2013

5. Special Reserve: Pursuant to section 45-IC of the Reserve Bank of India Act 1934, being 20% of the profit after tax for the year of IIFL Finance Limited and Samasta Microfinance Limited has been transferred from Retained Earnings to Special Reserve.

6. Pursuant to section 29C of the National Housing Bank Act, 1987 the Housing Finance Company ("HFC") is required to transfer atleast 20% of its net profit every year to a reserve before any dividend is declared.

7. Capital Redemption Reserve: This reserve has been created on redemption of preference shares capital as per section 55 of the Companies Act, 2013.

8. Debenture Redemption Reserve: Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, Non Banking Finance Company ("NBFC") and Housing Finance Company ("HFC") are required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures offered through public issue. Pursuant to Ministry of Corporate Affairs circular dated August 16, 2019, reserve is not required to be created for the Non Convetible Debentures going forward.

9. Retained Earnings: These are the profits that the Group has earned till date, less any transfers to Statutory Reserve, Debenture Redemption Reserve, General Reserve, Dividend distribution and capital redemption reserve.

10. Stock Compensation Reserve: The employee stock options reserve represents reserve in respect of equity settled share options granted to the employees of the Company and its Group in pursuance of employee stock options plan.

11. The amount refers to changes in the fair value of derivative financial contracts which are designated as effective cash flow hedge.

See accompanying notes forming part of the reformatted consolidated financial statements (1 - 47)

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place : Mumbai
Dated: June 27, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly IIFL Holdings Limited)

NIRMAL JAIN
Chariman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Cheif Executive Officer

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Note 1.

The Company has prepared the Reformatted Consolidated Statement of Assets and Liabilities as at March 31, 2020 and 2019 and Reformatted Consolidated Statements of Profit and Loss and the Reformatted Consolidated Statements of Cash Flows for the years ended March 31, 2020 and 2019 and the significant accounting policies and other explanatory information (together comprising the "Reformatted Consolidated Financial Statements"). Accordingly these Reformatted Consolidated Financial Statements will be included in the draft shelf prospectus proposed to be filed by the Company with the National Stock Exchange of India Limited, BSE Limited, Securities and Exchange Board of India (the "SEBI") and the Registrar of Companies – Mumbai (the "Draft Shelf Prospectus") in connection with the proposed public issue by the Company of Secured Redeemable Non-Convertible Debentures and/or Unsecured Subordinated Redeemable Non-Convertible Debentures.

The Reformatted Consolidated Financial Statement are based on and have been extracted by the Management of the Company from the Audited Consolidated Financial Statements of the Company for the years ended March 31, 2020 and 2019. The figures as at and for the year ended March 31, 2019 have been recast to the Composite Scheme of Arrangement as more detailed in Note 41 since the Scheme was effective from April 01, 2018 being the date of merger as per the court approved scheme and has been included as previous year figure in the Audited Consolidated Financial Statements of the Company for the year ended March 31, 2020. The Reformatted Consolidated Financial Statements as at and for the years ended March 31, 2019 has been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure in line with the Audited Consolidated Financial Statements for the year ended March 31, 2020 to comply with requirements of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time (the "SEBI (ILDS) Regulations") issued by the Securities and Exchange Board of India (the "SEBI").

These Reformatted Consolidated Financial Statements, do not reflect the effects of events that occurred subsequent to the dates of approval of the audited consolidated financial statements of the respective years by the Board of Directors of the Company and also do not reflect the effects of change in accounting policies from one year to another, if any.

These Reformatted Consolidated Financial Statements have been approved by the Finance Committee of the Board of Directors on its meeting held on June 27, 2020.

Note 1.1. CORPORATE INFORMATION

(a) Company overview

IIFL Finance Limited (the "Company/ Parent/ Holding Company") is a Systemically Important Non-Banking Financial Company not accepting public deposits ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in financing and related activities. The Company had received the certificate of registration from RBI on Mar 12, 2020, enabling the Company to carry on business as a Non-Banking Financial Company. The Company offers a broad suite of financial products such as mortgage loan, gold loan, loan against securities and loans to small & medium enterprise ("SME") to retail and corporate clients.

Note 2. Basis of consolidation

i. Basis of preparation of financial statements

The consolidated financial statements relates to IIFL Finance Limited (the "Company") and its subsidiary/group companies (together hereinafter referred to as "Group"). The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Control is achieved when the Company has:

- Power over the investee
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Holding Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Holding Company's voting rights and potential voting rights
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The consolidated financial statements of the Group have been prepared in accordance with the Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the Reserve Bank of India ("RBI") and National Housing Bank ("NHB") to the extent applicable.

ii. Principles of consolidation:

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

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

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

b) The effects of all inter-Group transactions and balances have been eliminated on consolidation. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year by the Group.

c) The consolidated financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Group, March 31, 2020.

d) The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

e) Business combinations: Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognised in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively. Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies.

f) Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortisation but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment.

Any impairment loss on goodwill is recognised in the Statement of Profit and Loss. An impairment loss recognised on goodwill is not reversed in subsequent periods.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date.

The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements. Goodwill/ Capital reserve has been netted off and disclosed in the consolidated financial statements. Goodwill arising on consolidation is not amortised but tested for impairment.

g) Non-controlling Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit and loss/ other comprehensive income ("OCI") for the year of the subsidiaries attributable to non-controlling interest is identified and adjusted against the profit after tax/ other comprehensive income ("OCI") of the Group in order to arrive at the income attributable to shareholders of the Group.

h) Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Holding Company and to the non-controlling interests, if any.

iii. List of subsidiaries consolidated

The individual Balance Sheet as at March 31, 2020, Statement of Profit and Loss and cash flow statement for the year ended March 31, 2020 of following subsidiaries are included in consolidation:

Name of the entity	Relationship	Country of Incorporation	% of holding and voting power either directly or indirectly through subsidiary	
			As at March 31, 2020	As at March 31, 2019
IIFL Home Finance Limited (formerly India Infoline Housing Finance Limited (IIHFL))	Direct Subsidiary	India	100%	100%
Samasta Microfinance Limited (Samasta)	Direct Subsidiary	India	98.89%	98.36%
Clara Developers Private Limited (Clara)	Direct Subsidiary	India	100%	100%
Eminent Trust October 2019	Trust with Residual Beneficial Interest	India	N.A	N.A
Eminent Trust November 2019	Trust with Residual Beneficial Interest	India	N.A	N.A

The percentage of holding in Samasta Microfinance Limited during the year increased from 98.36% to 98.89%, consequently as on March 31, 2020, the net worth increased by 0.54% amounting to ₹ 27.31 million and profit after tax increased by ₹ 5.73 million.

On the consolidation of Eminent Trust October 2019 Profit after Tax decreased by ₹ 86.70 million, and the net worth decreased by ₹ 86.70 million

On the consolidation of Eminent Trust November 2019 during the year the Profit after Tax decreased by ₹ 81.70 million , and the net worth decreased by ₹ 81.70 million.

During the previous year, the percentage of holding in Samasta Microfinance Limited increased from 97.37% to 98.36%, consequently as on March 31, 2019, the net worth increased by 0.98% amounting to ₹ 26.18 million and profit after tax increased by ₹ 5.09 million.

(b) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgments and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

(c) Statement of compliance

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

(d) Presentation of financial statements

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

Note 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

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

i. Interest income and dividend income

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

Interest on financial instruments measured at fair value is included within the fair value movement during the period.
The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

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

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

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Group’s Statement of Profit and Loss include, among other things, fees charged for servicing a loan.

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

iii. Income from financial instruments at FVTPL

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

iv. Assignment transactions

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

v. Securitisation transactions

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

vi. Other operational revenue

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

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

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

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

The estimated useful life of assets is as under:

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

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

Capital work in progress

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

(c) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortisation and cumulative impairment.
Intangible assets i.e. Software are amortised on straight-line basis over the estimated useful life of 3 years. Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

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

(d) Investment property

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

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

(e) Impairment of tangible and intangible assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, intangible assets and investment property assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, intangible assets and investment property are tested for impairment so as to determine the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

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

(f) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Securities premium includes:
- The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme

(g) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

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

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

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

(h) Earnings per share

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

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

(i) Taxes on income

Current tax

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

Deferred tax

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

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/ business losses/ losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(j) Financial instruments

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

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

Financial assets

Classification and measurement

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

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

Financial instruments measured at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognised in the Statement of Profit and Loss when the Group's right to receive dividends is established.

Reclassifications

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

Impairment of financial assets

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

ECL is required to be measured through a loss allowance at an amount equal to:
- 12-month ECL, i.e. ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

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

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

Credit impaired financial assets

A financial asset is ‘credit impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Default considered for computation of ECL computation is as per the applicable prudential regulatory norms.

Significant increase in credit risk

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

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

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

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

When a financial asset is modified, the Group considers the following:

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

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

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition.
For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

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

Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the Statement of Profit and

Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss.

Write-off

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

Financial liabilities and equity Instruments

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

Equity instruments

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

Compound instruments

The component parts of compound instruments (e.g. convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain/ loss is recognised in Statement of Profit and Loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the life of the convertible notes using the effective interest rate method.

Financial liabilities

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

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

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

Derecognition of financial liabilities

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

(k) Cash and bank balances

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

(l) Goods and service tax input credit

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

(m) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

(n) Foreign currencies

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

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

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

(o) Segment reporting

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

(p) Provisions, contingent liabilities and contingent assets

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

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

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

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

(q) Statement of cash flows

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

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

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

(r) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.
Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as cash flow hedge.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

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

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

(s) IND AS 116 Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

As a lessor
Leases for which the Group is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Critical accounting estimate and judgement

1. Determination of lease term
Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. Discount rate
The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Adoption of Ind AS 116:

On 30 March 2019, the Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective from 1 April 2019 ('the date of transition'), the Group applied Ind AS 116 using the modified retrospective approach, wherein Right-of-use ('ROU') asset is recognised at an amount equal to the lease liability. Accordingly, the comparative information is not restated – i.e. it is presented, as previously reported, under Ind AS 17. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

Refer note 14 – Significant accounting policies – Leases in the Annual report of the Group for the year ended March 31, 2019, for the policy as per Ind AS 17.

The Group as a lessee
As a lessee, the Group leases assets which includes gold loan branches/office premises and vehicles to employees. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognises right-of-use assets and lease liabilities for these leases.

On transition, for leases classified as operating leases under Ind AS 17, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

Following is the summary of practical expedients elected on initial application:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term.

Accordingly, a right-of-use asset of ₹ 2,771.26 million and lease liability of ₹ 2,913.53 million has been recognised. The weighted average incremental borrowing rate of the group has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

The Group as a lessor
The Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub - lease. The Group accounted for its leases in accordance with Ind AS 116 from the date of initial application.

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED)

Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2020 and March 31, 2019

Note 4. Cash and Cash Equivalents **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and Cash Equivalents		
Cash on hand (Refer note (i))	805.91	445.19
Cheques on hand	-	50.71
Balance with Banks - In current accounts	11,169.29	8,256.80
Balance with Banks - In Deposit accounts (original maturity less than or equal to three months)	3,680.00	4,000.00
- Interest accrued on fixed deposits	0.81	1.36
Total	**15,656.01**	**12,754.06**

Note (i) Includes Nil (March 31, 2019 - ₹ 2.07 million) cash in transit to bank, subsequently deposited.

Note 5. Bank balance (other than cash and cash equivalents) **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with Banks in earmarked accounts towards unclaimed amount on NCD and dividend	1,169.06	73.23
In Deposit accounts (original maturity more than three months) (refer note 5.1 below)	15,202.89	12,257.53
Interest accrued on fixed deposits	131.22	131.52
Total	**16,503.17**	**12,462.28**

Note 5.1 Out of the Fixed Deposits shown above **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Lien marked	6,985.78	8,246.95
Margin for credit enhancement	7,545.71	4,006.34
Other deposits	671.40	4.24
Total	**15,202.89**	**12,257.53**

Note 6: Derivative Financial Instruments **(₹ in millions)**

Part I	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives:				-	-	-
Spot and forwards	40,648.82	2,405.21	-			
Cross Currency Interest Rate Swaps	3,630.75	-	150.27	3,630.75	-	413.13
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate Swaps	6,955.00	-	267.63	-	-	-
Options Purchased	55.62	21.28	21.28	55.62	55.42	55.42
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives	-	-	-	-	-	-
Forward exchange contract	-	-	-	630.00	-	14.78
Total Derivative Financial Instruments	**51,290.19**	**2,426.49**	**439.18**	**4,316.37**	**55.42**	**483.33**

Part II	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging					-	-
Options Purchased	55.62	21.28	21.28	55.62	55.42	55.42
(ii) Cash flow hedging					-	-
Currency derivatives	3,630.75		150.27	3,980.75	-	421.32
(iii) Net investment hedging					-	-
(iv) Undesignated derivatives						
Currency derivative	40,648.82	2,405.21	-	-	-	-
Interest rate derivative	6,955.00	-	267.63	-	-	-
Forward exchange contract	-	-	-	280.00	-	6.59
Total Derivative Financial Instruments	**51,290.19**	**2,426.49**	**439.18**	**4,316.37**	**55.42**	**483.33**

Credit Risk and Currency Risk **(₹ in millions)**

	Total		Exchange Traded		Over the Counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
As at March 31, 2020						
Derivative Asset	40,704.44	2,426.49	55.62	21.28	40,648.82	2,405.21
Derivative Liabilities	10,641.37	439.18	55.62	21.28	10,585.75	417.90
As at March 31, 2019						
Derivative Asset	55.62	55.42	55.62	55.42	-	-
Derivative Liabilities	4,316.37	483.33	55.62	55.42	4,260.75	427.91

Note:

(i) As at the Balance Sheet date the Group had open derivatives contracts of USD 2,643,750 (March 31, 2019 Nil) without any corresponding financial instruments. The Company has subsquently cancelled the same on May 26, 2020.

(ii) Options invested are tied up to Secured Non Convertible Debentures of ₹ 1.23 million and Secured Non Convertible Debentures of ₹ 20.05 million made as per the terms of issue and on maturity will be transferred to the investors of the NCD.

6.1 Hedging activities and derivatives

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

6.1.1 Derivatives designated as hedging instruments

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

The Group is exposed to interest rate risk arising from its foreign currency borrowings amounting to USD 50 million (March 31, 2019 USD 55.00). Interest on the borrowing is payable at a floating rate linked to USD LIBOR. The Group economically hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' cross currency interest rate swap.

The Group uses Cross Currency Interest Rate Swaps (IRS) Contracts (Floating to Fixed) and Forward Exchange Contracts to hedge its risks associated with interest rate and currency fluctuations relating interest rate and currency risk arising from foreign currency loans / external commercial borrowings. The Group designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per IND AS standards. These contracts are stated at fair value at each reporting date. Changes in the fair value of these contracts that are designated and effective as hedges of future cash flows are recognised directly in "Cash Flow Hedge Reserve" under Other Equity and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the Forward contracts/Cross Currency Interest Rate Swaps match that of the foreign currency borrowings (notional amount, interest payment dates, principal repayment date, etc.). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the Forward contracts/Cross currency interest rate swaps are identical to the hedged risk components.

(₹ in millions)

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

(₹ in millions)

Impact of hedging item	As at March 31, 2020	As at March 31, 2019
Change in fair value	(32.61)	(98.01)
Cash flow hedge reserve	(32.61)	(98.01)
Cost of hedging	-	-

(₹ in millions)

Effect of Cash flow hedge	As at March 31, 2020	As at March 31, 2019
Total hedging gain / (loss) recognised in OCI	(32.61)	(98.01)
Ineffectiveness recognised in profit or (loss)	-	-

Note 7. Receivables **(₹ in millions)**

Receivables	As at March 31, 2020	As at March 31, 2019
(i) Trade Receivables		
Receivables considered good - Secured	-	61.34
Receivables considered good - Unsecured	295.22	302.66
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	2.95	-
Total (i) - Gross	**298.17**	**364.00**
Less: Impairment loss allowance	(2.95)	-
Total (i) - Net	**295.22**	**364.00**
(ii) Other Receivables		
Receivables considered good - Secured (refer note 4 below and note 34(a) on Exceptional items)	-	20,177.78

Notes:

1. No trade or other receivables are due from directors or other officer of the Group either severally or jointly, with any other person. Nor trade or other receivables are due from firms including limited liability partnerships, private companies in which any director is a partner or a director or a member.
2. The Group had adopted simplified approach for impairment allowance on trade receivables. Expected credit loss ("ECL") has been recognised on credit impaired receivables.
3. Trade receivables are non-interest bearing.
4. During the year ended March 2019, the Group executed definitive agreement for divestment of its "Vehicle Financing Business" as a going concern on a slump sale basis to IndoStar Capital Finance Limited ("Indostar"). In terms of the Business Transfer Agreement, the Group received the outstanding purchase consideration of ₹ 20,177.78 million from Indostar in twelve monthly installments, with interest. The outstanding amount for this transaction is reflected under 'Other Receivables' in the previous year.

Note 8. Loans

(₹ in millions)

Particulars	As at March 31, 2020		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	2,10,028.36	58,513.66	2,68,542.02
(ii) Non Convertible Debentures - for financing real estate projects	23,961.29	-	23,961.29
(iii) Inter corporate deposit (refer note 40.2)	2,758.50	-	2,758.50
Total (A) - Gross	**2,36,748.15**	**58,513.66**	**2,95,261.81**
Less: Impairment loss allowance	(9,539.08)	(403.00)	(9,942.08)
Total (A) - Net	**2,27,209.07**	**58,110.66**	**2,85,319.73**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	1,86,690.27	54,543.88	2,41,234.15
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	-	-	-
(iv) Unsecured	50,057.88	3,969.78	54,027.66
Total (B) - Gross	**2,36,748.15**	**58,513.66**	**2,95,261.81**
Less: Impairment loss allowance	(9,539.08)	(403.00)	(9,942.08)
Total (B) - Net	**2,27,209.07**	**58,110.66**	**2,85,319.73**
(C)			
(I) Loans in India	**2,36,748.15**	**58,513.66**	**2,95,261.81**
(i) Public Sector	-	-	-
(ii) Others	2,36,748.15	58,513.66	2,95,261.81
Less: Impairment loss allowance	(9,539.08)	(403.00)	(9,942.08)
Total(C) (I) - Net	**2,27,209.07**	**58,110.66**	**2,85,319.73**
(II) Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total (C) (II)- Net	-	-	-
Total C (I) and C (II)	**2,27,209.07**	**58,110.66**	**2,85,319.73**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

(₹ in millions)

Particulars	As at March 31, 2019		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	1,99,462.71	60,000.00	2,59,462.71
(ii) Non Convertible Debentures - for financing real estate projects	22,714.26	-	22,714.26
(iii) Inter Corporate Deposit (refer note 40.2)	817.50	-	817.50
Total (A) - Gross	**2,22,994.47**	**60,000.00**	**2,82,994.47**
Less: Impairment loss allowance	(8,971.34)	(248.48)	(9,219.82)
Total (A) - Net	**2,14,023.13**	**59,751.52**	**2,73,774.65**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	1,82,516.28	57,001.49	2,39,517.77
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	-	-	-
(iv) Unsecured	40,478.19	2,998.51	43,476.70
Total (B) - Gross	**2,22,994.47**	**60,000.00**	**2,82,994.47**
Less: Impairment loss allowance	(8,971.34)	(248.48)	(9,219.82)
Total (B) - Net	**2,14,023.13**	**59,751.52**	**2,73,774.65**
(C)			
(I) Loans in India	**2,22,994.47**	**60,000.00**	**2,82,994.47**
(i) Public Sector	-	-	-
(ii) Others	2,22,994.47	60,000.00	2,82,994.47
Less: Impairment loss allowance	(8,971.34)	(248.48)	(9,219.82)
Total (C) (I)-Net	**2,14,023.13**	**59,751.52**	**2,73,774.65**
(II) Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total (C) (II)- Net	-	-	-
Total C (I) and C (II)	**2,14,023.13**	**59,751.52**	**2,73,774.65**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

Notes:

8.1 Secured loans are secured by way of equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.

8.2 Secured loans include loans aggregating to ₹ 3,467.03 million (March 31, 2019 ₹ 5,407.56 million) in respect of which the creation of security is under process.

8.3 (i) The outbreak of COVID 19 pandemic and consequent lockdown has severely impacted business and operations of the Group in the last week of March 2020. In terms of the policy approved by the Board of Directors of the Group Companies pursuant to Reserve Bank of India (RBI) Circular dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Group has granted EMI moratorium to all eligible customers for a period upto 3 months with regards to the payment falling due between March 1, 2020 and May 31, 2020. Further, in relation to the accounts overdue but standard as at February 29, 2020 where moratorium benefit has been extended in terms of aforesaid RBI guidelines, the staging of those accounts at March 31, 2020 is based on the days past due status as on February 29, 2020. Based on an assessment by the Group, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Group continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. On May 22, 2020, the RBI has extended the Moratorium Period by further three months.

(ii) The Group's assessment of impairment loss allowance on its loans and other assets is subject to a number of judgments and estimates. In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in determination of the impairment loss allowance calculations remained unchanged from those applied while preparing the Consolidated Financial Statements for the year ended March 31, 2019, the Group has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic based on early indicators of moratorium and delayed payments metrics observed along with an estimation of potential stress on probability of defaults and exposure at default. Accordingly, the Group has measured additional impairment loss allowance on loans and other assets and recognised the incremental impairment provision of ₹ 2,820.48 million in the Consolidated Financial Statements which is adequate in the view of the Group considering the current information available. In addition, while assessing the liquidity situation, the Group has taken into consideration certain assumptions with respect to repayments of loan assets, sale of loan assets and undrawn committed lines of credit, based on its past experience which have been adjusted for current events. Given the dynamic nature of pandemic situation, the Group's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic and, as a result, actual Consolidated Financial Statements may differ from these estimates as on the date of approval of these Consolidated Financial Statements. The Group will continue to monitor any material changes to the future economic conditions.

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(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2020 and March 31, 2019

Note 9. Investments **(₹ in millions)**

Particulars	As at March 31, 2020		
	At Fair Value through profit and loss	At Cost	Total
(A)			
Mutual funds	66.32	-	66.32
Alternate investment funds	50.01	-	50.01
Government securities	5,220.80	-	5,220.80
Debt securities	0.23	-	0.23
Equity instruments	2,192.16	-	2,192.16
Others	18.77	-	18.77
Total – Gross (A)	**7,548.29**	**-**	**7,548.29**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	7,548.29	-	7,548.29
Total – (B) to tally with Total (A)	**7,548.29**	**-**	**7,548.29**
Less: Impairment loss allowance - (C)	-	-	-
Total Net (D) = A - C	**7,548.29**	**-**	**7,548.29**

(₹ in millions)

Particulars	As at March 31, 2019		
	At Fair Value through profit and loss	At Cost	Total
(A)			
Mutual funds	86.82	-	86.82
Alternate investment funds	63.19	-	63.19
Government securities	-	-	-
Debt securities	610.65	-	610.65
Equity instruments	592.00	-	592.00
Others	771.27	-	771.27
Total – Gross (A)	**2,123.93**	**-**	**2,123.93**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	2,123.93	-	2,123.93
Total – (B) to tally with Total (A)	**2,123.93**	**-**	**2,123.93**
Less: Impairment loss allowance - (C)	-	-	-
Total Net (D) = A - C	**2,123.93**	**-**	**2,123.93**

Note 9.1 Investment Details Script Wise

Particulars	As at March 31, 2020			As at March 31, 2019		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in millions)	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in millions)
Mutual funds			**66.32**			**86.82**
IIFL Focused Equity Fund-Direct Plan-Growth	45,62,418.45	10.00	66.32	45,62,418.45	10	76.10
ICICI Prudential Ultra Short Term Fund	-	-	-	10,04,396.98	10	10.72
Alternate investment fund			**50.01**			**63.19**
Phi Capital Growth Fund-I	173.97	1,00,000.00	21.17	156.93	1,00,000	9.27
Indiareit Apartment Fund - Class B	23.20	1,00,000.00	4.27	28.32	1,00,000	4.42
IIFL Income Opportunities Fund- Special Situation - Class B	9,32,923.14	3.9963	2.04	9,32,923.14	3.9963	4.11
IIFL Income Opportunities Fund- Special Situation - Class S	1,02,78,484.68	3.9963	22.53	1,02,78,484.68	3.9963	45.39
Government securities			**5,220.80**			**-**
Government securities	5,00,00,000.00	100.00	5,220.80	-	-	-
Debt securities			**0.23**			**610.65**
9.25% DHFL - 2023	8,908.00	1,000.00	0.23	7,48,346.00	1,000	610.65
Equity instruments			**2,192.16**			**592.00**
TransUnion CIBIL Limited	2,50,000.00	10.00	988.50	2,50,000.00	10	591.50
SBI Cards and Payment Services Limited (formerly known as SBI Cards and Payment Services Private Limited)	19,44,804.00	10.00	1,203.16	-	-	-
Alpha Microfinance Consultants Private Limited	50,000.00	10.00	0.50	50,000.00	10	0.50
Others			**18.77**			**771.27**
IRB InvIT Fund	7,32,500.00	93.50	18.77	1,15,65,000.00	96.60	771.27
Total Gross			**7,548.29**			**2,123.93**

Note 10. Other financial assets **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good)		
Security deposit for rented premises	292.03	322.75
Deposit with Clearing Corporation India Ltd	25.40	2.40
Interest strip asset on assignment	2,545.35	1,486.96
Staff advances	1.04	0.66
Receivable from Group companies	3.09	4.89
Insurance receivable	353.93	153.20
Less: Provisions on insurance receivables (Refer note 10.3 below)	(121.30)	(75.36)
Other receivables	207.14	60.41
Accrued interest on investments	102.72	38.50
Other advance (Refer note 10.1)	46.70	48.20
(Unsecured, considered doubtful)		
Security deposit for rented premises (Refer note 10.4)	12.99	16.34
Less: Impairment loss allowance on security deposit (refer note 10.4)	(12.99)	(16.34)
Total	**3,456.10**	**2,042.61**

Note 10.1: The Group during the year ended March 31, 2018 had acquired an existing advance portfolio from M/S IIFL Management Services Limited ("IIFLMSL"), a fellow subsidiary of the Group uptil March 2018. IIFLMSL has been underwriting affordable residential units with recognised developers in past, but was finding it challenging to manage this book. The Group, being in the business of financing and having contact with the developers, was in a better position to manage this book and therefore acquired the portfolio from IIFLMSL, which shall be repaid by the developers through their cash flows or sales at regular rests with a fixed rate of return. The Group is in the process of obtaining requisite no objection certificates / agreements from the respective developers/ builders for transferring said allotment letters in its name.

Note 10.2: Impairment loss allowance on other advances **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	**-**	**70.60**
Addition	-	-
Less: Transfer to Loans	-	(70.60)
Closing	**-**	**-**

Note 10.3: Provisions on insurance receivables **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	**75.36**	**41.03**
Addition	63.92	44.23
Reduction	(17.98)	(9.90)
Closing	**121.30**	**75.36**

Note 10.4: Provisions on security deposit **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	**16.34**	**-**
Addition	3.51	16.34
Reduction	(6.86)	-
Closing	**12.99**	**16.34**

Note 11. Deferred Tax Assets and Liabilities

Significant components of deferred tax assets and liabilities for the year ended March 31, 2020 are as follows: **(₹ in millions)**

Particulars	Opening balance (as on April 1, 2019)	Effect of Rate Change (refer note 11.1)	Recognised in profit or loss *	Recognised in/ reclassified from OCI **	Closing balance (as on March 31, 2020)
Deferred tax assets					
Property, plant and equipment	210.74	(28.96)	30.25	-	212.03
Provisions, allowances for doubtful receivables / loans	2,617.63	(408.33)	142.33	-	2,351.63
Compensated absences and retirement benefits	57.31	(10.21)	8.59	11.43	67.12
MTM on derivative financial instruments	147.23	(41.19)	-	(68.22)	37.82
Expenses deductible in future years	59.53	(46.80)	1.87	-	14.60
Unrealised loss on investments	41.11	(16.85)	27.80	-	52.06
C/f losses on investments	68.36	(9.28)	62.11	-	121.19
Interest on Lease rental - Ind AS 116	-	-	47.47	-	47.47
Total deferred tax assets	**3,201.91**	**(561.62)**	**320.42**	**(56.79)**	**2,903.92**
Deferred tax liabilities					
Income amortisation (net)	(198.70)	58.08	(299.32)	-	(439.94)
Unrealised profit on investments	-	-	-	-	-
Provision for 36(1)(viia)	(16.11)	4.51	11.60	-	-
Expenses deductible in future years	(34.52)	-	-	-	(34.52)
Total deferred tax liabilities	**(249.33)**	**62.59**	**(287.72)**	**-**	**(474.46)**
Deferred tax assets (net)	**2,952.58**	**(499.03)**	**32.70**	**(56.79)**	**2,429.46**

* Include amount of ₹ 14.99 million towards tax expense of prior year.

** Excluding amount of ₹ 79.19 miilion towards income tax expense for MTM on derivative financial instruments

Significant components of deferred tax assets and liabilities for the year ended March 31, 2019 are as follows: **(₹ in millions)**

Particulars	Opening balance (as on April 1, 2018)	On Account of Merger (refer note 41.2)	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance (as on March 31, 2019)
Deferred tax assets					
Property, plant and equipment	0.99	248.04	(38.29)	-	210.74
Provisions, allowances for doubtful receivables / loans	395.42	2,524.14	(301.93)	-	2,617.63
Compensated absences and retirement benefits	11.74	26.42	17.05	2.10	57.31
MTM on derivative financial instruments		-	-	147.23	147.23
Expenses deductible in future years	2.61	0.67	56.25	-	59.53
Unrealised losses on investments	-	50.64	(9.53)	-	41.11
C/f losses on investments	68.36	-	-	-	68.36
Total deferred tax assets	**479.12**	**2,849.91**	**(276.45)**	**149.33**	**3,201.91**
Deferred tax liabilities:					
Income amortisation (net)	(118.49)	117.45	(197.66)	-	(198.70)
Provision for 36(1)(viia)	(73.56)	-	57.45	-	(16.11)
Expenses deductible in future years	(3.57)	-	(30.95)	-	(34.52)
Total deferred tax liabilities	**(195.62)**	**117.45**	**(171.16)**	**-**	**(249.33)**
Deferred tax assets (net)	**283.50**	**2,967.36**	**(447.61)**	**149.33**	**2,952.58**

Note 11.1

The recently promulgated Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions/ incentives. The options needs to be exercised within the prescribed time for filing the return of income under Section 139 (1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These consolidated financial statements are prepared on the basis that the parent company and some of its subsidiaries would avail the option to pay income tax at the lower rate. Consequently, wherever applicable, the opening deferred tax asset (net) has been measured at the lower rate, with a one-time charge of ₹ 499.03 million to the statement of Profit & Loss during the year ended March 31, 2020.

Note 12. Investment property (at cost) **(₹ in millions)**

Particulars	Property (Flats) (refer note 12.1)	Land (refer note 12.1)	Total
Gross carrying value			
As at April 1, 2019	**1,556.02**	**1,078.85**	**2,634.87**
Additions during the year	-	-	-
Deductions/adjustments during the year	-	(20.00)	(20.00)
As at March 31, 2020	**1,556.02**	**1,058.85**	**2,614.87**
Less : Impairment loss allowance/Adjustment	(478.20)	(105.87)	(584.07)
Net carrying value as at March 31, 2020	**1,077.82**	**952.98**	**2,030.80**
Fair value as on March 31, 2020 (Fair value hierarchy : Level 3)	1,710.38	1,067.45	2,777.83

*Distress value of above flats is ₹ 1,197.07 millions as on March 31, 2020.

(₹ in millions)

Particulars	Property (Flats) (refer note 12.1)	Land (refer note 12.1)	Total
Gross carrying value			
As at April 1, 2018	**1,551.21**	**900.53**	**2,451.74**
Additions during the year	4.81	178.32	183.13
Deductions/adjustments during the year	-	-	-
As at March 31, 2019	**1,556.02**	**1,078.85**	**2,634.87**
Less : Impairment loss allowance	(0.02)	-	(0.02)
Net carrying value as at March 31, 2019	**1,556.00**	**1,078.85**	**2,634.85**
Fair value as on March 31, 2019 (Fair value hierarchy : Level 3)	1,710.00	1,081.15	2,791.15

12.1: Management has acquired possession of these properties in satisfaction of the debts and intends to dispose them in due course, subject to conducive market conditions. These properties have been valued taking into consideration various factors such as location, facilities & amenities, quality of construction, percentage of completion of construction (as for some properties the construction is currently on hold), residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation and ready recknor published by government. These valuations have been performed by external independent valuers, having appropriate recognised professional qualification and experience in the location and category of property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged in an arm's length transaction. These properties are not depreciated as they have not been put to use.

Note 13. Property, Plant and Equipment

(₹ in millions)

Particulars	Freehold Land	Electrical Equipment	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2019	0.86	14.09	446.64	15.55	117.49	359.31	98.91	414.12	**1,466.97**
Additions during the year	-	4.87	297.18	-	20.15	-	109.84	163.28	**595.32**
Deductions/adjustments	-	(1.02)	(11.78)	1.57	(1.60)	-	(9.90)	(104.59)	**(127.32)**
As at March 31, 2020	**0.86**	**17.94**	**732.04**	**17.12**	**136.04**	**359.31**	**198.85**	**472.81**	**1,934.97**
Depreciation									
As at April 1, 2019	-	5.20	150.82	7.22	50.29	42.30	35.33	148.01	**439.17**
Depreciation for the year	-	3.73	144.22	3.19	27.85	21.15	55.21	153.50	**408.85**
Deductions/adjustments	-	1.40	1.36	1.60	(10.29)	-	(5.52)	(43.10)	**(54.55)**
Up to March 31, 2020	**-**	**10.33**	**296.40**	**12.01**	**67.85**	**63.45**	**85.02**	**258.41**	**793.47**
Net block as at March 31, 2020	**0.86**	**7.61**	**435.64**	**5.11**	**68.19**	**295.86**	**113.83**	**214.40**	**1,141.50**

(₹ in millions)

Particulars	Freehold Land	Electrical Equipment	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2018	0.86	4.36	181.54	15.48	69.97	366.52	48.73	188.86	**876.32**
Additions during the year	-	10.10	274.69	0.13	56.06	-	56.65	241.12	**638.75**
Deductions/adjustments	-	(0.37)	(7.92)	(0.06)	(5.31)	-	(5.80)	(15.66)	**(35.12)**
Transfer on account of demerger (refer note 41.1)	-	-	(1.67)	-	(3.23)	(7.21)	(0.67)	(0.20)	**(12.98)**
As at March 31, 2019	**0.86**	**14.09**	**446.64**	**15.55**	**117.49**	**359.31**	**98.91**	**414.12**	**1,466.97**
Depreciation									
As at April 1, 2018	**-**	**1.48**	**49.11**	**3.00**	**26.38**	**21.85**	**15.37**	**42.99**	**160.18**
Depreciation for the year	-	3.88	106.32	4.26	28.44	21.15	24.34	113.53	**301.92**
Deductions/adjustments	-	(0.16)	(3.93)	(0.04)	(3.30)	-	(4.12)	(8.36)	**(19.91)**
Transfer on account of demerger (refer note 41.1)	-	-	(0.68)	-	(1.23)	(0.70)	(0.26)	(0.15)	**(3.02)**
Up to March 31, 2019	**-**	**5.20**	**150.82**	**7.22**	**50.29**	**42.30**	**35.33**	**148.01**	**439.17**
Net block as at March 31, 2020	**0.86**	**8.89**	**295.82**	**8.33**	**67.20**	**317.01**	**63.58**	**266.11**	**1,027.80**

Note 14. Leases

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

(i) As a Lessee

(₹ in millions)

Particulars	Premises	Vehicle	Total
Lease commitments as at March 31, 2019	5.42	-	5.42
Add/(less): adjustments on account of lease period	1,898.73	-	1,898.73
Add/(less): contracts reassessed as lease contracts	237.50	27.68	265.18
Lease liabilities as on April 01, 2019	**2,141.65**	**27.68**	**2,169.33**

Following are the changes in the carrying value of right of use assets for the period ended March 31, 2020:

(₹ in millions)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2019	**2,141.65**	**27.68**	2,169.33
Addition during the year	1,514.15	9.38	1,523.53
Deduction/Adjustment	(285.66)	(3.77)	(289.43)
Depreciation during the year	(620.30)	(11.87)	(632.17)
Closing Balance as at March 31, 2020	**2,749.84**	**21.42**	**2,771.26**

Following is the break up value of the Current and Non - Current Lease Liabilities for the period ended March 31, 2020:

(₹ in millions)

Particulars	As at March 31, 2020
Current lease liabilities	479.96
Non-current lease liabilities	2,433.57
Total	**2,913.53**

The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in millions)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2019	2,141.65	27.68	2,169.33
Addition during the year	1,514.15	9.38	1,523.53
Deduction/Adjustment	(294.79)	(3.70)	(298.49)
Finance cost accrued during the period	236.74	2.28	239.02
Payment of lease liabilities	(706.82)	(13.04)	(719.88)
Closing Balance as at March 31, 2020	**2,890.93**	**22.60**	**2,913.53**

Table showing details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

(₹ in millions)

Particulars	As at March 31, 2020
Less than one year	698.48
One to two years	638.54
Two to five years	1,537.89
More than five years	941.25
Total	**3,816.16**

Rental expense recorded for short-term leases was ₹ 230.83 million for the year ended March 31, 2020

Amounts recognised in profit or loss **(₹ in millions)**

Particulars	As at March 31, 2020
Interest on lease liabilities	239.02
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	6.62
Depreciation relating to leases	632.17
Total	**877.81**

Amounts recognised in the statement of cash flows **(₹ in millions)**

Particulars	As at March 31, 2020
Total cash outflow for leases	719.87

(ii) As a Lessor

Operating Lease The Group has entered into operating lease for one of its office building. These leases have terms of between 2 to 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The total contingent rents recognised as income during the year is ₹ 32.88 million (P.Y Nil). Future minimum rentals receivable under non-cancellable operating leases as at March 31, 2020 are, as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Upto 1 Year	36.41	-
Upto 2 Year	36.41	-
Upto 3 Year	6.07	-

Note 15. Other Intangible Assets (other than internally generated)

(₹ in millions)

Particulars	Computer Software
Cost or valuation as at April 1, 2019	**52.27**
Additions during the year	4.54
Deductions /Adjustments during the year	(0.12)
As at March 31, 2020	**56.69**
Amortisations	
As at April 1, 2019	**28.77**
Additions during the year	15.44
Deductions /Adjustments during the year	(0.03)
Up to March 31, 2020	**44.18**
Net block as at March 31, 2020	**12.51**

(₹ in millions)

Particulars	Computer Software
Cost or valuation as at April 1, 2018	**40.93**
Additions during the year	20.44
Transfer out due to demerger (refer note 41.1)	(9.10)
Deductions /Adjustments during the year	-
As at March 31, 2019	**52.27**
Amortisations	
As at April 1, 2018	**15.94**
Additions during the year	16.57
Transfer out due to demerger (refer note 41.1)	(3.74)
Up to March 31, 2019	**28.77**
Net block as at March 31, 2019	**23.50**

Note 15.1: Movement of Goodwill

(₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening	**-**	**107.18**
Addition	-	-
Impairment	-	107.18
Closing	**-**	**-**

Note 16. Other non-financial assets **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Prepaid expenses	279.42	121.24
Asset Held for sale (refer note (a))	111.83	-
Receivable from securitisation trust	843.04	-
Advances for operational expenses*	262.45	32.19
Deposit with government	18.92	29.66
GST / Service tax input	155.13	94.92
Capital Advance	0.53	0.52
Other assets	7.96	15.61
Total	**1,679.28**	**294.14**

* Includes foreign currency payments amounting to ₹ 90.70 million (March 31, 2019 Nil)

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

Note 17. Payables **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises		
Outstanding dues of creditors	55.61	198.77
Accrued salaries and benefits	53.14	105.45
Provision for expenses	727.13	770.31
Other trade payables	0.38	12.70
Total	**836.26**	**1,087.23**

Note 17.1 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

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

Particulars	2019-2020	2018-2019
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act	-	-

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

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

Note 18. Debt Securities (₹ in millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(i) Non Convertible Debentures (Refer Note (a), (c), (d), (e) and 18.1) - Secured	82,352.74	64,679.16
Less : Unamortised debenture issue expenses	(451.62)	(310.00)
Less : Unexpired discount on NCD	(56.19)	-
(ii) Commercial Papers (Refer Note 18.1) - Unsecured	-	41,800.00
Less : Unexpired discount on Commercial Paper (Refer Note (b))	-	(307.67)
Total (A)	**81,844.93**	**1,05,861.49**
Debt Securities in India	53,071.25	1,05,861.49
Debt Securities outside India	28,773.68	-
Total (B) to tally with (A)	**81,844.93**	**1,05,861.49**

(a) These Non Convertible Debentures are secured by way of first pari-passu charge on immovable property, current assets, book debts, loans and advances including receivables other than those specifically charged.

(b) Unexpired discount on Commercial Papers is net of Nil (March 31, 2019: ₹ 661.38 million), towards discount accrued but not due.

(c) During the year the Group has borrowed ₹ 28,557.00 million (equivalent to USD 400 million) under Secured Medium Term Note Programme. These are secured by way of all rights, titles, interest, benefits, claims and demands, whatsoever of the Company in, to and in respect of, all present and future, receivables/assets, including Company's accounts, operating cash flows, current assets, book debts, stock in trade, loans and advances and receivables, both present and future to the extent of complying with the Security Coverage Ratio, but excluding the Ineligible Assets.

(d) Non Convertible Debentures – Secured includes redeemable non convertible debenture which carries call option ₹ 1,406.25 million (May 15, 2020 and every six months thereafter), ₹ 150.00 million (from December 20, 2023) and ₹ 150.00 million (from March 20, 2024) {as at March 31, 2019 ₹ 1,968.75 million (May 15, 2019 and every six months thereafter), ₹ 150.00 million (from December 20, 2023) and ₹ 150.00 million (from March 20, 2024)}, Secured includes redeemable Non convertible debenture amounting to ₹ 140.00 million which carries call option effective from July 13, 2018, (P.Y ₹ 140.00 million)

(e) Includes option contacts undesignated (Notional amount March 31, 2020 ₹ 12.50 million, March 31, 2019 ₹ 11.17 million)

Note 18.1 - Terms of repayment

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in millions)	Rate of Interest / Yield	Amount (₹ in millions)
Secured NCD:		**82,352.74**		**64,679.16**
Fixed:		**56,411.91**		**38,062.13**
More than 5 years	9.18% - 10.33%	3,300.00	10.05% -10.33%	300.00
3- 5Years	9.75% - 10.20%	32,058.40	8.61% - 15.25%	10,958.18
1-3 Years	8.00% - 15.25%	13,020.18	8.00% - 10.80%	16,279.45
Less than 1 years	8.65% - 11.08%	8,033.33	7.50% - 10.80%	10,524.50
Floating:^		**8,406.25**		**9,000.00**
More than 5 years	-	-	-	-
3- 5Years	-	-	-	-
1-3 Years	8.56% - 9.85%	2,843.75	8.77% - 9.20%	7,000.00
Less than 1 years	8.56% - 8.77%	5,562.50	8.15% -8.44%	2,000.00
Zero Coupon:		**17,534.58**		**17,617.03**
More than 5 years	-	-	9.12% -10.30%	701.89
3- 5Years	9.12% - 10.30%	701.89	9.35 %- 9.60%	2,464.23
1-3 Years	8.20% - 10.20%	8,903.90	8.10% - 10.20%	13,512.91
Less than 1 years	8.10% - 10.00%	7,928.79	8.10% - 9.55%	938.00
Commercial Papers		**-**		**41,800.00**
Less than 1 years	-	-	8.70% - 9.10%	41,800.00
TOTAL		**82,352.74**		**1,06,479.16**

^ The floating rate non convertible debentures are linked with Government securities / Treasury Bills interest rates plus applicable spread.

Note 18.2 - Non Convertible Debentures - instrument wise details

(₹ in millions)

Description of security	Coupon	As at March 31, 2020	As at March 31, 2019
9.30 % Redeemable Non Convertible Debentures Date of Maturity 5/04/2019	9.30%	-	2,000.00
Secured Redeemable Non-Convertible Debentures. Series C7. Date of Maturity 21/05/2019	8.15%	-	1,000.00
7.75% Secured Redeemable Non-Convertible Debentures. Date of Maturity 06/06/2019	7.75%	-	1,500.00
Secured Redeemable Non-Convertible Debentures. Series C9. Date of Maturity 05/07/2019	8.44%	-	1,000.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A10 Option II. Date Of Maturity 15/07/2019	9.50%	-	163.00
9.50% Secured Redeemable Non-Convertible Debentures. Series A10 Option I. Date Of Maturity 22/07/2019	9.50%	-	1,600.00
8.056% Secured Listed Redeemable Non Convertible Debentures. Series B8 Option A. Date Of Maturit 01/08/2019	8.10%	-	250.00
7.85% Secured Redeemable Non-Convertible Debentures. Series C5. Date of Maturity 26/08/2019	7.85%	-	1,250.00
7.50% Secured Listed Redeemable Non Convertible Debentures. Series B6. Date Of Maturit 05/09/2019	7.50%	-	300.00
Zero Coupon Non Convertible Debentures with Maturity Date of 12/09/2019	9.30%	-	65.00
Zero Coupon Non Convertible Debentures With Maturity Date of 24/09/2019	9.30%	-	105.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B2 Option II. Date Of Maturity 08/10/2019	9.15%	-	80.00
9.20 % Redeemable Non Convertible Debentures Date of Maturity 4/11/2019	9.20%	-	300.00
Zero Coupon Non Convertible Debentures with Maturity Date of 12/11/2019	8.85%	-	50.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option III. Date Of Maturity 12/11/2019	8.85%	-	50.00
8.10% Secured Listed Redeemable Non Convertible Debentures. Series B7. Date Of Maturit 21/11/2019	8.10%	-	512.00
9.50% Secured Rated Listed Redeemable Non Convertible Debentures. Series E1. Date of Maturity 31/12/2019	9.50%	-	1,750.00
Zero Coupon G-Sec Index Principal Protected Market Linked Listed Secured Redeemable Non Convertible Debentures. Series C-13. Date of Maturity	9.00%	-	175.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C5. Date Of Maturity 06/04/2020	9.20%	350.00	380.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option Ii. Date of Maturity 07/04/2020	8.85%	110.00	110.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option II. Date Of Maturity 07/04/2020	8.85%	110.00	110.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A11. Date of Maturity 20/04/2020	9.30%	1,093.00	1,500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series A13. Date Of Maturity 20/04/2020	9.40%	2,500.00	2,500.00
10.05% Secured Listed Redeemable Non-Convertible Debentures. Date of Maturity 20/04/2020	10.05%		250.00
Zero Coupon 10 Year G-Sec Rate Linked Secured Listed Rated Redeemable Non Convertible Debentures. Series C11. Date of Maturity 21/04/2020	8.75%	262.00	500.00
Zero Coupon 10 Year G-Sec Rate Linked Secured Listed Rated Redeemable Non Convertible Debentures. Series C12. Date of Maturity 27/04/2020	9.00%	295.52	574.16

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2020 and March 31, 2019
Note 18.2 - Non Convertible Debentures - instrument wise details

(₹ in millions)

Description of security	Coupon	As at March 31, 2020	As at March 31, 2019
Secured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	8.77%	5,000.00	5,000.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B3 Option I. Date Of Maturity 12/05/2020	8.85%	640.00	640.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series B4. Date Of Maturity 12/05/2020	8.64%	180.00	180.00
10.80% Secured Listed Redeemable Non-Convertible Debentures. Date of Maturity 22/05/2020	10.80%	1,500.00	1,500.00
Zero Coupon Secured Non Convertible Debentures - 10 Year G-Sec Price MLD 2020. Series D2. Maturity Date - 09/07/2020	9.00%	285.58	-
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B5. Date Of Maturit 17/08/2020	8.10%	1,150.00	1,150.00
9.98% Secured Listed Rated Redeemable Non Convertible Debentures. Series C14 Option II. Date of Maturity 28/09/2020	9.98%	1,000.00	1,000.00
11.08% Secured Redeemable Non-Convertible Debentures. Date of Maturity 28/09/2020	11.08%	33.33	100.00
8.65% Secured Rated Listed Redeemable Non-Convertible Debentures. Series B9 Option A. Date Of Maturity 05/10/2020	8.65%	625.00	753.33
9.75% Secured Redeemable Non Convertible Debentures - Series F1. Maturity Date - 09/10/2020	9.75%	1,500.00	-
10.20% Secured Redeemable Non Convertible Debentures. Date of Maturity 03/11/2020	10.20%	2,875.00	2,875.00
9.87% Secured Rated Listed Redeemable Non Convertible Debentures. Series C10. Date Of Maturity 20/11/2020	9.87%	500.00	502.45
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series I. Maturity Date - 06/12/2020	10.00%	952.69	-
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B8 Option B. Date Of Maturit 06/04/2021	8.20%	270.60	298.96
8% Secured Redeemable Non-Convertible Debentures. Series C6. Date of Maturity 29/04/2021	8.00%	2,500.00	2,500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series C8. Date of Maturity 30/04/2021	8.75%	100.00	100.00
Zero Coupon Secured Rated Listed Redeemable Non-Convertible Debentures. Series B9 Option B. Date Of Maturity 30/04/2021	8.70%	532.56	532.56
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B12 Option 1. Date Of Maturity 19/05/2021	9.25%	500.00	500.00
Zero Coupon Secured Listed Rated Redeemable Non Convertible Debentures. Series C10. Date of Maturity 25/05/2021	9.25%	260.00	260.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option B. Date Of Maturity 25/05/2021	8.80%	260.00	260.00
IDFC MCLR Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series B11. Date Of Maturity 28/06/2021	9.20%	2,000.00	2,000.00
Zero Coupon Secured Non Convertible Debentures - G-Sec MLD 2021. D3 Option I Maturity Date - 27/09/2021	9.50%	1,070.13	-
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 2. Date Of Maturity 15/07/2021	9.35%	240.00	240.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 1. Date Of Maturity 26/07/2021	9.35%	2,350.59	2,350.59
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B12 Option 2. Date Of Maturity 05/08/2021	9.25%	250.00	250.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C4. Date Of Maturity 11/08/2021	9.35%	987.80	987.80
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.96%	1,110.00	1,110.00

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)

Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2020 and March 31, 2019

Note 18.2 - Non Convertible Debentures - instrument wise details

(₹ in millions)

Description of security	Coupon	As at March 31, 2020	As at March 31, 2019
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.75%	1,000.00	1,000.00
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.87%	500.00	500.00
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.93%	250.00	250.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C9. Date Of Maturity 26/10/2021	10.20%	100.00	100.00
10.20% Secured Redeemable Non Convertible Debentures. Date of Maturity 03/11/2021	10.20%	2,875.00	2,875.00
8.90% Secured Redeemable Non-Convertible Debentures. Series B2 Option I. Date Of Maturity 03/11/2021	8.90%	50.00	50.00
9.38% Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 3. Date Of Maturity 24/01/2022	9.38%	500.00	500.00
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 14/03/2022	8.73%	127.50	127.51
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C7. Date Of Maturity 04/04/2022	9.45%	240.00	240.00
G-Sec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series C6. Date Of Maturity 21/04/2022	9.35%	334.00	1,150.00
9.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series I. Maturity Date - 07/05/2022	9.50%	2,605.00	2,605.00
9.60% Secured Rated Listed Redeemable Non Convertible Debenture. Series I. Maturity Date - 07/05/2022	9.60%	380.38	389.15
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debenture. Series II - Category II,III & IV. . Maturity Date - 07/05/2022	9.60%	468.79	494.23
8.61% Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity 13/05/2022	8.56%	1,406.25	1,968.75
15.25% Secured Redeemable Non-Convertible Debentures. Date of Maturity 29/06/2022	15.25%	50.00	50.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C8. Date Of Maturity 29/09/2022	9.55%	580.00	580.00
Zero Coupon Secured Non Convertible Debentures - NIFTY ENHANCER STRUCTURE - MLD 2022. D3 Option II. Maturity Date - 27/09/2022	9.50%	254.50	-
9.50% Secured Non Convertible Debentures - Tranche II. Series II. Maturity Date - 06/12/2022	9.50%	360.07	-
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series III. Maturity Date - 06/12/2022	9.85%	117.44	-
9.85% Secured Non Convertible Debentures - Tranche II. Series IV. Maturity Date - 06/12/2022	9.85%	649.72	-
9.75% Secured Redeemable Non Convertible Debentures - Series D4. Maturity Date - 17/01/2023	9.85%	50.00	-
9.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series III. Maturity Date - 07/02/2024	9.75%	1,812.85	6,368.09
10.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series IV. Maturity Date - 07/02/2024	10.20%	1,221.98	1,264.69
G- Sec Linked Secured Rated Listed Principal Protected Redeemable Non Convertible Debentures. Series C 12. Date Of Maturity 25/04/2024	9.12%	501.89	501.89
G- Sec Linked Secured Rated Unlisted Principal Protected Redeemable Non Convertible Debentures. Series C 14. Date Of Maturity 27/06/2024	10.30%	200.00	200.00
10.33% Secured Rated Listed Redeemable Non Convertible Debenture. Series C11. Maturity Date - 19/12/2025	10.33%	150.00	150.00
10.05% Secured Rated Listed Redeemable Non Convertible Debenture. Series C13. Maturity Date : 20/03/2026	10.05%	150.00	150.00

Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2020 and March 31, 2019

Note 18.2 - Non Convertible Debentures - instrument wise details

(₹ in millions)

Description of security	Coupon	As at March 31, 2020	As at March 31, 2019
5.875% Secured MTN Dollar Bond. Date of Maturity- 20/04/2023 *	9.75%	29,023.57	-
9.18% Secured Redeemable Non Convertible Debentures. Series C15. Maturity Date - 03/10/2029	9.18%	3,000.00	-
TOTAL		**82,352.74**	**64,679.16**

* Inlcudes hedging cost

Note 19. Borrowings (other than debt securities) (₹ in millions)

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(A)		
(a) Term loan (i) From Banks & NHB (Secured) (refer note (a) and 19.1)	1,29,164.41	1,24,693.08
(ii) From others (Secured) (refer note (b) and 19.1)	7,538.59	-
Less : Prepaid expenses	(329.34)	(236.34)
(iii) Term Loans from Financial Institutions (refer note (a) and 19.1)	3,216.69	751.16
(b) Other loans		
(i) Cash credit/ overdraft (Secured) (refer note (a) and 19.2)	8,409.70	9,115.34
(ii) Securitisation liability	19,549.37	9,493.35
Less : Prepaid expenses	-	(3.34)
Total (A)	**1,67,549.42**	**1,43,813.25**
(B)		
Borrowings in India	1,56,275.57	1,40,398.40
Borrowings outside India	11,273.85	3,414.85
Total (B) to tally with (A)	**1,67,549.42**	**1,43,813.25**

Notes:

(a) These loans are secured by way of a 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.

(b) During the year the Group has borrowed an amount of ₹ 6,870.00 million (equivalent to USD 100 million) as external commercial borrowings under automatic route and secured by way of first paripassu charge by way of hypothecation on the standard receivables of the company with asset cover of 1.20 times of the sanction amount.

Note 19.1 - Terms of repayment of Term loans

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest/ Yield	Amount (₹ in millions)	Rate of Interest/ Yield	Amount (₹ in millions)
Term loans from Banks and Financial institutions:*				
Fixed:		**4,663.66**		**3,537.14**
More than 5 years	-	-	-	-
3- 5Years	11.50%	450.00	-	-
1-3 Years	11.25% - 12.00%	1,807.26	9.70% - 11.50%	1,691.09
Less than 1 year	9.30% - 12.00%	2,406.40	9.70% - 13.10%	1,846.05
Floating:		**1,08,232.38**		**1,06,071.78**
More than 5 years	9.10% - 9.50%	3,973.38	-	-
3- 5Years	8.40% - 11.20%	16,881.47	8.40% - 10.25%	23,489.92
1-3 Years	8.20% - 12.15%	51,474.43	8.40% - 12.60%	50,825.46
Less than 1 year	8.00% - 12.20%	35,903.10	8.40% - 14.00%	31,756.40
Term loans from NHB:				
Fixed:		**19,485.06**		**15,835.32**
More than 5 years	4.86% - 8.95%	6,425.64	4.61% - 9.95%	7,792.08
3- 5Years	4.61% - 8.95%	5,302.38	4.61% - 9.95%	3,078.69
1-3 Years	4.61% - 8.95%	5,618.60	4.61% - 9.95%	3,309.70
Less than 1 year	4.61% - 8.95%	2,138.44	4.61% - 9.95%	1,654.85
Term loans from 0thers:**				
Floating:		**7,538.59**		
3- 5Years	8.62%	7,538.59	-	-
Total		**1,39,919.69**		**1,25,444.24**

* The rate of interest for the above term loans is linked to marginal cost of funds based lending rate/ treasury bills plus applicable spread. The above categorisation of loans has been based on the interest rates prevalent as on the respective reporting dates.

** The rate of interest for the above loan is linked to 6 month U.S. LIBOR plus margin 1.85% p.a.

Note 19.2 - Terms of repayment of Other loans

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest/ Yield	Amount (₹ in millions)	Rate of Interest/ Yield	Amount (₹ in millions)
Less than 1 year - CC/ ODFD ***	6.97% - 10.95%	8,409.70	8.40% - 13.65%	9,008.68
Less than 1 year - CC/ ODFD - Fixed	-	-	9.75% - 12.50%	106.66
Securitisation:		**19,549.38**		**9,493.35**
Fixed:		**13,140.77**		**4,994.59**
More than 5 years	-	-	-	-
3- 5 Years	10.03% - 10.10%	9.36	10.10%	0.48
1-3 Years	10.05% - 10.10%	2,373.43	9.75% - 10.10%	2,578.22
Less than 1 year	9.57% - 10.75%	10,757.98	9.75% - 10.10%	2,415.89
Floating:******		**6,408.61**		**4,498.76**
More than 5 years	7.25% - 9.25%	4,721.06	7.20% - 7.90%	3,072.62
3- 5 Years	7.25% - 9.25%	743.63	7.20% - 7.90%	635.90
1-3 Years	7.25% - 9.25%	656.89	7.20% - 7.90%	541.33
Less than 1 year	7.25% - 9.25%	287.03	7.20% - 7.90%	248.91
Total		**27,959.08**		**18,608.69**

***The rate of interest for the above loans is linked to marginal cost of funds based lending rate/ fixed deposits plus applicable spread. The above categorisation of loans has been based on the interest rates prevalent as on the respective reporting dates.

****The rate of interest for the above loans is linked to base rate of Bank's plus applicable spread. The above categorisation of loans has been based on the interest rates prevalent as on the respective reporting dates.

Note 20. Subordinated liabilities **(₹ in millions)**

Particulars	At Amortised Cost	
	As at March 31, 2020	As at March 31, 2019
(A)		
Non Convertible Debentures (Unsecured) (Refer Note 20.1.1 and 20.1.2)	20,651.21	15,615.84
Less : Unamortised debenture issue expenses	(214.22)	(120.05)
Total (A)	**20,436.99**	**15,495.79**
(B)		
Subordinated liabilities in India	17,186.99	12,245.79
Subordinated liabilities outside India	3,250.00	3,250.00
Total (B) to tally with (A)	**20,436.99**	**15,495.79**

Note 20.1 - Terms of repayment

Residual Maturity	As at March 31, 2020		As at March 31, 2019	
	Rate of Interest / Yield	Amount (₹ in millions)	Rate of Interest / Yield	Amount (₹ in millions)
Non Convertible Debenture (Unsecured)				
Fixed:		**12,121.39**		**13,693.51**
More than 5 years	8.70% - 10.50%	6,521.39	8.70% - 10.50%	7,265.72
3- 5Years	8.93% - 12.10%	1,750.00	8.93% - 16.90%	1,259.21
1-3 Years	9.30% - 16.90%	1,300.00	9.30% - 12.00%	5,168.58
Less than 1 years	10.75% - 11.25%	2,550.00	-	-
Zero Coupon		**8,529.82**		**1,922.33**
More than 5 years	9.35% - 10.50%	1,779.82	9.35% - 9.40%	1,720.91
3- 5Years	-	-	-	-
1-3 Years	9.00%	6,750.00	12.00%	201.42
Less than 1 years	-	-	-	-
TOTAL		**20,651.21**		**15,615.84**

20.1.1: Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 million (from February 28, 2024) , ₹ 1,265.16 million (from May 14, 2024), ₹ 400.00 million (from June 18, 2025) and ₹ 300.00 million (from July 14, 2025) {as at March 31, 2019 Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 million (from February 28, 2024) , ₹ 1,265.16 million (from May 14, 2024), ₹ 400.00 million (from June 18, 2025) and ₹ 300.00 million (from July 14, 2025)}, Unsecured and Non convertible Debentures- Debentures Includes debentures amounting to ₹ 110 million in respect which the company is having a call option at the end of the 5th year from the date of allotment July 20, 2018 and every year there after

20.1.2: Includes option contacts undesignated (Notional amount March 31, 2020 ₹ 43.16 million, March 31, 2019 ₹ 44.25 million)

Note 20.2 - Non Convertible Debentures - instrument wise details

(₹ in millions)

Description of security	Coupon	As at March 31, 2020	As at March 31, 2019
12% Unsecured Subordinate Non Convertible Debentures. Option I. Date of Maturity 02/04/2020	12.00%	-	1,798.58
Unsecured Subordinate Non Convertible Debentures. Option II. Date of Maturity 02/04/2020	12.00%	-	201.42
10.75% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 30/04/2020	10.75%	450.00	450.00
10.75% Unsecured Redeemable Non Convertible Subordinated Debentures In The Nature of Tier Ii Capital. Date of Maturity 03/06/2020	10.75%	100.00	100.00
11.25% Unsecured Redeemable Non Convertible Debentures. Date of Maturity 05/09/2020	11.25%	2,000.00	2,000.00
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series U01. Date of Maturity 26/07/2021	10.50%	170.00	170.00
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series U02. Date of Maturity 10/08/2021	10.50%	100.00	100.00
10.75% Unsecured Redeemable Non Convertible Debentures. Series U01. Date of Maturity 10/09/2021	10.75%	200.00	200.00
10.50% Unsecured Redeemable Non Convertible Debentures. Series U02. Date of Maturity 16/09/2021	10.50%	150.00	150.00
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Covered PPMLD Series G1. Date of Maturity 21/10/2021	9.00%	2,750.00	-
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Covered PPMLD Series G2. Date of Maturity 22/11/2021	9.00%	4,000.00	-
9.30% Unsecured Subordinate Non Convertible Debentures. Series U03. Date of Maturity 25/01/2022	9.30%	100.00	100.00
9.30% Unsecured Subordinate Non Convertible Debentures. Series U04. Date of Maturity 11/02/2022	9.30%	100.00	100.00
16.90% Unsecured Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 30/06/2022	16.90%	50.00	50.00
12.15% Unsecured Redeemable Non-Convertible Debenture. Date of Maturity 30/08/2022	12.15%	200.00	200.00
12.2% Unsecured Redeemable Subordinated Taxable Non Convertible Debentures. Date of Maturity 04/11/2022	12.20%	230.00	230.00
8.93% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U07. Date of Maturity 14/04/2023	8.93%	500.00	529.21
12.10% Unsecured Redeemable Non Convertible Debentures. Series 1.Date of Maturity 24/05/2023	12.10%	100.00	100.00
9.30% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo5. Date of Maturity 29/05/2023	9.30%	150.00	150.00
Nifty Linked Unsecured Listed Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 19/04/2024	10.24%	218.50	218.50
Nifty Linked Unsecured Listed Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 19/04/2024	10.15%	671.50	671.50
Nifty Linked Unsecured Listed Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 19/04/2024	9.05%	66.84	66.84
10.00% Unsecured Redeemable Non Convertible Debentures. Tranche II. Series V. Maturity Date - 06/06/2025	10.50%	259.25	-
Zero Coupon Unsecured Redeemable Non Convertible Debentures. Tranche II. Series VI. Date of Maturity 06/06/2025	8.85%	57.83	-
8.85% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U06. Date of Maturity 27/07/2027	8.85%	750.00	750.00
8.70% Unsecured Redeemable Non-Convertible Subordinated Debentures – Series U03. Date of Maturity 19/11/2027	8.70%	1,000.00	1,000.00
9.05% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U08. Date of Maturity 28/02/2028	9.05%	100.00	100.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U09. Date of Maturity 16/06/2028	9.85%	400.00	400.00
9% India Infoline (Regs) 18-2028_Rupee Denominated Bond. Maturity Date - 28/06/2028	9.00%	3,250.00	3,250.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date of Maturity 13/07/2028	9.85%	300.00	300.00
G-Sec Linked Unsecured Rated Listed Redeemable Non-Convertible Debentures. Series Ua3. Date of Maturity 11/08/2028	9.40%	1,265.16	1,265.16
Zero coupon Unsecured Rated Listed Redeemable Non Convertible Subordinated Debentures IIFL MLD-2028. Series U04. Date of Maturity 25/08/2028	9.35%	500.00	500.00
10% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Maturity Date - 07/02/2029	10.00%	307.65	310.15
10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Maturity Date - 07/02/2029	10.50%	154.48	154.48
TOTAL		**20,651.21**	**15,615.84**

Note 21. Other financial liabilities **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	6,988.24	5,709.64
Temporary overdrawn bank balances	36.01	3,983.87
Payable on account of assignment	3,642.23	9,872.07
Payable to Group companies	1.89	42.85
Payable towards NCD	1,152.68	57.38
Unclaimed Dividend	13.57	13.56
Gratuity payable (refer note 32.2)	52.44	15.62
Payable to Indostar	2,721.70	-
Payable towards purchase of Government Securities	5,326.11	-
Other payables (auction proceeds, retention payable, etc.) (refer note 21.1 and 21.2)	68.50	102.29
Others - Security Deposit Payable	0.05	0.05
Total	**20,003.42**	**19,797.33**

Note 21.1: During the year, amount of ₹ 1.29 million (March 31, 2019: ₹ 1.53 million) was transferred to Investor Education and Protection Fund. Also, amount of ₹ 0.95 million (March 31, 2019: ₹ 1.12 million) was due for transfer on March 31, 2020 and the said amount was transferred within 30 days of becoming due. Dues as on March 31, 2020 amounting to ₹ 0.03 million were pending to be transferred. On account of the current pandemic situation, extension for such transfer has been received.

Note 21.2: Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ Nil/- (as at March 31, 2019 ₹ 0.24 million)

Note 22: Provisions **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	262.85	264.78
Provision for leave encashment	123.48	105.45
Expected loan loss provision on loans sanctioned but undrawn	223.55	274.37
Total	**609.88**	**644.60**

Note 23. Other non-financial liabilities **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Income received in advance	74.82	166.19
Advances from customers	480.12	688.25
Statutory remittances	141.09	217.61
Total	**696.03**	**1,072.05**

Note 24: Equity Share Capital

(i) Authorised, Issued, Subscribed and Paid-up Share Capital **(₹ in millions)**

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital		
380,250,000 Equity Shares (March 31, 2019 600,000,000) of ₹ 2 each	760.50	1,200.00
Reduction due to Composite Scheme of Arrangement (Equity Shares of ₹ 2 each) - on account of demerger (refer note 41.1)	-	(439.50)
Addition to authorised share capital on part of Composite Scheme of Arrangement on account of merger (refer note 41.2)		
1,975,000,000 Equity Shares (March 31, 2019 1,975,000,000) of ₹ 2 each	3,950.00	3,950.00
500,000,000 Preference Shares (March 31, 2019 500,000,000) of ₹ 10 each	5,000.00	5,000.00
Total	**9,710.50**	**9,710.50**
Issued, Subscribed and Paid-up Share Capital		
378,340,922 Equity Shares (March 31, 2019 : 319,203,092) of ₹ 2 each fully paid with voting rights	756.68	638.41
Total	**756.68**	**638.41**

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in millions	No. of Shares	₹ in millions
Equity Shares				
At the beginning of the year	31,92,03,092	638.41	31,89,79,026	637.96
Add: Shares issued during the year	4,83,274	0.96	2,24,066	0.45
Add: Shares issued due to Composite Scheme of Arrangement	5,86,54,556	117.31	-	-
Outstanding at the end of the year	**37,83,40,922**	**756.68**	**31,92,03,092**	**638.41**

(iii) Movement of shares pursuant to the composite scheme of arrangement

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in millions	No. of Shares	₹ in millions
Equity Shares				
Equity Shares of ₹ 2/- pending issuance pursuant to the Composite scheme of arrangement	-	-	5,86,54,556	117.31
Incremental shares to be issued	**-**	**-**	**5,86,54,556**	**117.31**

(iv) Rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2020, equity shareholders were paid an interim dividend of ₹ 2.25/- (March 31, 2019 ₹ 5) per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% Holdings	No. of Shares	% Holdings
Equity shares of ₹ 2 each fully paid up				
FIH Mauritius Investments Ltd.	8,46,41,445	22.37%	8,46,41,445	22.40%
CDC Group PLC *	5,85,01,587	15.46%	5,85,01,587	15.48%
Nirmal Bhanwarlal Jain	4,72,65,154	12.49%	4,64,02,000	12.28%
HWIC Asia Fund Class A shares	2,83,62,530	7.50%	2,83,62,530	7.51%

* Equity Shares to CDC Group PLC have been alloted on March 30, 2020 post giving effect of the merger of India Infoline Finance Limited basis appointed date April 01, 2018.

(vi) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares without payment being received in cash or by way of bonus shares or shares bought back except for 58,654,556 equity shares alloted on account of merger. (refer note 41.2)

(vii) Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments, including the terms and amount: Refer note 39 for details of shares reserved for issue under Employee Stock Option Plan of the Group.

Note 24.1: Other Equity

(₹ in millions)

Particulars	Share Application Money	Reserves & Surplus										Total	Non-Controlling Interest
		Capital Reserve	Securities Premium Reserve	General Reserve	Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Stock Compensation Reserve	Effective portion of Cash Flow Hedges		
Balance as at April 01, 2018	**4.16**	**-**	**10,603.07**	**577.45**	**6.80**	**962.70**	**51.11**	**1,133.80**	**5,592.27**	**52.19**	**-**	**18,983.55**	**33.28**
Addition due to Composite Scheme of Arrangement (Refer note 41.1)		(4,245.33)										(4,245.33)	
Addition due to Composite Scheme of Arrangement (Refer note 42.2)	-	4,843.93	7,630.80	463.00	3,868.50	-	2,250.00	3,845.70	(1,137.50)	19.36	-	21,783.79	-
Opening restated balance as on April 01,2018	**4.16**	**598.60**	**18,233.87**	**1,040.45**	**3,875.30**	**962.70**	**2,301.11**	**4,979.50**	**4,454.77**	**71.55**	**-**	**36,522.01**	**33.28**
Profit for the year	-	-	-	-	-	-	-	-	7,946.20	-	-	7,946.20	10.90
Remeasurement of defined benefit (net of tax)	-	-	-	-	-	-	-	-	(100.16)	-	-	-	(0.11)
Interim dividend	-	-	-	-	-	-	-	-	(1,725.75)	-	-	(1,725.75)	-
Dividend distribution tax on interim dividend	-	-	-	-	-	-	-	-	(191.66)	-	-	(191.66)	-
Transfer to/ from reserves	-	-	19.49	4,946.46	875.42	613.00	-	(4,465.75)	(1,968.92)	(19.70)	-	(0.00)	-
On account of merger	-	-	-	-	-	-	-	-	(10.34)	-	-	(10.34)	-
On account of demerger	-	240.25	-	-	-	-	-	-	1.59	(24.94)	-	216.90	-
Addition during the year	(4.16)	-	65.76	-	-	-	-	-	-	68.46	-	130.07	-
Balance as at March 31, 2019 (refer note 41)	**-**	**838.85**	**18,319.12**	**5,986.91**	**4,750.72**	**1,575.70**	**2,301.11**	**513.75**	**8,405.73**	**95.37**	**-**	**42,787.26**	**44.07**
Profit for the year									5,018.30	-		5,018.30	16.43
Remeasurement of defined benefit (net of tax)									(66.53)			(66.53)	(0.07)
Interim dividend									(817.05)			(817.05)	(1.46)
Dividend distribution tax on interim dividend									(167.95)			(167.95)	(0.30)
Chnage in minority									2.27			2.27	(2.27)
Transfer to/ from reserves	-	-	10.26	537.74	832.22	493.00	-	(385.71)	(1,476.92)	(10.59)	-	-	
On account of merger		-	-						(25.83)			(25.83)	
Addition during the year			23.22	-	-	-	-	-	-	89.36	-	112.58	
Balance as at March 31, 2020	**-**	**838.85**	**18,352.60**	**6,524.65**	**5,582.94**	**2,068.70**	**2,301.11**	**128.04**	**10,872.01**	**174.14**	**-**	**46,843.05**	**56.40**

Note 25.1 Interest income

(₹ in millions)

Particulars	FY 2019-20				FY 2018-19			
	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total
Interest on loans	35,587.93	-	8,595.42	44,183.35	39,409.06	-	6,777.28	46,186.34
Interest on investments	-	73.79	-	73.79		498.18	-	498.18
Interest on deposits with banks	897.87	-	-	897.87	816.59	-	-	816.59
Interest on inter corporate deposit	349.85	-	-	349.85	46.36	-	-	46.36
Other income	688.42	-	-	688.42		-	-	-
Total	**37,524.07**	**73.79**	**8,595.42**	**46,193.28**	**40,272.01**	**498.18**	**6,777.28**	**47,547.47**

Note 25.2 Dividend income

The Group received dividend income amounting to ₹ 10.90 million/-(March 31, 2019 ₹ 800.24 million).

Note 26. Fee and commission income

(₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2029
Administration Fees & Other charges	1,113.56	1,120.61
Insurance Commission	71.50	189.62
Total	**1,185.06**	**1,310.23**

Note 27. Net gain/(loss) on fair value change

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	(650.88)	120.02
Total net gain/(loss) on fair value changes	**(650.88)**	**120.02**
Fair value changes		
- Realised	(634.80)	117.00
- Unrealised	(16.08)	3.02
Total net gain/(loss) on fair value changes	**(650.88)**	**120.02**

Note 28. Other income

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Interest on income tax refund	27.20	-
Rent income	32.88	-
Miscellaneous income	752.53	1,070.82
Profit on sale of fixed assets	5.44	-
Total	**818.05**	**1,070.82**

Note 29. Finance costs

(₹ in millions)

Particulars	On Financial liabilities measured at Amortised Cost	
	FY 2019-20	FY 2018-19
Interest on debt securities (Refer note 29.2)	6,003.97	12,690.62
Interest on borrowings (Refer note 29.2)	14,965.28	10,952.96
Interest on subordinated liabilites	1,948.68	1,746.20
Interest on inter corporate deposit	205.74	86.73
Interest expense on lease - Ind AS 116	239.02	-
Other borrowing cost (Refer note 29.1 and 29.2)	605.47	373.92
Total	**23,968.16**	**25,850.43**

Note 29.1: Statement showing exchange fluctuation on account of foreign currency borrowings measured through Other Comprehensive Income:

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Other Borrowing Cost	605.47	373.92
Revaluation Gain on Foreign currency loan	(138.55)	(176.08)
Recognised in Other Comprehensive Income	138.55	176.08
Total Other Borrowing Cost	**605.47**	**373.92**

Note 29.2: Includes foreign currency expenses amounting to ₹ 939.47 million (March 31, 2019 ₹ 22.28 million)

Note 30. Net (gain)/ loss on derecognition of financial instruments under amortised cost category

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Interest strip on assignment of loans	(1,058.39)	(681.50)
Bad debts written off (net)	4,431.66	3,505.94
Total	**3,373.27**	**2,824.44**

Note 31. Impairment on financial instruments

(₹ in millions)

Particulars	FY 2019-20			FY 2018-19		
	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total
Loans (refer note 8.3)	256.40	(121.46)	134.94	166.25	(6.12)	160.13
Other financial assets	95.45	-	95.45	27.16	-	27.16
Total	**351.85**	**(121.46)**	**230.39**	**193.41**	**(6.12)**	**187.29**

Note 32. Employee benefit expenses

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Salaries	6,633.34	6,230.49
Contribution to provident and other funds (Refer note 32.1)	421.10	288.73
Leave encashment	60.37	81.21
Gratuity (Refer note 32.2)	44.88	31.25
Staff welfare expenses	212.16	209.68
Share based payments	89.07	59.72
Total	**7,460.92**	**6,901.08**

32.1 Defined contribution plans

The Group has recognised the following amounts as an expense and included in the Employee benefit expenses

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Contribution to Provident fund	198.64	109.07
Contribution to Employee State Insurance Corporation	72.99	75.59
Contribution to Labour welfare fund	0.82	0.49
Company contribution to employee pension scheme	144.30	103.32
Contribution to NPS & IVTB	4.35	0.26
Total	**421.10**	**288.73**

32.2 Gratuity disclosure statement

Particulars	FY 2019-20			FY 2018-19		
	Finance	HFC	Samasta	Finance	HFC	Samasta
Type of Benefit	Gratuity			Gratuity		
Country	India			India		
Reporting Currency	INR			INR		
Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)			Indian Accounting Standard 19 (Ind AS 19)		
Funding Status	Funded			Funded		
Starting Period	01-Apr-19			01-Apr-18		
Date of Reporting	31-Mar-20			31-Mar-19		
Period of Reporting	12 Months			12 Months		

Assumptions	FY 2019-20			FY 2018-19		
Expected Return on Plan Assets	5.45% - 6.84%			6.76% - 7.64%		
Rate of Discounting	5.45% - 6.84%			6.76% - 7.79%		
Rate of Salary Increase	6% - 9%			5% - 10%		
Rate of Employee Turnover	For service 4 years and below 27% p.a. & thereafter 3% p.a.	For service 4 years and below 27% p.a. & thereafter 1% p.a.	24%	For service 4 years and below 31% p.a. & thereafter 2% p.a. For service 4 years and below 15% p.a. & thereafter 1% p.a.	For service 4 years and below 29% p.a. & thereafter 1% p.a.	24%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)			Indian Assured Lives Mortality (2006-08)		
Mortality Rate After Employment	N.A.			N.A.		

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2020 and March 31, 2019

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Table Showing Change in the Present Value of Projected Benefit Obligation		
Present Value of Benefit Obligation at the Beginning of the Year	161.42	130.09
Interest Cost	12.19	10.09
Current Service Cost	43.74	30.68
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	4.22	1.43
(Liability Transferred Out/ Divestments)	(2.70)	(0.42)
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	(2.02)	(0.29)
(Benefit Paid From the Fund)	(13.94)	(16.92)
The Effect Of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	8.64	3.31
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	30.54	(13.18)
Actuarial (Gains)/Losses on Obligations - Due to Experience	4.28	16.63
Present Value of Benefit Obligation at the End of the Year	246.37	161.42

(₹ in millions)

Table Showing Change in the Fair Value of Plan Assets	FY 2019-20	FY 2018-19
Fair Value of Plan Assets at the Beginning of the Year	145.80	122.56
Interest Income	11.06	9.51
Contributions by the Employer	52.98	28.22
Expected Contributions by the Employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	(13.94)	(16.92)
(Assets Distributed on Settlements)	-	-
Effects of Asset Ceiling	-	-
The Effect of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	(1.97)	2.43
Fair Value of Plan Assets at the End of the Year	193.93	145.80

(₹ in millions)

Amount Recognized in the Balance Sheet	FY 2019-20	FY 2018-19
(Present Value of Benefit Obligation at the end of the Year)	(246.37)	(161.42)
Fair Value of Plan Assets at the end of the Year	193.93	145.80
Funded Status (Surplus/ (Deficit))	(52.44)	(15.62)
Net (Liability)/Asset Recognized in the Balance Sheet	(52.44)	(15.62)
Liabilities recognised in the Balance Sheet under "Other financial liabilities"	(52.44)	(15.62)

(₹ in millions)

Net Interest Cost for Current Year	FY 2019-20	FY 2018-19
Present Value of Benefit Obligation at the Beginning of the Year	161.42	130.09
(Fair Value of Plan Assets at the Beginning of the Year)	(145.80)	(122.56)
Net Liability/(Asset) at the Beginning	15.62	7.53
Interest Cost	12.19	10.09
(Interest Income)	(11.05)	(9.51)
Net Interest Cost for Current Year	1.14	0.57

(₹ in millions)

Expenses Recognized in the Statement of Profit or Loss for Current Year	FY 2019-20	FY 2018-19
Current Service Cost	43.74	30.68
Net Interest Cost	1.14	0.57
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	44.88	31.25

(₹ in millions)

Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year	FY 2019-20	FY 2018-19
Actuarial (Gains)/Losses on Obligation For the Year	43.46	6.80
Return on Plan Assets, Excluding Interest Income	1.96	(2.43)
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Year Recognized in OCI	45.42	4.37

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2020 and March 31, 2019

(₹ in millions)

Balance Sheet Reconciliation	FY 2019-20	FY 2018-19
Opening Net Liability	15.62	7.53
Expenses Recognized in Statement of Profit or Loss	44.88	31.25
Expenses Recognized in OCI	45.42	4.37
Net Liability/(Asset) Transfer In	4.22	1.43
Net (Liability)/Asset Transfer Out	(2.70)	(0.42)
(Benefit Paid Directly by the Employer)	(2.02)	(0.29)
(Employer's Contribution)	(52.98)	(28.25)
Net Liability/(Asset) Recognized in the Balance Sheet	52.44	15.62

(₹ in millions)

Category of Assets	FY 2019-20	FY 2018-19
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	193.93	145.81
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	193.93	145.81

Information for major category of plan assets of gratuity fund is not available with the Group and hence not disclosed.

(₹ in millions)

Net interest cost for next year	FY 2019-20	FY 2018-19
Present value of benefit obligation at the end of the year	246.37	161.42
(Fair value of plan assets at the end of the year)	(193.93)	(145.80)
Net liability/ (asset) at the end of the year	52.44	15.62
Interest cost	15.32	12.19
(Interest income)	(12.15)	(11.05)
Net interest cost for next year	3.17	1.14

(₹ in millions)

Expenses recognised in the Statement of Profit or Loss for next year	FY 2019-20	FY 2018-19
Current service cost	63.92	43.74
Net interest cost	3.17	1.14
(Expected contributions by the employees)	-	-
Expenses recognised	67.09	44.88

(₹ in millions)

Maturity Analysis of the Benefit Payments: From the Fund	FY 2019-20	FY 2018-19
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	15.28	9.98
2nd Following Year	6.76	4.34
3rd Following Year	7.48	4.73
4th Following Year	9.98	5.10
5th Following Year	10.79	7.03
Sum of Years 6 To 10	53.70	36.35
Sum of Years 11 and above	642.77	585.05

(₹ in millions)

Sensitivity Analysis	FY 2019-20	FY 2018-19
Projected Benefit Obligation on Current Assumptions	246.37	161.42
Delta Effect of +1% Change in Rate of Discounting	(31.77)	(21.44)
Delta Effect of -1% Change in Rate of Discounting	39.14	26.45
Delta Effect of +1% Change in Rate of Salary Increase	33.75	23.11
Delta Effect of -1% Change in Rate of Salary Increase	(28.93)	(19.70)
Delta Effect of +1% Change in Rate of Employee Turnover	(3.95)	(0.20)
Delta Effect of -1% Change in Rate of Employee Turnover	4.32	0.04

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

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

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

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

Notes

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

Salary escalation & attrition rate are in line with the industry practice considering promotion and demand and supply of the employees.

Maturity analysis of benefit payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

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

Value of asset is considered as fair value of plan asset for the period of reporting.

Qualitative disclosures

Characteristics of defined benefit plan
The Company has a defined benefit gratuity plan in India (funded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

Risks associated with defined benefit plan
Gratuity is a defined benefit plan and company is exposed to the following risks:

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

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

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

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

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

Characteristics of defined benefit plans
During the year, there were no plan amendments, curtailments and settlements.

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

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

Note 33. Other expenses **(₹ in millions)**

Particulars	FY 2019-20	FY 2018-19
Advertisement and marketing expenses (refer note 33.1)	534.41	555.04
Direct operating expenses	325.05	373.13
Bank charges	79.70	80.16
Commission to non whole-time directors	4.14	6.00
Communication costs	133.92	116.82
Electricity	175.33	140.48
Exchange and statutory charges	31.52	21.62
Legal & professional fees (refer note 33.1)	728.07	836.89
Directors sitting fees	8.52	8.13
Office expenses	576.37	400.88
Postage & courier	80.02	67.17
Printing & stationery	64.52	69.72
Rates & taxes	15.39	11.18
Rent	230.83	768.27
Repairs & maintenance		-
- Computer	21.83	17.99
- Others	119.96	95.81
Remuneration to auditors		
- Audit fees	5.43	3.36
- Certification / other services (refer note 33.2)	3.22	6.20
- Out of pocket expenses	1.68	1.37
Software charges (refer note 33.1)	301.43	286.65
Travelling & conveyance (refer note 33.1)	402.10	358.25
Corporate social responsibility expenses (refer note 43)	183.67	145.07
Miscellaneous expenses	85.93	60.16
Insurance premium	102.30	82.30
Loss on sale of fixed assets (net)	-	1.29
Total	**4,215.34**	**4,513.94**

Note 33.1: Includes below payments done in foreign currency **(₹ in millions)**

Particulars	FY 2019-20	FY 2018-19
Advertisement and marketing expenses	0.57	5.67
Travelling & conveyance	0.09	-
Software charges	4.05	4.24
Legal & professional fees	7.00	1.81

Note 33.2: During the year the Group has paid ₹ 11.99 million to the auditors towards certification required under its Public Issue of Non Convertible Debentures and Secured Medium Term Note Programme, the same has been amortised over the tenure of the borrowings.

Note 34: Exceptional items

a) During the year ended March 2019, the Group executed definitive agreement for the sale of its "Vehicle Financing Business" as a going concern on a slump sale basis to IndoStar Capital Finance Limited ("Indostar"). The profit on sale aggregating to ₹ 1,153.30 million has been disclosed as an exceptional item. In terms of the Business Transfer Agreement, the Group has received the outstanding purchase consideration of ₹ 20,177.78 million from Indostar in 12 (twelve) equal monthly instalments from the closing date March 31, 2019 with interest.

b) During the previous year, goodwill amounting to ₹ 107.18 million has been impaired and disclosed as an exception item.

Note 35. Income taxes

(₹ in millions)

Amounts recognised in statement of profit or loss	FY 2019-20	FY 2018-19
Current tax expense		
Current year	1,778.98	2,891.55
Changes in estimates related to prior years	(43.19)	2.97
Deferred tax expense		
Origination and reversal of temporary differences	481.32	447.61
Total	**2,217.11**	**3,342.13**

(₹ in millions)

Amounts recognised in other comprehensive income	FY 2019-20			FY 2018-19		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of defined benefit liability/ (asset)	(45.42)	11.43	(33.99)	(4.37)	2.11	(2.26)
Cash Flow Hedge (Net)	(43.58)	10.97	(32.61)	(245.24)	147.23	(98.01)
Total	**(89.00)**	**22.40**	**(66.60)**	**(249.61)**	**149.34**	**(100.27)**

(₹ in millions)

Reconciliation of income tax expense of the year to accounting year	FY 2019-20	FY 2018-19
Profit before tax	**7,251.84**	**11,299.23**
Tax using the Group's domestic tax rate	1,920.26	3,595.50
Tax effect of:	-	
Non-deductible expenses	30.93	42.04
Tax-exempt income - others (includes deduction under section 80JJAA)	(196.32)	(263.43)
Tax-exempt income- dividend	(111.19)	(244.97)
Income taxed at different rates	1.75	(9.28)
Others	10.52	-
Change in tax rates (refer note 11.1 and 41.2)	499.03	496.31
Income routed through OCI	-	61.53
Adjustments for current tax for prior periods	(28.21)	1.46
Differential tax rate in subsidiary	32.56	
Past-year losses for which no deferred tax asset is recognised	-	(284.77)
Recognition of previously unrecognised deductible temporary differences	57.78	(52.26)
Total income tax expense	**2,217.11**	**3,342.13**

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2020 and March 31, 2019

Note 36. Earnings Per Share

Basic and Diluted Earnings Per Share [“EPS”] computed in accordance with INDAS 33 ''Earnings per share''.

(₹ in millions)

Particulars		FY 2019-2020	FY 2018-2019
Face value of equity shares in ₹ fully paid up		2	2
BASIC			
Profit after tax as per statement of Profit and Loss		5,018.30	7,946.20
Profit after tax attributable to equity share holders	A	5,018.30	7,946.20
Weighted average number of equity shares outstanding	B	37,80,44,762	37,77,15,954
Basic EPS (In ₹)	**A/B**	**13.27**	**21.04**
DILUTED			
Weighted average number of equity shares for computation of basic EPS		37,80,44,762	37,77,15,954
Add: Potential equity shares on account conversion of Employees Stock Options		9,36,649	25,81,740
Weighted average number of equity shares for computation of diluted EPS	C	37,89,81,411	38,02,97,694
Diluted EPS (In ₹)	**A/C**	**13.24**	**20.89**

Note 37. Risk Management

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

Risk management is integral to the Group's strategy. An enterprise wide risk management framework is in place to govern the Group's risk management processes. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed to ensure minimal impact on the Group's growth and performance.
The Group has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage.

A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement.
The Group's central treasury department identifies, evaluates and hedges financial risks in close co- operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

Risk management is integral to Group's strategy. The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Group operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross non-performing assets and net non-performing assets, leverage, funding and liquidity, etc.
Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed, to ensure minimal impact on the Group's growth and performance.

Risk Management Structure
The Group has established multi-level risk governance for monitoring & control of product and entity level risks. The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Risk Management Committee ("RMC") which is responsible for monitoring the overall risk process within the Group. The RMC is empowered to develop an independent risk strategy comprising of principles, frameworks, policies and limits and ensuring its effective implementation. Independent function of Risk management is in place headed by the Chief Risk Officer ("CRO") who reports to the Chief Executive Officer ("CEO") with oversight of RMC of the Board. The Risk department primarily operationalises risk management framework approved by RMC.

The group has a well –defined risk framework constituting various lines of defence – the first line of defence, consisting of management, is responsible for seamless integration of risk principles across all businesses. Additionally, it ensures adequate managerial and supervisory controls to ensure compliance and highlight inadequate processes and unexpected events. The Group has well-defined internal control measures in every process.
Independent risk and policy team constitutes second line of defence which is responsible for identification and assessment of entity-wide risks. Post its identification, it aims to mitigate risks either through portfolio trigger and caps (Credit risk) or through ongoing risk control and self assessment (Operational risk)
Internal Audit function is the third line of defence that independently reviews activities of the first two lines of defence and reports to the Audit Committee of the Board.

Risk Management Practices
The Group has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage. A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement. In event of susceptibility to external triggers, appropriate risk mitigation would be undertaken and thereby minimize the losses to the Group.
It has initiated a detailed portfolio quality review mechanism which enables analysis of portfolio along various behavioural, demographic and financial parameters. Additionally, through tie-ups with external bureaus, an analysis of collection performance coupled with continuous credit assessment for various key segments is undertaken. The practices aid in proactive course correction thereby modifying credit or sourcing mechanisms, if required. Additionally, application scorecard has been developed enabling the Group to standardize credit underwriting & improve sourcing quality in the long run.
The Group's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Information pertaining to different type of risks are identified, analysed and tested on timely basis. The same is presented to Risk Management Committee at periodic intervals.

In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as cross currency interest rate swaps are entered to hedge certain foreign currency risk exposures and variable interest rate exposures.

The Group's central treasury department identifies, evaluates and hedges financial risks in close co- operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

37A.1. Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.
Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables.

Credit quality analysis

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

(₹ in millions)

Particulars	As at March 31, 2020				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach	Total
Cash and cash equivalents				15,656.01	15,656.01
Bank Balance other than above				16,503.17	16,503.17
Receivables					
(i) Trade Receivables		-	2.95	295.22	298.17
(ii) Other Receivables					-
Loans *	2,12,511.73	13,701.75	8,134.58	1,535.10	2,35,883.16
Other Financial assets				3,590.39	3,590.39

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.

(₹ in millions)

Particulars	As at March 31, 2019				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach	Total
Cash and cash equivalents	-	-	-	12,754.06	12,754.06
Bank Balance other than above	-	-	-	12,462.28	12,462.28
Receivables					
(i) Trade Receivables	-	-	-	364.00	364.00
(ii) Other Receivables	-	-	-	20,177.78	20,177.78
Loans *	2,00,887.69	15,665.93	6,440.85		2,22,994.47
Other Financial assets	-	-	-	2,134.31	2,134.31

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.

Financial Assets measured using simplified approach:

The Group follows 'simplified approach' for recognition of impairment loss allowance on Cash and Cash Equivalents, Bank Balances, Trade Receivables, other receivables and Other Financial Assets. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

37A.2. Collateral held

The Group holds collateral and other credit enhancements against certain of its credit exposures. The loans are collateralised against equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.

37A.3. Loss allowance and Exposure at default

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

(i) Loans and advances **(₹ in millions)**

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening ECL Mar-19	**1,658.28**	**3,149.73**	**4,686.18**	**9,494.19**
New loans disbursed during the year	1,450.34	175.22	599.43	2,224.99
Loans closed/written off during the year	(505.14)	(427.07)	(3,810.31)	(4,742.52)
Movement in provision without change in asset staging	1,160.43	(298.99)	140.55	1,001.99
Movement in provision due to change in asset staging	(88.21)	(1,516.69)	3,791.87	2,186.97
Closing ECL Mar-20	**3,675.70**	**1,082.20**	**5,407.72**	**10,165.62**

(₹ in millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening ECL Mar-18	**2,371.89**	**2,823.17**	**3,849.38**	**9,044.44**
New loans disbursed during the year	1,020.00	543.29	432.88	1,996.17
Loans closed/written off during the year	(1,303.23)	(1,483.75)	(2,419.73)	(5,206.71)
Movement in provision without change in asset staging	(323.79)	58.09	32.12	(233.58)
Movement in provision due to change in asset staging	(106.59)	1,208.93	2,791.53	3,893.87
Closing ECL Mar-19	**1,658.28**	**3,149.73**	**4,686.18**	**9,494.19**

The following tables show reconciliations from the opening to the closing balance of the exposure at default (EAD) by class of financial instrument. **(₹ in millions)**

Reconciliation of exposure at default	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening EAD Mar-2019	**2,82,133.14**	**16,298.23**	**6,440.85**	**3,04,872.22**
New loans disbursed during the year	1,43,296.70	4,718.64	1,043.49	1,49,058.83
Loans closed/written off during the year	(96,642.24)	(6,208.88)	(4,835.18)	(1,07,686.30)
Movement in EAD without change in asset staging	(34,415.77)	(134.40)	134.73	(34,415.44)
Movement in EAD due to change in asset staging	(6,796.64)	(536.94)	5,350.68	(1,982.90)
Closing EAD Mar-2020	**2,87,575.19**	**14,136.65**	**8,134.57**	**3,09,846.41**

(₹ in millions)

Reconciliation of exposure at default	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Opening EAD Mar-2018	**2,84,942.10**	**25,726.63**	**5,934.45**	**3,16,603.18**
New loans disbursed during the year	1,71,725.70	5,691.82	613.74	1,78,031.26
Loans closed/written off during the year	(1,03,550.71)	(13,434.75)	(3,680.52)	(1,20,665.98)
Movement in EAD without change in asset staging	(60,659.25)	(207.64)	(20.86)	(60,887.75)
Movement in EAD due to change in asset staging	(10,324.70)	(1,477.83)	3,594.04	(8,208.49)
Closing EAD Mar-2019	**2,82,133.14**	**16,298.23**	**6,440.85**	**3,04,872.22**

37A.4. Write off

Contractual amount outstanding on financial assets that were written off during the reporting period is ₹ 4,431.65 million(March 31, 2019 ₹ 3,505.94 million)

37A.5. Modified Financial Instruments

For financial assets, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that the modification does not result in cash flows that are substantially different (thereby not resulting into derecognition), the Group has recorded a modification gain or loss based on the change in cash flows discounted at the original EIR (Effective Interest Rate).

(₹ in millions)

Particulars	FY 2019-2020	FY 2018-2019
Value of Modified Assets at the time of modification	758.55	147.16
Value of Modified Assets outstanding at end of year	686.01	138.11
Modification Gain/ Loss	(3.67)	(0.93)

The above modification is in accordance with the provisions defined in the Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 Circular No DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (updated as on February 22, 2019) and the "The Housing Finance Companies (NHB) Directions, 2010".

37A.6. Credit Risk Grading of loans

Credit Risk Grading is an important tool for credit risk management as it helps in understanding and evaluating risks for different credit transactions.

The Group has established overall credit limits at the level of individual borrowers and counterparties, and groups of connected counterparties. It manages and controls credit risk by confining the amount of risk it is willing to accept for individual counterparties, for geographical concentrations, and by closely monitoring such exposures.

The Group has a Credit Risk Policy which is board approved and shared with all credit approving authorities. All customers will be evaluated on a set of pre-defined parameters as detailed below and accordingly classified into any of the following categories:

1. Low Risk
2. Medium Risk
3. High Risk – This category of customers will not be actively sourced by the Group. Any customer, identified as High Risk, can be funded by the Group basis exceptional comfort and availability of justifying mitigates. The extent and nature of due diligence will be the highest for this category.

The assessment of a customer being classified into high, medium or low is based on various parameters at the time of on-boarding which are captured in the Credit Approval Memorandum by the credit manager and validated by the relevant approving authority. The parameters are as follows:

1. Customer Profile
2. Financial health
3. Business vintage
4. Credit history
5. Industry feedback
6. Other qualitative/ quantitative factors as mentioned in the policy

Every customer once being stamped into a risk category on a periodic basis would further be subjected to change of his risk profile depending on the repayment history and DPDs through an independent credit quality review process. This process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Credit Grading details : **(₹ in millions)**

Period	Stage 1	Stage 2	Stage 3	Total EAD
March 31, 2020	2,87,575.19	14,136.65	8,134.57	3,09,846.41
March 31, 2019	2,82,133.14	16,298.23	6,440.85	3,04,872.22

37A.7. Concentration of Credit Risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Group does not have concentration risk.

37B Liquidity Risk

Liquidity risk refers to the risk that the Group may not be able to meet its short-term financial obligations. The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of credit lines. Further, the Group has well defined Asset Liability Management (ALM) framework with an appropriate organizational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity. The Group seeks to maintain flexibility in funding mix by way of sourcing the funds through money markets, debt markets and banks to meet its business and liquidity requirements.

(i) Maturities of financial liabilities **(₹ in millions)**

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2020	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	439.18	-	267.63	-	-	171.55	-
Trade Payables	836.26	812.48	-	23.78	-	-	-
Other Payables	-	-	-	-	-	-	-
Finance Lease obligation *	3,816.16	184.15	178.54	335.78	1,232.45	943.98	941.26
Debt Securities	82,296.55	12,338.44	2,452.25	6,733.94	24,767.82	32,704.10	3,300.00
Borrowings (other than debt securities) (Note 1)	1,67,878.77	13,767.42	12,706.88	37,843.09	57,515.86	30,925.44	15,120.08
Subordinated Liabilities	20,651.21	550.00	2,000.00	-	8,050.00	1,750.00	8,301.21
Other financial liabilities	20,003.42	16,208.12	886.73	226.61	2,203.53	199.50	278.93
Financial guarantee contracts	17,524.37	17,524.37					
Total	**3,13,445.92**	**61,384.98**	**18,492.03**	**45,163.20**	**93,769.66**	**66,694.57**	**27,941.48**

* The amount represent undiscounted cash flows

(₹ in millions)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2019	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	483.33	6.59	8.19	-	-	468.55	-
Trade Payables	1,087.23	975.94	-	111.29	-	-	-
Other Payables	-	-	-	-	-	-	-
Debt Securities	1,06,171.49	46,973.58	4,749.67	3,231.58	36,792.36	13,422.41	1,001.89
Borrowings (other than debt securities) (Note 1)	1,44,052.93	12,298.54	8,836.50	20,511.18	64,336.99	27,204.99	10,864.73
Subordinated Liabilities	15,615.84	-	-	-	5,370.00	1,259.21	8,986.63
Other financial liabilities	19,797.33	16,101.73	724.81	394.88	2,293.57	108.31	174.03
Financial guarantee contracts	25,738.85	25,738.85	-	-	-	-	-
Total	**3,12,947.00**	**1,02,095.23**	**14,319.17**	**24,248.93**	**1,08,792.92**	**42,463.47**	**21,027.28**

Note 1: Borrowings includes cash credit facilities, has been slotted in "over 6 months to 1 year" and "over 1 year to 3 years" in the ratio of 40% and 60% respectively.

Note 2: In computing the above information with respect to cash credit and overdraft facilities with Banks, the Management has made certain estimates and assumptions which have been relied upon by the auditors.

(ii) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period: **(₹ in millions)**

	As at March 31, 2020	As at March 31, 2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	3,173.43	4,896.82
- Expiring beyond one year (bank loans)	-	-

37C Market Risk

Market Risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices resulting in a loss to earnings and capital.

Financial institutions may be exposed to Market Risk in variety of ways. Market risk exposure may be explicit in portfolios of securities / equities and instruments that are actively traded. Conversely it may be implicit such as interest rate risk due to mismatch of loans and deposits. Besides, market risk may also arise from activities categorized as off-balance sheet item. Therefore market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates, forex rates, equity and commodity prices.

The Group's exposure to market risk is primarily on account of interest rate risk and Foreign exchange risk.

37C.1 Interest rate risk

(a) The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows: **(₹ in millions)**

	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	1,38,995.53	1,28,579.22
Fixed rate borrowings	1,31,831.00	1,37,568.71
Total borrowings	**2,70,826.53**	**2,66,147.93**

The Group had the following variable rate borrowings outstanding and cross currency interest rate swap contracts outstanding: **(₹ in millions)**

	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest rate (%)	Balance	% of total borrowings	Weighted average interest rate (%)	Balance	% of total borrowings
Bank overdrafts, bank loans	9.30%	1,23,050.69	45.44%	9.13%	1,19,579.22	44.93%
External Commercial borrowings	8.62%	7,538.59	2.78%	-	-	-
Non convertible debentures	8.99%	8,406.25	3.10%	8.82%	9,000.00	3.38%
Net exposure to cash flow interest rate risk		**1,38,995.53**			**1,28,579.22**	
Currency Interest Rate Swaps	9.36%	**3,769.29**	1.39%	9.36%	**3,458.57**	1.30%

An analysis by maturities is provided in note 38(C)(i) above. The percentage of total loans shows the proportion of loans that are currently at floating rates in relation to the total amount of borrowings.

The Group had the following variable rate loans outstanding: **(₹ in millions)**

	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest rate (%)	Balance	% of total loans	Weighted average interest rate (%)	Balance	% of total loans
				%		
Floating rate loans	11.87%	1,29,532.84	43.87%	11.90%	1,40,376.86	49.60%

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates (assuming other variable constant)

(₹ in millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest rates – increase by 30 basis points	(312.04)	(261.16)	-	-
Interest rates – decrease by 30 basis points	312.04	261.16	-	-

* Holding all other variables constant

Profit or loss is sensitive to higher/lower interest income from loans as a result of changes in interest rates (assuming other variable constant)

(₹ in millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2019
Interest rates – increase by 30 basis points	290.80	275.10	-	-
Interest rates – decrease by 30 basis points	(290.80)	(275.10)	-	-

37C.2. Exposure to currency risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from banks and External Commercial Borrowings (ECB).

The Group follows a conservative policy of hedging its foreign currency exposure through Forwards and / or Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Group's profit before tax (PBT) and equity.

The Group's currency position is as under **(₹ in millions)**

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign Currency Assets (in INR)*	2,405.21	-	-	-	-	-
Foreign Currency Liabilities (in INR)*	417.90	-	-	-	-	-
Net Gap as at 31.03.2020	**1,987.31**	**-**	**-**	**-**	**-**	**-**

(₹ in millions)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign Currency Assets	-	-	-	-	-	-
Foreign Currency Liabilities (in INR)*	427.91	-	-	-	-	-
Net Gap as at 31.03.2019	**(427.91)**	**-**	**-**	**-**	**-**	**-**

*It is fully hedged by forward contract and CCIRS

Sensitivity :

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial **(₹ in millions)**

Particulars	Impact on profit after tax		Impact on other components of	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD sensitivity				
INR/USD -Increase by 5%	(1,368.01)	(9.81)	-	-
INR/USD -Decrease by 5%	1,368.01	9.81	-	-

* Holding all other variables constant. The sensitivity on profit and loss is due to the timing difference of the maturity of the Cross currency interest rate swap. On the date of maturity of the Cross currency interest rate swap, the sensitivity of profit and loss to changes in the exchange rates will be Nil.

37C.3. Price Risk

(a) Exposure

The Group's exposure to assets having price risk is as under **(₹ in millions)**

Particulars	Equity Share	Mutual Funds /Alternate investment funds/ others	Bonds	Gsecs	Total
Market Value as on March 31, 2020	2,192.16	135.10	0.23	5,220.80	7,548.29
Market Value as on March 31, 2019	592.00	921.28	610.65	-	2,123.93

To manage its price risk arising from investments in equity securities/other assets, the Group diversifies its portfolio.

(b) Sensitivity

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

(₹ in millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Increase 5%	282.43	91.97		
Decrease 5%	(282.43)	(91.97)		

37D.Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value. The Group monitors capital in accordance with the capital adequacy ratio prescribed by the Reserve Bank of India ("RBI")/ National Housing Bank ("NHB") as applicable.

37E. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer an liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

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

(₹ in millions)

Particulars	As at March 31, 2020		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	15,656.01
Bank Balance other than (a) above	-	-	16,503.17
Derivative financial instruments	2,426.49	-	-
Receivables	-	-	-
(i) Trade Receivables	-	-	295.22
(ii) Other Receivables	-	-	-
Loans	-	58,110.66	2,27,209.07
Investments	7,548.29	-	-
Other Financial assets		-	3,456.10
Total financial assets	**9,974.78**	**58,110.66**	**2,63,119.57**
Financial liabilities			
Derivative financial instruments	288.91	150.27	-
Trade Payables	-	-	836.26
Finance lease obligation	-	-	2,913.53
Debt Securities	-	-	81,844.93
Borrowings (Other than Debt Securities)	-	-	1,67,549.42
Subordinated Liabilities	-	-	20,436.99
Other financial liabilities	-	-	20,003.42
Total financial liabilities	**288.91**	**150.27**	**2,93,584.55**

(₹ in millions)

Particulars	As at March 31, 2019		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	12,754.06
Bank Balance other than (a) above	-	-	12,462.28
Derivative financial instruments	55.42	-	-
Receivables	-	-	-
(i) Trade Receivables	-	-	364.00
(ii) Other Receivables	-	-	20,177.78
Loans	-	59,751.52	2,14,023.13
Investments	2,123.93	-	-
Other Financial assets		-	2,042.61
Total financial assets	**2,179.35**	**59,751.52**	**2,61,823.86**
Financial liabilities			
Derivative financial instruments	62.01	421.32	-
Trade Payables	-	-	1,087.23
Debt Securities	-	-	1,05,861.49
Borrowings (Other than Debt Securities)	-	-	1,43,813.25
Subordinated Liabilities	-	-	15,495.79
Other financial liabilities	-	-	19,797.33
Total financial liabilities	**62.01**	**421.32**	**2,86,055.09**

37E. 1. Financial instruments measured at fair value – Fair value hierarchy

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

37E.2. Valuation methodologies of financial instruments measured at fair value

(i) Quoted equity/instruments are measured based on the last traded price in the exchange and are classified as level 1.
(ii) Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.
(iii) Alternate Investment Funds are measured based on the latest NAV provided by the fund house and are classified as level 3.
(iv) Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued by external independent valuer and classified as Level 3.
(v) Equity instruments in listed entities that are quoted market prices (unadjusted) in active markets for identical instruments are classified at level 1.
(vi) Government Securities are valued based on the closing price published by CCIL/ FIMMDA for March 2020 respectively and are classified as level 2.
(vii) Unquoted debt securities are measured based on average of security level prices received from AMFI appointed/designated agencies viz: CRISIL and ICRA and are classified as level 2.
(viii) The fair value of interest rate swaps is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs.
(vix) Fair value of loans measured at FVOCI approximates its carrying value and are classified as level 3.
(x) Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date and are classified as Level 2.
(xi) The fair value principal swap is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs and spot exchange rate as of the testing date and are classified as Level 2.

(₹ in millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 20120					
Financial assets					
Spot and forwards	-	2,426.49	-	2,426.49	2,426.49
Call option included under Debt securities & Subordinated liabilities		21.28	-	21.28	21.28
Loans - classified under FVOCI	-	-	58,110.66	58,110.66	58,110.66
Investments	**1,288.48**	**5,220.80**	**1,039.01**	**7,548.29**	**7,548.29**
(i) Mutual Funds/Alternate Investment fund / Others	*85.09*	-	*50.01*	*135.10*	*135.10*
(ii) Government Securities	-	*5,220.80*	-	*5,220.80*	*5,220.80*
(iii) Debt Securities	*0.23*	-	-	*0.23*	*0.23*
(iv) Equity	*1,203.16*	-	*989.00*	*2,192.16*	*2,192.16*
Total financial assets	**1,288.48**	**7,668.57**	**59,149.67**	**68,106.72**	**68,106.72**
Financial liabilities					
Forward exchange contract/ CCIRS	-	150.27	-	150.27	150.27
Interest rate derivative		267.63		267.63	267.63
Call option included under Debt securities & Subordinated liabilities		21.28		21.28	21.28
Total financial liabilities	**-**	**439.18**	**-**	**439.18**	**439.18**

(₹ in millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2019					
Financial assets					
Call option included under Debt securities & Subordinated liabilities	-	55.42	-	55.42	55.42
Loans - classified under FVOCI	-	-	59,751.52	59,751.52	59,751.52
Investments	**1,468.74**	**-**	**655.19**	**2,123.93**	**2,123.93**
(i) Mutual Funds/Alternate Investment fund / Others	*858.09*	-	*63.19*	*921.28*	*921.28*
(ii) Government Securities	-	-	-	-	-
(iii) Debt Securities	*610.65*		-	*610.65*	*610.65*
(iv) Equity	-	-	*592.00*	*592.00*	*592.00*
Total financial assets	**1,468.74**	**55.42**	**60,406.71**	**61,930.87**	**61,930.87**
Financial liabilities					
Forward exchange contract	-	427.91	-	427.91	427.91
Call option included under Debt securities & Subordinated liabilities		55.42	-	55.42	55.42
Total financial liabilities	**-**	**483.33**	**-**	**483.33**	**483.33**

37E.3. Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, Trade receivables, other receivables, balances other than cash and cash equivalents and trade payables.

Loans, Debts, Borrowings and Subordinated Debts

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated/proxy yields of identitical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value. Loans and advances are presented net of provisions for impairment.

(₹ in millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Total fair value	Carrying Value	Valuation Hierarchy
As at March 31, 2020			
Financial assets			
Cash and cash equivalents	15,656.01	15,656.01	
Bank Balance other than included above	16,503.17	16,503.17	
Receivables			
(i) Trade Receivables	295.22	295.22	
(ii) Other Receivables	-	-	
Loans	2,33,185.48	2,27,209.07	Level 3
Other Financial assets	3,456.10	3,456.10	
Total financial assets	**2,69,095.98**	**2,63,119.57**	
Financial Liabilities			
Trade Payables	836.26	836.26	
Finance lease obligation	2,913.53	2,913.53	
Debt Securities *	81,653.39	81,844.93	Level 3
Borrowings (Other than debt securities)	1,67,879.46	1,67,549.42	Level 3
Subordinated Liabilities	19,947.80	20,436.99	Level 3
Other financial liabilities	20,003.42	20,003.42	
Total financial liabilities	**2,93,233.86**	**2,93,584.55**	

* For MTN Bond book value is been considered as fair value.

(₹ in millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Total fair value	Carrying Value	Valuation Hierarchy
As at March 31, 2019			
Financial assets			
Cash and cash equivalents	12,754.06	12,754.06	
Bank Balance other than included above	12,462.28	12,462.28	
Receivables			
(i) Trade Receivables	364.00	364.00	
(ii) Other Receivables	20,177.78	20,177.78	
Loans	2,15,118.63	2,14,023.13	Level 3
Other Financial assets	2,042.61	2,042.61	
Total financial assets	**2,62,919.36**	**2,61,823.86**	
Financial Liabilities			
Trade Payables	1,087.23	1,087.23	
Debt Securities	1,04,876.09	1,05,861.49	Level 3
Borrowings (Other than Debt Securities)	1,43,915.93	1,43,813.25	Level 3
Subordinated Liabilities	14,697.03	15,495.79	Level 3
Other financial liabilities	19,797.33	19,797.33	
Total financial liabilities	**2,84,373.61**	**2,86,055.09**	

37.E.4 Movements in Level 3 financial instruments measured at fair value :

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2019	**59,751.52**	**63.19**	**592.00**
Purchases	-	-	-
Issuances	81,323.75	1.70	-
Settlements	-	-	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(82,964.61)	(0.50)	-
Total gain /losses recognised in profit and loss	-	(14.38)	397.00
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2020	**58,110.66**	**50.01**	**989.00**
Unrealised gain /losses related to balances held at the end of financial year	**-**	**(18.12)**	**833.50**

(₹ in millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2018	**43,012.38**	**90.27**	**381.75**
Purchases	-	-	-
Issuances	1,13,902.38	9.27	-
Settlements	-	-	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(97,163.24)	(7.93)	-
Total gain /losses recognised in profit and loss	-	(28.42)	210.25
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2019	**59,751.52**	**63.19**	**592.00**
Unrealised gain /losses related to balances held at the end of financial year	-	**(3.74)**	**436.50**

37 F. Transferred financial assets that are derecognised in their entirety

During the year ended March 31, 2020, the Group has sold some loans and advances measured at FVTOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plans, the Group's business model remains to hold the assets for collecting contractual cash flows.

The following table provide a summary of the amount of the derecognised financial assets during the year and the gain/(loss) on derecognition, which qualify for derecognition:

(₹ in millions)

Particulars	FY 2019-20	FY 2018-19
Financial assets derecognised during the year	82,964.61	97,163.24
Gain from derecognition	2,026.63	1,486.94

37 G. Transferred financial assets that are recognised in their entirety:

The Group uses securitisations as a source of finance. Such transaction resulted in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Such deals resulted in continued recognition of the securitised assets since the Group retains substantial risks and rewards. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(₹ in millions)

Securitisations	As at March 31, 2020	As at March 31, 2019
Carrying amount of transferred assets measured at amortised cost	19,549.37	9,493.35
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	19,549.37	9,493.35
Fair value of assets	19,879.42	9,596.03
Fair value of associated liabilities	19,879.42	9,596.03
Net position at Fair value	-	-

Note 38. Capital, Other Commitments and Contingent Liabilities at Balance Sheet date:

Contingent Liabilities

(₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
In respect of Income tax demands (refer note (a) below)	539.76	493.12
In respect of Service Tax demands (refer note (b) below)	342.01	620.71
In respect of Profession Tax demands (refer note (c) below)	1.53	1.55
In respect of Bank guarantees given (refer note (d) below)	17,524.37	25,738.85
In respect of Corporate guarantees given	253.40	20.00
In respect of legal case/ penalties	-	0.30
Contingent liability in respect of credit enhancement for securitisation transaction	1,868.12	1,322.91

(a) The Group has filed appeal against the said demands raised by the Income Tax Department.

(b) Amount paid under protest with respect to service tax demand ₹ 18.92 million (March 31, 2019 - ₹ 29.66 million)

(c) Amount paid under protest with respect to profession tax demand ₹ 0.47 million (March 31, 2019 - ₹ 0.47 million)

(d) The above guarantee has been given on behalf of subsidiaries/group companies.

(e) Amount paid under protest with respect to income tax demand is ₹ 267.16 million (March 31, 2019 ₹ 260.09 million).

(f) Apart from the above, Group is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Group's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Group's financial position.

Commitments not provided for:

(₹ in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments related to loans sanctioned but undrawn	17,536.15	24,063.64
Estimated amount of contracts remaining to be executed on capital and operating account	169.28	126.82
Commitments related to Alternate Investment Funds	32.60	34.31

Note 39. Employee stock option

The Group has implemented Employee Stock Option Scheme 2008 (ESOP Schemes) and has outstanding options granted under the said Schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of the grants made by the Nomination and Remuneration Committee and ESOP Schemes.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	**As at March 2020** **ESOP 2008**	**As at March 2019** **ESOP 2008**
Number of Option outstanding	4,34,937	9,48,456
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	05-Aug-2014, 02-Mar-2015, 08-Mar-2016 and 29-Apr-2017	10-Aug-2012, 29-Oct-2012, 05 Nov-2013, 05-Aug-2014, 02-Mar-2015, 08-Mar-2016 and 29-Apr-2017
Grant Price (₹ Per Share)	₹ 61.40, ₹ 82.73, ₹ 82.02 and ₹ 218.71	₹ 25.79, ₹ 31.05, ₹ 26.47, ₹ 61.40, ₹ 82.73, ₹ 82.02 and ₹ 218.71

(b) (i) Movement of options during the year ended March 31, 2020

Particulars	**Option Outstanding**	**Range of exercise price (in ₹)**	**Weight average exercise price (in ₹)**	**Weight average remaining contractual life (Years)**
Outstanding as on April 01, 2019	**9,48,456**	**25.79-218.71**	**62.76**	**2.88**
Granted during the year	-	-	-	-
Expired/forfeited during the year	30,245	82.02-218.71	127.21	-
Exercised during the year	4,83,274	25.79-82.73	36.23	-
Outstanding as on March 31, 2020	**4,34,937**	**61.40-218.71**	**87.76**	**2.89**
Exercisable as on March 31, 2020	**4,19,537**	**61.40-218.71**	**82.95**	**2.85**

b) (ii) Movement of options during year ended March 31, 2019

Particulars	**Option Outstanding**	**Range of exercise price (in ₹)**	**Weight average exercise price (in ₹)**	**Weight average remaining contractual life (Years)**
Outstanding as on April 01, 2018	**12,05,392**	**25.79-218.71**	**66.39**	**4.03**
Granted during the year	-	-	-	-
Expired/forfeited during the year	32,870	82.02-218.71	98.70	-
Exercised during the year	2,24,066	25.79-82.73	77.03	-
Outstanding as on March 31, 2019	**9,48,456**	**25.79-218.71**	**62.76**	**2.88**
Exercisable as on March 31, 2019	**6,20,676**	**25.79-218.71**	**46.25**	**2.27**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	**ESOP 2008**	
	2019-20	**2018-19**
Stock price (₹)	-	-
Volatility	-	-
Risk-free Rate	-	-
Exercise price (₹)	-	-
Time to Maturity (Years)	-	-
Dividend yield	-	-
Weight Average Value (₹)	-	-

Stock Price: The closing market price on NSE one day prior to the date of grant has been considered for the purpose of Option valuation.

Volatility: The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

The Group has granted Employee Stock Options under IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme pursuant to aforesaid Composite Scheme of Arrangement.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	As at March 2020 ESOP 2020	As at March 2019 ESOP 2020
Number of Option outstanding	82,65,678	91,73,539
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018, 18-Jan-2019 and 18-Sep-2019	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018 and 18-Jan-2019
Grant Price (₹ Per Share)	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22, ₹ 129.63	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04 ₹ 182.22

(b) (i) Movement of options during the year ended March 31, 2020

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2019	**91,73,539**	**61.48 -182.22**	**157.60**	**6.15**
Granted during the year	13,500	129.63	129.63	
Expired/forfeited during the year	9,21,361	61.48 -182.22	156.73	
Exercised during the year	-	-	-	
Outstanding as on March 31, 2020	**82,65,678**	**61.48 -182.22**	**157.65**	**5.15**
Exercisable as on March 31, 2020	**17,95,582**	**61.48 -182.22**	**125.01**	**4.34**

(b) (ii) Movement of options during the year ended March 31, 2019

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2018	**24,57,600**	**61.48 -106.67**	**98.40**	**5.65**
Granted during the year	79,82,562	142.22-182.22	172.14	
Expired/forfeited during the year	12,66,623	61.48 -182.22	134.34	
Exercised during the year	-	-	-	
Outstanding as on March 31, 2019	**91,73,539**	**61.48 -182.22**	**157.60**	**6.15**
Exercisable as on March 31, 2019	**5,69,298**	**61.48 -106.67**	**91.12**	**4.46**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2020			
	21-Nov-18	04-Sep-18	02-May-18	02-May-18
Stock price (₹)	179.63	179.63	179.63	179.63
Volatility	59%	59%	59%	59%
Risk-free Rate	7.21% - 7.40%	7.21% - 7.44%	7.13% - 7.40%	7.13% - 7.34%
Exercise price (₹)	177.04	177.04	142.22	142.22
Time to Maturity (Years)	5.39	5.43	5.09	4.84
Dividend yield	1.00%	1.00%	1.00%	1.00%
Weight Average Value (₹)	102.29	102.87	106.78	106.94

Particulars	ESOP 2020		
	18-Sep-19	18-Jan-19	18-Jan-19
Stock price (₹)	179.63	179.63	179.63
Volatility	59%	59%	59%
Risk-free Rate	7.34% - 7.49%	7.28% - 7.49%	7.28% - 7.44%
Exercise price (₹)	129.63	182.22	182.22
Time to Maturity (Years)	6.22	5.80	5.55
Dividend yield	1.00%	1.00%	1.00%
Weight Average Value (₹)	118.06	161.25	102.16

Stock Price: The fair value of stock as on Appointed Date, i.e., April 1, 2018 (“the Effective date” or the “Date of Modification”) has been used to value the outstanding grants based on Mercahnt Banker's Report.

Volatility: The daily volatility of the stock prices on BSE, based on post demerger traded prices, has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered based on equity swap ratio of the Composite Scheme of Arrangement.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

40. List of Related Parties

Nature of relationship	Name of party *
Key managerial personnel	Mr.Nirmal Jain
	Mr.R. Venkataraman
	Mr.Sumit Bali
	Mr.Prabodh Agarwal (Upto February 01, 2020)
	Mr.Rajesh Rajak (w.e.f March 12,2020)
Relatives of key managerial personnel	Mrs.Aditi Athavankar (Spouse of R. Venkataraman)
Other related parties (due to Common promoter w.e f April 01, 2018)/ Fellow subsidiaries (upto March 31, 2018)	IIFL Securities Limited
	IIFL Management Services Limited
	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited
	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
	India Infoline Foundation
	IIFL Alternate Asset Advisors Limited
	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Wealth Finance Limited
	5paisa Capital Limited

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

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IND AS OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2020 and March 31, 2019

40.1 Significant transactions with related parties

(₹ in millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Interest income			
5paisa Capital Limited	53.63		53.63
	(6.64)	-	(6.64)
IIFL Management Services Limited	82.96		82.96
	(7.12)	-	(7.12)
IIFL Facilities Services Limited	211.76		211.76
	(4.53)	-	(4.53)
IIFL Securities Limited	2.92		2.92
	(28.04)	-	(28.04)
Interest expense			
IIFL Facilities Services Limited	223.97	-	223.97
	(114.41)	-	(114.41)
IIFL Wealth Finance Limited	23.54	-	23.54
	(2.26)	-	(2.26)
IIFL Insurance Brokers Limited	2.16	-	2.16
	-	-	-
IIFL Alternate Asset Advisor Limited	-	-	-
	(1.82)	-	(1.82)
Referral fees income			
IIFL Wealth Management Limited	-	-	-
	(14.35)	-	(14.35)
Investment Banking Income Pass Through			
IIFL Securities Limited	15.69	-	15.69
	-	-	-
Donation paid			
India Infoline Foundation	178.81		178.81
	(145.10)	-	(145.10)
Arranger/ processing fees /brokerage on non convertible debenture/merchant banking fees			
IIFL Wealth Management Limited	114.63		114.63
	(154.23)	-	(154.23)
IIFL Securities Limited	148.39		148.39
	(249.15)	-	(249.15)
IIFL Management Services Limited	97.76		97.76
	(59.55)	-	(59.55)
IIFL Investment Advisors And Trustee Services Limited	-		-
	(25.00)	-	(25.00)
5 Paisa Capital Limited	11.18		11.18
	(1.17)	-	(1.17)
IIFL Facilities Services Limited	-		-
	(25.00)	-	(25.00)
Rent expenses			
IIFL Facilities Services Limited	17.50		17.50
	(62.33)	-	(62.33)
Aditi Athavankar	-	1.80	1.80
	-	(2.40)	(2.40)
Commission / brokerage expense			
IIFL Securities Limited	0.90		0.90
	(5.06)	-	(5.06)
Remuneration paid			
Mr.Nirmal Jain	-	86.97	86.97
	-	(68.71)	(68.71)
Mr.R. Venkataraman	-	5.50	5.50
	-	(48.57)	(48.57)
Mr.Sumit Bali	-	62.50	62.50
	-	(46.27)	(46.27)

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(₹ in millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Equity dividend paid			
India Infoline Emoloyee Trust	0.17	-	0.17
	(0.38)	-	(0.38)
ICD/loan taken			
IIFL Facilities Services Limited	83,080.00		83,080.00
	(21,270.00)	-	(21,270.00)
IIFL Securities Limited	30,785.00		30,785.00
			-
IIFL Insurance Brokers Limited	146.60		146.60
			-
IIFL Wealth Finance Limited	1,000.00		1,000.00
			-
ICD/loan returned			
IIFL Facilities Services Limited	83,080.00		83,080.00
	(21,270.00)	-	(21,270.00)
IIFL Securities Limited	30,785.00		30,785.00
			-
IIFL Insurance Brokers Limited	146.60		146.60
			-
IIFL Wealth Finance Limited	1,000.00		1,000.00
			-
ICD/loan given			
5paisa Capital Limited	3,418.10		3,418.10
	(1,072.00)	-	(1,072.00)
IIFL Facilities Services Limited	58,659.20		58,659.20
	(23,592.50)	-	(23,592.50)
IIFL Management Services Limited	6,628.60		6,628.60
	(2,740.00)	-	(2,740.00)
IIFL Securities Limited	5,590.00		5,590.00
	(26,330.00)	-	(26,330.00)
ICD/loan received back			
5paisa Capital Limited	2,418.10		2,418.10
	(1,072.00)	-	(1,072.00)
IIFL Management Services Limited	6,349.50		6,349.50
	(2,450.00)	-	(2,450.00)
IIFL Facilities Services Limited	56,462.20		56,462.20
	(23,065.00)	-	(23,065.00)
IIFL Securities Limited	5,590.00		5,590.00
	(26,330.00)	-	(26,330.00)

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(₹ in millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Allocation / reimbursement of expenses paid			
IIFL Securities Limited	377.82		377.82
	(650.04)	-	(650.04)
IIFL Management Services Limited	20.32		20.32
	(15.19)	-	(15.19)
IIFL Facilities Services Limited	37.70		37.70
	(47.00)	-	(47.00)
IIFL Asset Management Limited	7.50	-	7.50
	-	-	-
5 Paisa Capital Limited	-	-	-
	(0.02)	-	(0.02)
Allocation / reimbursement of expenses paid others			
IIFL Facilities Services Limited	0.79		0.79
	(0.55)	-	(0.55)
IIFL Commodities Limited	-		-
	(0.05)	-	(0.05)
IIFL Insurance Brokers Limited	2.50		2.50
	(0.07)	-	(0.07)
5paisa Capital Limited	2.43		2.43
	(0.15)	-	(0.15)
IIFL Management Services Limited	0.82	-	0.82
	(0.13)	-	(0.13)
IIFL Securities Limited	50.05		50.05
	(9.80)	-	(9.80)
IIFL Wealth Management Limited	1.12		1.12
	(0.11)	-	(0.11)
Allocation / reimbursement of expenses received			
IIFL Facilities Services Limited	0.62		0.62
	(0.01)	-	(0.01)
IIFL Management Services Limited	0.64		0.64
	(0.99)	-	(0.99)
5paisa Capital Limited	8.26		8.26
	(2.69)	-	(2.69)
IIFL Securities Limited	40.10		40.10
	(39.05)	-	(39.05)
IIFL Wealth Management Limited	5.64		5.64
			-
IIFL Insurance Brokers Limited			-
	(0.64)	-	(0.64)
Allocation / reimbursement of expenses received others			
IIFL Facilities Services Limited	0.23		0.23
	(0.53)	-	(0.53)
IIFL Management Services Limited	3.26		3.26
	(31.01)	-	(31.01)
IIFL Insurance Brokers Limited	2.10		2.10
			-
IIFL Asset Management Limited	2.47		2.47
			-
India Infoline Foundation	0.04		0.04
			-
5 Paisa Capital Limited	4.60		4.60
	(0.06)	-	(0.06)
IIFL Wealth Management Limited	0.29		0.29
	(0.00)	-	(0.00)
IIFL Securities Limited	50.04		50.04
	(3.19)	-	(3.19)

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(₹ in millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Security deposit paid towards rent			
IIFL Facilities Services Limited			-
	(11.70)	-	(11.70)
Purchase of investment 8.93% India Housing Finance 14 Apr-2023			
IIFL Wealth Finance Limited	513.93	-	513.93
	-	-	-
Sale of investment 8.93% India Housing Finance 14 Apr-2023			
IIFL Wealth Finance Limited	507.93	-	507.93
	-	-	-
Dividend Income			
IIFL Commodities Limited	-		-
	(12.54)		(12.54)
IIFL Insurance Brokers Limited	-		-
	(50.00)		(50.00)
IIFL Securities Limited	-		-
	(280.77)		(280.77)
IIFL Wealth Management Limited	-		-
	(450.00)		(450.00)
Non convertible debenture Issued			
IIFL Alternate Asset Advisors Limited	500.00		500.00
	(1,019.54)	-	(1,019.54)
IIFL Wealth Finance Limited	4,483.00		4,483.00
	(1,731.61)	-	(1,731.61)
IIFL Management Services Limited	2,322.00		2,322.00
			-
Non convertible debenture Redeemed			
IIFL Alternate Asset Advisors Limited	-		-
	(286.74)	-	(286.74)
IIFL Wealth Finance Limited	1,523.79		1,523.79
	(65.25)	-	(65.25)
IIFL Facilities Services Limited	3,475.00		3,475.00
	(197.10)	-	(197.10)

Note 40.2 Closing balances with related parties

(₹ in millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Other payable			
IIFL Facilities Services Limited	1.24	-	1.24
	(0.12)	-	(0.12)
IIFL Securities Limited	0.69	-	0.69
	(24.68)	-	(24.68)
IIFL Management Services Limited	-	-	-
	(17.57)	-	(17.57)
5paisa Capital Limited	-	-	-
	(0.50)	-	(0.50)
Other receivable			
IIFL Insurance Brokers Limited	-	-	-
	(0.02)	-	(0.02)
IIFL Management Services Limited	0.03	-	0.03
	-	-	-
IIFL Asset Management Limited	2.47	-	2.47
	-	-	-
IIFL Wealth Management Limited	0.63	-	0.63
	(4.87)	-	(4.87)

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(₹ in millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Security Deposit receivable			
Aditi Athavankar	-	-	-
	-	(50.00)	(50.00)
IIFL Facilities Services Limited	8.75	-	8.75
	(11.70)	-	(11.70)
Outstanding ICD given			
IIFL Management Services Limited	569.10	-	569.10
	(290.00)	-	(290.00)
5paisa Capital Limited	1,000.00	-	1,000.00
	-	-	-
IIFL Facilities Services Limited	2,724.50	-	2,724.50
	(527.50)	-	(527.50)
Outstanding non convertible debenture issued			
IIFL Facilities Services Limited	200.00		200.00
	(200.00)	-	(200.00)
IIFL Management Services Limited	221.30		221.30
			-
IIFL Wealth Finance Limited	11.00		11.00
			-
Interest accrued on outstanding non convertible debenture issued			
IIFL Facilities Services Limited	12.88	-	12.88
	(12.82)	-	(12.82)
IIFL Management Services Limited	7.88	-	7.88
	-	-	-
IIFL Wealth Finance Limited	1.24	-	1.24
	-	-	-
Corporate Guarantee			
IIFL Securities Limited	-	-	-
	(811.00)	-	(811.00)
Gratuity payable*			
Mr.Nirmal Jain	-	1.42	1.42
	-	(1.20)	(1.20)
Mr.R. Venkataraman	-	1.44	1.44
	-	(1.20)	(1.20)
Mr.Sumit Bali	-	0.46	0.46
	-	(0.11)	(0.11)
Leave encashment payable*			
Mr.Nirmal Jain	-	6.69	6.69
	-	(4.84)	(4.84)
Mr.R. Venkataraman	-	3.54	3.54
	-	(3.44)	(3.44)
Mr.Sumit Bali	-	0.24	0.24
	-	(0.28)	(0.28)

* Based on acturial valuation report
#Amount is less than ₹ 0.01 mn hence shown as ₹ 0.00 mn wherever applicable.
(Figure in bracket represents previous year figures)

Note 41: Composite Scheme of Arrangement

Note 41.1: Demerged Operation in the previous year

The Board of Directors of the Company at their meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst India Infoline Finance Limited ("India Infoline Finance"), IIFL Finance Limited ("the Company"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth") and IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") which inter-alia, envisages the following:

i. amalgamation of IIFL M&R with the Company;
ii. demerger of the Securities Business Undertaking (as defined in the Scheme) of Company into IIFL Securities;
iii. demerger of the Wealth Business Undertaking (as defined in the Scheme) of Company into IIFL Wealth;
iv. transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis; and
v. Amalgamation of India Infoline Finance with the Company.

The Appointed Date for the amalgamation of IIFL M&R with the Company is opening hours of April 01, 2017 and for all the other steps, the Appointed Date is opening hours of April 01, 2018.
The National Company Law Tribunal Bench at Mumbai (Tribunal) approved the Scheme on March 07, 2019 under the applicable provisions of the Companies Act, 2013.
Certified copy of the said order of the Tribunal was received by the Company on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019 merely for complying with the provisions of Section 232 (5) of the Companies Act, 2013. .
Clause 56.2.4 of the Scheme states that Part V of the Scheme dealing with the merger of India Infoline Finance with the Company shall be made effective upon receipt of Non-Banking Finance Company (NBFC) registration by the Company from the Reserve Bank of India (RBI). Pending the receipt of NBFC registration from RBI and based on the legal opinion obtained by the Company, the Board of Directors at its meeting held on May 13, 2019 decided to give effect to the Scheme (except for the part relating to amalgamation of India Infoline Finance with the Company) in the following manner:

a) Merger of IIFL M&R with the Company with effect from the Appointed Date i.e. April 01, 2017;
b) Demerger of Securities Business Undertaking and the Wealth Business Undertaking from the Company with effect from the Appointed Date i.e. April 01,2018; and
c) Transfer of the Broking and Depository Participant Business Undertaking from IIFL Wealth to its wholly owned subsidiary, IIFL Distribution with effect from the Appointed Date April 01, 2018.
d) Merger of India Infoline Finance with the Company to be given effect after receipt of necessary registration from the RBI.

The Company fixed May 31, 2019 as the Record date for determining the eligibility of the shareholders of the Company for allotting shares of IIFL Securities and IIFL Wealth in the ratio of 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Securities for every 1 (One) equity share of Rs. 2 each of the Company and 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Wealth for every 7 (Seven) equity shares of Rs. 2 each of the Company. Accordingly on June 6, 2019, IIFL Securities and IIFL Wealth allotted 31,92,34,462 & 4,56,04,924 equity shares respectively to eligible shareholders of the Company. IIFL Securities and IIFL Wealth had filed their respective Listing Application with Stock exchange(s) and the In principle approval for listing of equity shares of IIFL Securities and IIFL Wealth was received on August 13, 2019 (NSE) and August 21, 2019 (BSE) & August 19, 2019 (NSE) and August 21, 2019 (BSE) respectively. Accordingly, the shares of IIFL Wealth and IIFL Securities were listed on Stock Exchanges(s) on September 19, 2019 and September 20, 2019 respectively.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

(I) Following Assets and Liabilities were transferred to Respective undertakings on April 01, 2018 as per the composite scheme of arrangement

(₹ in millions)

Particulars	Securities Undertaking	Wealth Undertaking
ASSETS		
1. Financial Assets		
(a) Cash and cash equivalents	187.25	38.46
(b) Bank Balance other than (a) above	2.49	0.07
(c) Receivables		
(I) Trade receivables	23.04	2.38
(II) Other receivables	1.54	-
(d) Investments	1,256.67	66.02
(e) Other financial assets	40.11	3.36
Sub-total	**1,511.10**	**110.29**
2. Non-financial Assets		
(a) Current tax assets (net)	-	-
(b) Deferred tax Assets (net)	-	20.08
(c) Property, Plant and Equipment	6.57	3.39
(d) Other intangible assets	3.62	1.75
(e) Other non-financial assets	3.05	2.06
Sub-total	**13.24**	**27.28**
Total Assets	**1,524.34**	**137.57**
LIABILITIES AND EQUITY		
LIABILITIES		
1. Financial Liabilities		
(a) Payables		
(I)Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3.48	2.83
(II) Other payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(b) Other financial liabilities	-	34.61
Sub-total	**3.48**	**37.44**
2. Non-Financial Liabilities		
(a) Current tax liabilities (Net)	-	-
(b) Provisions	28.38	2.10
(c) Deferred tax liabilities (Net)	8.41	-
(d) Other non-financial liabilities	13.92	0.97
Sub-total	**50.71**	**3.07**
Total Liabilities	**54.19**	**40.51**
Net Assets transferred	**1,470.15**	**97.06**

(II) Following table showing movement of capital reserve

(₹ in millions)

Particulars	As at March 31, 2019	As at April 01, 2018
Net assets value of Securities Business Undertaking (a)	1,414.99	1,470.15
Net assets value of Wealth Business Undertaking (b)	116.47	97.06
Cancellation of investments in IIFL Securities and IIFL Wealth (c)	2,678.13	2,678.13
ESOP reserves (d)	24.95	-
Retain earnings (e)	179.56	-
Adjustments to Capital Reserve out of above (a+b+c-d-e) *	**4,005.08**	**4,245.33**

* As there is no cash settlement, movement of assets and liabilities and profit and loss and other comprehensive income for the period ended March 31, 2019 has been adjusted against capital reserve.

Note 41.2: Merger

The Company received the Non-banking Financial Company License dated March 06, 2020, bearing Certificate of Registration No. N-13.02386 from the Reserve Bank of India to carry on the Non Banking Financial Activity on March 11, 2020. Thereafter, the Company has decided to give effect to the amalgamation of India Infoline Finance and the Company with effect from March 30, 2020 with Appointed date as April 1, 2018.

Consequently, the residual shareholders of India Infoline Finance Limited were allotted 5,86,54,556 shares of the Company on March 30, 2020 in the ratio 135 fully paid up equity shares of ₹ 2 each in the Company for every 100 shares held in India Infoline Finance Limited. The said new shares got listed and admitted for trading w.e.f. April 27, 2020 in terms of final listing and trading approval received from NSE and BSE.

Pursuant to the merger, the Company has filed the revised Return of Income for FY 2018-19 on March 31, 2020 by applying corporate tax rate @ 25% on the taxable Income of the merged entity considering the turnover of the Company for FY 2016-17 being less than ₹ 2,500 millions. As a result, the merged tax liability of the Company has reduced and thereby, the excess current tax provision and deferred tax assets created of ₹ 391.06 millions and ₹ 493.81 millions respectively, in the books India Infoline Finance Limited, has been reversed during the year ended on March 31, 2019.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

(I) Following Assets Liabilities and Other Equity were transferred from India Infoline Finance Limited as on April 01, 2018 as per the Composite Scheme of Arrangement

(₹ in millions)

Particulars	As at April 01, 2018
ASSETS	
1. Financial Assets	
(a) Cash and cash equivalents	1,535.36
(b) Bank Balance other than (a) above	8,946.97
(c) Receivables	
(I) Trade receivables	207.19
(d) Loans	1,55,971.83
(e) Investments	17,235.69
(f) Other financial assets	1,013.61
Sub-total	**1,84,910.65**
2. Non-financial Assets	
(a) Current tax assets (net)	1,186.54
(b) Deferred tax Assets (net)	2,967.34
(c) Investment Property	2,451.14
(d) Property, Plant and Equipment	626.96
(e) Capital work-in-progress	41.93
(f) Other intangible assets	13.07
(g) Other non-financial assets	122.76
Sub-total	**7,409.74**
Total Assets	**1,92,320.39**
LIABILITIES AND EQUITY	
LIABILITIES	
1. Financial Liabilities	
(a) Payables	
(I)Trade payables	
(i) Total outstanding dues of micro enterprises and small enterprises	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	412.66
(II) Other payables	
(i) Total outstanding dues of micro enterprises and small enterprises	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-
(b) Debt Securities	92,958.27
(c) Borrowings (Other than Debt Securities)	50,535.75
(d) Subordinated Liabilities	9,413.66
(e) Other financial liabilities	5,424.09
Sub-total	**1,58,744.43**

(₹ in millions)

Particulars	As at April 01, 2018
2. Non-Financial Liabilities	
(a) Current tax liabilities (Net)	459.49
(b) Provisions	160.73
(c) Other non-financial liabilities	864.94
Sub-total	**1,485.16**
Total Liabilities	**1,60,229.59**
Net Assets	**32,090.80**
Less : Other Equity	(29,283.38)
Net Assets transferred	**2,807.42**

(II) Following table showing movement of capital reserve

(₹ in millions)

Particulars	As at April 01, 2018
Cancellation of investments in IIFL Finance Limited (a)	10,189.71
Net Assets transferred (b)	2,807.42
Securities Premium to be Cancelled on account of merger (c)	7,816.25
Cancellation of Non Controlling Interest (d)	4,527.28
Issue of new equity share of IIFL Finance Limited in Ratio 135:100 (e)	117.31
Capital reserve created on account out of above (a-b-c-d+e)	**(4,843.93)**

Previous year numbers have been recasted to give effect to the above scheme of merger w.e.f April 01, 2018, being the appointed date of merger as per the Court approved scheme.

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Note 42.1. Maturity analysis of assets and liabilities as at March 31, 2020 **(₹ in millions)**

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	15,656.01	-	15,656.01
(b)	Bank balance other than (a) above	15,483.00	1,020.17	16,503.17
(c)	Derivative financial instruments	-	2,426.49	2,426.49
(d)	Receivables			
	(i) Trade receivables	295.22	-	295.22
	(ii) Other receivables	-	-	-
(e)	Loans	1,25,535.58	1,59,784.15	2,85,319.73
(f)	Investments	6,442.94	1,105.35	7,548.29
(g)	Other financial assets	924.80	2,531.30	3,456.10
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	41.89	2,074.09	2,115.98
(b)	Deferred tax assets (net)	-	2,429.46	2,429.46
(c)	Investment property	-	2,030.80	2,030.80
(d)	Property, plant and equipment	-	1,141.50	1,141.50
(e)	Capital work-in-progress	-	24.94	24.94
(f)	Right of-use assets	-	2,771.26	2,771.26
(g)	Other Intangible assets	-	12.51	12.51
(h)	Other non-financial assets	1,499.64	179.64	1,679.28
	Total Assets	**1,65,879.08**	**1,77,531.66**	**3,43,410.74**
	Liabilities And Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	267.63	171.55	439.18
(b)	Payables			
	(I)Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	836.26	-	836.26
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Finance lease obligation	479.96	2,433.57	2,913.53
(d)	Debt securities	21,388.62	60,456.31	81,844.93
(e)	Borrowings (other than debt securities)	69,192.20	98,357.22	1,67,549.42
(f)	Subordinated liabilities	2,524.97	17,912.02	20,436.99
(g)	Other financial liabilities	17,264.47	2,738.95	20,003.42
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	424.97	-	424.97
(b)	Provisions	289.74	320.14	609.88
(c)	Other non-financial liabilities	696.03	-	696.03
[3]	**EQUITY**			
(a)	Equity Share capital	-	756.68	756.68
(b)	Other Equity	-	46,843.05	46,843.05
(c)	Non-controlling interest	-	56.40	56.40
	Total Liabilities and Equity	**1,13,364.85**	**2,30,045.89**	**3,43,410.74**

Note 42.2. Maturity analysis of assets and liabilities as at March 31, 2019 (₹ in millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	12,754.06	-	12,754.06
(b)	Bank balance other than (a) above	12,227.76	234.52	12,462.28
(c)	Derivative financial instruments	-	55.42	55.42
(d)	Receivables			
	(i) Trade receivables	364.00	-	364.00
	(ii) Other receivables	20,177.78	-	20,177.78
(e)	Loans	1,26,905.48	1,46,869.17	2,73,774.65
(f)	Investments	2,002.72	121.21	2,123.93
(g)	Other financial assets	444.76	1,597.85	2,042.61
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	26.24	1,606.90	1,633.14
(b)	Deferred tax assets (net)	-	2,952.58	2,952.58
(c)	Investment property	-	2,634.85	2,634.85
(d)	Property, plant and equipment	-	1,027.80	1,027.80
(e)	Capital work-in-progress	-	67.77	67.77
(f)	Other Intangible assets	-	23.50	23.50
(g)	Other non-financial assets	260.17	33.97	294.14
	Total Assets	**1,75,162.97**	**1,57,225.54**	**3,32,388.51**
	Liabilities And Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	14.78	468.55	483.33
(b)	Payables			
	(I)Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,087.23	-	1,087.23
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Debt securities	54,217.03	51,644.46	1,05,861.49
(d)	Borrowings (other than debt securities)	46,977.88	96,835.37	1,43,813.25
(e)	Subordinated liabilities	-	15,495.79	15,495.79
(f)	Other financial liabilities	17,221.42	2,575.91	19,797.33
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	546.39	-	546.39
(b)	Provisions	292.78	351.82	644.60
(c)	Other non-financial liabilities	1,072.05		1,072.05
[3]	**EQUITY**			
(a)	Equity Share capital	-	638.41	638.41
(b)	Incremental shares pending issuance		117.31	117.31
(c)	Other Equity	-	42,787.26	42,787.26
(d)	Non-controlling interest	-	44.07	44.07
	Total Liabilities and Equity	**1,21,429.56**	**2,10,958.95**	**3,32,388.51**

Note 43. Corporate Social Responsibility:

During the financial year 2019-2020, the Group has spent ₹ 183.67 million (March 31, 2019 ₹ 145.07 million) out of the total amount of ₹ 183.67 million (March 31, 2019 ₹ 145.07 million) required to be spent as per section 135 of the Companies Act, 2013 in respect of Corporate Social Responsibility (CSR). The aforementioned amount has been contributed to India Infoline Foundation.

Note 44. Additional information pursuant to para 2 of general instructions for the preparations of Consolidated Financial Statements:

Name of entity in the Group	Net Assets i.e Total Assets less Total Liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in millions)	As % of consolidated profit or loss	Amount (₹ in millions)	As % of consolidated other comprehensive income	Amount (₹ in millions)	As % of consolidated total comprehensive income	Amount (₹ in millions)
IIFL Finance Limited (Formerly IIFL Holdings Limited)	51.90%	24,732.84	33.39%	1,680.95	37.33%	(24.86)	33.33%	1,656.09
Indian Subsidiaries								
IIFL Home Finance Limited (formerly India Infoline Housing Finance Limited)	37.77%	18,000.14	48.65%	2,449.23	55.15%	(36.73)	48.56%	2,412.50
Samasta Microfinance Limited	10.57%	5,035.15	20.99%	1,056.60	7.41%	(4.94)	21.17%	1,051.66
Clara Developers Private Limited	0.00%	(0.00)	0.00%	(0.08)	-	-	0.00%	(0.08)
Trust with Residual Benefecial Interest								
Eminent Trust October 2019	-0.18%	(86.70)	-1.72%	(86.70)	-	-	-1.75%	(86.70)
Eminent Trust November 2019	-0.17%	(81.70)	-1.62%	(81.70)	-	-	-1.64%	(81.70)
Subtotal	**99.88%**	**47,599.73**	**99.67%**	**5,018.30**	**99.89%**	**(66.53)**	**99.67%**	**4,951.77**
Non Controlling interest in subsidiaries	0.12%	56.40	0.33%	16.43	0.11%	(0.07)	0.33%	16.36
Total		**47,656.13**		**5,034.73**		**(66.60)**		**4,968.13**

Note 45. Segment Reporting

The Group's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Group revolve around the main business. The risk and returns of the business of the Group is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments as per the Indian Accounting Standard 108 on 'Segment Reporting'.

Note 46. Shared services

The Group operates from and uses the premises, infrastructure and other facilities and services as provided to it by its group companies, which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the Group were identified and recovered/recoverable from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

Note 47. Previous year's figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly IIFL Holdings Limited)

NIRMAL JAIN
Chariman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

SUMIT BALI
Cheif Execuritve Officer

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Place : Mumbai
Dated: June 27, 2020

IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)

Annexure - I

CONSOLIDATED STATEMENT OF CAPITALISATION

₹ in Million

	Pre issue as at March 31, 2020 (D) *	Proposed proceeds from the issue**(E)	Post Issue** (F= D+F)
Debt			
Debt Securities & Subordinated Liabilities	102,281.92	50,000.00	152,281.92
Borrowings (Other than Debt Securities)	167,549.42	-	167,549.42
Total Debt (A)	**269,831.34**	**50,000.00**	**319,831.34**
Equity			
Equity and Share Capital	756.68	-	756.68
Other Equity	46,843.05	-	46,843.05
Non-controlling interest	56.40	-	56.40
Total Equity (B)	**47,656.13**	**-**	**47,656.13**
Debt / Equity (A/ B)	**5.66**		**6.71**

* As per Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.
** The figures for the respective financial statements line items under Post Issue column are derived after considering the impact due to proposed issue and it does not consider any other transactions or movements for such financial statements line items after March 31, 2020. The debt-equity ratio post the Issue is indicative on account of the assumed inflow of Rs.50,000 million from the proposed Issue as on March 31, 2020. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.

For V Sankar Aiyar & Co.
Chartered Accountants
(FRN 109208W)

For IIFL Finance Limited
(Formerly IIFL Holdings Limited)

G. Sankar
Partner
(M.No.46050)

R. Venkataraman
Managing Director
(DIN : 00011919)

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : June 27, 2020

IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)

Annexure - II

CONOSOLIDATED STATEMENT OF ACCOUNTING RATIOS AS PER INDAS

1. Basic and Diluted Earnings per Share

Particulars	As at March 31, 2020	As at March 31, 2019
Weighted average number of equity shares outstanding for computation of Basic EPS (A)	378,044,762	377,715,954
Add: Potential equity shares (B)	936,649	2,581,740
Weighted average number of equity shares used in computation of diluted earnings per share (C=A+B)	378,981,411	380,297,694
Profit after Tax attributable to equity shareholders [Rs.in million] (D)	5,018.30	7,946.20
Nominal Value of share [in Rs.]	2.00	2.00
Basic earnings per share [in Rs.] (E=(D/A)) (not annualised)	**13.27**	**21.04**
Diluted earnings per share [in Rs.] (F=(D/C)) (not annualised)	**13.24**	**20.89**

2. Return on Networth

Particulars	As at March 31, 2020	As at March 31, 2019
Total Comprehensive Income excluding exceptional items/change in the rate of opening deferred tax [Rs.in million] (A)	5,467.16	6,810.71
Average networth [Rs.in million] (B) <Refer Annexure 1A>	44,789.14	54,231.50
Return on networth (A/B) (annualised)	**12.21%**	**12.56%**

3. Net Asset Value Per Equity Share

Particulars	As at March 31, 2020	As at March 31, 2019
Number of equity shares (A)	378,340,922	377,857,648
Networth [Rs.in million] (B) <Refer Annexure 1A>	46,660.96	42,917.33
Net asset value per equity share (B/A)	**123.33**	**113.58**

4. Debt-equity ratio

Particulars	As at March 31, 2020	As at March 31, 2019
Debt [Rs.in million] (A) <Refer Annexure 1A>	269,831.34	265,170.53
Equity [Rs.in million] (B)	47,656.13	43,587.05
Debt-equity ratio (A/B)	**5.66**	**6.08**

For V Sankar Aiyar & Co.
Chartered Accountants
(FRN 109208W)

G. Sankar
Partner
(M.No.46050)

For IIFL Finance Limited
(Formerly IIFL Holdings Limited)

R. Venkataraman
Managing Director
(DIN : 00011919)

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : June 27, 2020

IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)

Annexure 1A

₹ in Million

Particulars		**FY 2020**	**FY 2019**
Share Capital		756.68	755.72
Reserve and Surplus		46,843.05	42,787.26
Non-controlling interest		56.40	44.07
Total Equity	**a**	**47,656.13**	**43,587.05**
Less: Prepaid expense and Unamortised debenture issue expenses		995.18	669.73
Total	**b**	**995.17**	**669.73**
Networth	**c=a-b**	**46,660.96**	**42,917.33**
Average Networth (Refer Note a)		**44,789.14**	**54,231.50**
Total Debt			
(i) Debt Securities		81,844.93	105,861.49
(ii) Borrowings (Other than Debt Securities)		167,549.42	143,813.25
(iii) Subordinated Liabilities		20,436.99	15,495.79
Total Debt		**269,831.34**	**265,170.53**

Note: a) Average Networth means sum of opening and closing Networth divided by two.

Independent Auditor's Examination Report on Reformatted Standalone Financial Statements As Per IGAAP

To the Board of Directors of IIFL Finance Limited (formerly known as IIFL Holdings Limited)

Dear Sirs,

1) We have examined the attached Reformatted Standalone Financial Statements As per IGAAP of IIFL Finance Limited (formerly known as IIFL Holdings Limited) ("the Company" or "the Issuer") comprising the Reformatted Standalone Statement of Assets and Liabilities as at March 31, 2018 , 2017 and 2016 the Reformatted Standalone Statement of Profit and Loss, the Reformatted Standalone Statement of Cash Flows for the years ended March 31, 2018, 2017 and 2016 and the Statement of Significant Accounting Policies and other Explanatory Information (collectively, the "Reformatted Standalone Financial Statements under IGAAP"). The Reformatted Standalone Financial Statements under IGAAP have been prepared by the Management of the Company on the basis of Note 1 to the Reformatted Standalone Financial Statements under IGAAP and have been approved by the Finance Committee of the Board of Directors of the Company vide its Resolution dated June 27, 2020 for the purpose of inclusion in the Draft Shelf Prospectus, Shelf Prospectus and respective Tranche Prospectus(es) (the "Offer Documents") prepared by the Company in connection with its proposed public issue of Secured Redeemable Non-Convertible Debentures and / or Unsecured Redeemable Non-Convertible Debentures ("the Debentures" or "the NCDs) prepared in terms of the requirements of:
   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
   b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("the Regulations"); and
   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2) The Company's Board of Directors is responsible for the preparation of the Reformatted Standalone Financial Statements under IGAAP for the purpose of inclusion in the Offer Document to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Mumbai in connection with the proposed public issue of NCDs. The Reformatted Standalone Financial Statements under IGAAP have been prepared by the Management of the Company on the basis of preparation stated in Note 1 to the Reformatted Standalone Financial Statements under IGAAP. The Board of Directors is responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted Standalone Financial Statements under IGAAP. The Company's Board of Directors are responsible for identifying and ensuring that the Company complies with the Act, the Regulations and the Guidance Note.

3) We have examined such Reformatted Standalone Financial Statements under IGAAP taking into consideration:
   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated June 25, 2020 in connection with the proposed public issue of Debentures / NCDs of the Company;
   b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Standalone Financial Statement; and
d) The requirements of Section 26 of the Act and the Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Regulations and the Guidance Note in connection with the proposed public issue of Debentures / NCDs.

4) These Reformatted Standalone Financial Statements under IGAAP have been compiled by the management from the audited Standalone financial statements of the Company as at and for the years ended March 31, 2018, 2017 and 2016 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Act, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 3, 2018, May 4, 2017 and May 5, 2016 respectively and audited by the auditors of the Company for those years. In relation to the aforesaid standalone financial statements audited by the previous auditors of the Company, we have not carried out any audit tests or review procedures, and, accordingly reliance has been placed on the financial statements audited by the previous auditors for the said years.

5) For the purpose of our examination, we have relied on the Auditor's Report issued by M/s Deloitte Haskins & Sells LLP, the previous statutory auditors of the Company on the Standalone Financial Statements for the year ended March 31, 2018 dated May 3, 2018 and the Auditor's Report issued by M/s Sharp and Tannan Associates, the earlier statutory auditors of the Company on the Standalone Financial Statements for the years ended March 31, 2017 and 2016, dated May 4, 2017 and May 5, 2016 respectively.

6) The Standalone Financial Statements as at and for the years ended March 31, 2018, 2017 and 2016 reported upon by the previous auditors of the Company on which reliance has been placed by us, have been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure requirements of the financial year ended March 31, 2018. The figures included in the Reformatted Standalone Financial Statements, do not reflect the effects of changes in accounting policies or events that occurred subsequent to the date of the reports of the previous auditors referred to in Para 5 above.

7) The Auditor's Report on the Standalone Financial Statements issued by M/s Deloitte Haskins & Sells LLP, the previous statutory auditors of the Company for the financial year 2017-18 dated May 3, 2018 was unmodified and contained the following Other Matters:

"Other Matters

The standalone financial statements of the company for the year ended 31st March 2017, were audited by M/s. Sharp and Tannan Associates, the predecessor auditor, who expressed an unmodified opinion on those standalone financial statements on 4 May 2017.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory requirements are not modified in respect of the above matters"

8) The Auditor's Report on the Standalone Financial Statements issued by M/s Sharp and Tannan Associates, the earlier statutory auditors of the Company for the financial year 2016-17 dated May 4, 2017 was unmodified.

9) The Auditor's Report on the Standalone Financial Statements issued by M/s Sharp and Tannan Associates, the earlier statutory auditors of the Company for the financial year 2015-16 dated May 5, 2016 was unmodified.

10) Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the report of the other auditor as mentioned in Para 5 above, we report that the Reformatted Standalone Financial Statements under IGAAP are prepared, in all material respect, on the basis described in Note 1 to the Reformatted Standalone Financial Statements under IGAAP.

11) At the request of the Company, we have also examined the following Standalone Financial Information of the Company as at and for the years ended March 31, 2018, 2017 and 2016 prepared by the Management and approved by the Finance Committee of the Board of Directors vide Resolution dated June 27, 2020:
    (i) Standalone Statement of Dividend as per IGAAP enclosed as Annexure I; and
    (ii) Standalone Statement of Accounting Ratios as per IGAAP enclosed as Annexure II.

12) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by the previous statutory auditors, nor should this be construed as a new opinion on any of the financial statements referred to herein.

13) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

14) Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Mumbai, Maharashtra in connection with the proposed issue of Debentures / NCDs. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **V. Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

Place: Mumbai
Date: June 27, 2020

(G.SANKAR)
Partner
(M.No. 046050)
UDIN: 20046050AAAADM2718

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED

(FORMERLY IIFL HOLDINGS LIMITED)

REFORMATTED STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(₹ in millions)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
I EQUITY AND LIABILTIES				
(1) Shareholder's funds				
(a) Share capital	3	637.96	635.82	633.07
(b) Reserves and surplus	4	13,917.72	14,359.11	14,125.84
Sub total		**14,555.68**	**14,994.93**	**14,758.91**
(2) Share application money pending allotment	5	4.16	1.46	-
(3) Non-current liabilities				
(a) Long-term provisions	6	14.94	11.08	6.88
Sub total		**14.94**	**11.08**	**6.88**
(4) Current liabilities				
(a) Trade payables	7			
- Total outstanding dues of micro enterprises and small enterprises		-	-	
- Total outstanding dues of creditors other than micro enterprises and small enterprises		13.32	11.05	16.13
(b) Other current liabilities	8			
- Current maturity of long term borrowings		-	500.00	500.00
- Others		95.46	147.60	83.62
(c) Short-term provisions	6	41.47	43.50	36.21
Sub total		**150.25**	**702.15**	**635.96**
TOTAL		**14,725.03**	**15,709.62**	**15,401.75**
II ASSETS				
(1) Non-current assets				
(a) Fixed assets	9			
(i) Tangible assets		14.82	7.88	8.72
(ii) Intangible assets		8.32	12.76	0.47
(iii) Capital work-in-progress		-	-	16.09
Sub total		**23.14**	**20.64**	**25.28**
(b) Non-current investments	10	14,090.47	14,438.41	14,173.50
(c) Deferred tax assets (Net)	11	106.77	132.99	146.92
(d) Long-term loans and advances	12	256.64	227.15	251.46
Sub total		**14,453.88**	**14,798.55**	**14,571.88**
(2) Current assets				
(a) Current investments	13	-	780.00	-
(b) Trade receivables	14	23.04	10.93	52.43
(c) Cash and cash equivalents	15	208.41	85.32	33.44
(d) Short-term loans and advances	12	14.47	6.78	707.39
(e) Other current assets	16	2.09	7.40	11.33
Sub total		**248.01**	**890.43**	**804.59**
TOTAL		**14,725.03**	**15,709.62**	**15,401.75**
See accompanying notes forming part of the reformatted standalone financial statements	1-36			

In terms of our report attached.

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL Finance Limited
(Formerly IIFL Holdings Limited)

G. Sankar
Partner
Membership No. 046050

Nirmal Jain
Chairman
(DIN: 00010535)

R.Venkataraman
Managing Director
(DIN: 00011919)

Sumit Bali
Chief Executive Officer

Place : Mumbai
Dated: June 27, 2020

Rajesh Rajak
Chief Financial Officer

Gajendra Thakur
Company Secretary

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED

(FORMERLY IIFL HOLDINGS LIMITED)

REFORMATTED STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ in millions)

Particulars	Note No.	2017-18	2016-17	2015-16
(A) CONTINUING OPERATIONS				
1. INCOME				
(a) Revenue from operations	17	1,587.64	1,426.05	1,323.29
(b) Other income	18	0.45	2.66	-
Total income		**1,588.09**	**1,428.71**	**1,323.29**
2. EXPENDITURE				
(a) Employee benefit expenses	19	3.06	2.61	8.53
(b) Depreciation and Amortisation expenses	20	4.19	1.94	0.17
(c) Administration and other expenses	21	29.81	17.40	24.00
Total expenses		**37.06**	**21.95**	**32.70**
3. Profit before tax from continuing operations (1 - 2)		**1,551.03**	**1,406.76**	**1,290.59**
4. Tax expenses :				
Current tax		-	-	
Deferred tax		-	-	
Total tax expenses		**-**	**-**	**-**
5. Profit for the year from continuing operations (3 - 4)		**1,551.03**	**1,406.76**	**1,290.59**
(B) DISCONTINUING OPERATIONS				
6. Profit before tax from discontinuing operations	32	**775.13**	**300.70**	**613.73**
7. Tax expenses of discontinuing operations	32	**282.68**	**139.68**	**184.51**
8. Profit after tax from discontinuing operations (6 - 7)	32	**492.45**	**161.02**	**429.22**
(C) TOTAL OPERATIONS				
9. Profit for the year (5 + 8)		**2,043.48**	**1,567.78**	**1,719.81**
Earnings per share (Face Value ₹ 2)				
Basic (in ₹)	22			
Continuing operations		4.87	4.44	4.12
Total operations		6.42	4.94	5.49
Diluted (in ₹)	22			
Continuing operations		4.86	4.41	4.09
Total operations		6.40	4.92	5.46
See accompanying notes forming part of the reformatted standalone financial statements	1-36			

In terms of our report attached.

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL Finance Limited
(Formerly IIFL Holdings Limited)

G. Sankar
Partner
Membership No. 046050

Nirmal Jain
Chairman
(DIN: 00010535)

R.Venkataraman
Managing Director
(DIN: 00011919)

Sumit Bali
Chief Executive Officer

Place : Mumbai
Dated: June 27, 2020

Rajesh Rajak
Chief Financial Officer

Gajendra Thakur
Company Secretary

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED STANDALONE STATEMENT OF CASH FLOWS

(₹ in millions)

Particulars	Note No.	2017-18		2016-17		2015-16	
(A) CASH FLOW FROM CONTINUING OPERATIONS							
Cash flows from operating activities							
Profit before taxation			1,551.03		1,406.76		1,290.59
Adjustments for:							
Depreciation and Amortisation	20	4.18		1.94		0.17	
Gratutiy expense	19	0.91		0.12		1.11	
Leave encashment expense		0.26		0.17		0.17	
Provision on other loan and advances	21	2.44		-		-	
Dividend income	17	(1,587.64)	(1,579.85)	(1,426.06)	(1,423.83)	(1,323.29)	(1,321.83)
Operating loss before working capital changes			**(28.82)**		**(17.07)**		**(31.24)**
Decrease/(Increase) in current and non-current assets		(7.50)		(4.15)		7.72	
Increase / (Decrease) in current and non-current liabilities		75.72	68.22	(3.27)	(7.42)	(132.29)	(124.57)
Cash (used in)/generated from operations			**39.40**		**(24.49)**		**(155.81)**
Tax (Paid) / Refund			(21.36)		26.99		24.87
Net cash (used in)/generated from operating activities (a)			**18.04**		**2.50**		**(130.95)**
Cash flows from investing activities							
Purchase of fixed assets (includes intangible assets)		(10.20)		(0.15)		(6.44)	
Investment in subsidiaries		(1,560.35)		(879.99)		(390.51)	
Redemption of investment in a subsidiary		750.00		500.00		-	
Dividend income	17	1,587.64		1,426.06		1,323.29	
Net cash (used in)/generated from investing activities (b)			**767.09**		**1,045.92**		**926.34**
Cash flows from financing activities							
Proceeds from issuance of share capital		96.59		98.06		379.27	
Proceeds from share application money pending allotment		2.70		1.46		-	
Dividend paid (including dividend distribution tax)		(1,593.34)		(1,429.82)		(1,340.80)	
Net cash (used in)/generated from financing activities (c)			**(1,494.05)**		**(1,330.30)**		**(961.53)**
Net decrease in cash and cash equivalents from continuing operations - I (a+b+c)			**(708.92)**		**(281.88)**		**(166.14)**
(B) CASH FLOW FROM DISCONTINUING OPERATIONS							
Net cash (used in)/generated from operating activities (i)			451.16		864.06		(210.44)
Net cash (used in)/generated from investing activities (ii)			1,054.29		(529.05)		(9.40)
Net cash (used in)/generated from financing activities (iii)			(676.38)		(4.79)		-
Net increase in cash and cash equivalents from discontinuing operations - II (i+ii+iii)			**829.07**		**330.22**		**(219.84)**
Dated: June 27, 2020							
Net increase in cash and cash equivalents (I + II)			**120.15**		**48.34**		**(385.98)**
Cash and cash equivalents at beginning of the year			77.53		29.19		415.17
Cash and cash equivalents at end of the year			**197.68**		**77.53**		29.19
Add : Earmarked balances with banks	15		8.24		6.79		4.25
Add : Fixed deposits considered in Investing activities	15		2.49		1.00		-
Cash and cash equivalents as at the end of the year	15		**208.41**		**85.32**		**33.44**
See accompanying notes forming part of the reformatted standalone financial statements	1-36						

In terms of our report attached.

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL Holdings Limited
(Formerly IIFL Holdings Limited)

G. Sankar
Partner
Membership No. 046050

Nirmal Jain
Chairman
(DIN: 00010535)

R.Venkataraman
Managing Director
(DIN: 00011919)

Sumit Bali
Chief Executive Officer

Place : Mumbai
Dated: June 27, 2020

Rajesh Rajak
Chief Financial Officer

Gajendra Thakur
Company Secretary

Note 1. The Company has prepared the Reformatted Standalone Statement of Assets and Liabilities as at March 31, 2018, 2017 and 2016 and Reformatted Standalone Statements of Profit and Loss and the Reformatted Standalone Statement of Cash Flows for the years ended March 31, 2018, 2017 and 2016 and the significant accounting policies and other explanatory information (together comprising the "Reformatted Standalone Financial Statements"). Accordingly these Reformatted Standalone Financial Statements will be included in the draft shelf prospectus proposed to be filed by the Company with the National Stock Exchange of India Limited, BSE Limited, Securities and Exchange Board of India (the "SEBI") (the "Draft Shelf Prospectus") in connection with the proposed public issue by the Company of Secured Redeemable Non-Convertible Debentures and/or Unsecured Subordinated Redeemable Non-Convertible Debentures.

The Reformatted Standalone Financial Statement are based on and have been extracted by the Management of the Company from the Audited Standalone Financial Statements of the Company for the years ended March 31, 2018, 2017 and 2016. The Reformatted Standalone Financial Statements as at and for the years ended March 31, 2017 and 2016 has been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure in line Audited Standalone Financial Statements for the year ended March 31, 2018 to comply with requirements of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended to date (the "SEBI (ILDS) Regulations") issued by the Securities and Exchange Board of India (the "SEBI").

These Reformatted Standalone Financial Statements, do not reflect the effects of events that occurred subsequent to the dates of approval of the audited Standalone Financial Statements of the respective years by the Board of Directors of the Company and also do not reflect the effects of change in accounting policies from one year to another, if any.

These Reformatted Standalone Financial Statements have been approved by the Finance Committee of the Board of Directors on its meeting held on June 27, 2020.

Note 1.1 Corporate Information:

IIFL Finance Limited (Formerly IIFL Holdings Limited) was incorporated on October 18, 1995 and is engaged in Merchant Banking and Investment Advisory services besides holding investments in subsidiaries. The Group's business consists of finance, financial services, capital market services, distribution of financial products and wealth management services which are carried out by separate subsidiaries of IIFL Finance Limited.

Note 2. Significant Accounting Policies:

2.1 Basis of accounting and 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. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates:

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

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 Fixed Assets, Depreciation and Amortization:

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 for 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 assets. Individual assets / group of similar assets costing up to ₹ 5,000 has been depreciated in full in the year of purchase.

Estimated useful life of the assets is as under:

Class of Assets	Useful life in Years
Buildings*	20
Computers*	3
Office Equipment	5
Electrical Equipment *	5
Furniture and Fixtures*	5
Vehicles*	5
Software	3

* 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.

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.

2.6 Foreign currency Transaction and translation

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.

All other assets and liabilities of are translated at the year-end rates.

2.7 Revenue Recognition:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

(a) Income related to advisory activities, Investment banking, Merchant banking is accounted on accrual basis.
(b) Dividend income is recognized when the right to receive payment is established.
(c) Capital Gain/Loss on sale of Investments is recognized on the date of trade.
(d) Interest Income is recognized on accrual basis.

2.8 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 and when services are rendered by the employees.

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. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

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 cost of short-term compensated absences is accounted as under:

(a) In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) In case of non-accumulating compensated absences, when the absences occur.

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.

2.9 Deferred Employee Stock Compensation:

The stock options granted by the Company are accounted for as per the accounting treatment prescribed by SEBI (Employee Stock Option Scheme and Employee Stock Purchase) Guideline, 1999/ SEBI (Share Based Employee Benefits) Regulations, 2014 and the guidance note on Accounting for Stock Options issued by The Institute of Chartered Accountant of India, whereby the intrinsic value of the options are recognized as deferred employee compensation.

2.10 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. Contingent assets are not recognised in the financial statements.

2.11 Taxes on Income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the 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 are 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 recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

2.12 Operating Leases:

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Initial direct cost incurred specifically for operating leases are recognised as expense in the Statement of Profit and Loss in the year in which they are incurred.

2.13 Investments:

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.14 Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion 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.

2.15 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 profit & loss account over the period of the borrowings.

2.16 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.

2.17 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 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.18 Segment reporting

The Company's primary business segments are reflected based on the principal business carried out, i.e. merchant banking. All other activities of the Company revolve around the main business. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments as per the Accounting Standard 17 on 'Segment Reporting'.

Note 3. Share Capital

a. The Authorised, Issued, Subscribed and fully paid up share capital:

(₹ in millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Authorised Share Capital			
600,000,000 (March 2017 600,000,000 and March 2016 600,000,000) Equity Shares of ₹2 each	1,200.00	1,200.00	1,200.00
Issued , Subscribed and Paid Up Share Capital			
318,979,026 (March 2017 317,908,193 and March 2016 316,536,853) Equity Shares of ₹2 each fully paid – up with voting rights	637.96	635.82	633.07
Total	**637.96**	**635.82**	**633.07**

b. Reconciliation of the shares outstanding at the beginning and end of the year:

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Number of Shares	₹ In millions	Number of Shares	₹ In millions	Number of Shares	₹ In millions
At the beginning of the year	317,908,193	635.82	316,536,853	633.07	310,233,948	620.47
Add:- Stock option exercised [refer Note 28]	1,070,833	2.14	1,371,340	2.75	6,302,905	12.60
Outstanding at the end of the year	**318,979,026**	**637.96**	**317,908,193**	**635.82**	**316,536,853**	**633.07**

c. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. During the year ended March 31, 2018, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 5.00 (March 2017 ₹ 4.50 and March 2016 ₹ 4.25/-).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Detail of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 2 each fully paid up						
FIH Mauritius Investments Ltd	84,641,445	26.54	84,641,445	26.62	68,788,445	21.73
Nirmal Bhanwarlal Jain	47,952,000	15.03	51,252,000	16.12	51,252,000	16.19
HWIC Asia Fund Class A Shares	28,362,530	8.89	27,910,000	8.78	27,910,000	8.82
Venkataraman Rajamani*	10,909,432	3.42	19,909,432	6.26	19,909,432	6.29
Madhu N Jain*	13,700,000	4.29	17,000,000	5.35	17,000,000	5.37
Copthall Mauritius Investment Limited*	-	-	452,530	0.14	16,305,530	5.15

* Position as on March 31, 2018 is given as they were shareholders with more than 5% shareholding as on March 31, 2017 and March 31, 2016.

e. During the period of five years immediately preceding the Balance sheet date, the Company has not issued any shares without payment being received in cash or by way of bonus shares or shares bought back.

f. Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestments, including the terms and amount: Refer note no 28 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

Note 4. Reserves and Surplus **(₹ in millions)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Capital Reserve [Refer 4.1]			
Opening balance	597.70	597.70	597.70
Utilisation during the year [refer note 31]	597.70	-	-
Closing balance	**-**	**597.70**	**597.70**
Capital Redemption Reserve [Refer 4.2]			
Opening balance	51.11	51.11	51.11
Closing balance	**51.11**	**51.11**	**51.11**
Securities Premium Account			
Opening Balance	10,461.64	10,366.32	9,999.65
Addition : Addition On account of ESOP’s exercised during the year	94.45	95.32	366.67
Closing balance	**10,556.09**	**10,461.64**	**10,366.32**

Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Debenture Redemption Reserve (DRR) [Refer 4.4]			
Opening balance	84.48	42.58	0.57
Additions during the year	31.22	41.90	42.01
Transfer to General Reserve	115.70	-	-
Closing balance	**-**	**84.48**	**42.58**
General Reserve			
Opening balance	854.00	854.00	854.00
Transfer from Debenture Redemption Reserve	115.70	-	-
Utilisation during the year [refer note 31]	400.73	-	-
Closing balance	**568.97**	**854.00**	**854.00**
Surplus in the Statement of Profit and Loss			
Opening balance	2,310.18	2,214.13	1,877.13
Addition: Profit for the year	2,043.48	1,567.78	1,719.81
On account of demerger of 5paisa Capital Limited [Refer 4.3]	12.45	-	-
Less:- Appropriations			
Interim dividend	1,592.38	1,429.19	1,340.80
Dividend distribution tax	0.96	0.64	-
Debenture Redemption Reserve	31.22	41.90	42.01
Closing balance	**2,741.55**	**2,310.18**	**2,214.13**
Total Reserve and Surplus	**13,917.72**	**14,359.11**	**14,125.84**

4.1. Capital Reserve was created in respect of share warrants lapsed in March 2017.

4.2. Capital Redemption Reserve was created on buy back equity shares and on amalgamation with India Infoline Marketing Services Limited March 2017.

4.3. The Company has received NCLT approval for demerger of 5paisa Capital Limited w.e.f October 01, 2016, on September 30, 2017. All expenses incurred for 5paisa digital undertaking from October 01, 2016 were reimbursed by 5paisa Capital Limited on the demerger order being effective. Expenses incurred from to October 01,2016 to March 31, 2017 aggregating to ₹ 12.45 million have been credited to surplus in the Statement of Profit and Loss.

4.4 Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, the Company is required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures offered through Private issue and Public issue. Accordingly, an amount of ₹ 31.22 million (March 31, 2017 ₹ 41.90 million and March 31, 2016 ₹ 42.01 million) has been transferred to Debenture Redemption Reserve Account. During the year an amount of ₹ 115.70 million (March 2017 ₹ Nil and March 2016 ₹ Nil) has been transferred from Debenture Redemption Reserve account to General Reserve on account of redemption of Debentures.

Note 5. Share application money pending allotment: **(₹ in millions)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Share application money pending allotment [Refer 5.1]	4.16	1.46	-
Total	**4.16**	**1.46**	**-**

5.1 The Company has received ₹ 4.16 million (March 2017 ₹ 1.46 million and March 2016 ₹ Nil) towards share application money on account of exercise of 23,645 (March 2017 8,070 and March 2016 Nil) ESOP options which has resulted into allotment of 23,645 (March 2017 8,070 and March 2016) equity shares, having face value of ₹ 2 each, allotted on April 17, 2018 (Previous Year April 13, 2017). Out of total proceeds, ₹ 4.11 million (March 2017 ₹ 1.44 million and March 2016 ₹ Nil) was received towards Securities Premium.

Note 6. Provisions **(₹ in millions)**

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Non Current	Current	Non Current	Current	Non Current	Current
Provision for compensated absences	2.32	0.34	1.71	0.48	0.96	0.33
Provision For gratuity [Refer 19.1]	12.62	0.15	9.37	1.14	5.92	0.74
Provision for bonus	-	21.71	-	28.29	-	24.66
Provision for tax [Net of Advance Tax and TDS ₹ 306.73 million (March 2017 ₹ 212.27 million and March 2016 ₹ 9.59 million)]	-	19.27	-	13.59	-	10.48
Total	**14.94**	**41.47**	**11.08**	**43.50**	**6.88**	**36.21**

Note 7. Trade Payable **(₹ in millions)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Total outstanding dues of micro enterprises and small enterprises			
Total outstanding dues of creditors other than micro enterprises and small enterprises			
- Sundry creditors for expenses	0.66	0.63	0.46
- Accrued salaries and benefits	0.52	2.42	9.22
- Provision for expenses	12.11	8.00	6.45
- Other payables @	0.03	0.00	-
Total	**13.32**	**11.05**	**16.13**

@ Amount is less then ₹ 0.01 million hence shown ₹ 0.00 million wherever applicable

7.1: Disclosure under The Micro, Small and Medium Enterprises Development Act, 2006

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

Particulars	2017-2018	2016-2017	2015-2016
(a) Principal amount remaining unpaid to any supplier at the year end	-	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act	-	-	-

Note 8. Other current liabilities **(₹ in millions)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Current maturity of long term borrowings			
Non-Convertible debentures	-	500.00	500.00
Sub-total (A)	**-**	**500.00**	**500.00**
Others			
Temporary overdrawn bank balance as per books@	-	0.00	
Statutory remittances	87.22	14.26	13.15
Unclaimed dividend (Refer 8.1)	8.24	6.79	6.68
Interest accrued but not due on borrowings	-	126.55	63.79
Sub-total (B)	**95.46**	**147.60**	**83.62**
Total (A) + (B)	**95.46**	**647.60**	**583.62**

@ Amount is less then ₹ 0.01 million hence shown ₹ 0.00 million wherever applicable

8.1 No amount was required to be transferred in Investor Education Protection Fund account as per Section 125 of Companies Act, 2013.

Note 9. Fixed Assets:

(₹ in millions)

Particulars	Tangible Assets					Intangible Assets	Grand Total
	Buildings	Computers	Office Equipment	Vehicles	Total	Software	
At Cost							
As at April 01, 2017	14.08	0.07	0.97	-	15.12	17.71	32.83
Addition	-	0.04	-	9.90	9.94	1.60	11.54
Transfer out due to Demerger (refer note 31)	-	-	(0.68)	-	(0.68)	-	(0.68)
As at March 31, 2018	**14.08**	**0.11**	**0.29**	**9.90**	**24.38**	**19.31**	**43.69**
Depreciation							
As at April 01, 2017	6.87	0.01	0.36	-	7.24	4.95	12.19
Depreciation for the year Continuing operations	-	0.03	0.04	1.82	1.89	2.30	4.19
Depreciation for the year discontinuing operations	0.70	-	0.02	-	0.72	3.74	4.46
Disposal	-	-	(0.29)	-	(0.29)	-	(0.29)
Up to March 31, 2018	7.57	0.04	0.13	1.82	9.56	10.99	20.55
Net block as at March 31, 2018	**6.51**	**0.07**	**0.16**	**8.08**	**14.82**	**8.32**	**23.14**

(₹ in millions)

Particulars	Tangible Assets					Intangible Assets	Grand Total
	Buildings	Computers	Office Equipment	Vehicles	Total	Software	
At Cost							
As at April 01, 2016	14.08	-	0.97	-	15.05	0.50	15.55
Addition	-	0.07	-	-	0.07	17.21	17.28
Deductions/Adjustment during the year	-	-	-	-	-	-	-
As at March 31, 2017	**14.08**	**0.07**	**0.97**	**-**	**15.12**	**17.71**	**32.83**
Depreciation							
As at April 01, 2016	6.16	-	0.17	-	6.33	0.03	6.36
Depreciation for the year Continuing operations	-	0.01	0.04	-	0.05	1.89	1.94
Depreciation for the year discontinuing operations	0.71	-	0.16	-	0.86	3.03	3.89
Up to March 31, 2017	6.87	0.01	0.36	-	7.24	4.95	12.19
Net block as at March 31, 2017	**7.21**	**0.06**	**0.61**	**-**	**7.88**	**12.76**	**20.64**

(₹ in millions)

Particulars	Tangible Assets					Intangible Assets	Grand Total
	Buildings	Computers	Office Equipment	Vehicles	Total	Software	
At Cost							
As at April 01, 2015	14.08	-	0.72	-	14.80	-	14.80
Addition			0.25	-	0.25	0.50	0.75
Deductions/Adjustment during the year							
As at March 31, 2016	**14.08**	**-**	**0.97**	**-**	**15.05**	**0.50**	**15.55**
Depreciation							
As at April 01, 2015	5.46	-	0.02	-	5.48	-	5.48
Depreciation for the year Continuing operations	-		0.14			0.03	0.17
Depreciation for the year discontinuing operations	0.70		0.01				0.01
Up to March 31, 2016	6.16	-	0.17	-	6.33	0.03	6.36
Net block as at March 31, 2016	**7.92**		**0.80**		**8.72**	**0.47**	**9.19**

Note 10. Non-Current Investments

Particulars	Face Value	As at March 31, 2018		Face Value	As at March 31, 2017		Face Value	As at March 31, 2016	
		Number	₹ in millions		Number	₹ in millions		Number	₹ in millions
Trade Investments (valued at cost unless stated otherwise)									
Investments in Equity Shares of Subsidiaries (Fully Paid) (Unquoted) :									
Equity Instruments :									
India Infoline Finance Limited	₹ 10	237,345,270	10,189.71	₹ 10	237,154,030	10,152.99	₹ 10	237,154,030	10,152.99
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	₹ 10	9,000,000	321.40	₹ 10	9,000,000	605.18	₹ 10	9,000,000	605.18
IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)	₹ 10	313,500	20.00	₹ 10	313,500	20.00	₹ 10	313,500	20.00
IIFL Wealth Management Limited	₹ 2	45,000,000	225.00	₹ 2	45,000,000	225.00	₹ 2	45,000,000	225.00

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED)

Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Particulars	Face Value	As at March 31, 2018		Face Value	As at March 31, 2017		Face Value	As at March 31, 2016	
		Number	₹ in millions		Number	₹ in millions		Number	₹ in millions
India Infoline Media and Research Services Limited	₹ 10	50,000	0.50	₹ 10	50,000	0.50	₹ 10	50,0000	0.50
5Paisa Capital Limited	-	-	-	₹ 10	17,716,500	1,000.49	₹ 10	3,050,000	120.50
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	₹ 10	500,000	33.41	₹ 10	500,000	33.40	₹ 10	500,000	33.40
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	₹ 10	280,630	10.00	₹ 10	280,630	10.00	₹ 10	280,630	10.00
IIFL Securities Limited (Formerly known as India Infoline Limited)	₹ 10	18,718,281	2,453.13	₹ 10	16,900,100	953.13	₹ 10	16,900,100	953.13
IIFL Wealth (UK) Limited	£1	150,000	11.20	£1	150,000	11.20	£1	150,000	11.20
IIFL Capital Inc	$0.01	1000	40.29	$0.01	1000	40.29	$0.01	1000	40.29
IIFL Asset Reconstruction Limited*	₹ 10	4,100,000	44.13	-	-	-	₹ 10	2,050,000	20.50
Sub Total (A)			**13,348.77**			**13,052.18**			**12,192.69**
Investments in Equity Shares of Associate : (Fully Paid) (Unquoted) :									
IIFL Asset Reconstruction Limited *	-	-	-	₹ 10	2,050,000	20.50	-	-	-
Sub Total (B)			-			**20.50**			-
Investment in Preference Shares of subsidiaries (Fully Paid) (Unquoted) :									
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited) (0.1% Redeemable Non-Convertible Non-Cumulative preference shares)	₹ 10	90,000	283.78	-	-	-			
India Infoline Finance Limited (8% Non-Convertible Redeemable preference share)	-	-	-	₹ 10	75,000,000	750.00	₹ 10	75,000,000	750.00

Particulars	Face Value	As at March 31, 2018		Face Value	As at March 31, 2017		Face Value	As at March 31, 2016	
		Number	₹ in millions		Number	₹ in millions		Number	₹ in millions
India Infoline Finance Limited (8% Non Convertible Cumulative Redeemable)	-	-	-	-	-	-	₹ 10	50,000,000	500.00
Sub Total (C)			**283.78**			**750.00**			**1,250.00**
Non Trade Investments (valued at cost unless stated otherwise)									
Investment in Alternate Investment Fund (Fully paid) (unquoted)									
IIFL Opportunity Fund Category III – AIF	-	-	0.10		-	0.10			0.10
IIFL Private Equity Fund Category II – AIF	-	-	0.10		-	0.10			0.10
IIFL Venture Fund Category I - AIF	-	-	0.10		-	0.10			0.10
IIFL Income Opportunities Fund Category II- AIF Class S	-	-	-	₹ 0.7693	5,000,000	6.60	₹ 0.7693	5,000,000	7.21
IIFL Income Opportunities - Special Situation Class S	₹ 4.6570	13,597,048.96	70.65	₹ 7.7648	13,597,048.96	108.83	₹ 7.7648	13,597,048.96	143.30
IIFL Real Estate Fund (Domestic) - Series 2 Class S	₹ 7.5929	46,956,551.45	386.97	₹ 10	46,956,551.45	500.00	₹ 10	46,956,551.45	500.00
Sub Total (D)			**457.92**			**615.73**			**650.81**
Investment in Mutual Fund (Quoted)									
Axis Mutual Fund	-	-	-	-	-	-	₹ 10	47,672	80.00
Sub Total (E)									**80.00**
Grand total (A)+(B)+(C)+(D)+(E)			**14,090.47**			**14,438.41**			**14,173.50**

* IIFL Finance Limited (IIFLFL) was holding 50% paid-up share capital of IIFL Asset Reconstruction Limited (IIFL ARC) till May 08, 2017, there after IIFLFL has acquired balance 50% share of IIFL ARC from its shareholders during May 09, 2017 to May 24, 2017 and thereafter it became wholly own subsidiary of IIFLFL.

The Scheme of Arrangement between IIFL Facilities Services Limited and IIFL Management Services Limited was approved by National Company Law Tribunal, Mumbai Bench("NCLT") vide its order dated on September 08, 2017. The certified true copy of the order was duly filed with Registrar of Companies, Mumbai and the Scheme was effective from September 29, 2017. Pursuant to order of NCLT, Mumbai Bench, the Real Estate Advisory Services Undertaking (the undertaking) on going concern basis was vested from IIFL Facilities Services Limited to IIFL Management Services Limited w.e.f. the appointed date i.e. April 01, 2017.

Real Estate Advisory Services Undertaking includes the entire real estate advisory services rendered by IIFL Facilities Services Limited relating to providing broking and advisory services with respect to real estate business along with all related assets, liabilities and employees.

In accordance with the said Scheme of Arrangement whole of the Real Estate Advisory Services Undertaking including all assets and liabilities of the undertaking were transferred to and vested by IIFL Facilities Services Limited to IIFL Management Services Limited at respective book values from April 01, 2017 and in consideration 0.1% Redeemable Non-Convertible Non-Cumulative preference shares were issued by IIFL Management Services Limited to IIFL Finance Limited.

Note 11. Deferred Tax Assets (net)

In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' as notified under the Companies (Accounting Standard) Rules, 2014, the Company has taken a charge of ₹ 26.22 million (March 2017 ₹ 13.93 million and March 2016 ₹ 24.87 million) in the Statement of Profit and Loss towards deferred tax asset on account of timing differences.

(₹ In millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Tax effect of items constituting deferred tax liabilities			
On Depreciation	(1.35)	(2.58)	(0.77)
Tax effect of items constituting deferred tax assets			
On Employee Benefits	4.53	3.00	2.30
On brought forward Long Term Capital Loss	32.54	32.22	32.44
On brought forward Short Term Capital Loss	71.05	100.35	112.95
Total	**106.77**	**132.99**	**146.92**

Note 12. Loans & advances

(₹ in millions)

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Non-Current	Current	Non-Current	Current	Non-Current	Current
Unsecured, considered good						
Advance Income Tax {Net of Provision for income tax ₹ 2,966.77 million (March 2017 ₹ 3,106.16 million and March 2016 ₹ 3,186.19 million)}	253.88	-	226.83	-	239.95	-
MAT Credit					10.77	
Loans to Group Companies	-	-	-	-	-	705.77
Advances recoverable in cash or in kind or for value to be received		8.88		0.64	-	0.24
Capital Advance	-	-	-	0.10	-	-
Prepaid Expenses	0.57	4.96	0.28	3.04	0.74	1.38
Deposits with government authorities	2.19	-	0.04	-	-	-
Receivable from a Subsidiary Company	-	0.58	-	-	-	-
Others	-	0.05	-	3.00	-	-
Total	**256.64**	**14.47**	**227.15**	**6.78**	**251.46**	**707.39**

Note 13. Current investments (Valued at lower of cost and Market Value) **(₹ in millions)**

Particulars	As at March 31, 2018			As at March 31, 2017			As at March 31, 2016		
	Face Value	Number	₹ In millions	Face Value	Number	₹ In millions	Face Value	Number	₹ In millions
Non-Traded Investments									
Investment in Mutual Fund (unquoted)									
Kotak Liquid Direct Plan Growth	-	-	-	₹ 1,000	236,612	780.00	-	-	-
Total			-			**780.00**			-
Aggregate Cost of unquoted mutual funds units		-	-		-	**780.00**		-	-
Aggregate Market value as unquoted mutual funds units*		-	-		-	**780.22**		-	-

*Market value of investments in unquoted mutual fund units represents the repurchase price of the units issued by the mutual funds.

Note 14. Trade Receivable **(₹ in millions)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good			
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
- Considered good	-	-	-
- Considered doubtful	-	-	-
Trade receivables outstanding for a period less than six months from the date they were due for payment			
- Considered good	23.04	10.93	52.43
- Considered doubtful	-	-	-
Total	**23.04**	**10.93**	**52.43**

Note 15. Cash and Cash Equivalents **(₹ in millions)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Cash and Cash Equivalents :			
Cash on hand	0.05	-	-
Cheque on hand	1.47	4.61	21.73
Balances with Bank:			
- In current accounts	196.16	72.92	7.46
Total Cash & Cash Equivalent (a) (As per AS – 3 Cash flow statement)	**197.68**	**77.53**	**29.19**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Other Balances			
In earmarked account	8.24	6.79	4.25
In Deposit account (Original Maturity more than 3 months but less 12 Months) #	2.49	1.00	-
Total Other Balances (b)	**10.73**	**7.79**	**4.25**
Total (a) + (b)	**208.41**	**85.32**	**33.44**

Balance with Bank Includes deposit under lien of ₹ 1.49 million (March 2017 ₹ Nil and March 2016 ₹ Nil) towards Bank guarantee for getting letter of undertaking as required under GST law.

Note 16. Other current assets **(₹ in millions)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Unamortised debenture issue expenses	-	0.37	-
Income Receivable	1.54	6.98	11.28
Interest Accrued on fixed deposits @	0.00	0.00	-
Deposits	0.55	0.05	0.05
Total	**2.09**	**7.40**	**11.33**

@ Amount is less then ₹ 0.01 million hence shown ₹ 0.00 million wherever applicable.

Note 17. Revenue from operations **(₹ in millions)**

Particulars	2017-2018	2016-2017	2015-2016
Dividend from subsidiaries (Refer to Note 33)	1,587.64	1,426.05	1,323.29
Total	**1,587.64**	**1,426.05**	**1,323.29**

Note 18. Other Income **(₹ in millions)**

Particulars	2017-2018	2016-2017	2015-2016
Interest on Income Tax Refund	0.45	2.66	-
Total	**0.45**	**2.66**	-

Note 19. Employee Cost **(₹ in millions)**

Particulars	2017-2018	2016-2017	2015-2016
Salaries and bonus	2.11	2.48	7.20
Contribution to Provident Fund and others	-	-	0.05
Gratuity [Refer 19.1]	0.91	0.12	1.11
Staff Welfare Expenses	0.04	0.01	0.17
Total	**3.06**	**2.61**	**8.53**

Note 19. 1. Disclosure pursuant to Accounting Standard (AS) 15 on "Employee Benefits"

(₹ in millions)

Particulars	2017-2018	2016-2017	2015-2016
Assumptions			
Discount rate	7.78%	6.77%	8.04%
Salary Escalation	8.00%	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Change in Benefit Obligation			
Liability at the beginning of the year	10.51	6.66	3.04
Interest Cost	0.71	0.52	0.24
Current Service Cost	1.32	0.83	0.49
Past Service cost	(2.37)	-	-
Liability Transferred out	(1.79)	(0.08)	2.45
Liability Transferred in	2.88	1.91	2.10
Actuarial Loss on obligations	1.51	0.67	(1.66)
Liability at the end of the year	**12.77**	**10.51**	**6.66**
Amount Recognised in the Balance Sheet			
Present value of benefit obligation at end of year	**(12.77)**	**(10.51)**	**(6.66)**
Funded Status {surplus/(deficit)}	-	-	-
Net (liability) Recognised in the Balance Sheet	**(12.77)**	**(10.51)**	**(6.66)**
Expenses recognised in the statement of Profit and loss			
Current Service cost	1.32	0.83	0.49
Past Service Cost	(2.37)	-	-
Interest Cost	0.71	0.52	0.24
Actuarial Losses	1.51	0.67	2.45
Expense Recognised in the statement of Profit and loss under " Employee benefits expenses" from Continuing operation	**0.91**	**0.12**	**1.11**
Expense Recognised in the statement of Profit and loss under " Employee benefits expenses" from discontinuing operation	**0.26**	**1.90**	**2.07**
Balance Sheet reconciliation			
Opening Net liability	10.51	6.66	3.04
Expense recognised in the statement of Profit and loss	1.17	2.02	3.18
Net liability Transfer in	2.88	1.91	2.10
Net liability Transfer Out	(1.79)	(0.08)	(1.66)
Net liability recognised in Balance Sheet	**12.77**	**10.51**	**6.66**

Particulars	2017-2018	2016-2017	2015-16	2014-15	2013-14
Experience Adjustment:					
Actuarial (Gains)/Losses on Obligations - Due to Experience	(0.51)	0.10	2.38	(0.38)	0.12
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	-	-	-	-	-

The estimate of future salary increase, considered in the actuarial valuation takes into account inflation, seniority, promotion, increments and other relevant factors.

Note 20. Depreciation **(₹ in millions)**

Particulars	2017-2018	2016-2017	2015-2016
Depreciation on tangible assets	1.89	0.05	0.14
Depreciation on Intangible assets	2.30	1.89	0.03
Total	**4.19**	**1.94**	**0.17**

Note 21. Administration and other expenses **(₹ in millions)**

Particulars	2017-2018	2016-2017	2015-2016
Advertisement @	-	0.00	1.03
Brokerage related Expenses @	0.27	0.00	0.20
Exchange and statutory Charges	1.08	0.31	0.07
Marketing and commission expenses	0.31	0.03	0.27
Commission to non-executive directors	5.00	5.00	5.00
Sitting fees to non-executive directors	1.28	1.30	1.35
Bank Charges @	0.00	0.01	
Communication @	0.00	0.20	0.12
Legal and professional charges	8.88	2.41	7.41
Corporate Social Responsibility Expenses [Refer note 30]	7.18	5.02	2.25
Office expenses	0.16	0.25	0.02
Meeting seminar and Subscription	0.34	0.86	0.64
Postage and courier	0.01	0.02	0.07
Printing and stationery	0.01	0.12	0.70
Insurance	0.25	-	0.72
Rates and taxes	0.04	0.03	-
Remuneration to Auditors :			
- As auditors - statutory audit	0.73	1.05	1.05
- Certification work and other matters	1.49	0.12	0.11

Particulars	2017-2018	2016-2017	2015-2016
- Out of pocket expenses	0.06	0.06	0.07
Software Charges	0.02	0.06	0.49
Travelling and conveyance	0.26	0.51	2.43
Provision for doubtful advances	2.44	-	-
Miscellaneous expenses @	0.00	0.04	-
Total	**29.81**	**17.40**	**24.00**

@ Amount is less then ₹ 0.01 million hence shown ₹ 0.00 million wherever applicable.

Note 22. Basic and Diluted Earnings per share (EPS) computed in accordance with Accounting Standard (AS)-20

Particulars		2017-2018	2016-2017	2015-2016
Face value of equity shares in ₹ fully paid up		**2**	**2**	**2**
Basic EPS :				
Profit after tax as per Statement of Profit and Loss (Continuing Operations) (₹ in million)	A	1,551.03	1,406.76	1,290.59
Profit after tax as per Statement of Profit and Loss (Total Operations) (₹ in million)	B	2,043.48	1,567.78	1,719.81
Weighted Average Number of equity shares outstanding (Basic)	C	318,293,090	317,084,627	313,063,775
Basic EPS (₹) Continuing Operations	**A/C**	**4.87**	**4.44**	**4.12**
Basic EPS (₹) Total Operations	**B/C**	**6.42**	**4.94**	**5.49**
Diluted EPS :				
Weighted average number of equity shares for computation of Basic EPS		318,293,090	317,084,627	313,063,775
Add : Potential Equity Shares on account of conversion of Employee Stock Option		949,739	1,799,506	2,124,100
Weighted average number of equity shares for computation of Diluted EPS	D	319,242,829	318,884,133	315,187,875
Diluted EPS (₹) Continuing Operations	**A/D**	**4.86**	**4.41**	**4.09**
Diluted EPS (₹) Total Operations	**B/D**	**6.40**	**4.92**	**5.46**

Note 23. Contingent Liabilities **(₹ in millions)**

Sr. No.	Name of the Statute	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(i)	In respect of Income Tax Demands (see note 1)	340.60	366.47	353.73
(ii)	In respect of Profession Tax Demands (see note 2)	1.55	1.55	1.55
(iii)	In respect of Service Tax Demands (see note 3)	430.28	1.14	-

Notes :

1) Amount paid under protest with respect to income tax demand ₹ 203.44 million.
2) Amount paid under protest with respect to professional tax demand ₹ 0.47 million.
3) Amount paid under protest with respect to service tax demand ₹ 2.19 million.

Note 24. There are no pending litigations by and on the Company as on the Balance Sheet date.

Note 25. Capital and Other Commitments as at Balance Sheet date
There were outstanding commitments for others to the tune of ₹ Nil/- (March 2017 for investments ₹ 10.45/- million and March 2016 ₹ 0.24 million) of the total contractual obligations entered during the year.

Note 26. The Company has provided Corporate Guarantee on behalf of the following subsidiaries for their business purposes. **(₹ in millions)**

Sr. No.	Name of the subsidiary	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
1	IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)	1,250.00	1,250.00	1,250.00
2	India Infoline Finance Limited	29,350.00	35,850.00	64,500.00
3	India Infoline Housing Finance Limited	28,080.00	25,030.00	22,430.00
4	5paisa Capital Limited (Formerly known as IIFL Capital Limited)	-	500.00	750.00
5	IIFL Securities Limited (Formerly known as India Infoline Limited)	1,550.00	5,750.00	6,500.00
6	IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	-	-	2,000.00

Note: 27. Disclosure of loans/advances to subsidiaries and associates etc. as required under schedule V read with Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

a) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ Nil) due from India Infoline Finance Limited (maximum amount outstanding during the year ₹ 1,150.00 million, March 2017 ₹ 430.00 million and March 2016 ₹ 515.00 million)

b) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ Nil) due from IIFL Wealth Management Limited (maximum amount outstanding during the year Nil, March 2017 ₹ 330.00 million and March 2016 ₹ Nil)

c) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ Nil) due from IIFL Securities Limited (Formerly Known as India Infoline Limited) (maximum amount outstanding during the year ₹ 1,100.00 million, March 2017 ₹ NIL and March 2016 ₹ NIL)

d) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ Nil) due from IIFL Alternate Advisors Limited (maximum amount outstanding during the year Nil, March 2017 ₹ Nil and March 2016 ₹ 366.80 million)

e) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ 316.50 million) due from IIFL Insurance Broker Limited (Formerly known as India Infoline Insurance Broker Limited) (maximum amount outstanding during the year ₹ NIL, March 2017 ₹ 316.50 million and March 2016 ₹ 331.50 million)

f) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ 2.50 million) due from IIFL Management Services Limited (Formerly Known as India Infoline Insurance Services Limited) (maximum amount outstanding during the year ₹ 183.00 million, March 2017 ₹ 2.50 million and March 2016 ₹ 2.50 million)

g) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ 23.10 million) due from 5paisa Capital Limited (maximum amount outstanding during the year ₹ 250.00 million, March 2017 ₹ 36.50 million and March 2016 ₹ 165.00 million)

h) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ Nil) due from IIFL Facilities Services Limited. (Formerly Known as IIFL Real Estate Limited) (maximum amount outstanding during the year ₹ NIL, March 2017 ₹ 200.00 million and March 2016 ₹ 4.50 million)

i) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ 363.80 million) due from India Infoline Media and Research Services Limited (maximum amount outstanding during the year ₹ 165.00 million, March 2017 ₹ 513.00 million and March 2016 ₹ 400.00 million)

j) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ Nil) due from IIFL Assets Reconstruction Limited (maximum amount outstanding during the year ₹ NIL, March 2017 ₹ 0.50 million and March 2016 ₹ Nil)

k) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ Nil) due from India Infoline Commodities Limited (maximum amount outstanding during the year ₹ NIL, March 2017 ₹ Nil and March 2016 ₹ 315.50 million)

l) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ Nil) due from India Infoline Housing Finance Limited (maximum amount outstanding during the year ₹ NIL, March 2017 ₹ Nil and March 2016 ₹ 420.00 million)

m) ₹ Nil (March 2017 ₹ Nil and March 2016 ₹ Nil) due from India Infoline Commodities DMCC Dubai Limited (maximum amount outstanding during the year ₹ NIL, March 2017 ₹ Nil and March 2016 ₹ 2.18 million)

Note 28. The Company has implemented Employee Stock Option Scheme 2008 (ESOP Schemes) and has outstanding options granted under the said Schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of the grants made by the Nomination and Remuneration Committee and ESOP Schemes.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2008
Method of accounting	Intrinsic Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options
Exercise Period	Seven years from the date of grant

(b) (i) Movement of options during the year ended March 31, 2018

Particulars	Option Outstanding
Outstanding as on April 01, 2017	2,548,860
Granted during the year	200,000
Expired/Forfeited during the year	(472,635)
Exercised during the year	(1,070,833)
Outstanding as on March 31, 2018	**1,205,392**
Exercisable as on March 31, 2018	565,939

(b) (ii) Movement of options during year ended March 31, 2017

Particulars	Option Outstanding
Outstanding as on April 01, 2016	4,670,000
Granted during the year	-
Expired/Forfeited during the year	(749,800)
Exercised during the year	(1,371,340)
Outstanding as on March 31, 2017	**2,548,860**
Exercisable as on March 31, 2017	1,317,630

(b) (iii) Movement of options during year ended March 31, 2016

Particulars	Option Outstanding
Outstanding as on April 01, 2015	11,345,650
Granted during the year	900,000
Expired/Forfeited during the year	(461,500)
Exercised during the year	(7,114,150)
Outstanding as on March 31, 2016	**4,670,000**
Exercisable as on March 31, 2016	2,187,500

(c) Pro-forma Profit after Tax:

Particulars	2017-2018	2016-2017	2015-2016
Net profit (as reported) (₹ in million)	2,043.48	1,567.78	1,719.81
Add: Intrinsic Value Compensation Cost	-	-	-
Less: Stock based compensation expenses determined under fair value method (pro-forma) (₹ in million)	(20.97)	(35.03)	(35.67)
Net Profit (pro-forma) (₹ in million)	**2,022.51**	**1,532.75**	**1,684.14**
Basic earnings per share (as reported) - Total operations	6.42	4.94	5.49
Basic earnings per share (pro-forma) - Total operations	6.35	4.83	5.38
Diluted earnings per share (as reported) - Total operations	6.40	4.92	5.46
Diluted earnings per share (pro-forma) - Total operations	6.34	4.81	5.34
Weighted average exercise price of Options granted during the year whose:			
(a) exercise price equals market price (₹)	468.67	N.A	180.00

Particulars	2017-2018	2016-2017	2015-2016
(b) exercise price is greater than market price	N.A	N.A	N.A
(c) exercise price is less than market price	N.A	N.A	N.A
Weighted average fair value of Options granted during the year whose:			
(a) exercise price equals market price (₹)	201.65	N.A	73.42
(b) exercise price is greater than market price	N.A	N.A	N.A
(c) exercise price is less than market price	N.A	N.A	N.A
Description of method and significant assumption used to estimate the fair value of Options	The fair value of the Options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same have been detailed below:		

(d) Variables Weighted average values for grant made during the year

Particulars	ESOP 2008		
	2017-2018 *	2016-2017	2015-2016
Stock price (₹)	479.75	-	180.00
Volatility	43.98%	-	45.45%
Risk-free Rate	6.94%	-	7.91%
Exercise price (₹)	480.00	-	180.00
Time to Maturity (Years)	5	-	5.50
Dividend yield	1.99%	-	3.11%
Weight Average Option Fair Value (₹)	197.23	-	73.42

***** The aforesaid variables are based on grant dated April 29, 2017 before considering effect of demerger of 5paisa digital undertaking from IIFL Finance Limited in terms of Scheme of Arrangement approved by NCLT vide its order dated September 06, 2017. Post demerger, the revised exercise price got reduced by 2.36% to ₹ 468.67 and fair value of option stand revised to ₹ 201.65, as approved by Nomination and Remuneration Committee of the Board of Directors of the Company.

Stock Price: The closing market price on NSE one day prior to the date of grant has been considered for the purpose of Option valuation.

Volatility: The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

Note 29. In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting'. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

Note 30. Corporate Social Responsibility
During the financial year 2017-18, the Company has spent ₹ 7.18 million (March 2017 ₹ 5.02 million and March 2016 ₹ 2.25 million) out of the total amount of ₹ 7.18 million (March 2017 ₹ 5.02 million and March 2016 ₹ 2.25 million) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility (CSR). The aforementioned amount has been contributed to India Infoline Foundation.

Note 31. Demerged Operations
During the year, the Company has received the approval of NCLT for the Scheme of Arrangement under Section 230-232 of the Companies Act, 1956 (“the Scheme”) between IIFL Finance Limited and 5paisa Capital Limited (5PCL) and their respective shareholders to demerge 5paisa digital undertaking of the Company into 5PCL. The said order has been filed with MCA on September 30, 2017 and Demerger is effected w.e.f. the Appointed Date i.e. October 01, 2016 in the books of accounts of the Company. Accordingly, the financial statement have been presented after giving effect to the Scheme. As per the Scheme, the shareholders of the Company as on the record date i.e. October 18, 2017, has been allotted 1 equity share of Rs. 10/- each fully paid up of 5PCL for every 25 equity shares of Rs. 2/- each held in the Company. In view of above, 5PCL ceased to be a subsidiary of the Company.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

(I) Following Assets and Liabilities where transferred to 5PCL.

	Particulars	₹ in millions
	Investment in 5CPL	1,000.49
	Fixed Assets	0.32
	Prepaid Expenses	0.08
	Sub-Total	1,000.89
	Less :-	
	Other Liability & Provision	2.03
Net Asset		998.86

(II) The Excess of the Book Value of asset transferred (net of diminution/depreciation, if any) over the book value of liability has been debited to Capital Reserve ₹ 597.70 million, General Reserve of ₹ 400.73 million and ₹ 0.43 million was settled by cheque.

(III) All expenses incurred for 5paisa digital undertaking from October 01, 2016 were reimbursed by 5paisa Capital Limited after demerger order being effective. Expenses incurred from to October 01, 2016 to March 31, 2017 aggregating to ₹ 12.45 million have been credited to surplus in the Statement of Profit and Loss and expenses incurred from April 01, 2017 to September 30, 2017 amounting to ₹ 14.30 million have been recovered in bank account.

Note 32. Discontinuing Operations

The Board of Directors of the Company at its meeting held on 31 January 2018, has approved the Composite Scheme of Arrangement amongst the Company, India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth"), India Infoline Finance Limited ("IIFL Finance"), IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") which inter-alia, envisages the following:

i) amalgamation of IIFL M&R with the Company;
ii) demerger of the Securities Business Undertaking (as defined in the Scheme) of the Company into IIFL Securities;
iii) demerger of the Wealth Business Undertaking (as defined in the Scheme) of the Company into IIFL Wealth;
iv) amalgamation of IIFL Finance with the Company; and
v) transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis.

The Appointed Date for the amalgamation of IIFL M&R with the Company is opening hours of 1 April 2017 and for all the other steps, the Appointed Date is opening hours of 1 April 2018. The Scheme will be given effect to upon receipt of requisite approvals of NCLT and other authorities.

The operating activities of the Company's discontinuing operations are summarised below:

a. The revenue and expenses in respect of the ordinary activities attributable to the discontinuing operations.

(₹ in millions)

Particulars	2017-2018	2016-2017	2015-2016
INCOME			
Revenue From operations	933.12	494.58	790.79
Other Income	8.81	0.07	0.02
Total Income	**941.93**	**494.65**	**790.81**
EXPENDITURE			
Employee cost	75.51	74.26	79.30
Finance cost	50.20	67.93	63.45
Depreciation	4.46	3.89	0.71

Administration and other expenses	36.63	47.87	33.62
Total Expenses	**166.80**	**193.95**	**177.08**
Profit/(Loss) Before Tax	**775.13**	**300.70**	**613.73**
Tax Expenses	282.68	139.68	184.51
Profit/(Loss) After Tax	**492.45**	**161.02**	**429.22**

b. The carrying amounts of the total assets and liabilities in respect of discontinuing operations to be transferred are as follows

(₹ in millions)

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Total Assets	542.86	1,500.33	1,535.89
Total Liabilities	38.29	669.30	599.03

Note 33. Related party disclosures as on March 31, 2018

A) Related parties where control exists

Nature of relationship	Name of party
a) Subsidiaries including step down subsidiaries	India Infoline Finance Limited
	India Infoline Housing Finance Limited
	IIFL Wealth Management Limited
	IIFL Securities Limited (Formerly known as India Infoline Limited)
	IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)
	IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)
	IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)
	IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)
	India Infoline Media and Research Services Limited
	IIFL Distribution Services Limited
	IIFL Investment Advisors and Trustee Services Limited
	IIFL Trustee Limited(Formerly known as India Infoline Trustee Company Limited)
	IIFL Asset Management Company Limited (Formerly known as India Infoline Asset Management Company Limited)
	IIFL Alternate Asset Advisors Limited
	IIFL (Asia) Pte Limited
	Samasta Microfinanace Limited (w.e.f. March 01, 2017)
	Ayusha Dairy Private Limited (w.e.f. March 01, 2017)
	IIFL Securities Pte Limited
	IIFL Capital Pte. Limited
	India Alternatives Investment Advisors Private Limited (ceased to be step down subsidiary w.e.f March 30, 2017)

Nature of relationship	Name of party
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Wealth (UK) Limited
	IIFL Inc.
	IIFL Private Wealth (Suisse) SA.
	IIFL Capital Inc.
	IIFL Private Wealth Hong Kong Limited
	IIFL Wealth Finance Limited
	IIFL Asset Management (Mauritius) Limited (Formerly known as IIFL Private Wealth (Mauritius) Limited)
	IIFL Asset Reconstruction Limited (w.e.f May 09, 2017)
	India Infoline Foundation
(b) Joint Venture	Meenakshi Tower LLP (Joint venture of wholly owned subsidiary IIFL Real Estate Limited.)
(c) Associate	IIFL Asset Reconstruction Limited (upto May 08, 2017)
(d) Key Management Personnel	Mr. Nirmal Jain
	Mr. R. Venkataraman
(e) Other related parties	Mrs. Madhu Jain (Spouse of Mr. Nirmal Jain)
	Mrs. Aditi Athavankar (Spouse of Mr. R Venkataraman)
	Orpheus Trading Private Limited
	5paisa Capital Limited (ceased to be subsidiary from October 01, 2016)
	5paisa P2P Limited
	Ardent Impex Private Limited

B) Transactions with Related Parties **(₹ in millions)**

Particulars	Relationship	2017-2018	2016-2017	2015-2016
Investment Purchase				
IIFL Wealth Management Limited @	Subsidiary	0.00	-	-
Investment Sold				
India Infoline Finance Limited	Subsidiary	-	-	919.19
Investments In Equity shares of Subsidiaries/Associate				
5paisa capital Limited	Subsidiary	-	879.99	-
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	1,500.00	-	-
IIFL Assets Reconstruction Limited	Associate	-	-	20.50
Disinvestments In Equity shares of Subsidiaries				
India Infoline Commodities DMCC	Subsidiary	-	-	11.76
Investments In Preference shares of Subsidiaries				
India Infoline Media & Research Services Limited	Subsidiary	-	360.00	-

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Particulars	Relationship	2017-2018	2016-2017	2015-2016
Disinvestments In Preference shares of Subsidiaries				
India Infoline Media & Research Services Limited	Subsidiary	-	360.00	-
India Infoline Finance Limited	Subsidiary	750.00	-	-
Brokerage Expense				
IIFL Securities Limited (Formerly known as India Infoline Limited) @	Subsidiary	0.00	0.00	-
Interest Income ICD/NCD				
India Infoline Finance Limited	Subsidiary	1.15	0.30	0.14
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	9.28	-	-
India Infoline Commodities Limited	Subsidiary	-	-	17.19
India Infoline Housing Finance Limited	Subsidiary	-	-	4.09
IIFL Alternate Asset Advisors Limited	Subsidiary	-	-	2.68
5paisa Capital Limited	Subsidiary	-	1.00	3.54
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	-	2.56	0.08
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	Subsidiary	-	10.82	14.66
India Infoline Media & Research Services Limited	Subsidiary	0.29	1.61	24.51
IIFL Wealth Management Limited	Subsidiary	-	5.66	-
IIFL Management Services Limited (Formerly known as India Infoline Insurance Service Limited)	Subsidiary	0.66	0.02	0.12
IIFL Asset Reconstruction Limited @	Associate	-	0.00	-
Investment Banking Income				
India Infoline Finance Limited	Subsidiary	-	0.80	-
Dividend Income				
India Infoline Finance Limited	Subsidiary	752.12	772.12	676.57
IIFL Wealth Management Limited	Subsidiary	405.00	270.00	270.00
IIFL Management Services Limited (Formerly known as India Infoline Insurance Service Limited)	Subsidiary	-	-	124.88
IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)	Subsidiary	-	50.16	117.04
India Infoline Housing Finance Limited	Subsidiary	-	-	18.44
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	Subsidiary	-	-	66.50
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	430.52	333.78	49.86
Infrastructure/Customer Support Services				
India Infoline Media and Research Services Limited	Subsidiary	-	19.30	-
Rent Expenses				

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED)

Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Particulars	Relationship	2017-2018	2016-2017	2015-2016
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	28.93	28.26	7.30
Corporate Social Responsibility Expenses				
India Infoline Foundation	Subsidiary	7.18	5.01	0.15
Interest Expenses – ICD/NCD				
India Infoline Finance Limited @	Subsidiary	-	0.00	-
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	0.91	1.54	-
NCD Taken and Repaid				
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	676.38	-	-
ICD Taken				
India Infoline Finance Limited	Subsidiary	-	7.50	-
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	-	1,870.00	-
ICD Repaid				
India Infoline Finance Limited	Subsidiary	-	7.50	-
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	-	1,870.00	-
Deposit Given				
India Infoline Finance Limited	Subsidiary	0.20	-	-
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	0.20	-	-
5paisa Capital Limited	Others	0.20	-	-
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	0.10	-	-
Deposit Given and Received Back				
India Infoline Finance Limited	Subsidiary	0.20	-	-
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	0.20	-	-
5paisa Capital Limited	Others	0.20	-	-
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	0.10	-	-
ICD Given				
India Infoline Finance Limited	Subsidiary	1,500.00	430.00	515.00
IIFL Wealth Management Limited	Subsidiary	-	330.00	-
IIFL Alternate Asset Advisors Limited	Subsidiary	-	-	366.80
IIFL Management Services Limited (Formerly known as India Infoline Insurance Service Limited)	Subsidiary	183.00	2.50	-
India Infoline Insurance Broker Limited	Subsidiary	-	-	334.50
5paisa Capital Limited	Others	460.00	-	-
5paisa Capital Limited	Subsidiary	-	13.40	190.60
India Infoline Commodities Limited	Subsidiary	-	-	337.60
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	-	290.00	4.50

REFORMATTED STANDALONE FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Standalone Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Particulars	Relationship	2017-2018	2016-2017	2015-2016
India Infoline Housing Finance Limited	Subsidiary	-	-	490.00
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	2,600.00	-	-
India Infoline Media and Research Services Limited	Subsidiary	165.00	95.50	491.60
IIFL Asset Reconstruction Limited	Associate	-	0.50	-
ICD Received Back				
India Infoline Finance Limited	Subsidiary	1,500.00	430.00	515.00
IIFL Wealth Management Limited	Subsidiary	-	330.00	-
IIFL Alternate Asset Advisors Limited	Subsidiary	-	-	366.80
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	Subsidiary	183.00	2.50	-
5paisa Capital Limited	Others	460.00	-	-
5paisa Capital Limited	Subsidiary	-	13.40	167.50
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	Subsidiary	-	316.50	18.00
India Infoline Commodities Limited	Subsidiary	-	-	337.60
India Infoline Housing Finance Limited	Subsidiary	-	-	490.00
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	-	290.00	4.50
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	2,600.00	-	-
India Infoline Media and Research Services Limited	Subsidiary	165.00	95.50	127.80
IIFL Asset Reconstruction Limited	Associate	-	0.50	-
Allocation / Reimbursement of expenses Paid				
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Broker Limited)	Subsidiary	-	0.01	0.00
India Infoline Finance Limited	Subsidiary	-	0.21	-
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	2.70	1.57	-
Others Paid				
India Infoline Finance Limited	Subsidiary	-	0.01	0.29
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	1.41	0.11	3.38
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	0.04	0.11	0.36
5paisa Capital Limited @	Others	0.00	-	-
Allocation / Reimbursement of expenses Received				
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	12.96	8.43	1.57
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Broker Limited)	Subsidiary	-	0.09	-

Particulars	Relationship	2017-2018	2016-2017	2015-2016
India Infoline Housing Finance Limited	Subsidiary	25.86	16.85	-
India Infoline Finance Limited	Subsidiary	59.44	37.92	-
IIFL Wealth Management Limited	Subsidiary	32.32	21.07	-
5paisa Capital Limited	Others	1.73	-	-
IIFL Wealth Finance Limited (Formerly known as Chephis Capital Markets Limited)	Subsidiary	0.50	-	-
IIFL Asset Reconstruction Limited	Associate	-	0.02	-
Others Received				
IIFL Wealth Management Limited	Subsidiary	-	0.57	-
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	-	0.76	-
5paisa Capital Limited	Others	2.05	-	-
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	2.49	6.36	7.12

C) Outstanding as on (₹ in millions)

Particulars	Relationship	2017-2018	2016-2017	2015-2016
Sundry Receivables				
IIFL Wealth Finance Limited	Subsidiary	0.58	-	-
IIFL Management Services Limited (Formerly known as India Infoline Insurance Service Limited)	Subsidiary	-	-	2.50
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Broker Limited)	Subsidiary	-	-	316.50
India Infoline Media & Research Services Limited	Subsidiary	-	-	363.80
5paisa Capital Limited	Subsidiary	-	-	23.10
Sundry Payable				
IIFL Pvt Wealth Management (Dubai) Limited	Subsidiary	-	-	0.13
Investments in Subsidiaries/Associate /Other Related Parties – Equity				
5paisa Capital Limited	Subsidiary	-	1,000.49	120.50
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	321.40	605.18	605.18
IIFL Wealth (UK) Limited	Subsidiary	11.20	11.20	11.20
IIFL Wealth Management Limited	Subsidiary	225.00	225.00	225.00
IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)	Subsidiary	20.00	20.00	20.00
India Infoline Finance Limited	Subsidiary	10,189.71	10,152.99	10,152.99
India Infoline Media And Research Services Limited	Subsidiary	0.50	0.50	0.50
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	Subsidiary	33.41	33.41	33.41
IIFL Management Services Limited (Formerly known as India Infoline Insurance	Subsidiary	10.00	10.00	10.00

Particulars	Relationship	2017-2018	2016-2017	2015-2016
Services Limited)				
IIFL Capital Inc	Subsidiary	40.29	40.29	40.29
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	2,453.13	953.13	953.13
IIFL Asset Reconstruction Limited	Subsidiary	44.13	-	20.50
IIFL Asset Reconstruction Limited	Associate	-	20.50	-
Investments in Subsidiaries/Associate /Other Related Parties – Preference Shares				
India Infoline Finance Limited	Subsidiary	-	750.00	1,250.00
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	Subsidiary	283.78	-	-
Corporate Guarantee				
IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)	Subsidiary	1,250.00	1,250.00	1,250.00
India Infoline Housing Finance Limited	Subsidiary	28,080.00	25,030.00	22,430.00
India Infoline Finance Limited	Subsidiary	29,350.00	35,850.00	64,500.00
5paisa Capital Limited	Subsidiary	-	500.00	750.00
IIFL Securities Limited (Formerly known as India Infoline Limited)	Subsidiary	1,550.00	5,750.00	6,500.00
IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)	Subsidiary	-	-	2,000.00

@ Amount is less then ₹ 0.01 million hence shown ₹ 0.00 million wherever applicable

Note 34. Earnings and expenses in foreign currency

(₹ in millions)

Particulars	2017-2018	2016-2017	2015-2016
Earnings in Foreign Currency	105.49	8.89	280.77
Total Income	**105.49**	**8.89**	**280.77**
Expenses in Foreign Currency			
Travelling Expenses	1.31	0.37	1.58
Meeting & Seminar	0.22	1.80	-
Registration Expenses	-	0.02	-
Total Expenses	**1.53**	**2.19**	**1.58**

During the year ended March 31, 2018, March 31, 2017 and March 31, 2016, the Company has not remitted any Dividend in foreign currencies.

Note 34.1. Details of Unhedged Foreign Exposure.

(₹ in millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Other Advances recoverable in cash or in kind or for value to be received	0.01	0.52	-
Cash In Hand	0.05	-	-
Trade Receivable	2.57	-	-

Note 35. Disclosure pertaining to MCA Circular no G.S.R 308(E) dated March 30, 2017 on Specified Bank Notes(SBNS) :

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil	Nil

Note 36. Previous year figures have been regrouped, reclassified & rearranged, wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors
of IIFL Finance Limited
(Formerly IIFL Holdings Limited)

Nirmal Jain
Chairman
(DIN: 00010535)

R. Venkataraman
Managing Director
(DIN: 00011919)

Sumit Bali
Chief Executive Officer

Rajesh Rajak
Chief Financial Officer

Gajendra Thakur
Company Secretary

Place : Mumbai
Dated : June 27, 2020

IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)

Annexure - I

STANDALONE STATEMENT OF DIVIDEND AS PER IGAAP

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Equity Share Capital (Rs.in Million)		637.96	635.82	633.07
Face Value Per Equity Share (Rs.)	(a)	2.00	2.00	2.00
Interim Dividend on Equity Shares (Rs per Equity Share)	(b)	5.00	4.50	4.25
Total interim dividend on Equity Shares (Rs.in Million)		1,592.38	1,429.19	1,340.80
Dividend Declared Rate (In %)	**(c=b/a)**	**250.00%**	**225.00%**	**212.50%**
Dividend tax (gross) on interim dividend (Rs.in Million)		0.96	0.64	-

For V Sankar Aiyar & Co.
Chartered Accountants
(FRN 109208W)

G. Sankar
Partner
(M.No.46050)

Place : Mumbai
Date : June 27, 2020

For IIFL Finance Limited
(Formerly IIFL Holdings Limited)

R. Venkataraman
Managing Director
(DIN : 00011919)

Rajesh Rajak
Chief Financial Officer

IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)

Annexure - II

STANDALONE STATEMENT OF ACCOUNTING RATIOS AS PER IGAAP

1. Basic and Diluted Earnings per Share

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Weighted average number of equity shares outstanding for computation of Basic EPS (A)	318,293,090	317,084,627	313,063,775
Add: Potential equity shares (B)	949,739	1,799,506	2,124,100
Weighted average number of equity shares used in computation of diluted earnings per share (C=A+B)	319,242,829	318,884,133	315,187,875
Profit after Tax attributable to equity shareholders [Rs.in million] (D)	2,043.48	1,567.78	1,719.81
Nominal Value of share [in Rs.]	2.00	2.00	2.00
Basic earnings per share [in Rs.] (E=(D/A)) (not annualised)	**6.42**	**4.94**	**5.49**
Diluted earnings per share [in Rs.] (F=(D/C)) (not annualised)	**6.40**	**4.92**	**5.46**

2. Return on Networth

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Total Comprehensive Income [Rs.in million] (A)	2,043.48	1,567.78	1,719.81
Average networth [Rs.in million] (B) <Refer Annexure 1A>	14,775.12	14,876.73	14,379.77
Return on networth (A/B) (Annualised)	**13.83%**	**10.54%**	**11.96%**

3. Net Asset Value Per Equity Share

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Number of equity shares (A)	318,979,026	317,908,193	316,536,853
Networth [Rs.in million] (B) <Refer Annexure 1A>	14,555.68	14,994.56	14,758.91
Net asset value per equity share (B/A)	**45.63**	**47.17**	**46.63**

4. Debt-equity ratio

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Debt [Rs.in million] (A) <Refer Annexure 1A>	0.00	500.00	500.00
Equity [Rs.in million] (B)	14,555.68	14,994.93	14,758.91
Debt-equity ratio (A/B)	**0.00**	**0.03**	**0.03**

For V Sankar Aiyar & Co.
Chartered Accountants
(FRN 109208W)

G. Sankar
Partner
(M.No.46050)

Place : Mumbai
Date : June 27, 2020

For IIFL Finance Limited
(Formerly IIFL Holdings Limited)

R. Venkataraman
Managing Director
(DIN : 00011919)

Rajesh Rajak
Chief Financial Officer

IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)

Annexure 1A

₹ in Million

Particulars		**FY 2018**	**FY 2017**	**FY 2016**
Share Capital		637.96	635.82	633.07
Reserve and Surplus		13,917.72	14,359.11	14,125.84
Total Equity	**a**	**14,555.68**	**14,994.93**	**14,758.91**
Less: Prepaid expense and Unamortised debenture issue expenses		-	0.37	-
Total	**b**	**-**	**0.37**	**-**
Networth	**c=a-b**	**14,555.68**	**14,994.56**	**14,758.91**
Average Networth (Refer Note a)		**14,775.12**	**14,876.73**	**14,379.77**
Total Debt				
(i) Long-term borrowings		-	-	-
(ii) Short-term borrowings		-	-	-
(iii) Current maturities of long term borrowings		-	500.00	500.00
Total Debt		**-**	**500.00**	**500.00**

Note: a) Average Networth means sum of opening and closing Networth divided by two.

Independent Auditor's Examination Report on Reformatted Consolidated Financial Statements As Per IGAAP

To the Board of Directors of IIFL Finance Limited (Formerly known as IIFL Holdings Limited)

Dear Sirs,

1) We have examined the attached Reformatted Consolidated Financial Statements As Per IGAAP of IIFL Finance Limited (formerly known as IIFL Holdings Limited) ("the Company" or "the Issuer"), its subsidiaries and trusts with residual beneficial interest, (the Company, its subsidiaries and trusts with residual beneficial interest together referred to as "the Group"), comprising the Reformatted Consolidated Statement of Assets and Liabilities as at March 31, 2018, 2017 and 2016, the Reformatted Consolidated Statement of Profit and Loss, the Reformatted Consolidated Statement of Cash Flows for the years ended March 31, 2018, 2017 and 2016 and the Statement of Significant Accounting Policies and other Explanatory Information (collectively, the "Reformatted Consolidated Financial Statements under IGAAP"). The Reformatted Consolidated Financial Statements under IGAAP have been prepared by the Management of the Company on the basis of Note 1 to the Reformatted Consolidated Financial Statements under IGAAP and have been approved by the Finance Committee of the Board of Directors of the Company vide its Resolution dated June 27, 2020 for the purpose of inclusion in the Draft Shelf Prospectus, Shelf Prospectus and respective Tranche Prospectus(es) (the "Offer Documents") prepared by the Company in connection with its proposed public issue of Secured Redeemable Non-Convertible Debentures and / or Unsecured Redeemable Non-Convertible Debentures ("the Debentures" or "the NCDs) prepared in terms of the requirements of:
   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
   b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("the Regulations"); and
   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2) The Company's Board of Directors is responsible for the preparation of the Reformatted Consolidated Financial Statements for the purpose of inclusion in the Offer Document to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Mumbai in connection with the proposed public issue of NCDs. The Reformatted Consolidated Financial Statements have been prepared by the Management of the Company on the basis of preparation stated in Note 1 to the Reformatted Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted Consolidated Financial Statements. The Company's Board of Directors are responsible for identifying and ensuring that the Group complies with the Act, the Regulations and the Guidance Note.

3) We have examined such Reformatted Consolidated Financial Statements under IGAAP taking into consideration:
   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated June 25, 2020 in connection with the proposed public issue of Debentures / NCDs of the Company;
   b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Consolidated Financial Statement; and

d) The requirements of Section 26 of the Act and the Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Regulations and the Guidance Note in connection with the proposed public issue of Debentures / NCDs.

4) These Reformatted Consolidated Financial Statements under IGAAP have been compiled by the management from the audited consolidated financial statements of the Group as at and for the years ended March 31, 2018, 2017 and 2016 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Act, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 3, 2018, May 4, 2017 and May 5, 2016 respectively and audited by the auditors of the Company for those years. In relation to the aforesaid consolidated financial statements audited by the previous auditors of the Company, we have not carried out any audit tests or review procedures, and, accordingly reliance has been placed on the financial statements audited by the previous auditors for the said years.

5) For the purpose of our examination, we have relied on the Auditor's Report issued by M/s Deloitte Haskins & Sells LLP, the previous statutory auditors of the Company on the Consolidated Financial Statements for the year ended March 31, 2018 dated May 3, 2018 and the Auditor's Report issued by M/s Sharp and Tannan Associates, the earlier statutory auditors of the Company on the Consolidated Financial Statements for the years ended March 31, 2017 and 2016 dated May 4, 2017 and May 5, 2016 respectively .

6) The Consolidated Financial Statements as at and for the years ended March 31, 2018, 2017 and 2016 reported upon by the previous auditors of the Company on which reliance has been placed by us, have been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure requirements of the financial year ended March 31, 2018. The figures included in the Reformatted Consolidated Financial Statements under IGAAP, do not reflect the effects of changes in accounting policies or events that occurred subsequent to the date of the reports of the previous auditors referred to in Para 5 above.

7) The Auditor's Report on the Consolidated Financial Statements issued by M/s Deloitte Haskins & Sells LLP, the previous statutory auditors of the Company for the financial year 2017-18 dated May 3, 2018 was unmodified and contained the following Other Matters:

"Other Matters

a) We did not audit the financial statements / Financial Statements of twenty one subsidiaries whose financial statements / Financial Statements reflect total assets of Rs. 38,356.38 million as at 31 March 2018, total revenues of Rs.11,299.12 million and net cash outflows amounting to Rs. 2,536.58 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / Financial Statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries , and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and trusts with residual beneficial interest is based solely on the reports of the other auditors.

Eleven subsidiaries are located outside India whose financial statements and other Financial Statements have been prepared in accordance with accounting principles generally accepted in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the Management of the company and audited by us.

b) We did not audit the financial statements of the jointly controlled entity whose financial statements reflect total assets of Rs.376.28 million as at 31st March 2018, total revenues of Rs.135.74 million and cash flows amounting to Rs.1.51 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated statements, in so far as it relates to the amounts and disclosures included in respect of this jointly controlled entity is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

c) The consolidated financial statements of the company for the year ended 31st March 2017, were audited by M/s. Sharp and Tannan Associates, the predecessor auditor, who expressed an unmodified opinion on those consolidated financial statements on 4 May 2017.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory requirements are not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors, the financial statements certified by the management and report of predecessor auditor."

8) The Auditor's Report on the Consolidated Financial Statements issued by M/s Sharp and Tannan Associates, the earlier statutory auditors of the Company for the financial year 2016-17 dated May 4, 2017 was unmodified and contained the following Other Matters:

"Other Matters

a) We did not audit the financial statements of 3 subsidiaries and 16 step down subsidiaries whose financial statements reflect total assets of Rs. 78,348.20 million as at 31st March 2017, total revenues of Rs.11,316.04 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of other auditors.

b) We did not audit the financial statements of jointly controlled entity, whose financial statement reflect total assets of Rs.400.13 million as at 31st March 2017, total revenues of Rs.107.42 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of jointly controlled entity and our report in terms of sub sections (3) and (11) of Section 143 of the Act in so are as it relates to the aforesaid jointly controlled entity, is based solely on such unaudited financial statements. In our opinion, and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements is not modified in respect of above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements certified by the management."

9) The Auditor's Report on the Consolidated Financial Statements issued by M/s Sharp and Tannan Associates, the earlier statutory auditors of the Company for the financial year 2015-16 dated May 5, 2016 was unmodified and contained the following Other Matters:

"Other Matters

a) We did not audit the financial statements of 3 subsidiaries and 15 step down subsidiaries whose financial statements reflect total assets of Rs.26,256.49 million as at March 31, 2016, total revenues of Rs.6,747.22 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of other auditors.

b) We did not audit the financial statements of jointly controlled entity, whose financial statements reflect total assets of Rs.357.25 million as at March 31, 2016, total revenues of Rs. NIL for the year ended on that date, as considered in the consolidated financial statements. The financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of jointly controlled entity and our report in terms of sub sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group."

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements as certified by the Management.

10) Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the report of the other auditor as mentioned in Para 5 above, we report that the Reformatted Consolidated Financial Statements under IGAAP are prepared, in all material respects, on the basis described in Note 1 to the Reformatted Consolidated Financial Statements.

11) At the request of the Company, we have also examined the following Consolidated Financial Information of the Company as at and for the years ended March 31, 2018, 2017 and 2016 prepared by the Management and approved by the Finance Committee of the Board of Directors vide Resolution dated June 27, 2020:
(i) Consolidated Statement of Accounting Ratios as per IGAAP enclosed as Annexure I.

12) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by the previous statutory auditors, nor should this be construed as a new opinion on any of the financial statements referred to herein.

13) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

14) Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Mumbai, Maharashtra in connection with the proposed issue of Debentures / NCDs. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **V Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

Place: Mumbai
Date: June 27, 2020

(G.SANKAR)
Partner
(M.No. 046050)
UDIN: 20046050AAAADM2718

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in Millions)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
I EQUITY AND LIABILTIES				
(1) Shareholder's funds				
(a) Share Capital	3	637.96	635.82	633.07
(b) Reserve and Surplus	4	50,018.77	43,178.37	32,888.00
(c) Money received against share warrants		-	-	0.09
Sub total		**50,656.73**	**43,814.19**	**33,521.16**
(1A) Share application money pending allotment	5	4.16	1.46	-
(2) Minority Interest	6	15,002.89	12,552.23	7,436.71
(3) Non Current Liabilities				
(a) Long-term Borrowings	7	1,27,109.87	1,28,010.93	89,703.08
(b) Deferred Tax Liabilities	15	0.51	-	-
(c) Other Long-term Liabilities	8	2,329.78	2,465.05	1,118.07
(d) Long-Term Provisions	9	1,761.43	1,218.92	797.90
Sub total		**1,31,201.59**	**1,31,694.90**	**91,619.05**
(4) Current liabilities				
(a) Short-Term Borrowings	10	1,53,446.07	92,121.28	35,805.30
(b) Trade Payables	11			
- Total outstanding dues of micro enterprises and small enterprises		0.03	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,448.05	1,452.89	1,425.81
(c) Other current liabilities				
- Current portion of long term borrowing	7	49,178.07	23,172.08	33,937.77
- Others	8	34,145.66	30,843.74	23,651.09
(d) Short-term provisions	9	1,949.91	1,954.04	1,377.83
Sub total		**2,40,167.79**	**1,49,544.03**	**96,197.80**
TOTAL		**4,37,033.16**	**3,37,606.81**	**2,28,774.72**
II ASSETS				
(1) Non-current assets				
(a) Fixed assets				
(i) Tangible assets	12	6,025.60	5,349.50	4,694.65
(ii) Intangible assets	13	122.37	66.94	51.63
(iii) Capital work-In-Progress		1,102.71	709.93	56.04
(iv) Intangible Assets under Development		-	3.25	-
Sub total		**7,250.68**	**6,129.62**	**4,802.32**
(b) Goodwill on Consolidation		648.61	636.49	580.59
(c) Non-Current Investments	14	17,640.85	13,280.26	5,790.61
(d) Deferred Tax Assets	15	1,775.85	1,579.34	1,306.90
(e) Long-term loans & advances	16			
-Loans		1,88,598.30	1,36,403.07	90,071.01
-Others		3,935.12	3,860.20	3,165.65
(f) Other non-current assets	17	1,779.16	591.68	482.49
Sub total		**2,14,377.89**	**1,56,351.04**	**1,01,397.25**
(2) Current assets				
(a) Current investments	18	16,564.43	28,750.22	12,879.24
(b) Inventories	19	205.56	312.49	333.00
(c) Trade receivables	20	2,599.18	5,301.99	2,345.68
(d) Cash and Bank balances	21	29,531.17	37,913.14	15,813.50
(e) Short-term loans & advances	16			
-Loans		1,37,447.67	82,672.44	80,482.84
-Others		8,654.82	4,396.51	3,983.37
(f) Other current assets	17	20,401.76	15,779.36	6,737.52
Sub total		**2,15,404.59**	**1,75,126.15**	**1,22,575.15**
TOTAL		**4,37,033.16**	**3,37,606.81**	**2,28,774.72**
See accompanying notes forming part of the reformatted consolidated financial statements	1 to 45			

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly IIFL Holdings Limited)

G. Sankar
Partner
Membership No. 046050

Nirmal Jain
Chairman
DIN : 00010535

R.Venkataraman
Managing Director
DIN : 00011919

Sumit Bali
Chief Executive Officer

Place : Mumbai
Dated: June 27, 2020

Rajesh Rajak
Chief Financial Officer

Gajendra Thakur
Company Secretary

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Millions)

Particulars	Notes	FY 2017-18	FY 2016-17	FY 2015-16
(A) CONTINUING OPERATION				
INCOME				
Revenue from operations	22	38,126.19	31,378.50	26,771.90
Other Income	23	415.43	261.48	220.71
Total Revenue		**38,541.62**	**31,639.98**	**26,992.61**
EXPENDITURE				
a. Employee Benefits Expense	24	4,614.84	3,298.50	2,690.79
b. Direct Operating Cost	25	429.89	182.36	257.10
c. Finance Cost	26	18,967.68	17,793.52	15,995.75
d. Depreciation and Amortisation Expense	27	173.05	158.72	269.72
e. Other Expenses	28	2,135.38	1,710.85	1,690.49
f. Provisions and Write off	29	3,131.46	1,759.01	1,087.14
Total Expenses		**29,452.30**	**24,902.96**	**21,990.99**
Profit before exceptional items		**9,089.32**	**6,737.02**	**5,001.62**
Exceptional Items		-	-	-
Profit Before Tax from Continuing Operation		**9,089.32**	**6,737.02**	**5,001.62**
Tax expenses				
(a) Current tax expense for current year		3,096.97	2,420.07	1,966.20
(b) Current tax expense relating to prior year		2.74	25.77	(1.93)
(c) Deferred Tax	15	(250.24)	(186.34)	(142.55)
Sub total		**2,849.47**	**2,259.50**	**1,821.72**
Profit for the year from Continuing Operation		**6,239.85**	**4,477.52**	**3,179.90**
Profit/(loss) before tax from Discontinuing Operation	39	7,587.58	5,502.90	3,424.64
Tax expenses of Discontinuing Operation	39	2,206.66	1,758.62	1,056.46
Profit/(loss) after tax from Discontinuing Operation	39	**5,380.92**	**3,744.28**	**2,368.18**
Profit/(loss) for the year		**11,620.77**	**8,221.80**	**5,548.08**
Share of Profit of Associate Companies		-	**0.96**	**-**
Less: Share of Minority Interest		**2,507.53**	**1,361.87**	**436.32**
Net consolidated profit for the year		**9,113.24**	**6,860.89**	**5,111.76**
Earnings per equity share (Face Value ₹ 2)				
(1) Basic (In ₹)	30			
(i) Continuing operations		11.73	9.83	8.76
(ii) Total operations		28.63	21.64	16.33
(2) Diluted (In ₹)	30			
(i) Continuing operations		11.69	9.77	8.70
(ii) Total operations		28.55	21.52	16.22
See accompanying notes forming part of the reformatted consolidated financial statements	1 to 45			

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly IIFL Holdings Limited)

G. Sankar
Partner
Membership No. 046050

Nirmal Jain
Chairman
DIN : 00010535

R.Venkataraman
Managing Director
DIN : 00011919

Sumit Bali
Chief Executive Officer

Place : Mumbai
Dated: June 27, 2020

Rajesh Rajak
Chief Financial Officer

Gajendra Thakur
Company Secretary

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)
REFORMATTED CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in Millions)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(A) CASH FLOW FROM CONTINUING OPERATIONS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before taxation, and exceptional items		**9,089.32**	**6,737.03**	**5,001.62**
Adjustments for:				
Depreciation and Amortisation	27	173.05	158.72	269.72
Gratuity Expense		45.71	29.77	22.41
Leave Encashment Expense		38.33	15.95	18.55
Provision for Doubtful Loans	29	118.77	842.39	521.11
Provision for Contingencies	29	(15.41)	144.63	1.73
Contingent Provision against Standard Assets	29	358.40	141.06	150.48
Provision for dimunition in the value of Investment	29	366.30	(25.09)	-
Income from financing activities		(34,170.30)	(28,533.24)	(24,932.81)
(Profit)/Loss on sale of Assets	23	(0.75)	8.99	6.97
Profit on Sale of Investments (net)		(1,086.58)	(1,182.29)	(775.03)
Loss on Buy back of Commercial Paper (net)		5.65	1.83	9.10
(Profit) / Loss on Buy back of Debentures (net)		9.45	(57.35)	(6.86)
Premium paid on early redemption of Debentures		101.84	-	-
Exchange fluctuation on Foreign Currency Term Loan		2.99	-	-
Interest on Fixed deposits with Banks	22	(670.57)	(512.59)	(211.04)
Interest Expense		18,579.13	17,478.67	15,794.33
Interest received on Fixed deposits with Banks		652.99	455.65	204.25
Income received from financing activities		32,608.93	28,315.31	24,932.81
Interest paid		(19,009.41)	(16,636.53)	(15,989.04)
Operating Profit before Working Capital changes		**7,197.84**	**7,382.91**	**5,018.29**
Increase in Current and Non - Current Liabilities		4,142.83	2,475.00	6,930.89
(Increase) / Decrease in Current and Non - Current Assets		128.87	(842.78)	(95.89)
Cash generated from Operations		11,469.54	9,015.13	11,853.29
Taxes Paid		(3,265.30)	(2,383.45)	(2,459.11)
Net Cash from Operating Activities		8,204.24	6,631.68	9,394.18
Loan Disbursed [Net]		(77,756.36)	(14,192.34)	(30,575.83)
Net Cash used in Operating Activities (a)		**(69,552.12)**	**(7,560.66)**	**(21,181.65)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (includes Intangible Assets)		(485.95)	(144.32)	(213.23)
Sale of Fixed Assets (includes Intangible Assets)		12.44	3.78	13.09
Purchase of Investments		(25,02,553.15)	(15,75,864.85)	(11,57,699.85)
Proceeds from sale/maturity of Investments		25,01,725.02	15,63,494.49	11,63,248.72
Fixed deposits placed		(9,748.10)	(9,455.19)	(1,213.44)
Fixed deposits matured		9,270.00	3,536.53	1,485.81
Goodwill on purchase of subsidiaries		(25.37)	(55.90)	(48.64)
Net Cash from used in Investing Activities (b)		**(1,805.11)**	**(18,485.46)**	**5,572.46**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital / Warrants (includes Minority Share Capital)		118.09	99.00	379.27
Increase in Minority Interest		(539.86)	4,906.40	4,792.04
(Redemption of Preference Shares) / Purchase of Minority stake in Subsidiary		-	(2,000.00)	(425.84)
Proceed from Share Application Money		2.70	1.46	-
Proceeds towards Long-term borrowings		69,690.68	65,989.09	36,859.31
Repayment of Long-term borrowings		(46,143.75)	(58,789.67)	(23,099.52)
Proceeds towards Short-term borrowings		30,52,624.29	34,27,586.39	2,00,162.60
Repayment of Short-term borrowings		(30,07,528.29)	(34,07,208.84)	(2,00,632.55)
Dividend (Incl Dividend Distribution Tax)		(1,771.50)	(1,714.73)	(1,900.53)
Net Cash from used in Financing Activities (c)		**66,452.36**	**28,869.10**	**16,134.78**
Net (Decrease)/Increase in cash and cash equivalents from continuing operations - I (a+b+c)		**(4,904.87)**	**2,822.98**	**525.59**
(B) Cash flow from Discontinuing operations				
FROM DISCONTINUING OPERATION				
Net cash generated/(used in) from operating activities(i)		(30,674.61)	(35,733.71)	(3,860.76)
Net cash generated/(used in) from investing activities(ii)		10,257.75	(19,427.63)	(11,649.21)
Net cash generated/(used in) from financing activities (iii)		18,373.72	62,066.57	9,250.44
Net (Decrease)/Increase in cash and cash equivalents from discontinuing operations - II (i+ii+iii)		**(2,043.14)**	**6,905.23**	**(6,259.53)**
Net (Decrease)/Increase in Cash and Cash Equivalents (I + II)		**(6,948.01)**	**9,728.21**	**(5,733.94)**
Cash and Cash Equivalents at beginning of the year		22,281.64	12,553.44	18,287.38
Cash and Cash Equivalents as at end of the year		**15,333.63**	**22,281.64**	**12,553.44**
Add : Earmaked balances with banks		246.26	249.51	39.31
Add : Fixed deposits considered in Investing activities		13,951.29	15,381.98	3,220.75
Cash and Cash Equivalents at end of period	**21**	**29,531.18**	**37,913.13**	**15,813.50**
See accompanying notes forming part of the reformatted consolidated financial statements	**1 to 45**			

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place : Mumbai
Dated: June 27, 2020

For and on behalf of the Board of Directors
of IIFL Finance Limited
(Formely IIFL Holdings Limited)

Nirmal Jain
Chairman
DIN: 00010535

R.Venkataraman
Managing Director
DIN: 00011919

Sumit Bali
Cheif Executive Officer

Rajesh Rajak
Chief Financial Officer

Gajendra Thakur
Company Secretary

Note 1. The Company has prepared the Reformatted Consolidated Statement of Assets and Liabilities as at March 31, 2018, 2017 and 2016 and Reformatted Consolidated Statements of Profit and Loss and the Reformatted Consolidated Statement of Cash Flows for the years ended March 31, 2018, 2017 and 2016 and the significant accounting policies and other explanatory information (together comprising the "Reformatted Consolidated Financial Statements"). Accordingly these Reformatted Consolidated Financial Statements will be included in the draft shelf prospectus proposed to be filed by the Company with the National Stock Exchange of India Limited, BSE Limited, Securities and Exchange Board of India (the "SEBI") (the "Draft Shelf Prospectus") in connection with the proposed public issue by the Company of Secured Redeemable Non-Convertible Debentures and/or Unsecured Subordinated Redeemable Non-Convertible Debentures.

The Reformatted Consolidated Financial Statement are based on and have been extracted by the Management of the Company from the Audited Consolidated Financial Statements of the Company for the years ended March 31, 2018, 2017 and 2016. The Reformatted Consolidated Financial Statements as at and for the years ended March 31, 2017 and 2016 has been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure in line with the Audited Consolidated Financial Statements for the year ended March 31, 2018 to comply with requirements of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time (the "SEBI (ILDS) Regulations") issued by the Securities and Exchange Board of India (the "SEBI").

These Reformatted Consolidated Financial Statements, do not reflect the effects of events that occurred subsequent to the dates of approval of the audited consolidated financial statements of the respective years by the Board of Directors of the Company and also do not reflect the effects of change in accounting policies from one year to another, if any.

These Reformatted Consolidated Financial Statements have been approved by the Finance Committee of the Board of Directors on its meeting held on June 27, 2020.

Note 1.1 Corporate Information:

IIFL Finance Limited (Formerly Known as IIFL Holdings Limited) was incorporated on October 18, 1995 and is engaged in Merchant Banking and Investment Advisory services besides holding investments in subsidiaries. The Group business consist of finance, financial services, capital market services, distribution of financial products and wealth management services which are carried out by separate subsidiaries of IIFL Finance Limited.

Note 2. Significant Accounting Policies:

2.1 Basis of Consolidation:

a) Basis of accounting and preparation of financial statements:

The audited consolidated financial statements of IIFL Finance Limited ('the Company') and its subsidiaries and joint ventures ('companies and / or subsidiaries/ joint ventures'), collectively referred to as 'Group' have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis of accounting. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Group.

b) Principles of Consolidation:

The consolidated financial statements relate to IIFL Finance Limited (the 'Company'), its subsidiary companies, jointly controlled entities and the Group's share of profit / loss in its associates. The consolidated financial statements have been prepared on the following basis:

i. The Company's investments in equity shares of associates are accounted for under the equity method and its share of pre-acquisition profits/losses is reflected as goodwill/capital reserve in the carrying value of investments in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23).

ii. Share of profit / loss, assets and liabilities in the jointly controlled entities, which are not subsidiaries, have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Group's equity interest in such entity as per AS 27 Financial Reporting of Interests in Joint Ventures. The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Group's share in the entity.

iii. The financial statements of the subsidiary companies, the associates and the joint ventures used in the consolidation are drawn up to the same reporting date as that of the Company, i.e. March 31, 2018.

iv. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

v. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

vi. Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

vii. In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

c) The list of subsidiaries, associates and joint venture that have been consolidated are given in Note 31.

2.2 Use of Estimates:

The preparation of financial statements, in conformity with Indian GAAP 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 recognized in the period in which the results are known / materialise.

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 Group are segregated based on the available information.

2.5 Fixed Assets ,Depreciation and Amortization:

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 for 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 assets.

Individual assets / group of similar assets costing up to `5,000 have been depreciated in full in the year of purchase. Leasehold land is depreciated on a straight line basis over the leasehold period.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings *	20 years
Computers *	3 years
Non-Compete Fees	5 years
Electrical Equipment *	5 years
Office Equipment	5 years
Furniture and Fixtures *#	5 years/10 years
Vehicles *	5 years/8 years
Software	3 years
Servers and networks	6 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.

Furniture and fixtures includes leasehold improvements which is depreciated on a straight line basis over the period of lease.

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.

2.6 Translation of foreign currency items :
Initial recognition
Transactions in foreign currencies entered into by the Group 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 Group, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Group are carried at historical cost.

2.7 Revenue Recognition:
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

a. Brokerage income earned on secondary market operations is accounted on trade date basis.

b. Income related with advisory activities, Investment banking, Merchant banking and Income in respect of other heads is accounted on accrual basis.

c. Income from arbitrage comprises profit/loss on sale of securities held as stock-in-trade and profit / loss on such instruments is accounted as follows:

   Initial and additional margin paid over and above initial margin for entering into contracts for Commodity Futures which are released on final settlement/squaring-up of underlying contract are disclosed under “other current assets”. Mark-to-market margin- Commodity Futures representing the amounts paid in respect of mark to market margin is also disclosed under “other current assets”. On final settlement or squaring up of contract for Commodity Futures, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. As at the Balance Sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding arbitrage portfolio comprising of Commodity Futures positions is determined on Commodity basis.

d. 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 RBI/NHB guidelines upon realisation. Interest income on investments is accounted on accrual basis.

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

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

Investment/Fund Management Fees are accounted on accrual basis as follows:

In case of percentage based fees, in accordance with the Portfolio Management Agreement entered with the respective clients, on a quarterly basis.

Distribution fee / Arranger Fee / commission income is recognised on accrual basis in accordance with the terms agreed with the counter party.

Manpower services/ Advisory/ Trustee fees are accounted on accrual basis.

g. 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.

h. 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.

i. 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.

j. In case of real estate broking business:
Group recognises revenue from real estate projects, undertaken as builder/developer, under development/construction as per Guidance Note on Accounting for Real Estate Transactions issued by the Institute of Chartered Accountants of India.

Revenue is recognized in relation to the real estate units sold to the extent it is probable that the economic benefits will flow to the Group demonstrated either by way of an Agreement for Sale or when receipt of advance from the buyer is adequate enough to demonstrate a commitment to pay. Revenue recognized is net of adjustment on account of cancellation.

In accordance with the Guidance Note on Recognition of Revenue by Real Estate Developers issued by Institute of Chartered Accountants of India the revenue from sale of real estate units is recognized on the "percentage of completion method". Percentage of completion is determined on the basis of the ratio of actual project cost (excluding cost of land) incurred to total estimated project cost. Where the total project cost based on technical and other estimates is expected to exceed the corresponding project revenue, such expected loss is provided for. Revenue from sale of finished goods (completed property for sale) is recognized when significant risks and rewards of ownership of units in real estate have passed to the buyer.

k. In case of insurance broking business:
Commission income on first year premium on insurance policies is recognised, when an insurance policy sold by the Company is accepted by the principal insurance company. Renewal commission on policies is accounted for on receipt basis.

2.8 Employee Benefits:

Defined contribution plans
The Group entities 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 and when services are rendered by the employees.

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 cost of short-term compensated absences is accounted as under:
(a) In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) In case of non-accumulating compensated absences, when the absences occur.

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.

2.9 Deferred Employee Stock Compensation:
The stock options granted by the Group entities are accounted for as per the accounting treatment prescribed by SEBI (Employee Stock Option Scheme and Employee Stock Purchase) Guideline, 1999/ SEBI (Share Based Employee Benefits) Regulations, 2014 and the guidance note on Accounting for Stock Options issued by The Institute of Chartered Accountant of India, whereby the intrinsic value of the options are recognized as deferred employee compensation. The deferred employee compensation, if any, is charged to the Statement of Profit and Loss on a straight line basis over vesting period of the options.

2.10 Provisions, Contingent Liabilities and Contingent Assets:
A provision is recognised when the Group 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. Contingent assets are not recognised in the financial statements.

2.11 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 Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

2.12 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 on 'Leases'.

2.13 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 (excluding investment properties) are carried at cost. Provision for diminution, other than temporary, is made to recognise a decline in the value of the investments.

An investment in buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Group, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

2.14 Inventories:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of cost and market value for arbitrage portfolio is done separately for each script.

2.15 Earnings Per Share:

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

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

2.16 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.

2.17 Debenture Issue Expenses:

Debenture issue expenses including ancillary and other acquisition cost incurred on non-convertible debentures are amortized over the tenure of the underlying debenture.

2.18 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 by the RBI/NHB Directions. Delinquencies on assets securitised / assigned are provided for based on management estimates. Provision on standard assets is as per the RBI/NHB Directions.

2.19 Derivative transactions

Mark to Market (MTM) valuation of the embedded derivative portion of borrowings by way of Market Linked Bonds and outstanding position in Market linked derivatives are recorded in accordance with principles enunciated in Accounting Standard 30 'Financial Instruments: Recognition and Measurement' and Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India. MTM valuation is determined based on quotes available from exchange / counter party/ rating agency.

The Group 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.

2.20 Segment Reporting

The Group 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 executive Management in deciding how to allocate resources and in assessing performance.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

2.21 Operating Cycle

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

2.22 Assignment of loan portfolio:

De-recognition of loans assigned, in the books of the subsidiary 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 guidelines issued by the RBI. Expenditure in respect of direct assignment is recognised upfront. Credit enhancement in the form of cash collateral provided by the subsidiary company is included under Cash and bank balance / Loans and advances, as applicable.

Note 3. Share Capital

a. Authorised, Issued, Subscribed and Paid up Share Capital:

(₹ in millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Authorised Share Capital			
600,000,000 (March 2017 600,000,000 and March 2016 600,000,000) Equity Shares of ₹2 each	1,200.00	1,200.00	1,200.00
Issued , Subscribed and Paid Up:			
318,979,026 (March 2017 317,908,193 and March 2016 316,536,853) Equity Shares of ₹2 each fully paid – up with voting rights	637.96	635.82	633.07
Total	**637.96**	**635.82**	**633.07**

b. Reconciliation of the shares outstanding at the beginning and at the end of the year:

Reconciliation of equity shares :	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
Particulars	Number of Shares	(₹ in Millions)	Number of Shares	(₹ in Millions)	Number of Shares	(₹ in Millions)
At the beginning of the year	**317,908,193**	**635.82**	**316,536,853**	**633.07**	**310,233,948**	**620.47**
Add:- Stock options exercised (Refer Note 35)	1,070,833	2.14	1,371,340	2.75	6,302,905	12.60
Outstanding at the end of the year	**318,979,026**	**637.96**	**317,908,193**	**635.82**	**316,536,853**	**633.07**

c. Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having at face value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. During the year ended March 31, 2018, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 5.00/- (March 2017 ₹ 4.50/- and March 2016 ₹ 4.25/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Details of shareholders holding more than 5% shares in th e Company

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹2 each fully paid						
FIH Mauritius Investments Ltd	84,641,445	26.54	84,641,445	26.62	68,788,445	21.73
Nirmal Bhanwarlal Jain	47,952,000	15.03	51,252,000	16.12	51,252,000	16.19
HWIC Asia Fund Class A Shares	28,362,530	8.89	27,910,000	8.78	27,910,000	8.82
Venkataraman Rajamani*	10,909,432	3.42	19,909,432	6.26	19,909,432	6.29
Madhu N Jain*	13,700,000	4.29	17,000,000	5.35	17,000,000	5.37
Copthall Mauritius Investment Limited*	-	-	452,530	0.14	16,305,530	5.15

*Position as on March 31, 2018 is given as they were shareholders with more than 5% shareholding as on March 31, 2017 and March 31, 2016.

e. During the period of five years immediately preceding the Balance sheet date, the Company has not issued any shares without payment being received in cash or by way of bonus shares or shares bought back.

f. Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestments, including the terms and amount, Refer Note 35 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

Note 4. Reserve and Surplus **(₹ in Millions)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Securities Premium Account			
Opening balance	25,292.67	17,935.71	12,187.47
Add: Premium on exercise of ESOP's	586.24	10,188.33	9,357.39
Add: Premium on Issue of Debentures	85.68	516.67	-
Less: Minority Interest	(292.72)	(3,348.04)	(3,609.15)
Closing balance	**25,671.87**	**25,292.67**	**17,935.71**
General Reserve			
Opening balance	1,933.41	1,552.63	1,580.43
Add: Amount transferred from Debenture Redemption Reserve	130.43	459.19	-
Less: Minority Interest	(3.45)	(78.41)	(27.80)
Less: Utilisation during the year [Refer Note 40]	(461.10)	-	-
Closing balance	**1,599.29**	**1,933.41**	**1,552.63**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934			
Opening balance	2,950.97	2,475.98	1,922.50
Add : Amount transferred from Statement of Profit & Loss Account [Refer Note 4.1]	1,027.21	888.40	553.48
Less: Minority Interest	(11.09)	(413.41)	-
Closing balance	**3,967.09**	**2,950.97**	**2,475.98**
Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987			
Opening balance	504.92	373.70	223.20
Add - Amount transferred from Statement of Profit and Loss Account [Refer Note 4.2]	395.00	194.00	150.50
Less: Minority Interest	(0.72)	(62.78)	
Closing balance	**899.20**	**504.92**	**373.70**
Foreign Exchange Fluctuation Reserve			
Opening balance	294.74	332.56	345.83
Add / (Less): Effect of foreign exchange rate variations during the year	26.45	(35.58)	(2.53)
Less: Minority Interest	(0.10)	(2.24)	(10.74)
Closing balance	**321.09**	**294.74**	**332.56**
Capital Reserve [Refer note 4.3]			
Opening balance	433.70	433.70	433.70
Less: Utilisation during the year [Refer note 40]	(433.70)	-	-
Closing balance	**-**	**433.70**	**433.70**
Capital Redemption Reserve [Refer note 4.4.1]			
Opening balance	1,319.30	51.11	51.11
Add: Amount transferred from Statement of Profit and Loss Account (Refer note 4.4.2)	750.00	1,500.00	
Less: Minority Interest	(1.58)	(231.81)	
Closing balance	**2,067.72**	**1,319.30**	**51.11**
Debenture Redemption Reserve [Refer note 4.5]			
Opening balance	3,907.00	4,153.45	2,737.82
Add: Additions during the year	617.02	830.15	1,429.41

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Less: Amount transferred to General Reserve	(130.43)	(459.19)	-
Less: Minority Interest	(4.44)	(617.41)	(13.78)
Closing balance	**4,389.15**	**3,907.00**	**4,153.45**
Surplus in Statement of Profit and Loss			
Opening balance	6,541.66	5,579.16	5,474.37
Addition:			
Profit for the year	9,113.24	6,860.89	5,111.76
Opening Adjustments	234.79	-	-
On account of demerger of 5Paisa Capital Ltd.(Refer Note 40)	12.45	-	-
Add: Adjustment arising out of Liquidation of Subsidiary	-	-	55.94
Less: Minority Interest	(146.45)	(730.36)	(1,023.97)
Less: **Appropriations**			
Preference Dividend	-	(20.43)	(272.92)
Interim Dividend	(1,592.38)	(1,429.19)	(1,340.73)
Dividend Distribution Tax on interim dividend	(238.32)	(263.98)	(233.19)
Dividend Distribution Tax on preference dividend	(32.40)	(27.07)	(53.69)
Deferred Tax Liability	-	(14.81)	(5.02)
Transferred to Special Reserve as per section 45-IC of the Reserve Bank of India Act, 1934	(1,027.21)	(888.40)	(553.48)
Transferred to Special Reserve as per Section 29 C of the National Housing Bank Act,1987	(395.00)	(194.00)	(150.50)
Transferred to Debenture Redemption Reserve	(617.02)	(830.15)	(1,429.41)
Transferred to Capital Redemption Reserve	(750.00)	(1,500.00)	-
Net Surplus in the Statement of Profit and Loss	**11,103.36**	**6,541.66**	**5,579.16**
Total	**50,018.77**	**43,178.37**	**32,888.00**

4.1. Pursuant to section 45-IC of the Reserve Bank of India Act, 1934, ₹ 1,027.21 Millions (March 2017 ₹ 888.40 Millions and ₹ March 2016 553.48 Millions) being 20% of the profit after taxes for the year of IIFL Wealth Finance Limited, India Infoline Finance Limited and Samasta Microfinance Limited has been transferred from the Statement of Profit and Loss to Special Reserve.

4.2. Pursuant to section 29C of the National Housing Bank Act, 1987, ₹ 395.00 Millions (March 2017 ₹ 194.00 Millions and March 2016 ₹ 150.50 Millions) being 20% of the profit after taxes for the year of India Infoline Housing Finance Limited has been transferred from the Statement of Profit and Loss to Special Reserve.

4.3. Capital Reserve was created in respect of share warrants lapsed in previous years.

4.4.1 Capital Redemption Reserve (CRR) was created on redemption of preference shares, buy back of equity shares and on amalgamation with India Infoline Marketing Services Limited.

4.4.2 During the year CRR has been created on redemption of the Preference share capital of India Infoline Finance Limited as per section 55 of the Companies Act, 2013.

4.5. Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, the Company and it's subsidiaries are required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures offered through Private issue and Public issue. Accordingly, an amount of ₹ 617.02 Millions (March 2017 ₹ 830.15 Millions and March 2016 ₹ 1,429.41) has been transferred to Debenture Redemption Reserve Account. During the year an amount of ₹ 130.43 Millions (March 2017 ₹ 459.19 Millions and March 2016 Nil) has been transferred from Debenture Redemption Reserve account to General Reserve on account of redemption of Debentures.

Note 5. Share application money pending allotment **(₹ in Millions)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Share Application Money pending allotment(Refer note 5.1)	4.16	1.46	-
Total	**4.16**	**1.46**	**-**

5.1 The Company has received ₹ 4.16 Millions (March 2017 ₹ 1.46 Millions March 2016 Nil) towards share application money on account of exercise of 23,645 (March 2017 8,070 and March 2016 Nil) ESOP options which has resulted into allotment of 23,645 (March 2017 8,070 and March 2016 Nil) equity shares, having face value of ₹ 2 each, allotted on April 17, 2018 (P.Y. April 13, 2017). Out of total proceeds, ₹ 4.11 Millions (March 2017 ₹ 1.44 Millions and March 2016 Nil) were received towards Securities Premium.

Note 6. Minority Interest **(₹ in Millions)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Minority Interest			
Opening Balance	12,552.23	7,436.71	2,644.67
Add: Opening Adjustment	(13.67)	-	-
Add: Addition in minority interest during the year	(43.20)	3,753.65	4,355.72
Add: Share of profit of minority interest	2,507.53	1,361.87	436.32
Closing Minority Interest	**15,002.89**	**12,552.23**	**7,436.71**

Note 7. Long Term Borrowings

(₹ in Millions)

Particulars	Non-Current portion			Current Maturities		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Term Loans - Secured:						
Term Loan from Banks (Refer Note(a), (b) and 7.1(a))	56,715.04	42,814.80	46,065.25	18,637.27	12,229.05	21,057.82
Loans from National Housing Bank (NHB) (Refer Note (a) and 7.1(b))	6,794.24	1,424.12	-	694.80	162.47	-
Loan from others (Refer Note (a) and 7.1(c))	168.79	37.81	-	282.04	13.88	-
Loan from financial Institution (Refer Note (c) and 7.1(d))	4.55	11.03	-	5.06	5.32	-
Sub Total (A)	**63,682.62**	**44,287.76**	**46,065.25**	**19,619.17**	**12,410.72**	**21,057.82**
Non-Convertible Debentures						
Secured (Refer Note (d), (e) and 7.2)	48,911.24	67,722.97	31,231.67	24,554.73	10,749.43	12,855.13
Unsecured – Subordinate Debt (Refer Note 7.2)	12,656.90	14,121.62	12,164.76	5,004.17	11.93	24.82
Unsecured - Perpetual Debt	1,500.00	1,500.00	-	-	-	-
Sub Total (B)	**63,068.14**	**83,344.59**	**43,396.43**	**29,558.90**	**10,761.36**	**12,879.95**
Share of Joint Venture (Refer Note 7.3)	359.11	378.58	241.40	-	-	-
Sub Total (C)	**359.11**	**378.58**	**241.40**	**-**	**-**	**-**
Total (A+B+C)	**127,109.87**	**128,010.93**	**89,703.08**	**49,178.07**	**23,172.07**	**33,937.77**
Amount disclosed under the head "Other Current Liabilities"	-	-	-	(49,178.07)	(23,172.08)	(33,937.77)
Total	**127,109.87**	**128,010.93**	**89,703.08**	**-**	**-**	

(a) These term loans 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.

(b) Bank borrowing also includes foreign currency term loan aggregating to USD 13.35 Millions (March 2017 USD 13.35 Millions) wherein the principal amount is fully hedged.

(c) The above loan is secured against hypothecation of fixed asset (Vehicles), repayable in equated monthly instalments over a period of five years.

(d) These Non convertible debentures are secured by way of first pari-passu charge on immovable property, current assets, book debts, loans and advances including receivables other than those specifically charged.

(e) 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.

7.1: Term Loans - Secured:

(a)Term loans from Banks:

(₹ in Millions)

Residual Maturity	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount
Fixed						
1-3 Years	8.88% - 14.00%	3.20	12.25% - 14.95%	267.22	-	-
Floating*						
Above 5 Years	8.05% - 8.40%	1,500.00	-	-	-	-
3-5 Years	7.90% - 9.85%	19,291.48	8.30% - 14.20%	14,178.17	9.75% - 10.45%	11,294.20
1-3 Years	7.68% - 13.25%	35,920.36	8.15% - 14.50%	28,369.41	9.60% - 11.20%	34,771.05
Total		**56,715.04**		**42,814.80**		**46,065.25**

*The rate of interest for the above term loans is linked to Marginal Cost of funds based Lending Rate/Treasury Bills/LIBOR plus applicable spread. The above categorisation of loans has been based on the interest rate prevalent as on the respective reporting dates.

(b)Term loans from NHB:

(₹ in Millions)

Residual Maturity	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount
Fixed						
Above 5 Years	4.61% - 8.95%	3,122.24	7.95% - 8.70%	553.88	-	-
3-5 Years	4.61% - 8.95%	1,819.20	7.95% - 8.70%	435.12	-	-
1-3 Years	4.61% - 8.95%	1,852.80	7.95% - 8.70%	435.12	-	-
Total		**6,794.24**		**1,424.12**		**-**

(C) Term loans from others:

(₹ in Millions)

Residual Maturity	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount
Fixed						
3-5 Years	-	-	9.30% - 9.65%	0.43	-	-
1-3 Years	9.30% - 12.00%	168.79	9.30% - 12.00%	37.38	-	-
Total		**168.79**		**37.81**		**-**

(d) Loan from financial institution:

(₹ in Millions)

Residual Maturity	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount
1-3 Years	9.00% - 10.00%	4.55	9.00% - 10.00%	11.03	-	-
Total		**4.55**		**11.03**		**-**

7.2 Non-Convertible Debentures - Secured:

(₹ in Millions)

Residual Maturity	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount
Fixed						
Above 5 Years	-	-	15.25%	50.00	10.20%	2,875.00
3-5 Years	8.00% - 15.25%	5,928.60	8.90% - 10.60%	5,800.00	10.20%	2,875.00
1-3 Years	7.50% - 13.70%	17,211.70	8.00% - 12.51%	31,734.53	9.80% - 12.00%	12,612.67
Floating						
Above 5 Years	Market Linked	8,561.10	Market Linked	12,164.70	-	-
3-5 Years	Market Linked	1,719.70	8.60%	5,000.00	-	-
1-3 Years	8.07% -8.60%	7,621.20	Market Linked	621.20	-	-
Zero Coupon						
Above 5 Years	-	-	-	-	9.00%	39.00
3-5 Years	8.20% - 8.75%	470.60	8.64% - 9.40%	5,043.00	-	-
1-3 Years	8.10% - 9.50%	7,398.34	8.85% - 11.45%	7,309.54	9.00% - 11.95%	12,830.00
Total		**48,911.24**		**67,722.97**		**31,231.67**

Non-Convertible Debentures - Unsecured:

(₹ in Millions)

Residual Maturity	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount
Fixed						
Above 5 Years	8.70% - 12.10%	5,609.00	9.00% - 16.90%	5,165.00	9.30% - 12.20%	1,350.00
3-5 Years	9.30% - 12.20%	4,386.43	9.30% - 12.00%	5,162.60	11.25% - 12.00%	3,797.24
1-3 Years	10.75%- 12.00%	3,991.45	12.25% - 12.75%	4,648.23	11.50% - 12.75%	5,806.31
Zero Coupon						
Above 5 Years	-	-	-	-	10.75% - 12.00%	751.42
3-5 Years	-	-	12.00%	201.42	12.25% - 12.75%	459.79
1-3 Years	12.00%	170.02	12.00% - 12.75%	444.37		
Total		**14,156.90**		**15,621.62**		**12,164.76**

7.3 Share of Joint Venture:

(₹ in Millions)

Residual Maturity	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount	Rate of Interest/Yield	Amount
Above 5 Years	12.00%	359.11	12.00%	378.58	12.00%	241.40
Total		**359.11**		**378.58**		**241.40**

Note 8. Other Liabilities

(₹ in Millions)

Particulars	Non-current			Current		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Current maturities of Long-term Borrowings	-	-		49,178.07	23,172.08	33,937.77
Sub Total (A)	**-**	**-**		**49,178.07**	**23,172.08**	**33,937.77**
Security Deposits	151.17	132.79	102.57	242.43	237.89	244.59
Temporary overdrawn bank balance as per books	-	-	-	10,669.91	7,157.82	7,716.43
Interest accrued but not due on borrowings	2,178.61	2,332.26	1,015.49	4,130.57	3,578.73	3,561.66
Advances from Customers	-	-	-	1,220.05	2,141.60	800.72
Margin from Clients	-	-	-	33.00	5.00	5.10

Particulars	Non-current			Current		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Payables on account of Assignment	-	-		1,510.01	1,482.93	1,050.31
Contractually Reimbursable Expenses	-	-		3.83	36.31	21.23
Statutory Remittances	-	-		790.57	368.71	233.44
Income received in advance	-	-		127.43	202.44	235.36
Unclaimed Dividend (Refer note 8.1)	-	-		8.24	6.79	6.68
Other Payables (auction proceeds, retention payable, unclaimed NCD dues, etc.) (Refer note 8.1a)	-	-	0.01	1,879.73	785.55	322.81
Payable to Client and Exchanges	-	-		13,520.56	14,827.29	9,443.29
Payable to Employees	-	-		0.02	5.21	-
Provision for Gratuity	-	-		9.31	7.47	9.47
Sub Total (B)	**2,329.78**	**2,465.05**	**1,118.07**	**34,145.66**	**30,843.74**	**23,651.09**
Total (A+B)	**2,329.78**	**2,465.05**	**1,118.07**	**83,323.73**	**54,015.82**	**57,588. 86**

8.1 No amount was required to be transferred in Investor Education and Protection fund account as per Section 125 of Companies Act, 2013 on account of Unclaimed Dividend and Unclaimed dues on account of NCD.

8.1a Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ 1,091.87 Millions (March 2017 ₹ 0.02 Millions March 2016 ₹ Nil), Mark to market payable (Net) ₹ 3.00 Millions (March 2017 and March 2016 ₹ Nil).

Note 9. Provisions: **(₹ in Millions)**

Particulars	Non-current			Current		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits						
Provision for Compensated absences	64.00	43.63	48.50	86.16	48.09	35.33
Provision for Gratuity	46.37	33.64	22.70	17.08	35.87	10.69
Sub Total (A)	**110.37**	**77.27**	**71.20**	**103.24**	**83.96**	**46.02**
Provision for others						
Contingent Provision against Standard assets (Refer note 9.1)	1,479.35	972.25	700.58	-	-	3.02
Provision for Tax (Net of Advance Tax ₹ 5,869.08 Millions (March 2017 ₹6,348.52	-	-		712.71	943.15	448.74

Particulars	Non-current			Current		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Millions and March 2016 ₹ 3,301.43 Millions)						
Provision for Bonus	-	-		1,133.96	854.68	700.63
Proposed Dividend (Refer note 9.2)	-	-		-	60.02	146.85
Dividend distribution tax on proposed dividend	-	-		-	12.23	32.57
Other provisions (Refer note 9.1)	171.71	169.40	26.12	-	-	-
Sub Total (B)	**1,651.06**	**1,141.65**	**726.60**	**1,846.67**	**1,870.08**	**1,331.81**
Total (A+B)	**1,761.43**	**1,218.92**	**797.90**	**1,949.91**	**1,954.04**	**1,377.83**

9.1 Details of movement in provisions:

(₹ in Millions)

Particulars	Contingent provision against standard assets			Other provisions		
	2017-2018	2016-2017	2015-2016	2017-2018	2016-2017	2015-2016
Opening	972.25	700.58	550.10	169.40	26.12	180.36
Add: Addition	507.10	271.67	150.48	12.42	143.28	26.12
Less: Reversals	-	-		10.11	-	180.36
Closing	**1,479.35**	**972.25**	**700.58**	**171.71**	**169.40**	**26.12**

9.2 Details of Proposed Preference Dividend:

(₹ in Millions)

Particulars	2017-2018	2016-2017	2015-2016
On 8% Non Convertible Redeemable Preference Shares of ₹ 10 each	-	₹ 0.8 Per share	₹ 0.8 Per share
Number of shares	-	75,000,000	75,000,000
Sub-total (A)	**-**	**60.00**	**60.00**
On 0.01% Compulsorily Convertible Preference Shares of ₹ 10 each	-	₹ 0.0005 Per share	-
Number of shares	-	43,334,409	-
Sub-total (B)	**-**	**0.02**	**-**
Total (A+B)	**-**	**60.02**	**-**

Note 10. Short Term Borrowings:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Secured Loans			
Cash Credit/Bank Overdraft(Refer note (a))	8,237.37	6,799.83	4,770.45
Term Loan from Banks (Refer note (a))	-	1,000.00	1,450.00
Collateralised Borrowing and Lending Obligation (CBLO) (Refer note (b))	5,550.00	8,400.00	-
Less : Unexpired discount on CBLO	(2.14)	(2.51)	-
Sub Total (A)	**13,785.23**	**16,197.32**	**6,220.45**
Unsecured Loans			
Commercial Papers	140,835.94	76,446.34	29,950.00
Less : Unexpired discount on Commercial Papers (Refer note(c))	(1,175.10)	(523.11)	(365.15)
Inter Corporate Loan / Deposits	-	0.73	-
Sub Total (B)	**139,660.84**	**75,923.96**	**29,584.85**
Total (A+B)	**153,446.07**	**92,121.28**	**35,805.30**

(a) These are secured by way of first pari passu charge over the current assets in the form of receivables, book debts, bills, Collaterals outstanding monies receivables including future movable assets, other than those specifically charged.

(b) Borrowings under CBLO are secured against government securities of face value ₹ 5,700.00 Millions (March 2017 ₹ 8,550.00 Millions and March 2016 ₹ Nil).

(c) Unexpired discount on Commercial Papers is net of ₹ 1,558.38 Millions (March 2017 ₹ 716.50 Millions) towards discount accrued but not due.

Note 11. Trade Payable

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Total outstanding dues of micro enterprises and small enterprises (Refer note 11.1)	0.03	-	
Total outstanding dues of creditors other than micro enterprises and small enterprises			
- Sundry Creditors	228.76	417.88	159.45
- Accrued Salaries and Benefits	64.33	50.65	472.19
- Provision for expenses	1,150.32	960.19	771.09
- Other payables	4.64	24.17	23.08
Total	**1,448.08**	**1,452.89**	**1,425.81**

11.1 Disclosure under The Micro, Small and Medium Enterprises Development Act, 2006

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

(₹ in Millions)

Particulars	2017-2018	2016-2017	2015-2016
(a) Principal amount remaining unpaid to any supplier at the year end	0.03	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act	-	-	-

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Note 12. Tangible Assets (₹ in Millions)

Particulars	Land/ Leasehold Land	Buildings (Including Land)	Computers	Electrical Equipment	Furniture & Fixture	Office Equipment	Vehicles	Total
Cost as at April 1, 2017	1,832.07	3,616.66	824.68	660.25	1,730.90	701.28	49.62	**9,415.46**
Additions	60.13	825.72	250.17	72.86	402.03	72.38	16.67	**1,699.96**
Deduction on demerger of subsidiary	-	-	(1.47)	(0.32)	(1.84)	(1.50)	-	**(5.13)**
Deductions/Adjustments	(63.91)	(339.84)	(412.22)	(181.23)	(625.43)	(294.55)	(14.71)	**(1,931.89)**
As at March 31, 2018	**1,828.29**	**4,102.54**	**661.16**	**551.56**	**1,505.66**	**477.61**	**51.58**	9,178.40
Depreciation								
As at April 1, 2017	8.22	662.41	676.93	586.50	1,470.57	635.89	25.44	**4,065.96**
Depreciation for the year(Continuing Operations)	-	21.24	42.99	18.55	49.09	25.48	3.50	**160.85**
Depreciation for the year (Discontinuing Operations)	2.79	213.27	75.70	36.67	165.23	27.05	6.79	**527.50**
Deduction on demerger of subsidiary	-	-	(0.47)	(0.24)	(1.01)	(0.71)	-	**(2.43)**
Deductions/Adjustments	-	(41.66)	(423.06)	(198.07)	(618.54)	(306.70)	(11.03)	(1,599.06)
Up to March 31, 2018	**11.01**	**855.26**	**372.09**	**443.41**	**1,065.34**	**381.01**	**24.70**	**3,152.82**
Net Block as at March 31, 2018	**1,817.28**	**3,247.28**	**289.07**	**108.15**	**440.32**	**96.60**	**26.88**	**6,025.60**

Particulars	Land/ Leasehold Land	Buildings (Including Land)	Computers	Electrical Equipment	Furniture & Fixture	Office Equipment	Vehicles	Total
Cost as at April 1, 2016	1,826.85	2,807.97	688.69	689.74	1,800.33	713.34	52.18	**8,579.10**
Additions	6.36	808.70	155.24	31.81	146.53	21.38	0.10	**1,170.12**
Additions due to acquisition of Subsidiary	-	-	4.26	-	4.55	3.19	6.18	**18.18**
Reclassification	-	-	-	0.16	0.03	(0.19)	-	**-**
Deductions/Adjustments	(1.14)	-	(23.50)	(61.46)	(220.54)	(36.44)	(8.85)	**(351.93)**
As at March 31, 2017	**1,832.07**	**3,616.67**	**824.69**	**660.25**	**1,730.90**	**701.28**	**49.61**	9,415.47
Depreciation								**-**
As at April 1, 2016	7.14	519.21	624.23	571.21	1,532.35	612.67	17.65	**3,884.46**
Additions due to acquisition of Subsidiary	-	-	4.25	-	2.70	2.43	2.58	**11.96**
Depreciation for the year(Continuing Operations)	-	21.27	15.00	34.90	48.65	33.40	1.37	**154.59**

Depreciation for the year (Discontinuing Operations)	1.08	122.27	50.62	32.91	104.58	22.22	7.48	**341.16**
Reclassification	-	-	-	0.10	-	(0.10)	-	**-**
Deductions/Adjustments	-	(0.34)	(17.17)	(52.62)	(217.71)	(34.73)	(3.65)	**(326.22)**
Up to March 31, 2017	**8.22**	**662.41**	**676.93**	**586.50**	**1,470.57**	**635.89**	**25.43**	**4,065.95**
Net Block as at March 31, 2017	**1,823.85**	**2,954.26**	**147.76**	**73.75**	**260.33**	**65.39**	**24.18**	**5,349.50**

Particulars	Land/ Leasehold Land	Buildings (Including Land)	Computers	Electrical Equipment	Furniture & Fixture	Office Equipment	Vehicles	Total
Cost as at April 1, 2015	**1,827.76**	**2,196.80**	**714.43**	**813.66**	**2104.05**	**855.84**	**40.69**	**8,553.23**
Additions	-	634.87	69.44	51.01	99.15	37.80	11.49	**903.76**
Deductions/Adjustments	(0.91)	(23.70)	(95.18)	(174.93)	(402.87)	(180.30)	-	**(877.89)**
As at March 31, 2016	**1,826.85**	**2,807.97**	**688.69**	**689.74**	**1,800.33**	**713.34**	**52.18**	**8,579.10**
Depreciation								**-**
As at April 1, 2015	**6.06**	**392.17**	**651.17**	**616.05**	**1,634.10**	**682.72**	**8.63**	**3,990.90**
Depreciation for the year (Continuing Operations)	-	16.62	7.42	58.67	123.56	61.82	1.5	**269.59**
Depreciation for the year (Discontinuing Operations)	1.08	113.39	53.51	47.06	113.20	29.64	7.52	**365.40**
Deductions/Adjustments	-	(2.97)	(87.87)	(150.57)	(338.52)	(161.51)	-	**(741.44)**
Up to March 31, 2016	**7.14**	**519.21**	**624.23**	**571.21**	**1,532.35**	**612.67**	**17.65**	**3,884.45**
Net Block as at March 31, 2016	**1,819.71**	**2,288.76**	**64.46**	**118.53**	**267.98**	**100.67**	**34.53**	**4,694.65**

Note 13. Intangible Assets (Other than internally generated) **(₹ in Millions)**

Particulars	Software
Cost or Valuation as at April 1, 2017	**166.47**
Additions	131.05
Additions due to acquisition of Subsidiary	-
Deductions /Adjustments during the year	(2.67)
As at March 31, 2018	**294.85**
Depreciation	
As at April 1, 2017	**99.53**
Additions due to acquisition of Subsidiary	-
Depreciation For the year(Continuing operations)	12.21

Depreciation For the year(Discontinuing operations)	61.40
Reclassification	-
Deductions/Adjustments during the year	(0.66)
Up to March 31, 2018	**172.48**
Net Block as at March 31, 2018	**122.37**

Particulars	Software
Cost or Valuation as at April 1, 2016	**176.80**
Additions	58.97
Additions due to acquisition of Subsidiary	5.22
Deductions /Adjustments during the year	(74.53)
As at March 31, 2017	**166.46**
Depreciation	
As at April 1, 2016	**125.16**
Additions due to acquisition of Subsidiary	4.83
Depreciation For the year(Continuing operations)	4.13
Depreciation For the year(Discontinuing operations)	39.81
Reclassification	(2.07)
Deductions/Adjustments during the year	(72.34)
Up to March 31, 2017	**99.52**
Net Block as at March 31, 2017	**66.94**

Particulars	Software
Cost or Valuation as at April 1, 2015	**150.14**
Additions	26.90
Deductions /Adjustments during the year	(0.24)
As at March 31, 2016	**176.80**
Depreciation	
As at April 1, 2015	**99.57**
Depreciation For the year(Continuing operations)	0.13
Depreciation For the year(Discontinuing operations)	25.70
Deductions/Adjustments during the year	(0.23)
Up to March 31, 2016	**125.17**
Net Block as at March 31, 2016	**51.63**

Note 14. Non-current Investments

(₹ in Millions)

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
Non Trade Investments (Quoted)(Valued at cost unless stated otherwise)									
Investment in equity shares (Fully paid) (Quoted):									
Bombay Stock Exchange Limited	2	65,000	16.87	2	65,000	16.87	2	130,000	16.87
Sub Total (A)			**16.87**			**16.87**			**16.87**
Total Quoted Investment (A) {I}			**16.87**			**16.87**			**16.87**
Trade Investments (Unquoted)(Valued at cost unless stated otherwise)									
Investment in equity in Associate Company (Fully paid)									
IIFL Asset Reconstruction Limited (Refer Note 14.1)	-	-	-	10	2,050,000	21.50	-	-	-
Sub Total (B)			**-**			**21.50**			**-**
Non Trade Investments (Unquoted)(Valued at cost unless stated otherwise)									
Investment in equity shares (Fully paid) (Unquoted):						`			
Fine Worthy Software Solutions	10	10,000	0.10	10	10,000	0.10	10	10,000	0.10
MF Utilities India Private Limited	1	500,000	0.50	1	500,000	0.50	1	500,000	0.50
Alpha Micro Finance Consultants Private Limited	10	50,000	0.50	10	50,000	0.50	-	-	-
TransUnion CIBIL Limited (formerly, Credit Information Bureau (India) Limited)	10	250,000	155.00	10	250,000	155.00	10	250,000	155.00
India Alternatives Investment Advisors Private Limited(Refer Note 14.2)	10	1	0.01	10	1	0.01	-	-	-
CL Educate Limited	-	-	-	-	-	-	10	23,980	10.00
Sub Total (C)			**156.11**			**156.11**			**165.60**

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Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
Investment in Mutual Funds (Unquoted):									
HDFC Debt Fund For Cancer Cure – 50% Regular option -2014 dividend donation	10	2,000,000	20.00	10	2,000,000	20.00	10	2,000,000	20.00
IIFL Mutual Fund - Dynamic Bond Fund-Direct Plan-Growth	10	563,625	6.12	10	563,625	6.12	10	563,625	6.12
IIFL Liquid Fund – Direct Plan - Growth	1,000	4,769	5.87	1,000	4,769	5.87	-	-	-
IIFL India Growth Fund – Direct Plan- Growth	10	533,063	5.33	10	5,095,481.47	55.33	10	5,095,481.47	55.33
Axis Mutual Fund	-	-	-	-	-	-	10	47,672,580	79.99
Sub Total (D)			**37.32**			**87.32**			**161.44**
Investment in Non Convertible Debentures for financing real estate projects (Unquoted):									
Assotech Limited	-	-	-	100,000	520	52.00	100,000	2600	260.00
Radius & Deserve Land Developers Private Limited - Series E	-	-	-	1,000,000	120	120.00	1,000,000	120	120.00
Roseberry Developers Private Limited	100,000	9,500	950.00	-	-	-			
Roseberry Developers Private Limited (Series B)	-	-	-		-	-	65,981	1,516	100.00
Nuevo Suncity Private Limited	100,000	7,389	738.89	100,000	7,389	738.89	100.000	9,500	950.00
Renaissance Indus Infra Private Limited	-	-	-	100,000	164	16.41	13,131	2,634	34.59
Sheth Buildwell Private Limited							100,000	4,000	400.00
Parinee Realty Private Limited							100,000	16,320	1,631.99
Rajesh Habitat Private Limited	5,000,000	56	281.25	5,000,000	90	450.00	-	-	-
Spenta Suncity Private Limited - Series A	100,000	1,250	125.00	100,000	2,000	200.00	-	-	-
Shree Siddhivinayk Realhomes Private Limited	-	-	-	100,000	9,525	952.50	-	-	-
Gulam Mustafa Enterprises Private Limited	-	-	-	100,000	17,016	1,701.60	-	-	-
Alisa Infratech Pvt Ltd - Series A	1,000,000	950	950.00	1,000,000	7,000	700.00	-	-	-
Janapriya Engineers Syndicate Private Limited	100,000	9,100	910.00	-	-	-	-	-	-
Zerkalo Properties Private Limited	100,000	8,450	845.00	-	-	-	-	-	-
Radius Infra Holdings Private Limited	100,000	8,499	849.90	-	-	-	-	-	-
Cushion Realty Private Limited	100,000	8,800	880.00	-	-	-	-	-	-
Spenta Sun City Private Limited	100,000	23,333	2,333.30	-	-	-	-	-	-
Radius & Deserve Land Developers Private Limited	100,000	11,500	1,150.00	-	-	-	-	-	-

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Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
Alisa Infratech Private Limited - Series B,C and D	1,000,000	1,000	1,000.00	-	-	-	-	-	-
Magic Eye Developers Private Limited	100,000	1,000	100.00	-	-	-	-	-	-
Ruchi Priya Developers Pvt Ltd	-	-	-	100,000	6,524	652.37	100,000	4,000	400.00
Reliance Capital Limited RCL MLD SERIES B/367-A 28-NOV-19	100,000	137	13.70	100,000	137	13.70	-	-	-
Reliance Capital Limited SR-B/359A TYPE III BR NCD 21OT19	100,000	629	62.90	100,000	629	62.90	-	-	-
Reliance Capital Limited SR-B/359A TYPE IV BR NCD 24OT19	100,000	704	70.40	100,000	704	70.40	-	-	-
Reliance Capital Limited SR-B/364A TYPE I BR NCD 04NV19	100,000	336	33.60	100,000	336	33.60	-	-	-
RELIANCE CAPITAL LIMITED RCL MLD SERIES B/369-A TYPE II 02-DEC-19	100,000	60	6.00	100,000	60	6.00	-	-	-
Reliance Capital Limited SERIES B/435-A	100,000	1,805	180.50	-	-	-	-	-	-
Reliance Capital Limited SR-B/433A BR NCD 09AG21	100,000	3,321	333.62	-	-	-	-	-	-
Arch Agro Industries Private Limited(Non convertible Debentures)(Since Matured)	10,000	10855	73.26	10,000	10,855	73.26	10,000	16,707	167.07
Sub Total (E)			**11,887.32**			**5,843.63**			**4,063.65**
Investment in Venture Capital Funds and Alternative Investment Funds (Fully paid) (Unquoted)									
IIFL Real Estate Fund (Domestic) Series 1 - Class B	-	-	-	10	288	0.00	10	230	0.00
Motilal Oswal Focused Growth Opportunities Fund - Class C	10	20,000	0.20	10	20,000	0.20	-	-	-
Sundaram Alternative Opportunities Fund Nano Cap Series 1 - Class E	100,000	147.02	16.70	100,000	25.05	2.51	-	-	-
IIFL National Development Agenda Fund -Class C Units	-	-	-	8.4710	9,722,490.53	85.09	10	9,467	0.10
IIFL Income Opportunities Fund Series – Special Situation– Class B Units	7.10	1,685	0.01	7.7648	934,607.75	7.66	7.46	2,477	0.03

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Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
IIFL Income Opportunities Fund Series – Special Situation– Class S Units	4.66	13,597,048	70.65	7.7648	23,875,532.646	188.48	10	13,597,048	143.30
IIFL Income Opportunities Fund	-	-	-	0.7693	58,351,969.68	34.41	-	-	-
Blume Venture Capital Fund	10	1,488	16.86	10,000	1,488	16.86	10,000	1,488	14.88
IIFL Venture Fund Category I – AIF	-	-	0.10		-	0.10		-	0.10
IIFL Private Equity Fund Category II - AIF	-	-	0.10		-	0.10		-	0.10
IIFL Opportunity Fund Category III AIF	-	-	0.10		-	0.10		-	0.10
IIFL Income Opportunities Fund Category II- AIF Class S	-	-	-	0.77	5,000,000	6.60	10	5,000,000	7.21
IIFL Real Estate Fund (Domestic) - Series 2 - Class S	7.5929	46,956,551.454	386.97	10	46,956,551.454	500.00	10	46,956,551	500.00
India Alternative Private Equity Fund (Partly paid ₹ 76.57 (P.Y. ₹ 74.52)	100	3,151,000	221.18	100	3,151,000	210.52	100	3,151,000	169.75
India Alternative Private equity Fund	-	-	-	-	-		100	5,500	1.65
IIFL Cash Opportunities Fund - Sponser Class A	10	9,326,065	112.31	10	9,326,357	100.00	10	10,000,000	100.01
IIFL Cash Opportunities Fund - Class C	10	1,000	0.01	10	1,000	0.01	-	-	-
IIFL Best of Class Fund	-	-	-	-	-	-	10	10,000,000	90.01
IIFL Real Estate Fund (Domestic) Series 1 Class C	-	-	-	15.9627	7,500,000	166.00	-	-	-
IIFL Real Estate Fund (Domestic) Series 2 - Class C	10	2,370	0.02	10	2,370	0.02	-	-	-
IIFL Real Estate Fund (Domestic) Series 3 - Class S	10	25,000,000	268.14	10	25,000,000	250.00	10	25,000,000	250.00
IIFL Real Estate Fund (Domestic) Series 4 - Class D	10	2,500	0.03	10	2,500	0.03	-	-	-
IIFL Real Estate Fund (Domestic) Series 4 - Class S	10	10,000,000	102.95	10	10,000,000	100.00	-	-	-
IIFL Best of Class Fund - Series I - Class C Units	5.81	2,500	0.01	10	2,500	0.03	10	37,500,000	37.50
IIFL Best of Class Fund - Series I - Class S	10	5,000,000	63.16	10	5,000,000	49.68	-	-	-
IIFL Best of Class Fund - Series II - Class C Units	10	2,500	0.03	10	2,500	0.03	-	-	-
IIFL Best of Class Fund - Class B - Class 3 (Reliance)	10	5,000,000	54.55	10	5,000,000	49.38	-	-	
IIFL Seed Venture Fund- Class C Units	10	2,500	0.03	10	2,500	0.03	-	-	-

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Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
IIFL Seed Venture Fund- Class S	10	18,584,494	302.11	10	6,242,543	67.50	-	-	-
IIFL Asset Revival Fund Series 2- Class C Units	10	2,500	0.03	10	2,500	0.03	-	-	-
IIFL Asset Revival Fund Series 2- Class S	10	10,000,000	138.89	10	10,000,000	100.00	-	-	-
IIFL Asset Revival Fund Series 3- Class C	10	2,500	0.03	10	2,500	0.03	-	-	-
IIFL Asset Revival Fund Series 3- Class S	10	2,941,414	37.33	10	4,714,192	50.00	-	-	-
IIFL Yield Enhancer Fund- Class D Units	3.81	2,500	0.01	10	2,500	0.03	-	-	-
IIFL Yield Enhancer Fund- Class S	10	30,218,768	128.49	10	12,500,000	125.00	-	-	-
IIFL Phoenix Cash Opportunities Fund- Class C	10	1,500	0.02	10	2,500	0.03	-	-	-
IIFL Phoenix Cash Opportunities Fund- Class S	10	2,896,148	31.53	10	1,000,000	10.00	-	-	-
IIFL Focused Equity Strategy Fund - Class S1	10	2,156,072	31.69	10	833,333	8.33	-	-	-
IIFL Focused Equity Strategy Fund - Class S2	10	2,118,434	23.88	10	833,333	8.33	-	-	-
IIFL Focused Equity Strategy Fund - Class S3	10	2,307,261	26.71	10	833,333	8.33	-	-	-
IIFL Income Opportunities Series Debt Advantage	10	17,867,792	190.97	10	4,956,271	50.00	-	-	-
Ask Select Focus Fund - Class E	1,000	5,000	5.00	-	-	-	-	-	-
IIFL Select Series I - Class A	10	1,680,799	20.69	10	1,676,041	17.00	-	-	-
IIFL Select Equity Fund - Sponsor Contribution	10	2,038,086	19.92	10	2,000,000	20.00	-	-	-
IIFL Special Opportunities Fund - Class S	-	-	-	10	1,250,000	12.50	-	-	-
IIFL Income Opportunities Series Regular Income - Class S	-	-	-	10	403,695,652	4,036.95	-	-	-
Reliance Capital Limited	-	-	-	-	-	-	100,000	508	50.80
Global Dynamic Opportunities Fund - Cell 74	-	-	-	100	51,000	330.63	-	-	-
IIFL Re Organize India Equity Fund	10	4,984,299	44.92	10	2,500,000	25.00	-	-	
Iron Pillar Fund 1 Class A	100	291,118	29.11	-	-	-	-	-	-
India Housing Fund - Class B	10	2,500	0.03	-	-	-	-	-	-
IIFL Long Term Growth Fund I - Class B	10	2,500	0.03	-	-	-	-	-	-
IIFL Investment Opportunities Fund- Spl. Series 1	-	-	-	10	2,500	0.02	-	-	-
IIFL Investment Opportunities Fund- Spl. Series 1 Class S	-	-	-	10	7,635,711	79.99	10	7,978,614	80.00
Motilal Oswal Focused Growth Opportunities Fund Carry Units - Class B	10	862,449	10.00	10	604,802	6.50	-	-	-
DSP BlackRock AIF Pharma Fund - Class C	100	100,000	10.00	-	-	-	-	-	-

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Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
Sundaram Alternative Opportunities Fund Nanocap Series II - Class E	100,000	154	16.70	-	-	-	-	-	-
Sundaram Alternative Opportunities Fund Nanocap Series II - Class I	100,000	1	0.10	-	-	-	-	-	-
White Oak India Equity Fund - Class I	10	1,293,393	13.00	-	-	-	-	-	-
Yournest Angel Fund – Scheme 1	1	1,575	-	-	-	-	-	-	-
India Housing Fund	10	5,000,000	50.63	-	-	-	-	-	-
IA ALL CAP FUND	10	5,645,048	54.48	-	-	-	-	-	-
IA Diversified Fund	10	7,500,000	75.68	-	-	-	-	-	-
IIFL Blended Fund Series - A - CAPMETRICS - CONCENTRATED HIGH GROWTH	10	625,000	6.43	-	-	-	-	-	-
IIFL Blended Fund Series - A - MOTILAL - LONG TERM VALUE	10	637,624	6.14	-	-	-	-	-	-
IIFL Blended Fund Series - A - NO ADVISOR - MULTI CAP STRATEGY	10	638,199	5.98	-	-	-	-	-	-
IIFL Blended Fund Series - A - TRIVANTAGE - RESURGENT FINANCIALS	10	651,268	5.65	-	-	-	-	-	-
IIFL Blended Fund Series – C	10	3,010,000	29.47	-	-	-	-	-	-
IIFL Long Term Equity Growth Fund	10	1,000,000	10.53	-	-	-	-	-	-
IIFL Long Term Growth Fund I - Class S	10	10,000,000	102.73	-	-	-	-	-	-
IIFL Blended Series - C	10	2,500	0.03	-	-	-	-	-	-
IIFL Special Opportunities Fund - Class B	10	2,500	0.03	-	-	-	-	-	-
IIFL Special Opportunities Fund Series 2 - Class B	10	2,500	0.03	-	-	-	-	-	-
IIFL Special Opportunities Fund Series 3 - Class B	10	2,500	0.03	-	-	-	-	-	-
IIFL Special Opportunities Fund Series 4 - Class B	10	2,500	0.03	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 5 - Class B	10	2,500	0.03	-	-	-	-	-	-
IIFL Special Opportunities Fund Series 7 - Class B	10	2,500	0.03	-	-	-	-	-	-
IIFL Special Opportunities 4 – Nazara Technology	10	6,866,724	68.64	-	-	-	-	-	-
IIFL Special Opportunities Fund - Nazara Technologies - Co-Investment	10	175,011	1.75	-	-	-	-	-	-
IIFL Special Opportunities Fund - 1 -	10	381,093	6.19	-	-	-	-	-	-

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Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
(COINVESTMENT) – ICICI									
IIFL Special Opportunities Fund - 1 - (COINVESTMENT) - RELIANCE	10	404,782	3.92	-	-	-	-	-	-
IIFL Special Opportunities Fund - 2 - (COINVESTMENT) – ICICI	10	381,093	6.19	-	-	-	-	-	-
IIFL Special Opportunities Fund - 2 - (COINVESTMENT) - RELIANCE	10	404,782	3.92	-	-	-	-	-	-
IIFL Special Opportunities Fund - 3 - (COINVESTMENT) – ICICI	10	381,093	6.19	-	-	-	-	-	-
IIFL Special Opportunities Fund - 3 - (COINVESTMENT) - RELIANCE	10	404,782	3.92	-	-	-	-	-	-
IIFL Special Opportunities Fund - Co Investment (NSDL E-Governance Infrastructure) Class S	10	485,026	4.85	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 1 - Class S	10	3,543,689	40.70	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 1 Co Investment (NSE India Ltd) Class S	10	893,171	8.93	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 2 - Class S	10	3,599,650	39.85	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 2 - Nazara Technologies - Co-Investment	10	175,011	1.75	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 2 Co Investment (IEX) Class S	10	172,477	1.60	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 2 Co Investment (NSDL E-Governance Infrastructure) Class S	10	485,026	4.85	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 2 Co Investment (NSE India Ltd) Class S	10	893,068	8.93	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 3 - Nazara Technologies - Co-Investment	10	175,011	1.75	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 3 - Class S	10	3,644,632	39.61	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 3 Co Investment (IEX) Class S	10	172,477	1.60	-	-	-	-	-	-

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
IIFL Special Opportunities Fund - Series 3 Co Investment (NSDL E-Governance Infrastructure) Class S	10	485,026	4.85	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 3 Co Investment (NSE India Ltd) Class S	10	894,852	8.94	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 4 - Class S	10	2,509,319	25.09	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 4 - Nazara Technologies - Co-Investment	10	175,011	1.75	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 4 Co Investment (IEX) Class S	10	172,477	1.60	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 4 Co Investment (NSDL E-Governance Infrastructure) Class S	10	485,026	4.85	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 4 Co Investment (NSE India Ltd) Class S	10	890,062	8.90	-	-	-	-	-	-
IIFL Special Opportunities Fund -Series 5- Class S	10	2,529,204	24.95	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 5 - Nazara Technologies - Co-Investment	10	175,011	1.75	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 5 Co Investment (IEX) Class S	10	172,477	1.60	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 5 Co Investment (NSDL E-Governance Infrastructure) Class S	10	485,026	4.85	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 5 Co Investment (NSE India Ltd) Class S	10	890,654	8.90	-	-	-	-	-	-
IIFL Special Opportunities Fund Series 7 - Class S	10	5,000,000	50.21	-	-	-	-	-	-
IIFL Special Opportunities Fund Co Investment (IEX) Class S	10	172,477	1.60	-	-	-	-	-	-
IIFL Special Opportunities Fund-(Co-Investment – Nazara Technologies) Series 1	10	299,021	2.98	-	-	-	-	-	-
IIFL Special Opportunities Fund-(Co-Investment – Nazara Technologies) Series 2	10	299,021	2.98	-	-	-	-	-	-
IIFL Special Opportunities Fund-(Co-Investment	10	299,021	2.98	-	-	-	-	-	-

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Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
– Nazara Technologies) Series 3									
IIFL Special Opportunities Fund-(Co-Investment – Nazara Technologies) Series 4	10	299,021	2.98	-	-	-	-	-	-
IIFL Special Opportunities Fund - Series 5 Co-Investment – Nazara Technologies)	10	299,021	2.98	-	-	-	-	-	-
IIFL Special Opportunities Fund 5 - Nazara Technology	10	60,001	0.60	-	-	-	-	-	-
IIFL Special Opportunities Fund - 1 - (COINVESTMENT) - CAPACITE	10	47,644	0.55	-	-	-	-	-	-
IIFL Special Opportunities Fund - 2 - (COINVESTMENT) - CAPACITE	10	47,644	0.55	-	-	-	-	-	-
IIFL Special Opportunities Fund - 3 - (COINVESTMENT) - CAPACITE	10	47,644	0.55	-	-	-	-	-	-
Sub Total (F)			**3,165.36**			**6,724.04**			**1,445.54**
Investment Property(Refer note 14.4)			**2,451.14**			**504.06**			**-**
Sub-total (G)			**2,451.14**			**504.06**			**-**
Total Unquoted Investment (B+C+D+E+F+G) {II}			**17,697.25**			**13,336.66**			**5,836.23**
Total {I+II}			**17,714.12**			**13,353.53**			**5,853.10**
Less: Diminution in the value of investments			(73.27)			(73.27)			(62.49)
Grand Total			**17,640.85**			**13,280.26**			**5,790.61**
Aggregate cost of quoted investments			16.87			16.87			16.87
Aggregate cost of unquoted investments			17,659.94			13,249.34			5,674.79
Aggregate cost of unquoted mutual fund			37.31			87.32			161.44
Aggregate market value of Unquoted mutual fund			42.33			152.70			160.36

14.1 IIFL Finance Limited (IIFLFL) was holding 50% paid-up share capital of IIFL Asset Reconstruction Limited (IIFL ARC) till May 08, 2017, there after IIFLFL has acquired balance 50% share of IIFL ARC from its shareholders during May 09, 2017 to May 24, 2017 and thereafter it became wholly own subsidiary of IIFLFL.

14.2 During the previous year the IIFL Wealth Management limited (Subsidiary Company) sold 7,099 equity shares and 4,046 preference shares of India Alternatives Investment Advisors Private Limited (India Alternatives) for an aggregate consideration of ₹ 0.11 Millions. The loss on account of sale of above shares amounted to ₹ 35.87 Millions. India Alternatives ceased to be subsidiary consequent to the sale of equity shares by the Company as on March 31, 2017.

14.3 The NAV for carry units of AIF can be determined at the time of closure of Fund basis the distribution waterfall as per PPM and hence not shown above.

14.4 India Infoline Finance Limited acquired 100% equity shares of Clara Developers Private Limited as well as title of the land towards satisfaction of dues given to Assotech Limited. The land was acquired vide sale deed dated March 30, 2018, from IDBI Trusteeship Services Private Limited, the security trustee for the underlying loan, under the provisions of The Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI). The land along with all rights including development rights and possession etc. now reside with India Infoline Finance Limited.

14.5 Market value of investments in unquoted mutual fund units represents the repurchase price of the units issued by the mutual funds.

Note 15. In compliance with Accounting Standard 22 on ‘Accounting for Taxes on Income’ the Company has taken credit of ₹ 250.24 Millions (March 31, 2017 ₹ 186.34 Millions and March 2016 ₹ 142.55 Millions) in the Statement of Profit and Loss towards deferred tax asset on account of timing differences in respect of continuing operations and credit of ₹ 14.62 Millions (March 2017 ₹ 96.98 Millions and debit of ₹ 63.44 Millions) in respect of discontinuing operations.

Deferred Tax Asset (Net)

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Deferred Tax Asset			
On Depreciation	352.62	331.04	310.49
On Employee benefits	74.15	26.19	11.93
On Provisions	1,614.12	1,152.06	810.92
Preliminary Expenses @	-	-	0.00
On brought forward Long Term Capital Losses	56.66	179.54	187.81
On brought forward Short Term Capital Losses	71.05	100.34	-
Others	-	0.28	89.91
Total (A)	**2,168.60**	**1,789.45**	**1,411.06**
Deferred Tax Liabilities			
On Special reserves	313.07	185.95	104.16
On Provisions	73.56	24.16	-
Others	6.12	-	-
Total (B)	**392.75**	**210.11**	**104.16**
Total (A) – (B)	**1,775.85**	**1,579.34**	**1,306.90**

Deferred Tax Liability (Net)

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Deferred Tax Liabilities			
Others	0.51	-	-
Total	**0.51**	**-**	**-**

@ Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million wherever applicable.

Note 16. Loans & Advances **(₹ in Millions)**

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Loans & Advances						
-Secured, considered good (Refer note16.1)	175,709.11	133,994.06	89,444.60	120,613.34	77,576.20	80,631.27
-Secured, considered doubtful(Refernote16.1)	1,396.02	2,002.55	1,658.27	1,521.32	672.24	148.68
-Unsecured considered good	12,704.55	2,142.34	-	16,483.41	5,025.40	220.63
-Unsecured considered doubtful	68.47	5.73	41.29	110.84	62.26	-
Sub Total (I)	**189,878.15**	**138,144.68**	**91,144.16**	**138,728.91**	**83,336.10**	**81,000.58**
Less: Provision for non-performing Loans(II)	(1,279.85)	(1,741.61)	(1,073.15)	(1,281.24)	(663.66)	(517.74)
Sub Total (A)(I+II)	**188,598.30**	**136,403.07**	**90,071.01**	**137,447.67**	**82,672.44**	**80,482.84**
Other Loans and Advances						
Dues from Customers -						
-Secured, considered good (Refer note16.1)	-	-	-	3,046.48	1,781.62	2,581.17
-Secured, considered doubtful (Refer note 16.1)	-	-	-	1,574.08	767.48	684.93
-Unsecured considered good	-	-	-	106.88	20.30	-
-Unsecured considered doubtful	-	-	-	61.45	7.75	8.17
Others Secured Considered good						
Lending under CBLO	-	-	-	2,500.00	-	-
Less: Unexpired Discount	-	-	-	(1.27)	-	-
Others Unsecured Considered good						
Deposits given	447.27	469.18	436.06	83.95	35.90	70.59
Deposits with Exchanges & CCIL	602.24	386.65	203.18	860.14	1,385.00	93.12

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Capital Advances (Refer note 16.2)	425.39	733.82	530.09	-	0.10	-
Deposit with government authorities	2.19	-	-	-	-	-
Loans and Advances to employees	4.70	-	-	-	-	-
Others	49.03	76.62	47.77	81.78	100.07	112.64
Advance Income tax (net of Tax Provisions) – Current Year ₹ 15,299.59 Millions (March 2017 ₹ 9,853.18 Millions and March 2016 ₹ 9,096.62 Millions)	2,141.45	1,980.93	1,848.65	-	-	187.81
MAT Credit	126.01	147.82	49.25	-	-	-
GST/Service Tax Input Credit receivable	40.93	1.45	-	57.26	6.52	19.26
Receivable from Group company	-	-	-	7.42	4.59	-
Prepaid expenses (Refer note 16.3)	95.91	63.73	50.65	257.85	255.01	225.68
Inter corporate deposits	-	-	-	18.80	32.17	-
Sub Total (B)	**3,935.12**	**3,860.20**	**3,165.65**	**8,654.82**	**4,396.51**	**3,983.37**
Total (A+B)	**192,533.42**	**140,263.27**	**93,236.66**	**146,102.49**	**87,068.95**	**84,466.21**

16.1 Secured Loans and advances are secured or partly secured by way equitable mortgage of property, pledge of shares/bonds/debentures or other securities and property, hypothecation of assets, Company/personal Guarantees, physical gold, undertaking to create security.

16.2 The India Infoline Finance Limited during the year has acquired an existing capital advance portfolio from M/S IIFL Management Services Limited (IIFLMSL), a fellow subsidiary of the India Infoline Finance Limited. IIFLMSL has been underwriting affordable residential units with recognised developers in past, but IIFLMSL is now in the process of winding down the broking business and is finding it challenging to manage this book. The Company, being in the business of financing and having contact with the developers, is in a better position to manage this book and has therefore acquired the portfolio from IIFLMSL, which shall be repaid by the developers through their cash flows or sales at regular rests with a fixed rate of return. The Company is in the process of obtaining requisite no objection certificates / agreements from the respective developers/ builders for transferring said allotments letters in its name.

16.3 Prepaid expenses includes funded gratuity amounting to ₹ 1.00 Millions (March 2017 ₹ Nil and March 2016 ₹ Nil). Also refer note 24.1

Note 17. Other Assets (₹ in Millions)

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Unamortised Debenture issue expenses	54.18	47.84	65.95	59.77	70.54	72.49
Margin with Exchanges	-	-	-	1.95	1.95	-
Option premium paid	-	-	-	49.75	-	-
Fixed deposits with Banks (Refer note 17.1)	1,547.75	473.36	414.58	-	-	-
Receivables from Securitisation / Assignment	-	-	-	33.47	-	-
Interest accrued on Investments	29.60	-	-	270.31	240.87	29.52
Interest accrued and due on ICD	-	-	-	1.52	-	-
Accrued Income on Loans	-	-	-	5,316.06	2,843.99	1,681.56
Accrued Interest on Fixed Deposits	-	-	-	187.54	151.68	44.69
Receivable from Client and Exchanges	-	-	-	13,704.45	11,490.35	4,769.20
Assets given under finance lease	34.10	-	-	-	-	-
Insurance claim and other receivables	-	-	-	212.31	163.25	106.35
Receivable from fund	-	-	-	33.91	0.12	
Receivable on market linked products	113.53	56.61	-			
Others	-	13.87	1.96	590.98	872.35	41.72
Less : Provision	-	-	-	(60.26)	(55.74)	(8.01)
Total	**1,779.16**	**591.68**	**482.49**	**20,401.76**	**15,779.36**	**6,737.52**

17.1. Details of Fixed Deposits: (₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Lien Marked	730.87	103.95	78.80
Margin for Credit Enhancement	556.07	298.30	335.75
Other deposits	260.81	71.11	0.03
Total	**1,547.75**	**473.36**	**414.58**

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Note 18. Current Investments (Valued at lower of cost and market value, unless stated otherwise):

(₹ in Millions)

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
Current maturities of long term investments (at cost)									
Investment in Alternative Investment Funds (fully paid) (unquoted):									
IIFL Income Opportunities Fund- Special Situation Class B	4.6570	932,923.14	5.03	-	-	-	-	-	-
IIFL Income Opportunities Fund- Special Situation Class S	4.6570	10,278,484.68	50.79	-	-	-	-	-	-
Sub Total (A)			**55.82**			-			-
Investment in mutual funds (unquoted):									
IIFL India Growth Fund - Direct Plan growth	10	4,562,418.45	50.00	-	-	-	-	-	-
Sub Total (B)			**50.00**			-			-
Investment in Non Convertible Debentures for financing real estate projects (unquoted):									
Radius & Deserve Land Developers Private Limited - Series E	1,000,000	120	120.00	-	-	-	-	-	-
Rajesh Habitat Private Limited	5,000,000	34	168.75	-	-	-	-	-	-
Spenta Suncity Private Limited - Series A	100,000	750	75.00		-	-	-	-	-
Sub Total (C)			**363.75**			-			-
Total current maturities of long term investments (A+B+C) {I}			**469.57**			-			-

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
Non Trade Investments (Quoted)									
Investment in Bonds:									
7.35% NHAI -2031	1,000	130,000	142.52	1,000	203,649	223.25	1,000	105,974	109.57
9.25% DHFL – 2023	1,000	768,843	756.77	1,000	768,843	756.77	-	-	-
12.00% IIFL – 2018	-	-	0	1,000	1,127	1.13	-	-	-
11.52% IIHFL Series N1 – 2018	-	-	0	1,000	178	0.19	-	-	-
Piramal Indiareit Fund	125,000	46.51	21.72	125,000	46.51	5.79	-	-	-
Sub Total (D)			**921.01**			**987.13**			**109.57**
IRB InvIT Fund (E)	99.90	39,350,000	3,746.05	-	-	-	-	-	-
Investment in Non Convertible Debentures (Quoted):									
ECL FINANCE LTD B9C603 OPTION C 10-APRIL-17	-	-	-	100,000	100	10.93	-	-	-
CORPORATION BANK SR-II 10.28 LOA PERPETUAL	-	-	-	1,000,000	1,500	1,500.00	-	-	-
BANK OF INDIA SR-I 11 BD PERPETUAL	-	-	-	1,000,000	1,336	1,406.43	-	-	-
ALLAHABAD BANK SR-I 11.15 LOA PERPETUAL	-	-	-	1,000,000	275	275.00	-	-	-
ANDHRA BANK SR-III 10.99 LOA PERPETUAL	-	-	-	1,000,000	1,385	1,440.80	-	-	-
BANK OF INDIA SR-III 11.5 BD PERPETUAL	-	-	-	1,000,000	12	12.96	-	-	-
IDBI BANK LIMITED SR-II 10.75 BD PERPETUAL	-	-	-	1,000,000	1,417	1,468.93	-	-	-
ORIENTAL BANK OF COMMERCE SR-2 10.95 BD PERPETUAL	-	-	-	1,000,000	1,400	1,457.23	-	-	-
PUNJAB NATIONAL BANK SR-VII 9.15 LOA PERPETUAL	-	-	-	1,000,000	500	487.08	-	-	-

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
STATE BANK OF INDIA SR-1 9 BD PERPETUAL	1,000,000	215	219.77	1,000,000	203	210.14	-	-	-
STATE BANK OF INDIA SR-III 8.39 BD PERPETUAL	1,000,000	938	933.51	1,000,000	730	721.43	-	-	-
SYNDICATE BANK SR-I 11.25 LOA PERPETUAL	-	-	-	1,000,000	20	21.34	-	-	-
SYNDICATE BANK SR-III 11.25 LOA PERPETUAL	-	-	-	1,000,000	683	726.66	-	-	-
VIJAYA BANK SR-IV 10.49 LOA PERPETUAL	-	-	-	1,000,000	300	304.00	-	-	-
Bank Of India SR-I 11 BD Perpetual	1,000,000	1,073	1,129.48		-	-	-	-	-
Punjab National Bank SR-VIII 8.95 LOA Perpetual	1,000,000	100	98.14		-	-	-	-	-
State Bank Of India SR-IV 8.15 BD Perpetual	1,000,000	50	48.45		-	-	-	-	-
Sub Total (F)			**2,429.35**			**10,042.93**			
Investment in Market Linked Debentures (Quoted):									
RELIANCE MLD	-	-	0.98	-	-	-	-	-	-
Sub Total (G)			**0.98**			-			-
Quoted – Others									
AXIS BANK CD 04-APRIL-2016							100,000	4,500	449.31
Sub Total (H)									**449.31**
Total Quoted Investment (D+E+F+G+H) {II}			**7,097.39**			**11,030.06**			**558.88**
Non Trade Investments (Unquoted)									
Investment in Government Securities: {Refer note 10(b)}	100	57,000,000	5,726.85	100	85,500,000	8,620.93	-	-	-

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
Sub Total (H)			**5,726.85**			**8,620,93**			**-**
Investment in Non Convertible Debentures for financing real estate projects (unquoted):									
Assotech Ltd.	-	-	-	100,000	2,080	208.00	100,000	2,459	245.88
Renaissance Indus Infra Private Limited	-	-	-	100,000	657	65.65	100,000	492	49.24
Roseberry Developers Private Limited - Series B	-	-	-	100,000	1,000	100.00	100,000	2,000	200.00
Roseberry Developers Private Limited	-	-	-	-	-	-	100,000	2,905	85.53
Ruchi Priya Developers Private Limited	-	-	-	-	-	-	100,000	4,000	400.00
Sheth Buildwell Private Limited	-	-	-	-	-	-	100,000	25	2.49
Nuevo Suncity Private Limited	100,000	2,111	211.11	100,000	2,111	211.11	-	-	-
Sub Total (I)			**211.11**			**584.76**			**983.14**
Investment in mutual funds (unquoted):									
Kotak Liquid Direct Plan Growth	-	-	-	1000	236,612	780.00			
Reliance Fixed Horizon Growth	-	-	-	10	214,609	2.14			
ICICI Prudential Regular Income Fund- D	10	953,852	10.22	10	570,337	9.75			
L&T Floating Rate fund Direct Plan/Growth	17.3462	4,601,986	77.19	-	-	-			
IIFL Liquid Fund – Direct Plan – Growth	1,000	8	0.01	1,000	8	0.01	1,000	503,042	605.82
ICICI Prudential Flexible Income Fund	-	-	-	100	8,030	2.50			
IIFL India Growth Fund -Regular Plan – Growth	10	278,028	3.01	10	278,028	3.01			

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
IIFL India Growth Fund -Regular Plan - Growth Option	-	-	-	10	38,378,812	500.00			
HDFC Liquid Fund - Growth Option	1,000	17,459	56.50	1,000	8,806	28.00			
IIFL Dynamic Bond Fund - Regular Plan - Growth Option	10	3,107,375	40.00	10	3,107,375	40.00			
Franklin India Ultra Short Bond Fund-Super Institutional Plan	-	-	-	-	-	-	10	500	0.01
Reliance Money Manager Fund	-	-	-	-	-	-	1,000	2.423	0.01
Sundaram Ultra Short term Fund-Direct Plan Growth	-	-	-	-	-	-	10	242.567	0.01
ICICI Pru Liquid Direct Plan Growth	-	-	-	-	-	-	100	22.651	0.01
JPMORGAN FMP SR 38 GR 29AP19	-	-	-	-	-	-	10	100,000	1.09
RELIANCE MF XXVI SR 21 GR 30MY17	-	-	-	-	-	-	10	100,000	1.11
HDFC Floating rate Income Fund Short Term Plan	-	-	-	-	-	-	10	38,313,883	1,000.00
HDFC Charity Fund For Cancer Cure - Debt Plan - Regular Option - 50% Dividend Payout Option	10	1,000,000	10.00	10	1,000,000	10.00	10	500,000	5.16
ICICI Prudential Gilt fund	-	-	-	-	-	-	10	13,703,744	380.98
Kotak Bond Plan A	-	-	-	-	-	-	10	8,438,732	337.95
HDFC Monthly Income Plan-Long Term Plan-Growth	-	-	-	-	-	-	10	13,781,672	393.33
Birla Sunlife Income Plus Growth	-	-	-	-	-	-	10	5,638,900	355.48
Indiareit Apartment Fund	-	-	-	-	-	-	100,000	96	10.61
IIFL National Development Agenda Fund	-	-	-	-	-	-	10	9,713,024	100.00
IIFL Income Opportunities Fund	-	-	-	-	-	-	10	58,351,970	68.74

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Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
IIFL Income Opportunities - Special Situation Class B	-	-	-	-	-	-	10	25,542,335	275.03
IIFL Real Estate Fund (Domestic) Series 1 Class C	-	-	-	-	-	-			143.06
IIFL Cash Opportunities Fund	-	-	-	-	-	-	10	569,703,306	6,042.10
DSP Blackrock Mutual Fund Liquidity Fund Insti Plan Growth	10	19,071	44.79	-	-	-	-	-	-
IIFL India Growth Fund Regular Plan Growth	10	7,013,459	100.00	-	-	-	-	-	-
Bharti Axa Treasury Advantage Fund-Retail Growth Plan	1000	381,089	800.00	-	-	-	-	-	-
Indiabulls Blue Chip Fund - Direct Plan - Dividend - Payout	10	63,996,492	948.43	-	-	-	-	-	-
Reliance Liquid Fund-Cash Plan-Growth Plan - Growth Option	1000	167,395	450.00	-	-	-	-	-	-
L&T Floating Rate fund Direct Plan/Growth	17.5037	2,475,038	42.47	-	-	-	-	-	-
Sub Total (J)			**2,582.62**			**1,375.41**			**9,720.50**
Unquoted - Investment in Equity Shares									
Shankara Building Products Limited	-	-	-	10	48,769	22.43	-	-	-
Sub Total (K)			-			**22.43**			**-**
Investment in Venture Capital Funds/Alternative Investment Funds (fully paid) (unquoted):									
Indiareit Apartment Fund - Class B	100,000	66.43	6.64	100,000	85.82	9.64	-	-	-
IIFL Cash Opportunities Fund	10	30,731,165	371.29	10	375,197,826	4,271.66	10	146,172,517	1,550.27
IIFL Income Opportunities Fund	-	-	-	10	57,057,309	41.76	-	-	-

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
IIFL Income Opportunities Fund Series -Special Situation-Class B	-	-	-	10	932,923	8.13	-	-	-
IIFL Income Opportunities Series Debt Advantage - Class S	-	-	-	10	41,224,092	420.21	-	-	-
IIFL Real Estate Fund(Domestic) Sr. 1 - Class A	-	-	-	10	136,067	2.18	-	-	-
IIFL Real Estate Fund(Domestic) Sr. 1 - Class C	-	-	-	10	2,025,000	32.46	-	-	-
IIFL Real Estate Fund(Domestic) Series 3 - Class B	10	1,953,225	20.18	10	970,964	10.38	-	-	-
IIFL Real Estate Fund(Domestic) Series 3 - Class C	10	3,680,000	21.95	10	3,680,000	35.54	-	-	-
IIFL Seed Venture Fund- Class B	-	-	-	10	7,206,866	89.75	-	-	-
Malabar Value Fund	100	855,838	100.00	100	386,786	40.00	-	-	-
IIFL Income Opportunities Series Regular Income-Class A3	-	-	-	10	196,304,348	1,963.04	-	-	-
Global Dynamic Opportunities Fund	-	-	-	100	31,800	206.16	-	-	-
IIFL Real Estate Fund(Domestic) Class B @	-	-	-	-	-	-	10	58	0.00
AIF CAT-III IIFL NATIONAL DEVELOPMENT AGENDA FUND	-	-	-	-	-	-	10	5,902,354	63.58
IIFL NIFTY ETF/IIFL MF INDIA GR FD DIR GR OPEN	-	-	-	-	-	-	10	278,028	2.87
Arch Argo India Private Limited	-	-	-	-	-	-	10,000	10,636	23.17
Global Dynamic Opportunities Fund - Cell 99	100	59,121	397.68	-	-	-	-	-	-
UCITS Fund			2.41	-	-	-	-	-	-
ICICI Prudential Real Estate AIF II Class A	100	728,196	75.34		-	-	-	-	-
IIFL Income Opportunities Series Debt Advantage	10	1,000,000	10.69		-	-	-	-	-
IIFL Real Estate Fund (Domestic) - Series 4 - Class A	10	24,326,679	251.11		-	-	-	-	-
IIFL Special Opportunities Fund	10	224,997			-	-	-	-	-

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
- Series 4 Co Investment (NSE India Ltd) Class A2			2.25						
IIFL Special Opportunities Fund - Series 5 Class A1	10	516,579	5.03		-	-	-	-	-
IIFL Yield Enhancer Fund	10	1,235,846	5.03		-	-	-	-	-
Sub Total (L)			**1,269.60**			**7,130.91**			**1,639.89**
Investment in Market Linked Debentures (unquoted):									
Reliance Capital Limited	-	-	-	100,000	60	6.00	-	-	-
8.65% IIFL Series 39 Type I – 2018	-	-	-	1,000,000	10	10.01	-	-	-
8.65% IIFL Series 40 – 2018	-	-	-	1,000,000	15	15.00	-	-	-
8.65% IIFL Series 41 Type I – 2018	-	-	-	1,000,000	35	35.00	-	-	-
8.65% IIFL Series 41 Type II – 2018	-	-	-	1,000,000	3	3.00	-	-	-
8.65% IIFL Series 42 Type I – 2018	-	-	-	1,000,000	25	25.00	-	-	-
8.65% IIFL Series 41 Type III – 2018	-	-	-	1,000,000	50	50.00	-	-	-
Sub Total (M)			-			**144.01**			-
Total Unquoted Investment (H+I+J+K+L+M) {III}			**9,790.18**			**17,878.45**			**12,343.53**
Total {I+II+III}			**17,357.14**			**28,908.51**			**12,902.41**
Less: Diminution in the value of investments			(792.71)			(158.29)			(23.17)
Grand Total			**16,564.43**			**28,750.22**			**12,897.24**
Aggregate cost of unquoted mutual fund units			2,632.61			1,375.41			**9,720.50**
Market value of unquoted mutual fund units $			2,418.73			1,385.19			9,720.50

Particulars	Face Value (₹)	As at March 31, 2018		Face Value (₹)	As at March 31, 2017		Face Value (₹)	As at March 31, 2016	
		Number	₹ in Millions		Number	₹ in Millions		Number	₹ in Millions
Aggregate cost of quoted investments			7,097.39			11,030.05			**558.88**
Aggregate market value of quoted investments			7,398.11			11,744.00			636.03
Aggregate cost of unquoted investments			7,627.12			16,503.05			2,623.03

*Placed as collateral against Derivative

$ Market value of investments in unquoted mutual fund units represents the repurchase price of the units issued by the mutual funds.

Note 19. Inventories - (At Lower of Cost and Net Realisable Value) **(₹ in Millions)**

Particulars	Face Value / Strike Price (₹)	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
		Number	Amount (₹ in Millions)	Number	Amount (₹ in Millions)	Number	Amount (₹ in Millions)
Quoted - Exchange Trade Fund							
EQ-SBISENSEX	301	-	-	5,497	1.65	2,177	0.54
EQ-SETFBANK	211	-	-	14,564	3.07	7,360	1.14
EQ-SETFBSE100	88	-	-	32,380	2.85	12,246	0.96
EQ-SETFNIFJR	245	-	-	5,029	1.23	2,133	0.40
EQ-SETFNIFTY	93	-	-	62,332	5.77	11,225	0.85
EQ-UTINIFTYETF	882	-	-	10,908	9.62	5,234	3.95
EQ-UTISENSEXETF	294	-	-	4,604	1.35	11,118	2.64
Sub Total (A)			-	-	**25.54**		**10.48**
Quoted - Equity Shares							
GHCL Limited	10	-	-	-	-	856,466	29.15
Sub Total (B)							**29.15**
Others							
Inventory - Construction work in progress*			205.56		286.95		293.37
Sub Total (C)			**205.56**		**286.95**		**293.37**
Grand Total (A+B+C)			**205.56**		**312.49**		**333.00**
Aggregate Market Value- stock on Hand – Quoted			**205.56**		**312.49**		**333.00**

***Valued on FIFO basis**

Note 20. Trade Receivables (₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment			
-Unsecured Considered good	139.82	285.78	426.85
- Unsecured Considered doubtful	12.56	20.55	20.58
Provision for doubtful receivables	(12.56)	(20.55)	(20.58)
Sub Total (A)	**139.82**	**285.78**	**426.85**
Other trade receivables			
- Unsecured Considered good	2,459.36	5,016.21	1,918.83
Sub Total (B)	**2,459.36**	**5,016.21**	**1,918.83**
Total (A+B)	**2,599.18**	**5,301.99**	**2,345.68**

Note 21. Cash and Cash Equivalents (₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Cash and Cash Equivalents (As per AS-3 Cash flow statement)			
Cash on hand	236.40	141.03	128.26
Cheques in hand	92.83	216.32	423.91
Balance with Banks			
-In current accounts	6,138.80	17,645.07	6,168.35
-In client Account	3,984.17	1,290.54	3,168.92
In Deposit Accounts (Less than three months)	4,881.43	2,988.68	2,664.00
Cash and cash equivalents (As per AS-3 Cash flow statement) (A)	**15,333.63**	**22,281.64**	**12,553.44**
Other Bank Balances			
In Earmarked Accounts			
-Unclaimed Dividend Accounts	8.24	6.79	4.25
-Unclaimed NCD dues	238.01	242.73	35.06
In Deposit Account (Maturity more than 3 months to 12 months) (Refer Note 21.1)	13,951.29	15,381.98	3,220.75
Subtotal (B)	**14,197.54**	**15,631.50**	**3,260.06**
Total (A+B)	**29,531.17**	**37,913.14**	**15,813.50**

21.1 Details of Fixed Deposits:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Lien marked	10,996.43	12,092.92	1,668.49
Margin for credit enhancement	2,609.20	2,508.32	1,415.41
Other deposits	345.66	780.74	136.85
Total	**13,951.29**	**15,381.98**	**3,220.75**

Note 22. Revenue from operations

(₹ in Millions)

Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
Income from Financing activities			
Interest Income	**33,883.98**	**28,668.25**	**24,378.61**
- Interest on loans	33,165.03	27,775.55	23,654.15
- Interest on investments	718.95	892.70	724.46
Others	286.32	(163.47)	238.22
Other Financial Services:			
- Processing fees (net) (Refer note 22.1)	783.38	388.98	474.04
- Administration fee & other charges from customer	1,270.15	727.81	693.45
Profit on sale of current investments	1,030.67	1,181.94	772.79
Profit on sale of non current investments	46.45	55.87	-
Interest on fixed deposits with Banks	670.57	512.59	211.04
Dividend income on current investments	0.47	2.50	-
Dividend income on non current investments	4.92	4.03	3.75
Insurance Income	149.28	-	-
Total	**38,126.19**	**31,378.50**	**26,771.90**

22.1 Processing fees includes:

(₹ in Millions)

Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
Processing fees	1,359.39	866.58	804.32
Less: DSA and other sourcing cost	(576.01)	(477.60)	(330.28)
Total	**783.38**	**388.98**	**474.04**

Note 23. Other Income

(₹ in Millions)

Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
Advisory and fee based income	352.88	253.57	93.83
Interest on Income Tax refund	10.49	2.66	-
Profit on sale of fixed assets (net)	0.75	-	-
Miscellaneous income	51.31	5.25	126.88
Total	**415.43**	**261.48**	**220.71**

Note 24. Employee Benefit Expenses

(₹ in Millions)

Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
Salaries and Bonus	4,266.74	3,055.65	2,467.09
Contribution to Provident and Other Funds	189.59	126.94	112.68
Gratuity expenses	45.71	29.77	22.41
Staff Welfare expenses	112.80	86.14	88.61
Total	**4,614.84**	**3,298.50**	**2,690.79**

24.1 Disclosures pursuant to Accounting Standard (AS) 15 on "Employee Benefits":

(₹ in Millions)

Assumptions	FY 2017-2018	FY 2016-2017	FY 2015-2016
Discount Rate Current year	6.63% - 7.80%	6.65% - 7.27%	7.89% - 8.04%
Salary Escalation Current year	5.00% - 11.00%	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Change in Benefit Obligation			
Liability at the beginning of the year	322.62	261.23	198.62
Interest Cost	22.67	20.46	15.82
Current Service Cost	31.95	48.28	39.74
Past Service Cost – Non-Vested Benefit Incurred During the Period	-	-	-
Past Service Cost – Vested Benefit Incurred During the Period	(4.56)	-	-
Liability Transfer in	18.05	14.71	17.77
Liability Transfer out	(25.01)	(14.28)	(17.77)
New Subsidiary opening liability transfer in*	-	-	-
(Subsidiary disinvestment opening liability transfer out)**	4.18	-	-

Assumptions	FY 2017-2018	FY 2016-2017	FY 2015-2016
(Benefit paid Directly by the Employer)	(18.64)	(0.88)	-
(Benefit paid From the Fund)	(11.74)	(38.98)	(22.30)
Actuarial (Gains)/Losses on obligations – Due to change in Demographic assumptions Assumptions	2.31	-	-
Actuarial (Gains)/Losses on obligations – Due to change in Financial Assumptions	30.98	26.86	29.35
Actuarial (Gains)/Losses on obligations – Due to Experience	24.93	5.22	-
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency	0.03	-	-
Liability at the end of the year	**397.75**	**322.62**	**261.23**
Amount Recognised in the balance sheet			
Liability at the end of the year	(397.75)	(322.62)	(261.23)
Fair value of Plan Assets at the end of the year	325.99	245.62	222.17
Differences	(71.76)	(76.99)	(39.06)
Liability recognised in the Balance Sheet under "Other Current Liabilities and Provisions"	(72.76)	(76.99)	(39.06)
Assets recognised in the Balance Sheet under "Other Assets"	1.00	-	-
Amount of Liability Recognised in the balance sheet under "Other Current Liabilities and Provisions" and "Other Assets"	**(71.76)**	**(76.99)**	**(39.06)**
Expenses Recognised in the Income Statement			
Current Service cost	31.95	48.28	39.74
Interest Cost	5.26	3.06	1.11
Actuarial Gain or Loss	61.08	32.66	35.84
Past Service Cost – Non-Vested Benefit Incurred During the Period	-	-	-
Past Service Cost – Vested Benefit Incurred During the Period	(11.02)	-	-
Expense recognised in the Statement of Profit and Loss under " Employee benefits expenses" from Continuing operations	**45.71**	**29.77**	**22.41**
Expense recognised in the Statement of Profit and Loss under " Employee benefits expenses" from Discontinuing operations	**41.56**	**54.23**	**54.28**
Balance Sheet Reconciliation			
Opening Net Liability	76.99	39.06	13.89
Expense as above	87.27	84.00	76.38

Assumptions	FY 2017-2018	FY 2016-2017	FY 2015-2016
Net Transfer in	18.05	14.71	17.77
Net Transfer out	(16.08)	(14.28)	(17.77)
Net Transfer in New subsidiary	-	-	-
Net Transfer out Asset disinvestment	(0.56)	-	-
Benefit paid	(18.64)	(0.88)	-
Employers Contribution	(75.27)	(45.62)	(51.21)
Amount Recognised in Balance sheet	**71.76**	**76.99**	**39.06**

Experience Adjustment	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Present Value of the Obligation	397.75	322.62	261.23	198.62	166.23
`Fair value of Plan Assets	(325.99)	(245.62)	(222.17)	(184.73)	(92.03)
Deficit	71.76	76.99	39.06	13.89	74.20
Actuarial (Gains)/Losses on Obligations - Due to Experience	24.93	5.22	26.06	7.17	(17.50)
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(2.87)	1.70	(6.18)	6.01	(5.48)

*New subsidiary added: Samasta Microfinance Limited

**Subsidiary disinvestment: 5Paisa Capital Limited and India Alternative Investment Advisors Private Limited

(a) The estimate of future salary increase, considered in the actuarial valuation, takes into account inflation, seniority, promotion, increments and other relevant factors.

(b) Information for major category of plan assets of gratuity fund is not available with the Group and hence not disclosed as per the requirements of AS-15.

24.2 Defined Contribution Plans:

The subsidiary companies have recognised the following amounts as an expense in the Statement of Profit and Loss:

(₹ in Millions)

Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
Contribution to provident fund	80.27	56.22	53.32
Contribution to ESIC	45.00	18.92	17.20
Contribution to labour welfare fund	0.29	0.21	0.20
Contribution to EPS	64.02	51.59	41.96
Total	**189.58**	**126.94**	**112.68**

Note 25. Direct Operating Cost **(₹ in Millions)**

Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
Brokerage related Expenses	0.27	-	0.20
Exchange and statutory Charges	19.47	21.52	21.22
Investment and financing related cost	273.37	160.81	138.04
Marketing and Commission expenses	136.78	0.03	97.64
Total	**429.89**	**182.36**	**257.10**

Note 26. Finance Cost **(₹ in Millions)**

Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
Interest expenses	18,686.61	17,480.50	15,739.87
Other Borrowing cost (Refer note 26.1 and 26.2)	281.07	313.02	255.88
Total	**18,967.68**	**17,793.52**	**15,995.75**

26.1 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.

26.2 Two Cross Currency Interest Rate Swaps entered for hedging purposes outstanding as at March 31, 2018 of
USD 13.35 Millions (March 2017 USD 13.35 Millions and March 2016 Nil) against foreign currency term loan of USD 13.35 Millions (March 2017 USD 13.35 Millions and March 2016 Nil) equivalent to ₹ 900.00 Millions (March 2017 ₹ 900.00 Millions and March 2016 Nil).

Note 27. Depreciation and Amortisation expenses **(₹ in Millions)**

Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
Depreciation on Tangible Assets (Refer note -12)	160.85	154.58	269.59
Amortisation of Intangible Assets (Refer note -13)	12.20	4.14	0.13
Total	**173.05**	**158.72**	**269.72**

Note 28. Other Expenses **(₹ in Millions)**

Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
Advertisement*	63.88	41.59	44.94
Bank Charges	67.39	65.53	43.36
Communication	94.23	80.43	76.47
Electricity	104.36	99.94	87.30
Legal & Professional Fees*	388.30	298.93	282.96
Miscellaneous Expenses	58.63	53.71	50.38

Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
Office expenses	238.07	153.66	230.20
Postage & Courier	45.30	42.97	32.95
Printing & Stationary	47.98	36.46	41.12
Rent	441.54	367.94	381.95
Insurance	0.25	-	0.72
Rates and Taxes	12.07	2.37	5.23
Commission to Non-Whole time Directors	8.43	7.50	5.00
Director Sitting Fees	4.80	4.29	1.35
Repairs & Maintenance			
- Computer	5.65	7.00	10.64
- Others	96.44	39.91	34.93
Remuneration to Auditors :			
- Audit Fees (Including Service Tax/GST)	3.61	2.50	2.46
- Certification Expenses	3.53	0.38	0.26
- Out Of Pocket Expenses	0.10	0.20	0.09
Software Charges	90.45	49.86	60.11
Subscription & Business promotion	0.35	0.86	0.70
Travelling & Conveyance	244.75	263.88	235.60
Corporate Social Responsibility Expenses	115.27	90.94	61.77
Total	**2,135.38**	**1,710.85**	**1,690.49**

***Includes below payment done in foreign currency:** **(₹ in Millions)**

Particulars	FY 2017-2018	FY 2016-2017	
Advertisement & marketing expenses	2.81	0.53	-
Legal & Professional fees (recruitment charges)	1.35	0.73	-

Note 29. Provisions and Write off **(₹ in Millions)**

Particulars	FY 2017-2018	FY 2016-2017	
Bad Debts written off (net) (Refer note 29.1)	2,303.39	656.02	413.82
Provision for Contingencies	(15.41)	144.63	1.73
Provision for diminution in value of investments	366.30	(25.09)	
Provision for non-performing loans	118.77	842.39	521.11
Contingent provision against standard assets	358.41	141.06	150.48
Total	**3,131.46**	**1,759.01**	**1,087.14**

29.1 Includes net loss on sale of non performing loans ₹ 195.29 Millions (March 2017 Nil and March 2016 Nil)

29.2 Details of movement in provision for diminution in the value of investments and non performing loans:

(₹ in Millions)

Particulars	Provision for diminution in the value of investments			Provision for non performing loans		
	2017-2018	2016-2017	2015-2016	2017-2018	2016-2017	2015-2016
Opening balance	1.06	26.15	26.15	2,405.25	1,590.88	1,069.79
Provision made during the year	366.30	-	-	1,023.03	1,377.29	751.07
Write off / write-back of excess provisions	1.06	25.09	-	864.76	574.38	229.97
Addition on account of subsidiary acquisition	-	-	-	-	11.46	-
Closing balance	**366.30**	**1.06**	**26.15**	**2,563.52**	**2,405.25**	**1,590.89**
Net charge to the Statement of Profit and Loss	366.30	(25.09)	-	158.27*	802.89*	521.11

*Gross of settlement loss provision amounting to ₹ 39.50 Millions (March 2017 ₹ 39.50 Millions and March 2016 ₹ Nil).

Note 30. Earnings Per Share:

Basic and Diluted Earnings per share ["EPS"] computed in accordance with Accounting Standard (AS) 20 'Earnings per share"

(₹ in Millions)

Particulars		FY 2017-2018	FY 2016-2017	FY 2015-2016
Face value of equity shares in ₹ fully paid up		2.00	2.00	2
BASIC				
Profit after tax as per Statement of Profit and Loss (Total operations)	A	9,113.24	6,860.89	5,111.76
Profit after tax (after minority)as per Statement of Profit and Loss from Continuing Operations	B	3,732.32	3,116.61	2,743.58
Weighted Average Number of Equity Shares Outstanding	C	318,293,090	317,084,627	313,063,775
Basic EPS (In ₹) (i) Total operations	**A/C**	**28.63**	**21.64**	**16.33**
(ii)Continuing operations	**B/C**	**11.73**	**9.83**	**8.76**
DILUTED				
Weighted Average Number of Equity Shares for computation of basic EPS		318,293,090	317,084,627	313,063,775
Add: Potential Equity Shares on Account conversion of Employees Stock Options.		949,739	1,799,506	2,124,100
Weighted Average Number of Equity shares for computation of diluted EPS	D	319,242,829	318,884,133	315,187,875
Diluted EPS (In ₹) (i)Total operations	**A/D**	**28.55**	**21.52**	**16.22**
(ii)Continuing operations	**B/D**	**11.69**	**9.77**	**8.70**

Note 31. Summary of Consolidation:

The consolidated financial statements represents consolidation of accounts of the Company with its following subsidiaries, associate and Joint venture Company as detailed below:

Subsidiary	Country of Incorporation	Proportion of ownership interest		
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
IIFL Commodities Limited (Formerly India Infoline Commodities Limited)	India	100.00%	100.00%	100.00%
India Infoline Media and Research Services Limited	India	100.00%	100.00%	100.00%
5paisa Capital Limited (Refer Note 40)	India	-	100.00%	100.00%
IIFL Management Services Limited(Formerly India Infoline Insurance Services Limited)	India	100.00%	100.00%	100.00%
IIFL Insurance Brokers Limited(Formerly India Infoline Insurance Brokers Limited)	India	100.00%	100.00%	100.00%
IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)*	India	100.00%	100.00%	100.00%
IIFL Capital Inc.	United States of America	100.00%	100.00%	100.00%
IIFL Wealth (UK) Limited	United Kingdom	100.00%	100.00%	100.00%
IIFL Securities Limited(Formerly India Infoline Limited)	India	100.00%	99.99%	99.99%
India Infoline Finance Limited **	India	84.54%	84.55%	100.00%
India Infoline Housing Finance Limited **	India	84.54%	84.55%	100.00%
Samasta Microfinance Limited ***	India	82.32%	80.51%	-
Ayusha Dairy Private Limited	India	82.32%	80.51%	-
IIFL Wealth Management Limited	India	56.42%	57.72%	60.84%
IIFL Distribution Services Limited	India	56.42%	57.72%	60.84%
IIFL Investment Adviser and Trustee Services Limited	India	56.42%	57.72%	60.84%
India Alternatives Investment Advisors Private Limited(upto 31st March 2017) $	India	-	40.98%	43.20%
IIFL Trustee Limited	India	56.42%	57.72%	60.84%
IIFL Asset Management Limited	India	56.42%	57.72%	60.84%
IIFL Alternate Asset Advisors Limited	India	56.42%	57.72%	60.84%
IIFL (Asia) Pte. Limited	Singapore	56.42%	57.72%	60.84%
IIFL Securities Pte. Limited	Singapore	56.42%	57.72%	60.84%
IIFL Capital Pte. Limited	Singapore	56.42%	57.72%	60.84%
IIFL Private Wealth Hong Kong Limited	Hong Kong	56.42%	57.72%	60.84%

Subsidiary	Country of Incorporation	Proportion of ownership interest		
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
IIFL Asset Management (Mauritius) Limited (Formerly known as IIFL Private wealth (Mauritius) Limited)	Mauritius	56.42%	57.72%	60.84%
IIFL Inc	United States of America	56.42%	57.72%	60.84%
IIFL Private Wealth (Suisse) SA	Switzerland	56.42%	57.72%	60.84%
IIFL Private Wealth Management (Dubai) Limited	United Arab Emirates	56.42%	57.72%	60.84%
IIFL Wealth Finance Limited	India	56.42%	57.72%	60.84%
IIFL Asset Reconstruction Limited^	India	100.00%	-	100.00%
IIFL Capital (Canada) Limited ^^	Canada	56.42%	-	-
Clara Developers Private Limited $$	India	84.54%	-	-
Associate Company				
IIFL Asset Reconstruction Limited	India	-	50.00%	-

Note:

1. * The NCLT vide its order dated March 30, 2017 has approved and sanctioned the Scheme of Amalgamation of IIFL Properties Private Limited with IIFL Real Estate Limited w.e.f. April 01, 2015.

2. ** In the previous year change in proportion of ownership interest in India Infoline Finance Limited [“IIFL Finance”] and its wholly owned subsidiary i.e. India Infoline Housing Finance Limited is pursuant to the acquisition of 100 Equity Shares by CDC Group PLC in IIFL Finance through fresh issue of equity shares. During the current year 4,334,409 CCPS were converted into equity shares in the ratio of 1 equity share for 1 CCPS held.

3. *** During the previous year, Samasta Microfinance Limited [“Samasta”] has became a subsidiary of IIFL Finance.

4. ^ During the current year, Asset Reconstruction Limited has become 100% subsidiary of IIFL Finance Limited.

5. $ During the previous year, IIFL Wealth Management Limited [“IIFLW”] a subsidiary of the Company transferred its shareholding in India Alternatives Investment Advisors Private Limited. Accordingly, it ceased to be a subsidiary of the IIFLW.

6. $$During the current year the IIFL Finance has acquired Clara Developers Private Limited.

7. ^^During the current year IIFL Wealth Management Limited has invested IIFL Capital (Canada) Limited.

8. IIFL Foundation, a Section 8 company under Companies Act, 2013, wherein the profits will be applied for promoting its objects. Accordingly, the Consolidated Financial Statements of IIFL Foundation are not consolidated in these financial statements, since the Holding Company will not derive any economic benefits from its investments in IIFL Foundation.

Jointly Controlled Entities	Proportion of ownership interest		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Meenakshi Tower LLP*	50.00%	50.00%	50%

*Management certified financial statements as on 31 March 2018 have been consolidated, as audited financial statements were not available.

Note 32. Capital and Other Commitments at Balance Sheet date:
There are outstanding commitments for capital expenditure (net of advances) to the tune of ₹ 936.27 Millions (March 2017 ₹ 1,375.17 Millions and March 2016 ₹ 164.39) and other commitment to the tune of ₹ 21,446.67 Millions (March 2017 ₹ 60.98 Millions and March 2016 ₹ 102.75 Millions) of the total contractual obligation entered during the year.

Note 33. (a) The claims against the group not acknowledged as debt were ₹ 61.13 Millions (March 2017 ₹ 62.89 Millions and March 2016 ₹ 63.03 Millions). As of March 31, 2018, the Company and its subsidiaries had certain contingent liabilities not provided for, including the following:

(₹ in Millions)

Sr. No.	Name of the Statute	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(i)	In respect of Income Tax Demands (see note 1)	566.26	657.19	464.23
(ii)	In respect of Service Tax Demands (see note 2)	436.80	7.66	-
(iii)	In respect of Profession Tax Demands (see note 3)	1.55	1.55	1.55
(iv)	Bank Guarantees	1,600.00	750.00	-
(v)	Corporate Guarantees	2,000.00	-	-
(vi)	In respect of Legal Case/Penalties	0.11	1.57	1.40
(vii)	Claim Acknowledged as Debt	-	-	62.85
Total		**4,604.72**	**1,417.97**	**530.03**

Notes :1) Amount paid under protest with respect to income tax demand ₹ 203.44 Millions.
2) Amount paid under protest with respect to service tax demand ₹ 2.19 Millions.
3) Amount paid under protest with respect to profession tax demand ₹ 0.47 Millions.

(b) Apart from the above, group 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 Group's financial position.

(c) One of the step down subsidiary India Infoline Commodities Limited ("IICL") was a member of National Spot Exchange Limited (NSEL). NSEL had defaulted in its settlement obligations to investors who traded on the Exchange Platform till July 2013. The matter has been under investigation by EOW, ED, SEBI, SFIO as well as other investigating authorities/Courts and is currently pending. IICL and its officials have been fully cooperating in the investigations and submitting all the required information and clarifications to the authorities. IICL acted as a broker for the investors on NSEL and facilitated execution of the orders of the investors through exchange system as a registered broker as per the Bye-Laws, Rules and circulars of NSEL. As per the Bye-laws and Rules of NSEL, NSEL was the counter party for the trades and it guaranteed settlement of the trades i.e. funds and commodities of the clients. The same was also confirmed by erstwhile commodities regulator Forward Markets Commission vide its order dated December 17, 2013.

Further, the Settlement of outstanding funds payout by NSEL to the clients is still pending with various courts, Government and regulatory authorities. The Bombay High Court, constituted a Committee for verifying the claims of the investors and the process for the settlement is yet to be concluded. The Government of India, Ministry of Corporate Affairs, passed an order dated February 12, 2016, directing amalgamation of NSEL with its holding company i.e. 63 Moons Technologies Ltd. (Erstwhile Financial Technologies (India) Limited), in the larger interest of Public with a view to inter alia leverage the combined assets, capital and reserves and gainful settlements of rights and liabilities of shareholders and creditors We understand that 63 Moons Technologies Ltd. (Erstwhile Financial Technologies (India) Limited) has preferred an appeal against the said order before the Bombay High Court and the same is pending.

IICL received an enquiry show cause notice from SEBI in November 05, 2016 alleging violations and seeking its reply. IICL has submitted detailed replies to SEBI on November 28, 2016 and the matter is pending. Other than the above, IICL had not received any SCN/Orders/charge sheets from any authorities/court.

Note 34. The Minimum Lease Rentals outstanding as at March 31, 2018 are as under:
The Group has taken office premises on operating lease at various locations. Lease rents amounting to ₹ 441.54 Millions (March 2017 ₹ 367.94 Millions and March 2016 ₹ 381.95 Millions) from continuous operations and ₹ 223.36 Millions (March 2017 ₹ 202.42 Millions and March 2016 ₹ 244.87 Millions) from discontinuing operations in respect of the same have been charged to the Statement of Profit and Loss. The total of future minimum lease rentals under non cancellable operating leases, outstanding as at March 31, 2018, are as under:

(₹ in Millions)

Minimum Lease Rentals	FY 2017-2018	FY 2016-2017	FY 2015-2016
Due for			
- Up to One year	59.03	193.39	142.95
- One to Five years	105.33	166.09	178.21
- Above Five years	-	-	5.43
Total	**164.36**	**359.48**	**326.59**

Note 34.1. Assets given on Finance lease: **(₹ in Millions)**

Minimum Lease Rentals	FY 2017-2018	FY 2016-2017	FY 2015-2016
Due for			
- Up to One year	5.91	-	-
- One to Five years	26.23	-	-
- Above Five years	1.96	-	-
Total	**34.10**	**-**	

Note 35. The Company has implemented Employee Stock Option Scheme 2007, 2008 (ESOP Schemes) and has outstanding options granted under the said Schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of the grants made by the Nomination and Remuneration Committee and ESOP Schemes.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2008
Method of accounting	Intrinsic Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options
Exercise Period	Seven years from the date of grant

b) Movement of options granted – March 2018:

Particulars	Option Outstanding
Outstanding as on April 01, 2017	2,548,860
Granted during the year	200,000
Expired/Forfeited during the year	(472,635)
Exercised during the year	(1,070,833)
Outstanding as on March 31, 2018	**1,205,392**
Exercisable as on March 31, 2018	565,939

Movement of options granted March 2017:

Particulars	Option Outstanding
Outstanding as on April 01, 2016	4,670,000
Granted during the year	-
Expired/Forfeited during the year	(749,800)
Exercised during the year	(1,371,340)
Outstanding as on March 31, 2017	**2,548,860**
Exercisable as on March 31, 2017	1,317,630

Movement of options granted March 2016:

Particulars	Option Outstanding
Outstanding as on April 01, 2015	11,345,650
Granted during the year	900,000
Expired/Forfeited during the year	(461,500)
Exercised during the year	(7,114,150)
Outstanding as on March 31, 2016	**4,670,000**
Exercisable as on March 31, 2016	2,187,500

(c) Pro-forma Profit after Tax:

Particulars	2017-2018	2016-2017	2015-2016
Net profit (as reported) (₹ in million)	9,113.23	6,860.89	5,111.76
Add: Intrinsic Value Compensation Cost	-	-	-
Less: Stock based compensation expenses determined under fair value method (pro-forma) (₹ in million)	(20.97)	(35.03)	(35.67)
Net Profit (pro-forma) (₹ in million)	**9,092.26**	**6,825.86**	**5,076.09**
Basic earnings per share (as reported) - Total operations	28.63	21.64	16.33
Basic earnings per share (pro-forma) - Total operations	28.57	21.53	16.21
Diluted earnings per share (as reported) - Total operations	28.55	21.52	16.22
Diluted earnings per share (pro-forma) - Total operations	28.48	21.41	16.10
Weighted average exercise price of Options granted during the year whose:			
(a) exercise price equals market price (₹)	468.67	N.A	180.00
(b) exercise price is greater than market price	N.A	N.A	N.A
(c) exercise price is less than market price	N.A	N.A	N.A
Weighted average fair value of Options granted during the year whose:			
(a) exercise price equals market price (₹)	201.65	N.A	73.42
(b) exercise price is greater than market price	N.A	N.A	N.A
(c) exercise price is less than market price	N.A	N.A	N.A
Description of method and significant assumption used to estimate the fair value of Options	The fair value of the Options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same have been detailed below:		

(d) Variables Weighted average values for grant made during the year

Particulars	ESOP 2008		
	2017-2018 *	2016-2017	2015-2016
Stock price (₹)	479.75	-	180.00
Volatility	43.98%	-	45.45%
Risk-free Rate	6.94%	-	7.91%
Exercise price (₹)	480.00	-	180.00
Time to Maturity (Years)	5	-	5.50
Dividend yield	1.99%	-	3.11%
Weight Average Option Fair Value (₹)	197.23	-	73.42

***** The aforesaid variables are based on grant dated April 29, 2017 before considering effect of demerger of 5paisa digital undertaking from IIFL Finance Limited in terms of Scheme of Arrangement approved by NCLT vide its order dated September 06, 2017. Post demerger, the revised exercise price got reduced by 2.36% to ₹ 468.67 and fair value of option stand revised to ₹ 201.65, as approved by Nomination and Remuneration Committee of the Board of Directors of the Company.

Stock Price: The closing market price on NSE one day prior to the date of grant has been considered for the purpose of Option valuation.

Volatility: The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

Impact of fair value method on net profit and earnings per share:
Had the compensation cost for the stock options granted been determined on fair value approach, the Company's net profit & earning per share would have been as per the pro-forma amounts as indicated below:

Note 36. Disclosure as per Accounting Standard -17 "Segment Reporting":

Segment information for the year ended March 31 2018. Primary Segment information (by Business Segment)

(₹ in Millions)

Sr. No.	Particulars	Segment Type	FY 2017-2018	FY 2016-2017	FY 2015-2016
I	Segment Revenue	Fund Based Activity	46,901.60	36,653.12	29,597.85
		Financial Product distribution	10,343.41	7,300.68	6,681.56
		Capital Market Activity	7,196.95	5,643.68	5,329.61
		Others	2,252.67	1,567.42	901.50
	Total		**66,694.63**	**51,164.90**	**42,510.52**
	Less : Inter Segment		2,319.06	1,917.03	2,891.87
	Less Discounting Operation		25,833.95	17,607.88	12,626.04
	Total Revenue for Continuing operations		**38,541.62**	**31,639.99**	**26,992.61**
II	Segment Results	Fund Based Activity	11,052.35	8,194.13	6,499.31
		Financial Product distribution	2,869.26	2,582.60	2,263.55
		Capital Market Activity	2,233.29	1,113.97	1,109.13
		Others	485.72	334.10	(2.86)
	Total		**16,640.62**	**12,224.80**	**9,869.13**
	Less: Unallocated Expenses		36.28	15.13	1,444.88
	Less: Discontinuing Operations		7,587.58	5,503.67	3,424.64
	Operating Profit for Continuing operations		**9,089.32**	**6,737.03**	**5,001.62**
	Interest Expense	Fund Based Activity	23,936.39	19,795.20	15,995.75
		Financial Product distribution	1,338.00	687.06	208.48
		Capital Market Activity	314.85	108.48	569.30
		Others	-	-	-
	Total		**25,589.24**	**20,590.74**	**16.773.53**
	Less: Discontinuing Operations		6,902.63	38,071.24	777.78
	Interest Expense from Continuing Operations		**18,686.61**	**17,480.50**	15,995.75
	Current Tax		5,056.13	4,018.13	2878.18
	Less: Current Tax for Discontinuing Operations		2,206.66	1,758.62	1,056.46
	Total Current Tax for continuing		2,849.47	2,259.51	1,821.72

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED)
Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Sr. No.	Particulars	Segment Type	FY 2017-2018	FY 2016-2017	FY 2015-2016
	Operations				
	Net Profit after Tax		9,113.24	6,860.89	5548.08
	Less: Discontinuing Operations		2,873.39	2,383.37	2,368.18
	Net Profit after Tax from Continuing Operations		**6,239.85**	**4,477.52**	**3,179.90**
III	Segment Assets	Fund Based Activity	390,173.41	296,661.24	198,228.49
		Financial Product distribution	24,678.89	19,863.72	11,861.8
		Capital Market Activity	18,263.56	17,536.33	15,332.38
		Others	-	-	-
	Total		**433,115.86**	**334,061.29**	225,422.67
	Unallocated Corporate Assets		3,917.30	3,545.50	3,352.05
	Total Assets		**437,033.16**	**337,606.79**	**228,774.72**
IV	Segment Liabilities	Fund Based Activity	339,344.16	252,187.72	166,765.42
		Financial Product distribution	15,124.41	13,146.06	7,781.27
		Capital Market Activity	16,188.10	14,966.28	12,824.49
		Others	-	-	
	Total		**370,656.67**	**280,300.06**	**187,371.18**
	Unallocated Corporate Liabilities		712.71	938.85	445.67
	Total Liabilities		**371,369.38**	**281,238.92**	**187,816.85**
V	Capital Expenditure	Fund Based Activity	364.81	697.11	229.25
		Financial Product distribution	1,657.77	2,004.13	696.17
		Capital Market Activity	197.97	92.17	61.34
		Others	-	-	-
	Total Capital Expenditure		**2,220.55**	**2,793.41**	**986.76**
VI	Depreciation	Fund Based Activity	170.81	163.28	270.42
		Financial Product distribution	388.26	160.85	241.10
		Capital Market Activity	112.07	215.57	149.29
		Others	-	-	-
	Total		**671.14**	**539.70**	**660.81**
	Less: Discontinuing Operations		498.09	380.99	391.09
	Total Depreciation		**173.05**	**158.72**	**269.72**

The Group is engaged in financing by way of fund based activities, capital market activities, financial product distribution and most of the subsidiaries operate only in the domestic market. As a result, the Group does not have any reportable geographical segment.

Note 37. Related Party Disclosures as per Accounting Standard – 18 "Related Party Disclosure" for the year ended March 31, 2018

(a) Name of the related parties with whom transactions have been entered during the year and description of relationship:

Nature of Relationship	Name of party
Key Management Personnel	Nirmal Jain
	R Venkataraman
Other Related Parties	Madhu Jain (wife of Mr. Nirmal Jain)
	Aditi Venkataraman (wife of Mr. R Venkataraman)
	Ardent Impex Private Limited
	5paisa Capital Limited
	5paisa P2P Limited
	India Infoline Foundation
	Orpheous Trading Private Limited

(b) Disclosure of Transactions with Related Parties **(₹ in Millions)**

Nature of Transaction	FY 2017-2018	FY 2016-2017	FY 2015-2016
Brokerage Income/Delayed Payin charges Income/Upfront	1.50	1.84	2.29
Rent Income	26.33	-	
Interest Income	9.66	-	3.73
Remuneration	92.84	74.27	59.52
Corporate Social Responsibility/Donation Paid	185.16	112.95	
Rent Expenses	2.40	2.60	2.95
Infrastructure/Customer Support Services	4.86	-	
Security Deposit – Paid	-	50.00	50.00
Brokerage Exp	4.92	-	-
ICD Given	600.00	-	-
ICD Given Returned Back	600.00	-	-
Deposit Given	0.20	-	-
Deposit Given and Received Back	0.20	-	-
Allocation / Reimbursement of expenses Paid	0.15	-	-
Allocation / Reimbursement of expenses Received	40.42	-	-
Others Paid	0.26	-	-
Others Received	2.33	-	-

(c) Outstanding as on **(₹ in Millions)**

Nature of Transaction	FY 2017-2018	FY 2016-2017	FY 2015-2016
Sundry Payables	13.92	0.13	1.65
Sundry Receivable	50.00	50.00	50.00

Note 38. Corporate Social Responsibility

During the financial year 2017-18, the Group spent ₹115.27 Millions (March 2017 ₹ 90.94 Millions and March 2016 ₹ 88.61 Millions) out of the total amount of ₹ 115.27 Millions (March 2017 ₹ 90.94 Millions and March 2016 ₹ 88.61 Millions) from continuing operations and ₹ 72.69 Millions (March 2017 ₹ 45.00 Millions and March 2016 ₹ 61.77 Millions) out of the total amount of ₹ 67.38 Millions (March 2017 ₹ 44.50 Millions and March ₹ 26.84 Millions) from discontinuing operations required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility [CSR]. The Group was focused on implementing the projects identified by the CSR Committee of the respective companies and has successfully completed most of the projects.

Note 39. Discontinuing Operations

The Board of Directors of the Company at its meeting held on 31 January 2018, has approved the Composite Scheme of Arrangement amongst the Company, India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth"), India Infoline Finance Limited ("IIFL Finance"), IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") which inter-alia, envisages the following:

i) amalgamation of IIFL M&R with the Company;
ii) demerger of the Securities Business Undertaking (as defined in the Scheme) of the Company into IIFL Securities;
iii) demerger of the Wealth Business Undertaking (as defined in the Scheme) of the Company into IIFL Wealth;
iv) amalgamation of IIFL Finance with the Company; and
v) transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis.

The Appointed Date for the amalgamation of IIFL M&R with the Company is opening hours of 1 April 2017 and for all the other steps, the Appointed Date is opening hours of 1 April 2018. The Scheme will be given effect to upon receipt of requisite approvals of NCLT and other authorities.

The operating activities of the Company's discontinuing operations are summarized below:

a. The revenue and expenses in respect of the ordinary activities attributable to the discontinuing operations.

(₹ in Millions)

Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
INCOME			
Revenue From Operation	24,655.04	16,616.96	12,492.91
Other Income	1,178.91	990.37	133.13
Total Income	**25,833.95**	**17,607.33**	**12,626.04**
EXPENDITURE			
Employee cost	5,993.07	4,556.47	4,344.84
Finance cost	6,986.28	3,127.92	777.78
Depreciation	498.09	380.99	391.09
Direct operating cost	2,286.81	1,702.99	1,320.71
Administration and other expenses	2,070.96	2,199.17	2336.28
Provisions and Contingencies	411.16	136.89	30.70
Total Expenses	**18,246.37**	**12,104.43**	**9,201.40**
Profit Before Tax from discontinuing operations	**7,587.58**	**5,502.90**	**3,424.64**
Tax Expenses of discontinuing operations	2,206.66	1,758.62	1,056.46
Profit After Tax from discontinuing operations	**5,380.92**	**3,744.29**	**2,368.18**

b. The carrying amounts of the total assets and liabilities in respect of discontinuing operations to be transferred are as follows

(₹ in Millions)

	2017-18	2016-17	2015-16
Total Assets	127,477.93	102,166.60	36,726.02
Total Liabilities	100,965.87	81,784.45	20,724.26

Note 40. Demerged Operations

During the year, the Company has received the approval of NCLT for the Scheme of Arrangement under Section 230-232 of the Companies Act, 1956 ("the Scheme") between IIFL Finance Limited and 5paisa Capital Limited (5PCL) and their respective shareholders to demerge 5paisa digital undertaking of the Company into 5PCL. The said order has been filed with MCA on September 30, 2017 and Demerger is effected w.e.f. the Appointed Date i.e. October 01, 2016 in the books of accounts of the Company. Accordingly, the financial statements have been presented after giving effect to the Scheme. As per the Scheme, the shareholders of the Company as on the record date i.e. October 18, 2017, have been allotted 1 equity share of ₹ 10/- each fully paid up of 5PCL for every 25 equity shares of ₹ 2/- each held in the Company. In view of above, 5PCL ceased to be a subsidiary of the Company.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

(I) Following Asset and Liability where transferred to 5PCL.

		(₹ in Millions)
	Investment in 5CPL (Net of loss consolidated of ₹ 103.62 Millions upto 31/3/17)	896.87
	Fixed Assets	0.32
	Prepaid Expenses	0.08
	Sub-Total	897.27
	Less :-	
	Other Liability & Provision	2.03
Net Asset		**895.24**

(II) The Excess of the Book Value of asset transferred (net of diminution/depreciation, if any) over the book value of liability has been debited to Capital Reserve ₹ 433.70 Millions and General Reserve of ₹ 461.10 Millions and ₹ 0.43 Millions was settled by cheque.

(III) All expenses incurred for 5paisa digital undertaking from October 01, 2016 were reimbursed by 5paisa Capital Limited after demerger order being effective. Expenses incurred from to October 01, 2016 to March 31, 2017 aggregating to ₹ 12.45 Millions have been credited to surplus in the Statement of Profit and Loss and from April 01, 2017 to September 30, 2017 amounting to ₹ 14.30 Millions have been recovered in bank account.

Note 41. Scheme of Arrangement between IIFL Facilities Services Limited and IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)

The Scheme of Arrangement between IIFL Facilities Services Limited and IIFL Management Services Limited was approved by National Company Law Tribunal, Mumbai Bench ("NCLT") vide its order dated on September 08, 2017. The certified true copy of the order was duly filed with Registrar of Companies, Mumbai and the Scheme was effective from September 29, 2017. Pursuant to order of NCLT, Mumbai Bench, Real Estate Advisory Services Undertaking (the undertaking) on going concern basis was vested from the Company IIFL Facilities Services Limited to India Infoline Insurance Services Limited w.e.f. the appointed date i.e. April 01, 2017.

Real Estate Advisory Services Undertaking includes the entire real estate advisory services rendered by the Company relating to providing broking and advisory services with respect to real estate business along with all related assets, liabilities and employees.

In accordance with the said Scheme of Arrangement:

a. The whole of the Real Estate Advisory Services Undertaking including all assets and liabilities of the undertaking were transferred to and vested by the IIFL Facilities Services Limited to IIFL Management Services Limited at respective book values from April 01, 2017.

b. one fully paid preference share of ₹ 10/- each shall be issued by the Company to the members of the Company for every hundred fully paid up equity share of ₹ 10/- each held by the members.

Note 42. Disclosure On Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

(₹ in Millions)

Particulars	SBNs *	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	334.45	69.14	403.59
(+) Permitted receipts	101.86	4,090.74	4,192.59
(-) Permitted payments	-	3,154.62	3,154.62
(-) Amount deposited in Banks	436.31	755.48	1,191.79
Closing cash in hand as on 30.12.2016	**-**	**249.78**	**249.78**

Note 43. Additional Information pursuant to para 2 of general Instructions for the preparation of Consolidated Financial Statements :

Particulars	Net assets, i.e., total assets minus total liabilities		Share of Profit or Loss	
	As % of consolidated net assets	₹ in Millions	As % of consolidated Profit or loss	₹ in Millions
Parent				
IIFL Finance Limited	2.21%	1,121.49	5.20%	474.31
Subsidiaries				
Indian				
India Infoline Finance Limited	51.52%	26,102.58	47.18%	4,299.29
India Infoline Housing Finance Limited	22.72%	11,510.96	21.45%	1,954.78
IIFL Securities Limited	8.27%	4,187.65	18.31%	1,668.67
IIFL Wealth Management Limited	7.21%	3,654.04	13.30%	1,212.24
IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)	0.42%	211.30	3.79%	345.47
IIFL Commodities Limited	0.11%	58.04	0.28%	25.78
IIFL Insurance Brokers Limited	0.53%	270.27	1.66%	151.37
IIFL Management Services Limited	0.80%	405.49	0.44%	39.66
India Infoline Media and Research Services Limited	0.46%	232.92	1.22%	111.53
IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited)	0.03%	16.38	0.10%	9.50
IIFL Alternate Asset Advisors Limited	5.38%	2,724.76	0.06%	5.29
IIFL Asset Reconstruction Limited	0.09%	45.18	0.02%	2.22
IIFL Distribution Services Limited	(0.04%)	(22.60)	(1.94%)	(176.81)

REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS AS PER IGAAP OF IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED)

Notes forming part of Reformatted Consolidated Financial Statements for the year ended March 31, 2018, March 31, 2017 and March 31, 2016

Particulars	Net assets, i.e., total assets minus total liabilities		Share of Profit or Loss	
	As % of consolidated net assets	₹ in Millions	As % of consolidated Profit or loss	₹ in Millions
IIFL Investment Adviser and Trustee Services Limited	0.64%	325.09	1.08%	98.15
IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)	1.18%	598.00	(10.93%)	(995.84)
IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)	20.50%	10,388.00	19.83%	1,807.28
Samasta Microfinance Limited (Consolidated)	4.23%	2,144.84	0.21%	19.57
Clara Developers Private Limited	*	0.13	*	(0.02)
Foreign				-
IIFL Inc	0.06%	29.67	(0.50%)	(45.98)
IIFL Capital Inc.	0.13%	67.09	(1.40%)	(127.65)
IIFL Private Wealth Hong Kong Limited	0.12%	62.83	(0.18%)	(16.45)
IIFL Private Wealth Management (Dubai) Limited	0.17%	87.73	(0.77%)	(70.53)
IIFL Wealth (UK) Limited	0.05%	23.62	(0.74%)	(67.56)
IIFL Private Wealth (Suisse) SA	0.02%	8.28	(0.01%)	(1.12)
IFL Asset Management (Mauritius) Limited	2.05%	1,036.86	10.40%	947.80
IIFL (Asia) Pte. Limited (Consolidated)	0.73%	370.30	(0.15%)	(13.51)
IIFL Capital (Canada) Limited	0.01%	2.83	(0.06%)	(5.28)
Share of Minorities	(29.61%)	(15,002.89)	(27.52%)	(2,507.53)
Joint Ventures				
Meenakshi Towers LLP	*	0.05	(0.34%)	(31.39)
Total	**100.00%**	**50,660.89**	**100.00%**	**9,113.24**

[* less than 0.01%]

Note 44. The financial position and results (after eliminations) of IIFL Asset Reconstruction Limited, Clara Developers Private Limited and IIFL Capital (Canada) Limited which became subsidiaries during the year ended March 31, 2018 are given below:

(₹ in Millions)

Particulars	As at March 31,2018	As at March 31,2018	As at March 31,2018
Name of the subsidiary	IIFL Asset Reconstruction Limited	Clara Developers Private Limited	IIFL Capital (Canada) Limited
Liabilities			
Non-current liabilities	-	-	-
Current liabilities	0.15	0.02	1.07
Total	**0.15**	**0.02**	**1.07**
Assets			
Non-current assets	0.14	-	0.42
Current assets	45.19	0.15	3.48
Total	**45.33**	**0.15**	**3.90**
	2017-2018	**2017-2018**	**2017-2018**
Revenue for the period ended	3.07	-	0.02
Expenses for the period ended	0.08	0.02	5.29
Profit / (Loss) before tax for the period ended	**2.99**	**(0.02)**	**(5.27)**
Profit / (Loss) after tax for the period ended	**2.22**	**(0.02)**	**(5.27)**

Note 45. Previous Year's figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors
of IIFL Finance Limited
(Formerly IIFL Holdings Limited)

Nirmal Jain Chairman DIN: 00010535	**R. Venkataraman** Managing Director DIN: 00011919	**Sumit Bali** Chief Executive officer
Rajesh Rajak Chief Financial Officer	**Gajendra Thakur** Company Secretary	

Place : Mumbai
Dated: June 27, 2020

IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)

Annexure - I

CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS AS PER IGAAP

1. Basic and Diluted Earnings per Share

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Weighted average number of equity shares outstanding for computation of Basic EPS (A)	318,293,090	317,084,627	313,063,775
Add: Potential equity shares (B)	949,739	1,799,506	2,124,100
Weighted average number of equity shares used in computation of diluted earnings per share (C=A+B)	319,242,829	318,884,132	315,187,875
Profit after Tax attributable to equity shareholders [Rs.in million] (D)	9,113.24	6,860.89	5,111.76
Nominal Value of share [in Rs.]	2.00	2.00	2.00
Basic earnings per share [in Rs.] (E=(D/A)) (not annualised)	**28.63**	**21.64**	**16.33**
Diluted earnings per share [in Rs.] (F=(D/C)) (not annualised)	**28.55**	**21.52**	**16.22**

2. Return on Networth

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Total Comprehensive Income excluding exceptional items/change in the rate of opening deferred tax [Rs.in million] (A)	9,113.24	6,860.89	5,111.76
Average networth [Rs.in million] (B) <Refer Annexure 1A>	60,896.85	48,533.69	34,399.97
Return on networth (A/B) (annualised)	**14.97%**	**14.14%**	**14.86%**

3. Net Asset Value Per Equity Share

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Number of equity shares (A)	318,979,026	317,908,193	316,536,853
Networth [Rs.in million] (B) <Refer Annexure 1A>	65,545.67	56,248.04	40,819.34
Net asset value per equity share (B/A)	**205.49**	**176.93**	**128.96**

4. Debt-equity ratio

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Debt [Rs.in million] (A) <Refer Annexure 1A>	329,734.01	243,304.29	159,446.15
Equity [Rs.in million] (B)	65,659.62	56,366.42	40,957.78
Debt-equity ratio (A/B)	**5.02**	**4.32**	**3.89**

For V Sankar Aiyar & Co.
Chartered Accountants
(FRN 109208W)

For IIFL Finance Limited
(Formerly IIFL Holdings Limited)

G. Sankar
Partner
(M.No.46050)

R. Venkataraman
Managing Director
(DIN : 00011919)

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : June 27, 2020

IIFL FINANCE LIMITED
(FORMERLY IIFL HOLDINGS LIMITED)

Annexure 1A

₹ in Million

Particulars		**FY 2018**	**FY 2017**	**FY 2016**
Share Capital		637.96	635.82	633.07
Reserve and Surplus		50,018.77	43,178.37	32,888.00
Non-controlling interest		15,002.89	12,552.23	7,436.71
Total Equity	**a**	**65,659.62**	**56,366.42**	**40,957.78**
Less: Prepaid expense and Unamortised debenture issue expenses		113.95	118.38	138.44
Total	**b**	**113.95**	**118.38**	**138.44**
Networth	**c=a-b**	**65,545.67**	**56,248.04**	**40,819.34**
Average Networth (Refer Note a)		**60,896.85**	**48,533.69**	**34,399.97**
Total Debt				
(i) Long-term borrowings		127,109.87	128,010.93	89,703.08
(ii) Short-term borrowings		153,446.07	92,121.28	35,805.30
(iii) Current maturities of long term borrowings		49,178.07	23,172.08	33,937.77
Total Debt		**329,734.01**	**243,304.29**	**159,446.15**

Note: a) Average Networth means sum of opening and closing Networth divided by two.

Independent Auditors' Report

To the Board of Directors of
IIFL Finance Limited (Formerly known as IIFL Holdings Limited)

Report on the Audit of the Interim Condensed Standalone Financial Statements

Opinion

We have audited the accompanying interim condensed standalone financial statements of IIFL Finance Limited (formerly known as IIFL Holdings Limited) (hereinafter referred to as the "Company") which comprise the Condensed Balance Sheet as at June 30, 2020, the Condensed Statement of Profit and Loss (including other comprehensive income), Condensed Statement of Cash Flow and Condensed Statement of Changes in Equity for the period then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "interim condensed standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standard 34 Interim Financial Reporting ("Ind AS 34') prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at June 30, 2020, its profit and total comprehensive income, changes in equity and its cash flows for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Interim Condensed Standalone Financial Statements section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the interim condensed standalone financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the interim condensed standalone financial statements.

Emphasis of Matter

We draw attention to Note 4c to the Interim Condensed Standalone Financial Statements, which fully describes that the Company has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Interim Condensed Standalone Financial Statements

The Company's Board of Directors are responsible for the preparation and presentation of these interim condensed standalone financial statements that give a true and fair view of the financial position, financial performance including total comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS 34 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim condensed standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Interim Condensed Standalone Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the interim condensed standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the interim condensed standalone financial statements made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim condensed standalone financial statements, including the disclosures, and whether the interim condensed standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the interim condensed standalone financial statements of the Company to express an opinion on the interim condensed standalone financial statements.

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

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

Other Matters

The comparative figures presented in these interim condensed standalone financial results for the year ended March 31, 2020 prepared in accordance with the Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Act were audited by the predecessor auditor who has issued a report dated June 07, 2020 on such standalone financial statements of the Company for the year ended March 31, 2020 expressing an unmodified opinion, which has been relied upon by us.

The Comparative figures presented in these interim condensed standalone financial statements for the quarter ended June 30, 2019 were based on the financial results reviewed by the predecessor auditor whose review report dated August 14, 2019 expressed an unmodified conclusion on those financial information which have been relied upon by us and which have been duly adjusted by the management to give effect to the composite scheme of arrangement as detailed in Note 12 to the interim condensed standalone financial statements.

Our report on the statement is not modified in respect of the above matters with respect to our reliance on work done and the reports of the other auditors.

For V. Sankar Aiyar & Co.,
Chartered Accountants
(FRN. 109208W)

Place: Mumbai
Date: July 21, 2020

G Sankar
Partner
(Membership No. 46050)
UDIN: 20046050AAAAEA4467

INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)
CONDENSED STANDALONE BALANCE SHEET AS AT JUNE 30, 2020

(₹ in millions)

Sr. No	Particulars	As at June 30, 2020	As at March 31, 2020
	Assets		
[1]	**Financial assets**		
(a)	Cash and cash equivalents	2,703.68	6,062.71
(b)	Bank balance other than (a) above	13,836.94	10,444.00
(c)	Derivative financial instruments	1,949.34	2,405.21
(d)	Receivables		
	(i) Trade receivables	161.67	122.19
	(ii) Other receivables	-	-
(e)	Loans	1,39,238.33	1,42,318.62
(f)	Investments	13,564.72	19,585.47
(g)	Other financial assets	1,471.91	1,614.28
		1,72,926.59	**1,82,552.48**
[2]	**Non-financial assets**		
(a)	Current tax assets (net)	2,104.37	1,946.04
(b)	Deferred tax assets (net)	2,018.64	2,028.08
(c)	Investment property	2,030.24	2,030.24
(d)	Property, plant and equipment	951.97	1,012.00
(e)	Capital work-in-progress	23.39	24.94
(f)	Right of-use assets	2,442.60	2,486.56
(g)	Other intangible assets	6.39	6.39
(h)	Other non-financial assets	1,481.38	1,534.09
		11,058.98	**11,068.34**
	Total assets	**1,83,985.57**	**1,93,620.82**
	Liabilities And Equity		
	Liabilities		
[1]	**Financial liabilities**		
(a)	Derivative financial instruments	350.02	267.63
(b)	Payables		
	(I)Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	647.56	473.35
	(II) Other payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(c)	Finance lease obligation	2,602.24	2,613.31
(d)	Debt securities	52,383.22	58,210.77
(e)	Borrowings (other than debt securities)	71,076.55	69,293.30
(f)	Subordinated liabilities	15,798.82	16,304.08
(g)	Other financial liabilities	3,867.49	9,286.14
		1,46,725.90	**1,56,448.58**
[2]	**Non-financial liabilities**		
(a)	Current tax liabilities (net)	180.42	180.42
(b)	Provisions	312.01	452.80
(c)	Other non-financial liabilities	508.68	460.94
		1,001.11	**1,094.16**
	Total Liabilities	**1,47,727.01**	**1,57,542.74**
[3]	**Equity**		
(a)	Equity share capital	756.68	756.68
(b)	Other equity	35,501.88	35,321.40
		36,258.56	**36,078.08**
	Total Liabilities and Equity	**1,83,985.57**	**1,93,620.82**
The accompanying notes are an integral part of the interim condensed standalone financial statements			

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

G. Sankar
Partner
Membership No. 046050

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

Place : Mumbai
Dated: July 21, 2020

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)
CONDENSED STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED JUNE 30, 2020

(₹ in millions)

Sr. No	Particulars	Quarter ended June 30, 2020	Quarter ended June 30, 2019
	Revenue from operations		
(i)	Interest income	7,086.31	6,300.78
(ii)	Dividend income	1.33	-
(iii)	Fees and commission income	62.52	110.95
(iv)	Net gain on fair value changes	51.05	-
(I)	**Total revenue from operations**	**7,201.21**	**6,411.73**
(II)	**Other income**	29.44	34.21
(III)	**Total Income (I+II)**	**7,230.65**	**6,445.94**
	Expenses		
(i)	Finance costs	4,460.80	3,046.89
(ii)	Net loss on fair value changes	-	260.80
(iii)	Net loss on derecognition of financial instruments under amortised cost category	977.46	1,037.36
(iv)	Impairment on financial instruments	334.96	(1,170.21)
(v)	Employee benefits expenses	1,021.21	1,090.79
(vi)	Depreciation, amortisation and impairment	201.77	204.93
(vii)	Other expenses	589.62	728.84
(IV)	**Total Expenses (IV)**	**7,585.82**	**5,199.40**
(V)	**Profit before exceptional items and tax (III-IV)**	**(355.17)**	**1,246.54**
(VI)	Exceptional items	530.50	15.04
(VII)	**Profit before tax (V +VI)**	**175.33**	**1,261.58**
(VIII)	**Tax expense:**		
	(1) Current tax	-	18.72
	(2) Deferred tax	9.22	406.01
	(3) Current tax expenses relating to previous period	3.25	4.58
	Total tax expense	**12.47**	**429.31**
(IX)	**Profit for the period (VII-VIII)**	**162.86**	**832.27**
(X)	**Other Comprehensive Income**		
	(A)		
	(i) Items that will not be reclassified to profit or loss	0.90	(4.50)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.23)	1.53
	Subtotal (A)	**0.67**	**(2.97)**
	(B)		
	(i) Items that will be reclassified to profit or loss	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-
	Subtotal (B)	-	-
	Other Comprehensive Income (A+B)	**0.67**	**(2.97)**
(XI)	**Total Comprehensive Income for the period**	**163.53**	**829.30**
(XII)	**Earnings per equity share of face value ₹ 2 each**		
	Basic (₹)	0.43	2.20
	Diluted (₹)	0.43	2.19
The accompanying notes are an integral part of the interim condensed standalone financial statements			

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place : Mumbai
Date : July 21, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)
CONDENSED STANDALONE STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED JUNE 30, 2020

(₹ in millions)

Particulars	Quarter ended June 30, 2020		Quarter ended June 30, 2019	
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**175.33**		**1,261.58**
Adjustments for:				
Depreciation, amortisation and impairment	201.77		204.93	
Impairment on loans	325.81		(1,188.33)	
Impairment on other financial instruments	9.16		18.12	
(Profit)/ loss on sale of assets	(0.89)		7.33	
Net (gain)/ loss on fair value changes - realised	(469.06)		28.83	
Net (gain)/ loss on fair value changes - unrealised	(112.49)		231.98	
Net (gain)/ loss on derecognition of financial instruments under amortised cost	(115.42)		(284.40)	
Employee benefit expenses - share based	16.95		22.93	
Employee benefit expenses - others	16.72		12.88	
Exchange fluctuation on foreign currency borrowings realised	(9.49)		-	
Exchange fluctuation on foreign currency borrowings unrealised	68.43		-	
MTM on derivatives financial instruments	538.26		-	
Interest on loans	(6,760.00)		(5,725.49)	
Interest on deposits with banks	(186.64)		(181.57)	
Interest on investments	(139.67)		(27.85)	
Finance cost	3,797.38		2,985.97	
Net (gain)/loss on buy back of commercial paper	-		7.97	
Net (gain)/loss on buy back of debentures	(3.17)		-	
Income received on loans	5,217.92		5,559.68	
Interest received on deposits with banks	177.76		187.55	
Income received on investments	102.77		16.72	
Finance cost paid	(3,227.80)	(551.70)	(3,043.70)	(1,166.45)
Operating profit before working capital changes		**(376.37)**		**95.13**
Decrease/ (Increase) in financial and non financial assets	121.56		6,629.46	
Increase/(Decrease) in financial and non financial liabilities	(5,196.38)	(5,074.82)	3,444.22	10,073.68
Cash (used in)/ generated from operations		**(5,451.19)**		**10,168.81**
Taxes paid		(161.58)		(273.91)
Net cash (used in)/ generated from operating activities		**(5,612.77)**		**9,894.90**
Loans (disbursed)/ repaid (net)		4,128.53		14,532.06
Net cash (used in)/ generated from operating activities (A)		**(1,484.24)**		**24,426.96**
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment and other intangible assets		(10.89)		(123.99)
Sale of property, plant and equipment and other intangible assets		0.74		31.12
Redemption of investments in subsidiary		1,321.23		-
Investment in debentures of subsidiary		-		(472.83)
Redemption in debentures of subsidiary		-		471.96
Purchase of investments		(3,800.00)		(91,866.63)
Proceeds from sale/ maturity of investments		9,209.56		91,997.89
Deposits placed with banks		(23,768.81)		(2,309.31)
Proceeds from maturity of deposits placed with banks		20,348.28		1,981.60
Net cash (used in)/ generated from investing activities (B)		**3,300.11**		**(290.19)**
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of equity share capital		-		5.52
Adjustment due to Composite Scheme of Arrangement on account of merger		-		(19.14)
Proceeds from debt securities		1,000.00		43,357.58
Repayment of debt securities		(7,097.29)		(68,732.97)
Proceeds from borrowings (other than debt securities)		23,260.49		25,648.60
Repayment of borrowings (other than debt securities)		(21,788.11)		(20,875.21)
Repayment of subordinated liabilities		(550.00)		-
Net cash (used in)/ generated from financing activities (C)		**(5,174.91)**		**(20,615.62)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)		**(3,359.04)**		**3,521.15**
Add : Opening cash and cash equivalents as at the beginning of the period		**6,062.72**		**4,147.30**
Cash and cash equivalents as at the end of the period		**2,703.68**		**7,668.45**
The accompanying notes are an integral part of the interim condensed standalone financial statements				

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

G. Sankar
Partner
Membership No. 046050

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

Place : Mumbai
Date : July 21, 2020

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)
CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2020

A. Equity Share Capital (₹ in millions)

Particulars	Quarter ended June 30, 2020	Quarter ended June 30, 2019
At the beginning of the period	756.68	638.41
Add: Shares issued during the period	-	0.06
At the end of the period	**756.68**	**638.47**

B. On account of Composite Scheme of Arrangement Incremental equity shares pending issuance as on appointed date i.e. April 01, 2018 was ₹ 117.31 millions and the same were issued on March 30. 2020.

C. Other Equity (₹ in millions)

Particulars	Share application money pending allotment	Reserves & Surplus								Total
		Capital Reserve	Securities Premium Reserve	General Reserve	Special Reserve pursuant to Section 45 IC of Reserve Bank of India Act, 1934	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Stock Compensation Reserve	
Balance as at April 01, 2020	**-**	**838.85**	**18,344.36**	**5,086.05**	**5,255.11**	**2,301.11**	**128.04**	**3,193.74**	**174.14**	**35,321.40**
Profit for the period	-	-	-	-	-	-	-	162.86	-	162.86
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	0.67	-	0.67
Transfer to/ from reserves	-	-	-	-	33.00	-	-	(33.00)	-	-
Addition/(Reduction) during the period	-	-	-	-	-	-	-	-	16.95	16.95
Balance as at June 30, 2020	**-**	**838.85**	**18,344.36**	**5,086.05**	**5,288.11**	**2,301.11**	**128.04**	**3,324.27**	**191.09**	**35,501.88**

(₹ in millions)

Particulars	Share application money pending allotment	Reserves & Surplus								Total
		Capital Reserve	Securities Premium Reserve	General Reserve	Special Reserve pursuant to Section 45 IC of Reserve Bank of India Act, 1934	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Stock Compensation Reserve	
Balance as at April 01, 2019	**-**	**838.85**	**18,310.88**	**5,048.31**	**4,637.50**	**2,301.11**	**97.00**	**3,338.83**	**95.37**	**34,667.85**
Profit for the period	-	-	-	-	-	-	-	832.27	-	832.27
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	(2.97)	-	(2.97)
Transfer to/ from reserves	-	-	2.30	37.40	168.00	-	31.04	(236.44)	(2.30)	-
On account of merger	-	-	-	-	-	-	-	(22.49)	-	(22.49)
Addition/(Reduction) during the period	-	-	8.81	-	-	-	-	-	22.93	31.74
Balance as at June 30, 2019	**-**	**838.85**	**18,321.99**	**5,085.71**	**4,805.50**	**2,301.11**	**128.04**	**3,909.20**	**116.00**	**35,506.40**

See accompanying notes forming part of the interim condensed standalone financial statements

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place : Mumbai
Date : July 21, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Note 1. Corporate information

IIFL Finance Limited (the "Company") is a Systemically Important Non-Banking Financial Company not accepting public deposits ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in financing and related activities. The Company had received the certificate of registration from RBI on March 12, 2020, enabling the Company to carry on business as a Non-Banking Financial Company. The Company offers a broad suite of financial products such as gold loan, loan against securities and loans to small & medium enterprise ("SME") to retail and corporate clients.

The interim condensed standalone financial statements are approved for issue by the Company Board of Directors on July 21, 2020.

Note 2. Statement of compliance

These interim condensed standalone financial statements are prepared in accordance with Indian Accounting Standard 34 (Ind AS 34), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI). Accordingly, these interim condensed standalone financial statements do not include all the information required for a complete set of financial statements. These interim condensed standalone financial statements should be read in conjunction with the standalone financial statements and related notes included in the Company's Annual Report for the year ended March 31, 2020. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

Note 3. Significant Accounting Policies

Basis of preparation

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

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

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

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

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

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

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

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Company's Statement of Profit and Loss include, among other things, fees charged for servicing a loan.

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

iii. Income from financial instruments at FVTPL

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

iv. Assignment transactions

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

v. Securitisation transactions

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

vi. Other operational revenue

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

Note 4. Loans

(₹ in millions)

Particulars	As at June 30, 2020			As at March 31, 2020		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(i) Term Loans	84,597.44	27,677.60	1,12,275.04	85,700.56	28,513.66	1,14,214.22
(ii) Non Convertible Debentures - for financing real estate projects	24,417.67		24,417.67	23,961.29	-	23,961.29
(iii) Inter corporate deposit (Refer Note 4.a)	9,889.04	-	9,889.04	11,382.04	-	11,382.04
Gross Total	**1,18,904.16**	**27,677.60**	**1,46,581.76**	**1,21,043.89**	**28,513.66**	**1,49,557.55**
Less: Impairment loss allowance	(7,119.57)	(223.86)	(7,343.43)	(6,973.37)	(265.56)	(7,238.93)
Net Total	**1,11,784.59**	**27,453.74**	**1,39,238.33**	**1,14,070.52**	**28,248.10**	**1,42,318.62**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

Note 4a. Includes receivable from other related parties ₹ 1,058.50 millions as at June 30, 2020 (₹ 2,758.50 million as at March 31, 2020).

Note 4b. Analysis of changes in the gross carrying amount by stages in relation to loans and its corresponding impairment loss allowances (ECL) is as follows:

(₹ in millions)

Particulars	As at June 30, 2020							
	Stage 1		Stage 2		Stage 3		Total	
	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
As at March 31, 2020	1,37,890.07	2,428.67	6,218.76	518.86	5,448.72	4,291.40	1,49,557.55	7,238.93
New loans disbursed during the period	20,080.48	684.38	29.80	0.24	16.40	2.53	20,126.67	687.15
Loans closed/ written off during the period	(12,523.46)	(68.31)	(875.53)	(3.31)	(1,589.73)	(1,286.37)	(14,988.72)	(1,357.99)
Movement without change in asset staging	(7,310.60)	446.51	108.00	7.12	121.53	162.43	(7,081.07)	616.06
Movement due to change in asset staging	(1,545.21)	(13.03)	703.79	161.74	13.57	10.57	(827.85)	159.28
Others	(204.83)	-	-	-	-	-	(204.83)	-
As at June 30, 2020	**1,36,386.45**	**3,478.22**	**6,184.82**	**684.65**	**4,010.49**	**3,180.56**	**1,46,581.76**	**7,343.43**

(₹ in millions)

Particulars	As at March 31, 2020							
	Stage 1		Stage 2		Stage 3		Total	
	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
As at March 31, 2019	1,13,778.96	845.35	10,642.95	2,757.09	5,022.41	4,138.01	1,29,444.32	7,740.45
New loans disbursed during the year	94,961.37	923.31	2,525.95	14.82	239.40	111.36	97,726.72	1,049.49
Loans closed/ written off during the year	(62,643.09)	(278.29)	(5,268.03)	(405.34)	(4,163.83)	(3,527.03)	(72,074.95)	(4,210.66)
Movement without change in asset staging	(5,946.19)	1,015.74	(313.54)	(306.04)	(18.81)	55.25	(6,278.54)	764.95
Movement due to change in asset staging	(3,465.82)	(77.44)	(1,368.57)	(1,541.67)	4,369.55	3,513.81	(464.84)	1,894.70
Others	1,204.84	-	-		-		1,204.84	-
As at March 31, 2020	**1,37,890.07**	**2,428.67**	**6,218.76**	**518.86**	**5,448.72**	**4,291.40**	**1,49,557.55**	**7,238.93**

Note 4c. (i) The outbreak of COVID 19 pandemic and consequent lockdown has severely impacted business and operations of the Company in the last week of March 2020. In terms of the policy approved by the Board of Directors of the Company pursuant to Reserve Bank of India (RBI) Circulars dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has granted EMI moratorium to all eligible customers for a period up to 3 months with regards to the payment falling due between March 01, 2020 and May 31, 2020. On May 22, 2020, the RBI had extended the Moratorium Period by further 3 months with regards to payment falling due between June 01, 2020 and August 31, 2020 (Moratorium 2.0). However Company had decided to grant EMI moratorium to all eligible customers, who have specifically sought the EMI moratorium for the payments falling due between June 01, 2020 and August 31, 2020. Further, in relation to the accounts overdue but standard as at February 29, 2020 where moratorium benefit has been extended in terms of aforesaid RBI guidelines, the staging of those accounts at June 30, 2020 is based on the days past due status as on February 29, 2020 adjusted for non-moratorium period in case of customers who have not opted for the Moratorium 2.0. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

(ii) The Company's assessment of impairment loss allowance on its loans and other assets is subject to a number of management judgments and estimates. In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the determination of the impairment loss allowance calculations remained unchanged from those applied while preparing the Standalone Financial Statements for the period ended December 31, 2019, the Company has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic based on indicators of moratorium and delayed payments metrics observed along with an estimation of potential stress on probability of defaults and exposure at default. Accordingly, the Company has measured additional impairment loss allowance on loans and other assets and recognised the incremental impairment provision for ₹ 906.62 million as of June 30, 2020 (March 31, 2020 ₹ 2,171.22 million) in the Standalone Financial Statements which is adequate in the view of the Company considering the current information available. Overall COVID provision stands at ₹ 3,077.84 million (March 31,2020 ₹ 2,171.22 million). In addition, while assessing the liquidity situation, the Company has taken into consideration certain assumptions with respect to repayments of loan assets, sale of loan assets and undrawn committed lines of credit, based on its past experience which have been adjusted for current events. Given the dynamic nature of pandemic situation, the Company's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic and, as a result, actual Standalone Financial Statements may differ from these estimates as on the date of approval of these Standalone Financial Statements. The Company will continue to monitor any material changes to the future economic conditions.

Note 4d. Impairment on financial instruments

(₹ in millions)

Particulars	Quarter ended June 30, 2020			Quarter ended June 30, 2019		
	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total
Loans	367.51	(41.70)	325.81	(1,187.02)	(1.31)	(1,188.33)
Other financial assets	9.15	-	9.15	18.12	-	18.12
Total	**376.66**	**(41.70)**	**334.96**	**(1,168.90)**	**(1.31)**	**(1,170.21)**

Note 5. Segment Information

The Company's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Company revolve around the main business. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments as per the IND AS 108 on 'Segment Reporting'.

Note 6. Interest Income

(₹ in millions)

Particulars	Quarter ended June 30, 2020				Quarter ended June 30, 2019			
	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total
Interest on loans	5,330.93	-	1,344.86	6,675.79	4,765.20	-	920.15	5,685.35
Interest on investments	-	139.67	-	139.67	-	27.85	-	27.85
Interest on deposits with banks	186.64	-	-	186.64	181.57	-	-	181.57
Interest on inter corporate deposit	84.21	-	-	84.21	40.14	-	-	40.14
Other income	-	-	-	-	365.87	-	-	365.87
Total	**5,601.78**	**139.67**	**1,344.86**	**7,086.31**	**5,352.78**	**27.85**	**920.15**	**6,300.78**

Note 7. Fees and commission income

(₹ in millions)

Particulars	Quarter ended June 30, 2020	Quarter ended June 30, 2019
Administration Fees & Other charges	62.52	110.95
Total	**62.52**	**110.95**

Note 8. Capital, Other Commitments and Contingent Liabilities at Balance Sheet date:

Contingent Liabilities **(₹ in millions)**

Particulars	As at June 30, 2020	As at March 31, 2020
In respect of Income tax demands (refer note (a) and (e) below)	529.92	539.76
In respect of Service tax demands (refer note (b) below) *	592.11	342.01
In respect of Profession tax demands (refer note (c) below)	1.55	1.55
In respect of Bank guarantees given (refer note (d) below)	17,668.97	17,524.37

* Includes interest on service tax demands amounting to ₹ 250.10 millions as at June 30, 2020 (Nil as at March 31, 2020).

(a) The Company has filed appeal against the said demands raised by the Income Tax Department.

(b) Amount paid under protest with respect to service tax demand ₹ 18.92 million (March 31, 2020 ₹ 18.92 million)

(c) Amount paid under protest with respect to profession tax demand ₹ 0.47 million (March 31, 2020 ₹ 0.47 million)

(d) The above guarantee has been given on behalf of subsidiaries to various banks in the form of Corporate guarantees.

(e) Amount paid under protest with respect to income tax demand is ₹ 257.33 million (March 31, 2020 ₹ 267.16 million).

(f) Apart from the above, 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.

Commitments not provided for **(₹ in millions)**

Particulars	As at June 30, 2020	As at March 31, 2020
Commitments related to loans sanctioned but undrawn	610.32	4,817.78
Estimated amount of contracts remaining to be executed on capital and operating account	195.92	169.28
Commitments related to Alternate Investment Funds	32.60	32.60

Note 9. Related Party Transaction:

A. List of Related Parties

Nature of relationship	Name of party *
Direct subsidiaries	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	Clara Developers Private Limited
	Samasta Microfinance Limited
Other related parties	IIFL Securities Limited
	IIFL Management Services Limited
	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited
	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
	India Infoline Foundation
	IIFL Alternate Asset Advisors Limited
	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Wealth Finance Limited
	5paisa Capital Limited
	5paisa P2P Limited
Key managerial personnel	Mr.Nirmal Jain
	Mr.R. Venkataraman
	Mr.Sumit Bali (Upto June 30, 2020)
	Mr.Prabodh Agarwal (Upto February 01, 2020)
	Mr.Rajesh Rajak (w.e.f March 12,2020)
Relatives of key managerial personnel	Mrs.Aditi Athavankar (Spouse of R. Venkataraman)

* The above list includes related parties with whom the transactions have been carried out during the quarter.

B. Significant transactions with related parties **(₹ in millions)**

Nature of Transaction	Direct Subsidiary	Other related parties	Key Managerial Personnel & Relatives	Total
Interest Income	16.09	79.25	-	**95.34**
	(12.19)	(40.10)	-	**(52.30)**
Interest Expense	151.11	5.61	-	**156.72**
	(29.36)	(57.44)	-	**(86.80)**
Investment Banking Income Pass Through	-	-	-	**-**
	-	(15.69)	-	**(15.69)**
Arranger/ processing fees /brokerage on non convertible debenture/merchant banking fees/Portfolio Service fees	1.08	0.68	-	**1.75**
	-	(60.40)	-	**(60.40)**
Rent Expenses	-	4.37	-	**4.37**
	-	(4.37)	(0.60)	**(4.97)**
Commission / Brokerage Expense/Other Expense	-	0.11	-	**0.11**
	-	(0.01)	-	**(0.01)**
Trademark License Fee	-	0.10	-	**0.10**
	-	-	-	**-**
Referral fees income	0.31	-	-	**0.31**
	(0.26)	-	-	**(0.26)**
Assignment transactions paid on behalf of subsidiary	135.95	-	-	**135.95**
	-	-	-	**-**
Portfolio Servicing Fees	-	-	-	**-**
	(48.89)	-	-	**(48.89)**
Payment towards assignment transaction		-	-	**-**
	(10.12)	-	-	**(10.12)**
Receipt towards assignment transaction	-	-	-	**-**
	(4.24)	-	-	**(4.24)**
Remuneration Paid	-	-	17.62	**17.62**
	-	-	(34.92)	**(34.92)**
ICD/loan taken	14,022.10	11,560.00	-	**25,582.10**
	(7,521.10)	(15,127.50)	-	**(22,648.60)**
ICD/loan repaid	14,522.10	11,560.00	-	**26,082.10**
	(7,451.10)	(14,610.00)	-	**(22,061.10)**
ICD/loan given	1,730.00	18,445.00	-	**20,175.00**
	(10,576.00)	(11,358.10)	-	**(21,934.10)**
ICD/loan received back	1,730.00	20,145.00	-	**21,875.00**
	(10,576.00)	(9,625.60)	-	**(20,201.60)**
Allocation/Reimbursement of expenses paid	1.59	25.20	-	**26.78**
	(9.84)	(218.15)	-	**(228.00)**
Allocation/Reimbursement of expenses received	10.45	7.84	-	**18.29**
	(35.77)	(56.16)	-	**(91.93)**
Purchase of Investment	-	-	-	**-**
	-	(513.93)	-	**(513.93)**

Nature of Transaction	Direct Subsidiary	Other related parties	Key Managerial Personnel & Relatives	Total
Sale of Investment/Equity Shares	1,321.23	-	-	**1,321.23**
	-	(507.93)	-	**(507.93)**
Sale of Portfolio	-	-	-	**-**
	(6,050.00)	-	-	**(6,050.00)**
Non Convertible Debenture issued	-	1,000.00	-	**1,000.00**
	-	(822.00)	-	**(822.00)**
Non convertible debenture redeemed/bought back	-	813.46	-	**813.46**
	-	(1,925.00)	-	**(1,925.00)**

C. Closing balances with related parties **(₹ in millions)**

Nature of Transaction	Direct Subsidiary	Other related parties	Key Managerial Personnel & Relatives	Total
Sundry payable	-	5.75	-	**5.75**
	(380.97)	(148.17)	-	**(529.13)**
Sundry receivable	30.97	0.66	-	**31.64**
	-	(33.48)	-	**(33.48)**
Security deposit receivable	-	8.75	-	**8.75**
	-	(8.75)	-	**(8.75)**
Outstanding ICD given	-	1,058.50	-	**1,058.50**
	-	(2,550.00)	-	**(2,550.00)**
Outstanding ICD taken	-	-	-	**-**
	(70.00)	(517.50)	-	**(587.50)**
Investment in non convertible debenture (including interest accrued)	541.59	-	-	**541.59**
	(514.30)	-	-	**(514.30)**
Outstanding non convertible debenture issued (including interest accrued)	-	389.02	-	**389.02**
	-	(234.07)	-	**(234.07)**
*Gratuity Payable **	-	-	1.90	**1.90**
	-	-	(1.47)	**(1.47)**
*Leave Encashment Payable **	-	-	4.84	**4.84**
	-	-	(6.76)	**(6.76)**

Figure in bracket represents previous quarter figures for June 30, 2019
* Based on actuarial valuation report

Note 10. Financial instruments

Financial instruments by category **(₹ in millions)**

Particulars	As at June 30, 2020		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	2,703.68
Bank Balance other than (a) above	-	-	13,836.94
Derivative financial instruments	1,949.34	-	-
Receivables	-	-	-
(i) Trade receivables	-	-	161.67
(ii) Other receivables	-	-	-
Loans	-	27,453.74	1,11,784.59
Investments	2,386.24	-	11,178.48
Other financial assets	-	-	1,471.91
Total financial assets	**4,335.58**	**27,453.74**	**1,41,137.27**
Financial liabilities			
Derivative financial instruments	350.02	-	-
Trade payables	-	-	647.56
Finance lease obligation	-	-	2,602.24
Debt securities	-	-	52,383.22
Borrowings (other than debt securities)	-	-	71,076.55
Subordinated liabilities	-	-	15,798.82
Other financial liabilities	-	-	3,867.49
Total financial liabilities	**350.02**	**-**	**1,46,375.87**

(₹ in millions)

Particulars	As at March 31, 2020		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	6,062.71
Bank Balance other than (a) above	-	-	10,444.00
Derivative financial instruments	2,405.21	-	-
Receivables	-	-	-
(i) Trade receivables	-	-	122.19
(ii) Other receivables	-	-	-
Loans	-	28,248.10	1,14,070.52
Investments	7,616.26	-	11,969.21
Other financial assets		-	1,614.28
Total financial assets	**10,021.47**	**28,248.10**	**1,44,282.91**
Financial liabilities			
Derivative financial instruments	267.63	-	-
Trade payables	-	-	473.35
Finance lease obligation	-	-	2,613.31
Debt securities	-	-	58,210.77
Borrowings (other than debt securities)	-	-	69,293.30
Subordinated liabilities	-	-	16,304.08
Other financial liabilities	-	-	9,286.14
Total financial liabilities	**267.63**	**-**	**1,56,180.95**

10A. 1. Financial instruments measured at fair value – Fair value hierarchy

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

(₹ in millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at June 30, 2020					
Financial assets					
Spot and forwards	-	1,949.34	-	1,949.34	1,949.34
Loans - classified under FVTOCI	-	-	27,453.74	27,453.74	27,453.74
Investments	**883.45**	**456.81**	**1,045.98**	**2,386.24**	**2,386.24**
(i) Mutual funds/ Alternate investment fund / Others	*79.88*	-	*57.48*	*137.36*	*137.36*
(ii) Government securities	-	-	-	-	-
(iii) Debt securities	-	*456.81*	-	*456.81*	*456.81*
(iv) Equity	*803.57*	-	*988.50*	*1,792.07*	*1,792.07*
Total financial assets	**883.45**	**2,406.15**	**28,499.72**	**31,789.32**	**31,789.32**
Financial liabilities					
Forward rate agreements and interest rate swaps	-	350.02	-	350.02	350.02
Total financial liabilities	**-**	**350.02**	**-**	**350.02**	**350.02**

(₹ in millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2020					
Financial assets					
Spot and forwards	-	2,405.21	-	2,405.21	2,405.21
Loans - classified under FVTOCI	-	-	28,248.10	28,248.10	28,248.10
Investments	**909.94**	**5,667.81**	**1,038.51**	**7,616.26**	**7,616.26**
(i) Mutual funds/ Alternate investment fund / Others	*85.08*	-	*50.01*	*135.09*	*135.09*
(ii) Government securities	-	*5,220.80*	-	*5,220.80*	*5,220.80*
(iii) Debt securities	*0.23*	*447.01*	-	*447.24*	*447.24*
(iv) Equity	*824.63*	-	*988.50*	*1,813.13*	*1,813.13*
Total financial assets	**909.94**	**8,073.02**	**29,286.61**	**38,269.57**	**38,269.57**
Financial liabilities					
Forward rate agreements and interest rate swaps	-	267.63	-	267.63	267.63
Total financial liabilities	**-**	**267.63**	**-**	**267.63**	**267.63**

Note 11. Movement of borrowing:

(₹ in millions)

Particulars	As at March 31, 2020	Availment	Repayment	EIR Adjustment/ MTM Impact/ Others	As at June 30, 2020
Debt Securities					
(i) Secured					
Secured redeemable non-convertible debentures/bonds	56,683.86	1,000.00	(7,100.46)	89.49	**50,672.89**
Interest Accrued but not due	1,526.91	-	-	183.42	**1,710.33**
Borrowings (Other than debt Securities)					
(i) Secured					
Term loan from banks and others	38,448.34	-	(550.33)	26.98	**37,924.99**
Cash credit/Working capital demand loan	7,829.56	4,723.76	(2,579.87)	-	**9,973.45**
Securitisation liability	22,405.61	7,314.63	(6,935.81)	-	**22,784.43**
(ii) Unsecured					
Inter corporate deposit	500.00	11,222.10	(11,722.10)	-	**-**
Interest Accrued but not due	109.79	-	-	283.89	**393.68**
Subordinated Liabilities					
(i) Unsecured					
Unsecured redeemable non-convertible debentures/bonds	15,555.02	-	(550.00)	17.06	**15,022.08**
Interest Accrued but not due	749.06			27.68	**776.74**
Total	**1,43,808.15**	**24,260.49**	**(29,438.57)**	**628.52**	**1,39,258.59**

Note 12. Composite Scheme of Arrangement

The Board of Directors of the Company at their meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst India Infoline Finance Limited ("India Infoline Finance”), IIFL Finance Limited (Formerly known as “IIFL Holdings Limited”) ("the Company”), India Infoline Media and Research Services Limited (“IIFL M&R”), IIFL Securities Limited (“IIFL Securities”), IIFL Wealth Management Limited (“IIFL Wealth") and IIFL Distribution Services Limited (“IIFL Distribution”), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (“Scheme”) which inter-alia, envisages the following:

i. amalgamation of IIFL M&R with the Company;

ii. demerger of the Securities Business Undertaking (as defined in the Scheme) of Company into IIFL Securities;

iii. demerger of the Wealth Business Undertaking (as defined in the Scheme) of Company into IIFL Wealth;

iv. transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis; and

v. Amalgamation of India Infoline Finance with the Company.

The Appointed Date for the amalgamation of IIFL M&R with the Company is opening hours of April 01, 2017 and for all the other steps, the Appointed Date is opening hours of April 01, 2018.

The National Company Law Tribunal Bench at Mumbai (Tribunal) approved the Scheme on March 07, 2019 under the applicable provisions of the Companies Act, 2013.

Certified copy of the said order of the Tribunal was received by the Company on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019 for complying with the provisions of Section 232 (5) of the Companies Act, 2013.

Clause 56.2.4 of the Scheme states that Part V of the Scheme dealing with the merger of India Infoline Finance with the Company shall be made effective upon receipt of Non-Banking Finance Company (NBFC) registration by the Company from the Reserve Bank of India (RBI). Pending the receipt of NBFC registration from RBI and based on the legal opinion obtained by the Company, the Board of Directors at its meeting held on May 13, 2019 decided to give effect to the Scheme (except for the part relating to amalgamation of India Infoline Finance with the Company) in the following manner:

a) Merger of IIFL M&R with the Company with effect from the Appointed Date i.e. April 01, 2017;

b) Demerger of Securities Business Undertaking and the Wealth Business Undertaking from the Company with effect from the Appointed Date i.e. April 01,2018; and

c) Transfer of the Broking and Depository Participant Business Undertaking from IIFL Wealth to its wholly owned subsidiary, IIFL Distribution with effect from the Appointed Date April 01, 2018.

d) Merger of India Infoline Finance with the Company to be given effect after receipt of necessary registration from the RBI.

The Company fixed May 31, 2019 as the Record date for determining the eligibility of the shareholders of the Company for allotting shares of IIFL Securities and IIFL Wealth in the ratio of 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Securities for every 1 (One) equity share of Rs. 2 each of the Company and 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Wealth for every 7 (Seven) equity shares of Rs. 2 each of the Company. Accordingly on June 6, 2019, IIFL Securities and IIFL Wealth allotted 31,92,34,462 & 4,56,04,924 equity shares respectively to eligible shareholders of the Company. IIFL Securities and IIFL Wealth had filed their respective Listing Application with Stock exchange(s) and the In principle approval for listing of equity shares of IIFL Securities and IIFL Wealth was received on August 13, 2019 (NSE) and August 21, 2019 (BSE) & August 19, 2019 (NSE) and August 21, 2019 (BSE) respectively. Accordingly, the shares of IIFL Wealth and IIFL Securities were listed on Stock Exchanges(s) on September 19, 2019 and September 20, 2019 respectively.

The Company received the Non-banking Financial Company License dated March 06, 2020, bearing Certificate of Registration No. N-13.02386 from the Reserve Bank of India to carry on the Non Banking Financial Activity on March 11, 2020. Thereafter, the Committee of Directors of the Company at its meeting held on March 30, 2020, decided to give effect to the merger of India Infoline Finance and the Company with effect from March 30, 2020 with Appointed Date as April 1, 2018. Accordingly, India Infoline Finance Limited ceased to be subsidiary of the Company.

Consequently, the figures of the quarter ended June 30, 2019 have been restated to give effect to the aforementioned Composite Scheme of Arrangement.

Consequently, the residual shareholders of India Infoline Finance Limited were allotted 5,86,54,556 shares of the Company on March 30, 2020 in the ratio 135 fully paid up equity shares of ₹ 2 each in the Company for every 100 shares held in India Infoline Finance Limited. The said new shares got listed and admitted for trading w.e.f. April 27, 2020 in terms of final listing and trading approval received from NSE and BSE.

During the year ended March 31, 2020, the Company has granted 82,81,111 Employee Stock Options under IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme pursuant to aforesaid Composite Scheme of Arrangement.

Note 13. Previous period figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current period presentation.

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place : Mumbai
Date : July 21, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Independent Auditors’ Report

To the Board of Directors of IIFL Finance Limited
(formerly known as IIFL Holdings Limited)

Report on the Audit of the Interim Condensed Consolidated Financial Statements

Opinion

We have audited the accompanying interim condensed consolidated financial statements of IIFL Finance Limited (formerly known as IIFL Holdings Limited) (hereinafter referred to as the “Parent/Company”) its subsidiaries and trusts with residual beneficial interest (the Parent, its subsidiaries and trusts with residual beneficial interest together referred to as “the Group”), which comprise the Condensed Consolidated Balance Sheet as at June 30, 2020, the Condensed Consolidated Statement of Profit and Loss (including other comprehensive income), Condensed Consolidated Statement of Cash Flow and Condensed Consolidated Statement of Changes in Equity for the period then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the “interim condensed consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed consolidated financial statements give the information required by the Companies Act, 2013 (the “Act”) in the manner so required and give a true and fair view in conformity with Indian Accounting Standard 34 Interim Financial Reporting (“Ind AS 34’) prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Group as at June 30, 2020, its profit and total comprehensive income, changes in equity and its cash flows for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under Section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the interim condensed consolidated financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditor in terms of their reports referred to in Other Matters section below, is sufficient and appropriate to provide a basis for our opinion on the interim condensed consolidated financial statements.

Emphasis of Matter

We draw attention to Note 4b to the interim condensed consolidated financial statements, which fully describes that the Group has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

Management Responsibilities for the Interim Condensed Consolidated Financial Statements

The Parent's Board of Directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements that give a true and fair view of the financial position, financial performance including total comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS 34 and other accounting principles generally accepted in India. The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim condensed consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the interim condensed consolidated financial statements by the Board of Directors of the Parent, as aforesaid.

In preparing the interim condensed consolidated financial statements, the respective Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of each entity.

Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the interim condensed consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the interim condensed consolidated financial statements made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether the interim condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the interim condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of entities included in the interim condensed consolidated financial statements of which we are the independent auditors. For the entity included in the interim condensed consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Parent and such other entities included in the interim condensed consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matter

We did not audit the interim condensed financial statements of one subsidiary company included in the consolidated financial results, whose financial statements reflect total assets of Rs 144866.06 Millions, total income of Rs. 4598.28 Millions for the quarter ended June 30, 2020 and net cash outflows of Rs. 6850.20 Millions for the quarter ended June 30, 2020 as considered in these interim condensed consolidated financial statements. These interim condensed financial statements have been audited, by another auditor whose report has been furnished to us by the Management and our opinion on these interim condensed consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor and the procedures performed by us as stated under Auditor's Responsibilities section above.

The comparative figures presented in these interim condensed consolidated financial statements for the year ended March 31, 2020 prepared in accordance with the Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Act were audited by the predecessor auditor who has issued a report dated June 07, 2020 on such standalone financial statements of the Company for the year ended March 31, 2020 expressing an unmodified opinion, which has been relied upon by us.

The Comparative figures presented in these interim condensed consolidated financial statements for the comparative quarter ended June 30, 2019 were reviewed by the predecessor auditor whose review report dated August 14, 2019 expressed an unmodified conclusion on those financial information which has been relied upon by us and which have been duly adjusted by the management to give effect to the composite scheme of arrangement as detailed in Note 12 to the consolidated financial results.

Our report on the statement is not modified in respect of the above matters with respect to our reliance on work done and the reports of the other auditors.

For V. Sankar Aiyar & Co.,
Chartered Accountants
(FRN. 109208W)

Place: Mumbai
Date: July 21, 2020

G Sankar
Partner
(Membership No. 46050)
UDIN: 20046050AAAAEB1631

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)
CONDENSED CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2020

(₹ in millions)

Sr. No	Particulars	As at June 30, 2020	As at March 31, 2020
	Assets		
[1]	**Financial assets**		
(a)	Cash and cash equivalents	8,612.01	15,656.01
(b)	Bank balance other than (a) above	20,985.47	16,503.17
(c)	Derivative financial instruments	1,973.27	2,426.49
(d)	Receivables		
	(i) Trade receivables	283.58	298.35
	(ii) Other receivables	-	-
(e)	Loans	2,84,677.07	2,85,319.73
(f)	Investments	2,292.32	7,548.29
(g)	Other financial assets	3,348.13	3,453.00
		3,22,171.85	**3,31,205.04**
[2]	**Non-financial assets**		
(a)	Current tax assets (net)	2,254.39	2,115.98
(b)	Deferred tax assets (net)	2,688.36	2,429.46
(c)	Investment property	2,030.77	2,030.80
(d)	Property, plant and equipment	1,064.26	1,141.50
(e)	Capital work-in-progress	23.39	24.94
(f)	Right of use-assets	2,705.61	2,771.26
(g)	Other intangible assets	11.51	12.51
(h)	Other non-financial assets	1,640.15	1,691.83
		12,418.44	**12,218.28**
	Total assets	**3,34,590.29**	**3,43,423.32**
	Liabilities And Equity		
	Liabilities		
[1]	**Financial liabilities**		
(a)	Derivative financial instruments	539.40	439.18
(b)	Payables		
	(I)Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises		
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,125.53	895.01
	(II) Other payables		
	(i) total outstanding dues of micro enterprises and small enterprises		
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
(c)	Finance lease obligation	2,889.49	2,913.53
(d)	Debt securities	76,125.90	87,069.92
(e)	Borrowings (other than debt securities)	1,76,923.09	1,68,133.26
(f)	Subordinated liabilities	21,263.29	21,683.77
(g)	Other financial liabilities	5,757.74	12,909.10
		2,84,624.44	**2,94,043.77**
[2]	**Non-financial liabilities**		
(a)	Current tax liabilities (net)	731.16	424.97
(b)	Provisions	474.47	602.42
(c)	Other non-financial liabilities	786.26	696.03
		1,991.89	**1,723.42**
	Total Liabilities	**2,86,616.33**	**2,95,767.19**
[3]	**Equity**		
(a)	Equity share capital	756.68	756.68
(b)	Other equity	47,158.14	46,843.05
(c)	Non-controlling interest	59.14	56.40
		47,973.96	**47,656.13**
	Total Liabilities and Equity	**3,34,590.29**	**3,43,423.32**
	The accompanying notes are an integral part of the interim condensed consolidated financial statements		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

G. Sankar
Partner
Membership No. 046050

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

Place : Mumbai
Dated: July 21, 2020

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED JUNE 30, 2020

(₹ in millions)

Sr. No	Particulars	Quarter ended June 30, 2020	Quarter ended June 30, 2019
	Revenue from operations		
(i)	Interest income	12,486.47	11,612.45
(ii)	Dividend income	1.90	0.15
(iii)	Fees and commission income	140.47	292.74
(iv)	Net gain on fair value changes	54.28	-
(v)	Net gain on derecognition of financial instruments under amortised cost category	-	-
(I)	**Total revenue from operations**	**12,683.12**	**11,905.34**
(II)	**Other income**	82.39	176.23
(III)	**Total Income (I+II)**	**12,765.51**	**12,081.57**
	Expenses		
(i)	Finance costs	6,928.21	6,151.81
(ii)	Net loss on fair value changes	-	147.04
(iii)	Net loss on derecognition of financial instruments under amortised cost category	888.17	1,056.37
(iv)	Impairment on financial instruments	1,620.93	(1,043.35)
(v)	Employee benefits expenses	1,712.37	1,893.09
(vi)	Depreciation, amortisation and impairment	237.51	238.85
(vii)	Other expenses	805.17	1,069.80
(IV)	**Total Expenses (IV)**	**12,192.36**	**9,513.61**
(V)	**Profit before exceptional items and tax (III-IV)**	**573.15**	**2,567.96**
(VI)	Exceptional items	-	-
(VII)	**Profit before tax (V +VI)**	**573.15**	**2,567.96**
(VIII)	**Tax expense:**		
	(1) Current tax	505.46	421.19
	(2) Deferred tax	(254.79)	390.85
	(3) Current tax expenses relating to previous period	4.11	4.57
	Total tax expense	**254.78**	**816.61**
(IX)	**Profit for the period (VII-VIII)**	**318.37**	**1,751.35**
	Attributable to:		
	Owners of the Company	315.64	1,747.11
	Non-controlling interest	2.73	4.24
(X)	**Other Comprehensive Income**		
	(A)		
	(i) Items that will not be reclassified to profit or loss	(1.14)	(7.11)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.29	2.36
	Subtotal (A)	**(0.85)**	**(4.75)**
	(B)		
	(i) Items that will be reclassified to profit or loss	(22.23)	89.59
	(ii) Income tax relating to items that will be reclassified to profit or loss	5.59	(26.44)
	Subtotal (B)	(16.64)	63.15
	Other Comprehensive Income (A+B)	**(17.49)**	**58.40**
(XI)	**Total Comprehensive Income for the period**	**300.88**	**1,809.75**
	Attributable to:		
	Owners of the Company	298.14	1,805.53
	Non-controlling interest	2.74	4.22
(XII)	**Earnings per equity share of face value ₹ 2 each**		
	Basic (₹)	0.83	4.62
	Diluted (₹)	0.83	4.60
	The accompanying notes are an integral part of the interim condensed consolidated financial statements		

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

G. Sankar
Partner
Membership No. 046050

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

Place : Mumbai
Date : July 21, 2020

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED JUNE 30, 2020

(₹ in millions)

Particulars	Quarter ended June 30, 2020		Quarter ended June 30, 2019	
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**573.15**		**2,567.96**
Adjustments for:				
Depreciation, amortisation and impairment	237.51		238.85	
Impairment on loans	1,611.68		(1,061.47)	
Impairment on other financial instruments	9.26		18.12	
(Profit)/ loss on sale of assets	(0.89)		7.61	
Net (gain)/ loss on fair value changes - realised	60.10		(45.24)	
Net (gain)/ loss on fair value changes - unrealised	(114.37)		191.43	
Net (gain)/ loss on derecognition of financial instruments under amortised cost	(185.07)		(323.99)	
Employee benefit expenses - share based	16.95		22.93	
Employee benefit expenses - others	33.03		29.50	
Exchange fluctuation on foreign currency borrowings realised	(9.49)		-	
Exchange fluctuation on foreign currency borrowings unrealised	68.43		-	
MTM on derivatives financial instruments	538.26		-	
Interest on loans	(12,103.11)		(11,000.01)	
Interest on deposits with banks	(254.83)		(224.76)	
Interest on investments	(128.54)		(21.82)	
Finance cost	6,625.74		6,372.35	
Net (gain)/loss on buy back of commercial paper	-		7.97	
Net (gain)/loss on buy back of debentures	(7.43)		1.45	
Income received on loans	9,931.01		10,624.82	
Interest received on deposits with banks	237.90		232.06	
Income received on investments	102.77		21.82	
Finance cost paid	(6,177.29)	491.64	(6,122.83)	(1,031.21)
Operating profit before working capital changes		**1,064.79**		**1,536.75**
Decrease/ (increase) in financial and non financial assets	1,235.91		6,406.08	
Increase/(decrease) in financial and non financial liabilities	(6,846.15)	(5,610.24)	(300.87)	6,105.21
Cash (used in)/ generated from operations		**(4,545.45)**		**7,641.96**
Taxes paid		(340.01)		(730.22)
Net cash (used in)/ generated from operating activities		**(4,885.46)**		**6,911.74**
Loans (disbursed)/ repaid (net)		1,032.45		15,388.37
Net cash (used in)/ generated from operating activities (A)		**(3,853.01)**		**22,300.11**
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment and other intangible assets		(12.30)		(160.65)
Sale of property, plant and equipment and other intangible assets		0.89		44.67
Purchase of investments		(28,810.07)		(3,23,012.86)
Proceeds from sale/ maturity of investments		34,248.79		3,23,214.17
Deposits placed with banks		(30,148.87)		(3,246.12)
Proceeds from maturity of deposits placed with banks		24,612.27		2,936.34
Net cash (used in)/ generated from investing activities (B)		**(109.29)**		**(224.45)**
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of equity share capital		-		5.52
Adjustment due to Composite Scheme of Arrangement on account of merger		-		(19.14)
Proceeds from debt securities		2,750.00		49,258.90
Repayment of debt securities		(12,703.88)		(78,784.79)
Proceeds from borrowings (other than debt securities)		20,980.80		23,310.11
Repayment of borrowings (other than debt securities)		(13,558.62)		(18,835.27)
Repayment of subordinated liabilities		(550.00)		(1.09)
Net cash (used in)/ generated from financing activities (C)		**(3,081.70)**		**(25,065.76)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)		**(7,044.00)**		**(2,990.10)**
Add : Opening cash and cash equivalents as at the beginning of the period		**15,656.01**		**12,754.06**
Cash and cash equivalents as at the end of the period		**8,612.01**		**9,763.96**
The accompanying notes are an integral part of the interim condensed consolidated financial statements				

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

G. Sankar
Partner
Membership No. 046050

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

Place : Mumbai
Date : July 21, 2020

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2020

A. Equity Share Capital (₹ in millions)

Particulars	Quarter ended June 30, 2020	Quarter ended June 30, 2019
At the beginning of the period	756.68	638.41
Add: Shares issued during the period	-	0.06
At the end of the period	**756.68**	**638.47**

B. On account of Composite Scheme of Arrangement Incremental equity shares pending issuance as on appointed date i.e. April 01, 2018 was ₹ 117.31 millions and the same were issued on March 30, 2020.

C. Other Equity (₹ in millions)

Particulars	Share application money pending allotment	Reserves & Surplus									Total	Non-Controlling Interest
		Capital Reserve	Securities Premium Reserve	General Reserve	Special Reserve pursuant to Section 45 IC of Reserve Bank of India Act, 1934	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Stock Compensation Reserve		
Balance as at April 01, 2020	-	838.85	18,352.60	6,524.65	5,582.94	2,068.70	2,301.11	128.04	10,872.02	174.14	46,843.05	56.40
Profit for the period	-	-	-	-	-	-	-	-	315.64	-	315.64	2.73
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	(17.50)	-	(17.50)	0.01
Transfer to/ from reserves	-	-	-	-	82.46	135.00	-	-	(217.46)	-	-	-
Addition/(Reduction) during the period	-	-	-	-	-	-	-	-	-	16.95	16.95	-
Balance as at June 30, 2020	-	838.85	18,352.60	6,524.65	5,665.40	2,203.70	2,301.11	128.04	10,952.70	191.09	47,158.14	59.14

(₹ in millions)

Particulars	Share application money pending allotment	Reserves & Surplus									Total	Non-Controlling Interest
		Capital Reserve	Securities Premium Reserve	General Reserve	Special Reserve pursuant to Section 45 IC of Reserve Bank of India Act, 1934	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Stock Compensation Reserve		
Balance as at April 01, 2019	-	838.85	18,319.12	5,986.91	4,750.72	1,575.70	2,301.11	513.75	8,405.73	95.37	42,787.26	44.07
Profit for the period	-	-	-	-	-	-	-	-	1,747.11	-	1,747.11	4.24
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	58.42	-	58.42	(0.02)
Transfer to/ from reserves	-	-	2.30	37.40	219.53	128.00		51.84	(436.77)	(2.30)	-	-
On account of merger	-	-	-	-	-	-	-	-	(22.49)	-	(22.49)	-
Addition/(Reduction) during the period	-	-	8.81	-	-	-	-	-	-	22.93	31.74	-
Balance as at June 30, 2019	-	838.85	18,330.23	6,024.31	4,970.25	1,703.70	2,301.11	565.59	9,752.00	116.00	44,602.04	48.29

The accompanying notes are an integral part of the interim condensed consolidated financial statements

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place : Mumbai
Date : July 21, 2020

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Note 1. Corporate information

IIFL Finance Limited (the "Company") is a Systemically Important Non-Banking Financial Company not accepting public deposits ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in financing and related activities. The Company had received the certificate of registration from RBI on March 12, 2020, enabling the Company to carry on business as a Non-Banking Financial Company. The Company offers a broad suite of financial products such as gold loan, loan against securities and loans to small & medium enterprise ("SME") to retail and corporate clients.

The Group's interim condensed consolidated financial statements are approved for issue by the Company's Board of Directors on July 21, 2020.

Note 2. Statement of compliance

These interim condensed consolidated financial statements are prepared in accordance with Indian Accounting Standard 34 (Ind AS 34), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI). Accordingly, these interim condensed consolidated financial statements do not include all the information required for a complete set of financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report for the year ended March 31, 2020. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

Note 3. Significant Accounting Policies

Basis of preparation

The consolidated financial statements relates to IIFL Finance Limited (the "Company") and its subsidiary/group companies (together hereinafter referred to as "Group"). The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Control is achieved when the Company has:
• Power over the investee
• Is exposed or has rights to variable returns from its involvement with the investee, and
• Has the ability to use its power over investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Holding Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

• The contractual arrangement with the other vote holders of the investee
• Rights arising from other contractual arrangements
• The Holding Company's voting rights and potential voting rights
• The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The consolidated financial statements of the Group have been prepared in accordance with the Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the Reserve Bank of India ("RBI") and National Housing Bank ("NHB") to the extent applicable.

Principles of consolidation:

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

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

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

b) The effects of all inter-Group transactions and balances have been eliminated on consolidation. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year/period by the Group.

c) The consolidated financial statements of the subsidiary companies/other entities used in the consolidation are drawn up to the same reporting date as that of the Group, June 30, 2020.

d) The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

e) Business combinations: Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognised in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively. Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies.

f) Non-controlling Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit and loss/ other comprehensive income ("OCI") for the period of the subsidiaries attributable to non-controlling interest is identified and adjusted against the profit after tax/ other comprehensive income ("OCI") of the Group in order to arrive at the income attributable to shareholders of the Group.

g) Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Holding Company and to the non-controlling interests, if any.

List of subsidiaries/other entities consolidated

The individual Balance Sheet as at June 30, 2020, Statement of Profit and Loss and cash flow statement for the period ended June 30, 2020 of following subsidiaries/other entities are included in consolidation:

Name of the entity	Relationship	Country of Incorporation
IIFL Home Finance Limited	Direct Subsidiary	India
Samasta Microfinance Limited	Direct Subsidiary	India
Clara Developers Private Limited	Direct Subsidiary	India
Eminent Trust October 2019	Trust with Residual Beneficial Interest	India
Eminent Trust November 2019	Trust with Residual Beneficial Interest	India

Revenue recognition

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

i. Interest income and dividend income

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

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

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

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

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

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Group’s Statement of Profit and Loss include, among other things, fees charged for servicing a loan.

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

iii. Income from financial instruments at FVTPL

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

iv. Assignment transactions

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

v. Securitisation transactions

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

vi. Other operational revenue

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

Note 4. Loans

(₹ in millions)

Particulars	As at June 30, 2020			As at March 31, 2020		
	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total	Amortised cost	At Fair Value Through Other Comprehensive Income *	Total
(i) Term Loans	2,11,604.46	57,677.60	2,69,282.06	2,08,493.26	58,513.66	2,67,006.92
(ii) Non Convertible Debentures - for financing real estate projects	24,417.67	-	24,417.67	23,961.29	-	23,961.29
(iii) Inter corporate deposit (other related parties)	2,479.85	-	2,479.85	4,293.60	-	4,293.60
Gross Total	**2,38,501.98**	**57,677.60**	**2,96,179.58**	**2,36,748.15**	**58,513.66**	**2,95,261.81**
Less: Impairment loss allowance	(10,897.59)	(604.92)	(11,502.51)	(9,539.08)	(403.00)	(9,942.08)
Net Total	**2,27,604.39**	**57,072.68**	**2,84,677.07**	**2,27,209.07**	**58,110.66**	**2,85,319.73**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

Note 4a. Analysis of changes in the gross carrying amount by stages in relation to loans and its corresponding impairment loss allowances (ECL) is as follows:

(₹ in millions)

Particulars	As at June 30, 2020							
	Stage 1		Stage 2		Stage 3		Total	
	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
As at March 31, 2020	2,73,337.00	3,541.79	13,732.60	992.59	8,192.21	5,407.70	2,95,261.81	9,942.08
New loans disbursed during the period	23,282.17	731.59	29.80	0.24	16.40	2.53	23,328.37	734.36
Loans closed/ written off during the period	(13,407.09)	(73.64)	(912.02)	(3.87)	(1,599.61)	(1,291.28)	(15,918.72)	(1,368.79)
Movement without change in asset staging	(6,009.96)	1,463.92	297.67	296.86	187.00	289.02	(5,525.29)	2,049.80
Movement due to change in asset staging	571.76	27.71	(1,479.73)	79.23	87.19	38.12	(820.78)	145.06
Others	(145.81)	-	-	-	-	-	(145.81)	-
As at June 30, 2020	**2,77,628.07**	**5,691.37**	**11,668.32**	**1,365.05**	**6,883.19**	**4,446.09**	**2,96,179.58**	**11,502.51**

(₹ in millions)

Particulars	As at March 31, 2020							
	Stage 1		Stage 2		Stage 3		Total	
	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
As at March 31, 2019	2,60,850.22	1,602.13	15,683.65	2,931.52	6,460.60	4,686.17	2,82,994.47	9,219.82
New loans disbursed during the year	1,37,360.32	1,388.68	4,722.04	175.21	1,066.59	599.43	1,43,148.95	2,163.32
Loans closed/ written off during the year	(93,835.75)	(496.48)	(6,144.26)	(419.84)	(4,846.06)	(3,810.46)	(1,04,826.07)	(4,726.78)
Movement without change in asset staging	(25,411.10)	1,134.64	(332.57)	(224.75)	35.25	104.47	(25,708.42)	1,014.36
Movement due to change in asset staging	(6,470.92)	(87.18)	(196.26)	(1,469.55)	5,475.83	3,828.09	(1,191.35)	2,271.36
Others	844.23	-	-	-	-	-	844.23	-
As at March 31, 2020	**2,73,337.00**	**3,541.79**	**13,732.60**	**992.59**	**8,192.21**	**5,407.70**	**2,95,261.81**	**9,942.08**

Note 4b. (i) The outbreak of COVID 19 pandemic and consequent lockdown has severely impacted business and operations of the Group in the last week of March 2020. In terms of the policy approved by the Board of Directors of the Group pursuant to Reserve Bank of India (RBI) Circulars dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Group has granted EMI moratorium to all eligible customers for a period up to 3 months with regards to the payment falling due between March 01, 2020 and May 31, 2020. On May 22, 2020, the RBI had extended the Moratorium Period by further 3 months with regards to payment falling due between June 01, 2020 and August 31, 2020 (Moratorium 2.0). However Group had decided to grant EMI moratorium to all eligible customers, who have specifically sought the EMI moratorium for the payments falling due between June 01, 2020 and August 31, 2020. Further, in relation to the accounts overdue but standard as at February 29, 2020 where moratorium benefit has been extended in terms of aforesaid RBI guidelines, the staging of those accounts at June 30, 2020 is based on the days past due status as on February 29, 2020 adjusted for non-moratorium period in case of customers who have not opted for the Moratorium 2.0. Based on an assessment by the Group, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Group continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

(ii) The Group's assessment of impairment loss allowance on its loans and other assets is subject to a number of management judgments and estimates. In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the determination of the impairment loss allowance calculations remained unchanged from those applied while preparing the Consolidated Financial Statements for the period ended December 31, 2019, the Group has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic based on indicators of moratorium and delayed payments metrics observed along with an estimation of potential stress on probability of defaults and exposure at default. Accordingly, the Group has measured additional impairment loss allowance on loans and other assets and recognised the incremental impairment provision for ₹ 1,943.81 million as of June 30, 2020 (March 31, 2020 ₹ 2,820.48 million) in the Consolidated Financial Statements which is adequate in the view of the Group considering the current information available. Overall COVID provision stands at ₹ 4,764.29 million (March 31,2020 ₹ 2,820.48 million). In addition, while assessing the liquidity situation, the Group has taken into consideration certain assumptions with respect to repayments of loan assets, sale of loan assets and undrawn committed lines of credit, based on its past experience which have been adjusted for current events. Given the dynamic nature of pandemic situation, the Group's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic and, as a result, actual Consolidated Financial Statements may differ from these estimates as on the date of approval of these Consolidated Financial Statements. The Group will continue to monitor any material changes to the future economic conditions.

Note 4c. Impairment on financial instruments

(₹ in millions)

Particulars	Quarter ended June 30, 2020			Quarter ended June 30, 2019		
	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total
Loans	1,409.76	201.92	1,611.68	(979.05)	(82.42)	(1,061.47)
Other financial assets	9.25	-	9.25	18.12	-	18.12
Total	**1,419.01**	**201.92**	**1,620.93**	**(960.93)**	**(82.42)**	**(1,043.35)**

Note 5. Segment Information

The Group's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Group revolve around the main business. The risk and returns of the business of the Group is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments as per the Indian Accounting Standard 108 on 'Segment Reporting'.

Note 6. Interest Income

(₹ in millions)

Particulars	Quarter ended June 30, 2020				Quarter ended June 30, 2019			
	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total
Interest on loans	9,781.21	-	2,148.64	11,929.85	9,274.26	-	1,627.15	10,901.41
Interest on investments	-	128.54	-	128.54	-	21.82	-	21.82
Interest on deposits with banks	254.83	-	-	254.83	224.76	-	-	224.76
Interest on inter corporate deposit	115.20	-	-	115.20	37.49	-	-	37.49
Other income	58.05	-	-	58.05	426.97	-	-	426.97
Total	**10,209.29**	**128.54**	**2,148.64**	**12,486.47**	**9,963.48**	**21.82**	**1,627.15**	**11,612.45**

Note 7. Fees and commission income

(₹ in millions)

Particulars	Quarter ended June 30, 2020	Quarter ended June 30, 2019
Administration Fees & Other charges	126.41	267.94
Insurance Commission	14.06	24.80
Total	**140.47**	**292.74**

Note 8. Capital, Other Commitments and Contingent Liabilities at Balance Sheet date:

Contingent Liabilities **(₹ in millions)**

Particulars	As at June 30, 2020	As at March 31, 2020
In respect of Income tax demands (refer note (a) and (e) below)	529.92	539.76
In respect of Service tax demands (refer note (b) below) *	592.11	342.01
In respect of Profession tax demands (refer note (c) below)	1.55	1.55
In respect of Bank guarantees given (refer note (d) below)	17,668.97	17,524.37
In respect of Corporate guarantees given	233.40	253.40
Contingent liability in respect of credit enhancement for securitisation transaction	1,871.59	1,868.12

* Includes interest on service tax demands amounting to ₹ 250.10 millions as at June 30, 2020 (Nil as at March 31, 2020).

(a) The Group has filed appeal against the said demands raised by the Income Tax Department.

(b) Amount paid under protest with respect to service tax demand ₹ 18.92 million (March 31, 2020 ₹ 18.92 million)

(c) Amount paid under protest with respect to profession tax demand ₹ 0.47 million (March 31, 2020 ₹ 0.47 million)

(d) The above guarantee has been given on behalf of subsidiaries to various banks in the form of Corporate guarantees.

(e) Amount paid under protest with respect to income tax demand is ₹ 257.33 million (March 31, 2020 ₹ 267.16 million)

(f) Apart from the above, Group is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Group's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Group's financial position.

Commitments not provided for **(₹ in millions)**

Particulars	As at June 30, 2020	As at March 31, 2020
Commitments related to loans sanctioned but undrawn	12,150.03	17,536.15
Estimated amount of contracts remaining to be executed on capital and operating account	195.92	169.28
Commitments related to Alternate Investment Funds	32.60	32.60

Note 9. Related Party Transaction

Nature of relationship	Name of party *
Key managerial personnel	Mr.Nirmal Jain
	Mr.R. Venkataraman
	Mr.Sumit Bali (Upto June 30, 2020)
	Mr.Prabodh Agarwal (Upto February 01, 2020)
	Mr.Rajesh Rajak (w.e.f March 12, 2020)
Relatives of key managerial personnel	Mrs.Aditi Athavankar (Spouse of R. Venkataraman)
Other related parties	IIFL Securities Limited
	IIFL Management Services Limited
	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited
	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
	India Infoline Foundation
	IIFL Alternate Asset Advisors Limited
	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Wealth Finance Limited
	5paisa Capital Limited
	5paisa P2P Limited

* The above list includes related parties with whom the transactions have been carried out during the quarter.

Significant transactions with related parties **(₹ in millions)**

Nature of Transaction	Other related parties	Key Managerial Personnel & Relatives	Total
Interest Income	115.21	-	**115.21**
	(43.31)	-	**(43.31)**
Interest Expense	5.61	-	**5.61**
	(62.57)	-	**(62.57)**
Investment Banking Income Pass Through	-	-	**-**
	(15.69)	-	**(15.69)**
Arranger/ processing fees /brokerage on non convertible debenture/merchant banking fees/Portfolio Service fees	1.65	-	**1.65**
	(61.80)	-	**(61.80)**
Rent Expenses	4.37	-	**4.37**
	(4.37)	(0.60)	**(4.97)**
Commission / Brokerage Expense/Other Expense	0.11	-	**0.11**
	(0.01)	-	**(0.01)**
Trademark License Fee	0.10	-	**0.10**
	-	-	**-**
Remuneration Paid	-	17.62	**17.62**
	-	(34.92)	**(34.92)**
ICD/loan taken	12,380.00	-	**12,380.00**
	(19,238.50)	-	**(19,238.50)**
ICD/loan Repaid	12,380.00	-	**12,380.00**
	(18,721.00)	-	**(18,721.00)**
ICD/loan given	20,748.50	-	**20,748.50**
	(14,566.60)	-	**(14,566.60)**
ICD/loan received back	22,562.25	-	**22,562.25**
	(12,834.10)	-	**(12,834.10)**
Allocation/Reimbursement of expenses paid	40.10	-	**40.10**
	(245.20)	-	**(245.20)**
Allocation / Reimbursement of expenses received	8.95	-	**8.95**
	(64.60)	-	**(64.60)**
Purchase of Investment	-	-	**-**
	(513.93)	-	**(513.93)**
Sale of Investment/Equity Share	-	-	**-**
	(507.93)	-	**(507.93)**
Non Convertible Debenture issued	1,000.00	-	**1,000.00**
	(822.00)	-	**(822.00)**
Non convertible debenture Redeemed/buyback	813.46	-	**813.46**
	(1,925.00)	-	**(1,925.00)**

Closing balances with related parties **(₹ in millions)**

Nature of Transaction	Other related parties	Key Managerial Personnel & Relatives	Total
Sundry payable	15.17	-	**15.17**
	(157.83)	-	**(157.83)**
Sundry receivable	0.65	-	**0.65**
	(34.25)	-	**(34.25)**
Security deposit receivable	8.75	-	**8.75**
	(8.75)	-	**(8.75)**
Outstanding ICD Given	2,479.85	-	**2,479.85**
	(2,550.00)	-	**(2,550.00)**
Outstanding ICD (Taken)	-	-	**-**
	(517.50)	-	**(517.50)**
Outstanding non convertible debenture issued (including interest accrued)	546.02	-	**546.02**
	(234.07)	-	**(234.07)**
*Gratuity Payable **	-	1.90	**1.90**
	-	(1.47)	**(1.47)**
*Leave Encashment Payable **	-	4.84	**4.84**
	-	(6.76)	**(6.76)**

* Based on actuarial valuation report
Figure in bracket represents previous quarter figures for June 30, 2019

Note 10. Financial instruments

Financial instruments by category **(₹ in millions)**

Particulars	As at June 30, 2020		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	8,612.01
Bank Balance other than (a) above	-	-	20,985.47
Derivative financial instruments	1,973.27	-	-
Receivables			
(i) Trade receivables	-	-	283.58
(ii) Other receivables	-	-	-
Loans	-	57,072.68	2,27,604.39
Investments	2,292.32	-	-
Other financial assets	-	-	3,348.13
Total financial assets	**4,265.59**	**57,072.68**	**2,60,833.58**
Financial liabilities			
Derivative financial instruments	373.95	165.45	-
Trade payables	-	-	1,125.53
Finance lease obligation	-	-	2,889.49
Debt securities	-	-	76,125.90
Borrowings (other than debt securities)	-	-	1,76,923.09
Subordinated liabilities	-	-	21,263.29
Other financial liabilities	-	-	5,757.74
Total financial liabilities	**373.95**	**165.45**	**2,84,085.04**

(₹ in millions)

Particulars	As at March 31, 2020		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	15,656.01
Bank Balance other than (a) above	-	-	16,503.17
Derivative financial instruments	2,426.49	-	-
Receivables			
(i) Trade receivables	-	-	298.35
(ii) Other receivables	-	-	-
Loans	-	58,110.66	2,27,209.07
Investments	7,548.29	-	-
Other financial assets	-	-	3,453.00
Total financial assets	**9,974.78**	**58,110.66**	**2,63,119.60**
Financial liabilities			
Derivative financial instruments	288.91	150.27	-
Trade payables	-	-	895.01
Finance lease obligation	-	-	2,913.53
Debt securities	-	-	87,069.92
Borrowings (other than debt securities)	-	-	1,68,133.26
Subordinated liabilities	-	-	21,683.77
Other financial liabilities	-	-	12,909.10
Total financial liabilities	**288.91**	**150.27**	**2,93,604.57**

10A. 1. Financial instruments measured at fair value – Fair value hierarchy

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

(₹ in millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at June 30, 2020					
Financial assets					
Spot and forwards	-	1,949.34	-	**1,949.34**	**1,949.34**
Call option included under Debt securities & Subordinated liabilities	-	23.93	-	**23.93**	**23.93**
Loans - classified under FVTOCI	-	-	57,072.68	57,072.68	57,072.68
Investments	**1,245.84**	**-**	**1,046.48**	**2,292.32**	**2,292.32**
(i) Mutual funds/ Alternate investment fund / Others	*79.88*	-	*57.48*	137.36	*137.36*
(ii) Equity	*1,165.96*	-	*989.00*	2,154.96	*2,154.96*
Total financial assets	**1,245.84**	**1,973.27**	**58,119.16**	**61,338.28**	**61,338.28**
Financial liabilities					
Forward exchange contract/ CCIRS	-	165.45	-	165.45	165.45
Interest rate derivative	-	350.02	-	350.02	350.02
Call option included under Debt securities & Subordinated liabilities	-	23.93	-	23.93	23.93
Total financial liabilities	**-**	**539.40**	**-**	**539.40**	**539.40**

(₹ in millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2020					
Financial assets					
Spot and forwards	-	2,405.21	-	2,405.21	2,405.21
Call option included under Debt securities & Subordinated liabilities		21.28		21.28	21.28
Loans - classified under FVTOCI	-	-	58,110.66	58,110.66	58,110.66
Investments	**1,288.48**	**5,220.80**	**1,039.01**	**7,548.29**	**7,548.29**
(i) Mutual funds/ Alternate investment fund / Others	*85.09*	-	*50.01*	135.10	*135.10*
(ii) Government securities	-	*5,220.80*	-	5,220.80	*5,220.80*
(iii) Debt securities	*0.23*	-	-	0.23	*0.23*
(iv) Equity	*1,203.16*	-	*989.00*	2,192.16	*2,192.16*
Total financial assets	**1,288.48**	**7,647.29**	**59,149.67**	**68,085.44**	**68,085.44**
Financial liabilities					
Forward exchange contract/ CCIRS	-	150.27	-	150.27	150.27
Interest rate derivative	-	267.63	-	267.63	267.63
Call option included under Debt securities & Subordinated liabilities	-	21.28	-	21.28	21.28
Total financial liabilities	**-**	**439.18**	**-**	**439.18**	**439.18**

Note 11. Movement of borrowing:

(₹ in millions)

Particulars	As at March 31, 2020	Availment	Repayment	EIR Adjustment/ MTM Impact/ Other Adjustment	As at June 30, 2020
Debt Securities					
(i) Secured					
Secured redeemable non-convertible debentures/bonds	81,845.14	2,750.00	(12,708.38)	93.56	**71,980.32**
Interest Accured but not due	5,224.78	-	-	(1,079.20)	**4,145.58**
Borrowings (Other than debt Securities)					
(i) Secured					
Term loan from Banks, NHB, Financial Institutions and Others	1,39,599.36	7,300.00	(3,299.16)	102.56	**1,43,702.76**
Cash credit/Working capital demand loan	8,409.70	6,366.17	(2,679.88)	-	**12,095.99**
Securitisation	19,549.37	7,314.63	(7,579.58)	-	**19,284.42**
Interest Accured but not due	574.83	-	-	1,265.09	**1,839.92**
Subordinated Liabilities					
(i) Unsecured					
Unsecured redeemable non-convertible debentures/bonds	20,443.40	-	(550.00)	19.18	**19,912.58**
Interest Accured but not due	1,240.37			110.34	**1,350.71**
Total	**2,76,886.95**	**23,730.80**	**(26,817.00)**	**511.53**	**2,74,312.28**

Note 12. Composite Scheme of Arrangement

The Board of Directors of the Company at their meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst India Infoline Finance Limited ("India Infoline Finance”), IIFL Finance Limited (Formerly known as “IIFL Holdings Limited”) ("the Company”), India Infoline Media and Research Services Limited (“IIFL M&R”), IIFL Securities Limited (“IIFL Securities”), IIFL Wealth Management Limited (“IIFL Wealth") and IIFL Distribution Services Limited (“IIFL Distribution”), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (“Scheme”) which inter-alia, envisages the following:
i. amalgamation of IIFL M&R with the Company;
ii. demerger of the Securities Business Undertaking (as defined in the Scheme) of Company into IIFL Securities;
iii. demerger of the Wealth Business Undertaking (as defined in the Scheme) of Company into IIFL Wealth;
iv. transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis; and
v. Amalgamation of India Infoline Finance with the Company.

The Appointed Date for the amalgamation of IIFL M&R with the Company is opening hours of April 01, 2017 and for all the other steps, the Appointed Date is opening hours of April 01, 2018.

The National Company Law Tribunal Bench at Mumbai (Tribunal) approved the Scheme on March 07, 2019 under the applicable provisions of the Companies Act, 2013.

Certified copy of the said order of the Tribunal was received by the Company on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019 for complying with the provisions of Section 232 (5) of the Companies Act, 2013.

Clause 56.2.4 of the Scheme states that Part V of the Scheme dealing with the merger of India Infoline Finance with the Company shall be made effective upon receipt of Non-Banking Finance Company (NBFC) registration by the Company from the Reserve Bank of India (RBI). Pending the receipt of NBFC registration from RBI and based on the legal opinion obtained by the Company, the Board of Directors at its meeting held on May 13, 2019 decided to give effect to the Scheme (except for the part relating to amalgamation of India Infoline Finance with the Company) in the following manner:
a) Merger of IIFL M&R with the Company with effect from the Appointed Date i.e. April 01, 2017;
b) Demerger of Securities Business Undertaking and the Wealth Business Undertaking from the Company with effect from the Appointed Date i.e. April 01,2018; and
c) Transfer of the Broking and Depository Participant Business Undertaking from IIFL Wealth to its wholly owned subsidiary, IIFL Distribution with effect from the Appointed Date April 01, 2018.
d) Merger of India Infoline Finance with the Company to be given effect after receipt of necessary registration from the RBI.

The Company fixed May 31, 2019 as the Record date for determining the eligibility of the shareholders of the Company for allotting shares of IIFL Securities and IIFL Wealth in the ratio of 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Securities for every 1 (One) equity share of Rs. 2 each of the Company and 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Wealth for every 7 (Seven) equity shares of Rs. 2 each of the Company. Accordingly on June 6, 2019, IIFL Securities and IIFL Wealth allotted 31,92,34,462 & 4,56,04,924 equity shares respectively to eligible shareholders of the Company. IIFL Securities and IIFL Wealth had filed their respective Listing Application with Stock exchange(s) and the In principle approval for listing of equity shares of IIFL Securities and IIFL Wealth was received on August 13, 2019 (NSE) and August 21, 2019 (BSE) & August 19, 2019 (NSE) and August 21, 2019 (BSE) respectively. Accordingly, the shares of IIFL Wealth and IIFL Securities were listed on Stock Exchanges(s) on September 19, 2019 and September 20, 2019 respectively.

The Company received the Non-banking Financial Company License dated March 06, 2020, bearing Certificate of Registration No. N-13.02386 from the Reserve Bank of India to carry on the Non Banking Financial Activity on March 11, 2020. Thereafter, the Committee of Directors of the Company at its meeting held on March 30, 2020, decided to give effect to the merger of India Infoline Finance and the Company with effect from March 30, 2020 with Appointed Date as April 1, 2018. Accordingly, India Infoline Finance Limited ceased to be subsidiary of the Company.

Consequently, the figures of the quarter ended June 30, 2019 have been restated to give effect to the aforementioned Composite Scheme of Arrangement.

Consequently, the residual shareholders of India Infoline Finance Limited were allotted 5,86,54,556 shares of the Company on March 30, 2020 in the ratio 135 fully paid up equity shares of ₹ 2 each in the Company for every 100 shares held in India Infoline Finance Limited. The said new shares got listed and admitted for trading w.e.f. April 27, 2020 in terms of final listing and trading approval received from NSE and BSE.

During the year ended March 31, 2020, the Company has granted 82,81,111 Employee Stock Options under IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme pursuant to aforesaid Composite Scheme of Arrangement.

Note 13. Previous period figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current period presentation.

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED
(Formerly Known as IIFL HOLDINGS LIMITED)

G. Sankar
Partner
Membership No. 046050

NIRMAL JAIN
Chairman
DIN : 00010535

R. VENKATARAMAN
Managing Director
DIN : 00011919

Place : Mumbai
Date : July 21, 2020

RAJESH RAJAK
Chief Financial Officer

GAJENDRA THAKUR
Company Secretary

Independent Auditor's Review Report on Standalone Unaudited Quarterly and Year to Date Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

TO THE BOARD OF DIRECTORS OF

IIFL Finance Limited (formerly known as IIFL Holdings Limited)

1. We have reviewed the accompanying statement of standalone unaudited financial results of IIFL Finance Limited (formerly known as IIFL Holdings Limited) ("the Company") for the quarter and Nine month ended December 31, 2020.

2. This statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

5. We draw attention to Note 13 to the Statement, which fully describes that the Company has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.
   Our conclusion on the statement is not modified in respect of the above matter.

Other Matters

6. The comparative figures presented in Standalone Financial Results for the corresponding quarter and nine month ended December 31, 2019 were reviewed by the predecessor auditor whose limited review report dated January 27,2020 expressed an unmodified conclusion on those financial information which has been relied upon by us and which have been duly adjusted by the management to give effect to the composite scheme of arrangement as detailed in Note 6 to the standalone financial results.

The standalone financial results also include the audited results for the year ended 31 March 2020 which were reviewed by the predecessor auditor whose audit report dated May 28, 2020 expressed an unmodified conclusion on those financial results which has been relied upon by us.

Our conclusion on the statement is not modified in respect of the above matters.

For V. SankarAiyar& Co.,
Chartered Accountants
(FRN. 109208W)

Place: Mumbai
Date: January 29, 2021

G Sankar
Partner
(Membership No. 046050)
UDIN: **21046050AAAABA1206**

IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)
CIN: L67100MH1995PLC093797
Regd. Office - IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Estate, Wagle Estate, Thane - 400604

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(Rs in Lakhs)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		Unaudited (See note 18)	Unaudited (See note 18)	Unaudited (See note 6 & 18)	Unaudited	Unaudited (See note 6)	Audited
1	**Income**						
(I)	**Revenue from operations**						
(i)	Interest income	75,884.58	78,616.83	60,114.85	2,25,364.60	1,79,701.17	2,51,437.08
(ii)	Dividend income	575.00	-	70.00	588.33	107.50	4,418.08
(iii)	Fees and commission income	704.19	1,378.01	873.16	2,707.37	3,419.48	4,807.83
(iv)	Net gain on fair value changes	6,100.33	2,699.82	-	9,310.66	-	-
(v)	Net gain on derecognition of financial instruments under amortised cost category	2,644.88	376.06	1,421.66	4,175.11	4,189.92	4,299.10
(I)	**Total Revenue from operations**	**85,908.98**	**83,070.72**	**62,479.67**	**2,42,146.07**	**1,87,418.07**	**2,64,962.09**
(II)	Other income	425.86	2,562.16	755.67	3,282.39	1,410.57	2,157.91
(III)	**Total Income (I+II)**	**86,334.84**	**85,632.88**	**63,235.34**	**2,45,428.46**	**1,88,828.64**	**2,67,120.00**
2	**Expenses**						
(i)	Finance cost	34,205.86	36,805.71	32,240.85	1,15,627.67	90,556.15	1,24,835.59
(ii)	Net loss on fair value changes	-	-	1,260.63	-	3,851.19	9,436.95
(iii)	Net loss on derecognition of financial instruments under amortised cost category	24,937.39	2,415.35	5,942.95	38,281.53	34,239.70	35,407.41
(iv)	Impairment on financial instruments	(8,048.30)	21,886.55	(4,066.09)	17,187.87	(27,829.21)	(6,762.72)
(v)	Employee benefits expenses	9,938.32	10,769.11	10,641.60	30,919.51	33,012.65	44,073.92
(vi)	Depreciation, amortisation and impairment	2,212.52	2,382.89	2,328.93	6,613.15	6,678.59	8,940.89
(vii)	Other expenses	6,623.93	5,523.31	6,824.06	18,035.38	20,028.92	27,984.99
(IV)	**Total Expenses**	**69,869.72**	**79,782.92**	**55,172.93**	**2,26,665.11**	**1,60,537.99**	**2,43,917.03**
(V)	**Profit/(Loss) before exceptional items and tax (III-IV)**	**16,465.12**	**5,849.96**	**8,062.41**	**18,763.35**	**28,290.65**	**23,202.97**
(VI)	**Exceptional Items (Refer note 9, 10 & 11)**	-	-	310.22	5,304.96	460.61	460.61
(VII)	**Profit before tax (V+VI)**	**16,465.12**	**5,849.96**	**8,372.63**	**24,068.31**	**28,751.26**	**23,663.58**
3	**Tax Expense:**						
(i)	Current tax	2,091.04	5,434.29	-	7,525.33	-	4,193.34
(ii)	Deferred tax	1,780.77	(4,116.33)	2,060.42	(2,243.38)	6,942.69	986.03
(iii)	Current tax expense relating to prior years	-	405.80	(199.65)	438.31	(153.89)	(206.92)
(VIII)	**Total Tax Expense**	**3,871.81**	**1,723.76**	**1,860.77**	**5,720.26**	**6,788.80**	**4,972.45**
(IX)	**Net profit before impact of rate change on opening deferred tax (VII-VIII)**	**12,593.31**	**4,126.20**	**6,511.86**	**18,348.05**	**21,962.46**	**18,691.13**
(X)	Impact of change in the rate of opening deferred tax (Refer note 7)	-	-	-	-	8,748.80	3,810.75
(XI)	**Net profit/(loss) after tax (IX-X)**	**12,593.31**	**4,126.20**	**6,511.86**	**18,348.05**	**13,213.66**	**14,880.38**
(XII)	**Other Comprehensive Income**						
	A (i) Items that will not be reclassified to profit or loss						
	(a) Remeasurement of defined benefit liability/(asset)	(18.71)	39.95	(86.06)	30.24	(200.12)	(332.23)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	4.71	(10.06)	21.66	(7.61)	50.37	83.62
	Subtotal (A)	**(14.00)**	**29.89**	**(64.40)**	**22.63**	**(149.75)**	**(248.61)**
	B (i) Items that will be reclassified to profit or loss						
	(a) Cash flow hedge (net)	(5,691.45)	(559.11)	(63.80)	(6,250.55)	(1,002.28)	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	1,432.42	140.72	16.06	1,573.14	252.25	-
	Subtotal (B)	**(4,259.03)**	**(418.39)**	**(47.74)**	**(4,677.41)**	**(750.03)**	**-**
	Other Comprehensive Income/(loss) (A+B)	**(4,273.03)**	**(388.50)**	**(112.14)**	**(4,654.78)**	**(899.78)**	**(248.61)**
(XIII)	**Total Comprehensive Income/(loss) for the period/year (XI+XII)**	**8,320.28**	**3,737.70**	**6,399.72**	**13,693.27**	**12,313.88**	**14,631.77**
	Paid up Equity Share Capital (Face value of Rs 2 each)	7,569.39	7,567.91	6,392.94	7,569.39	6,392.94	7,566.82
	Other Equity						3,53,214.02
(XIV)	**Earnings Per Share (Face value of Rs 2 each)**						
	Basic (Rs) *	3.33	1.09	1.72	4.85	3.50	3.94
	Diluted (Rs) *	3.33	1.09	1.72	4.85	3.49	3.93

* Quarter ended numbers are not annualised

In terms of report attached

For IIFL Finance Limited
(Formerly known as IIFL Holdings Limited)

R Venkataraman
Managing Director
DIN: 00011919

Date : January 29, 2021
Place : Mumbai

IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)
CIN : L67100MH1995PLC093797
Regd. Office:- IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Estate, Wagle Estate, Thane – 400604

1. The above standalone unaudited financial results for the quarter and nine months ended December 31, 2020, have been reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on January 29, 2021. The Statutory Auditor of the Company have carried out the Limited Review of the aforesaid results and have issued an unmodified report.

2. These standalone unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules issued there under and other accounting principles generally accepted in India and in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

3. During the quarter ended December 31, 2020, the Company has allotted 73,942 equity shares (previous quarter: 54,645) having face value of Rs. 2/- each on exercise of stock options under the Employee Stock Option Schemes.

4. The Company's main business is Financing and Investing activities. All activities are carried out within India. As such there are no separate reportable segments as per Indian Accounting Standard 108 (Ind AS) on "Operating Segments".

5. The Board of Directors of the Company has declared an interim dividend of Rs.3 /- per equity share of the face value of Rs 2 /- each for the financial year 2020-2021. The Company has fixed February 06, 2021 as the Record Date for this purpose.

6. The Board of Directors of the Company at their meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst India Infoline Finance Limited ("India Infoline Finance"), IIFL Finance Limited (Formerly known as "IIFL Holdings Limited") ("the Company"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth") and IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") which inter-alia, envisages the following:
   i. amalgamation of IIFL M&R with the Company;
   ii. demerger of the Securities Business Undertaking (as defined in the Scheme) of Company into IIFL Securities;
   iii. demerger of the Wealth Business Undertaking (as defined in the Scheme) of Company into IIFL Wealth;
   iv. transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis; and
   v. Amalgamation of India Infoline Finance with the Company.

The Appointed Date for the amalgamation of IIFL M&R with the Company is opening hours of April 01, 2017 and for all the other steps, the Appointed Date is opening hours of April 01, 2018.

The National Company Law Tribunal Bench at Mumbai (Tribunal) approved the Scheme on March 07, 2019 under the applicable provisions of the Companies Act, 2013.

Certified copy of the said order of the Tribunal was received by the Company on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019 for complying with the provisions of Section 232 (5) of the Companies Act, 2013.

Clause 56.2.4 of the Scheme states that Part V of the Scheme dealing with the merger of India Infoline Finance with the Company shall be made effective upon receipt of Non-Banking Finance Company (NBFC) registration by the Company from the Reserve Bank of India (RBI). Pending the receipt of NBFC registration from RBI and based on the legal opinion obtained by the Company, the Board of Directors at its meeting held on May 13, 2019 decided to give effect to the Scheme (except for the part relating to amalgamation of India Infoline Finance with the Company) in the following manner:

a) Merger of IIFL M&R with the Company with effect from the Appointed Date i.e. April 01, 2017;
b) Demerger of Securities Business Undertaking and the Wealth Business Undertaking from the Company with effect from the Appointed Date i.e. April 01,2018; and
c) Transfer of the Broking and Depository Participant Business Undertaking from IIFL Wealth to its wholly owned subsidiary, IIFL Distribution with effect from the Appointed Date April 01, 2018.
d) Merger of India Infoline Finance with the Company to be given effect after receipt of necessary registration from the RBI.

The Company fixed May 31, 2019 as the Record date for determining the eligibility of the shareholders of the Company for allotting shares of IIFL Securities and IIFL Wealth in the ratio of 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Securities for every 1 (One) equity share of Rs. 2 each of the Company and 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Wealth for every 7 (Seven) equity shares of Rs. 2 each of the Company. Accordingly on June 6, 2019, IIFL Securities and IIFL Wealth allotted 31,92,34,462 & 4,56,04,924 equity shares respectively to eligible shareholders of the Company. IIFL Securities and IIFL Wealth had filed their respective Listing Application with Stock exchange(s) and the In principle approval for listing of equity shares of IIFL Securities and IIFL Wealth was received on August 13, 2019 (NSE) and August 21, 2019 (BSE) & August 19, 2019 (NSE) and August 21, 2019 (BSE) respectively. Accordingly, the shares of IIFL Wealth and IIFL Securities were listed on Stock Exchanges(s) on September 19, 2019 and September 20, 2019 respectively.

The Company received the Non-banking Financial Company License dated March 06, 2020, bearing Certificate of Registration No. N-13.02386 from the Reserve Bank of India to carry on the Non Banking Financial Activity on March 11, 2020. Thereafter, the Committee of Directors of the Company at its meeting held on March 30, 2020, decided to give effect to the merger of India Infoline Finance and the Company with effect from March 30, 2020 with Appointed Date as April 1, 2018. Accordingly, India Infoline Finance Limited ceased to be subsidiary of the Company.

Consequently, the figures of the quarter and nine months ended December 31, 2019 have been restated to give effect to the aforementioned Composite Scheme of Arrangement.

Consequently, the residual shareholders of India Infoline Finance Limited were allotted 5,86,54,556 shares of the Company on March 30, 2020 in the ratio 135 fully paid up equity shares of Rs. 2 each in the Company for every 100 shares held in India Infoline Finance Limited. The said new shares got listed and admitted for trading w.e.f. April 27, 2020 in terms of final listing and trading approval received from NSE and BSE.

During the year ended March 31, 2020, the Company has granted 82,81,111 Employee Stock Options under IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme pursuant to aforesaid Composite Scheme of Arrangement.

7. The Taxation Laws (Amendment) Ordinance 2019 has inserted section 115BAA in the Income Tax Act, 1961 providing existing domestic companies with an option to pay tax at concessional rate of 22% plus applicable surcharge & cess.

   These financial results are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the opening deferred tax asset (net) has been measured at the lower rate, with a one-time charge of Rs 8,748.80 Lakhs to the statement of Profit & Loss during the quarter ended September 30, 2019 and the same has been restated during the quarter ended March 31, 2020 resulting into a gain of Rs. 4,938.05 Lakhs pursuant to the merger of India Infoline Finance Limited with the Company on March 30, 2020 with Appointed Date as April 1, 2018.

8. During the quarter ended December 31, 2020, Board of Directors of the Company at its meeting held on December 18, 2020 approved investment in Right Issue of equity shares of Samasta Microfinance Limited, a Subsidiary of the Company at Rs.15.91/- per share for an amount up to Rs. 6,750.00 Lakhs. The post allotment holding of the Company in Samasta Microfinance Limited is 74.09% and the post

allotment holding of IIFL Home Finance Limited (Formerly Known as 'India Infoline Housing Finance Limited'), a wholly owned subsidiary of the Company in Samasta Microfinance Limited is 25%.

9. During the period ended December 31, 2020, IIFL Finance Limited has transferred 6,60,61,285 number of fully paid equity shares of Rs.10/- each constituting of 25% equity shares held by the Company in Samsata Microfinance Limited, a subsidiary Company, to IIFL Home Finance Limited (Formerly Known as 'India Infoline Housing Finance Limited'), a Wholly-owned subsidiary Company, at fair value of Rs. 20 per share. The Profit on sale aggregating to Rs. 5,304.96 Lakhs has been disclosed as exceptional item.

10. During the year ended March 31, 2020, India Infoline Finance Limited ("Merged Company"), has transferred its Microfinance Business undertaking with its respective assets and liabilities as a going concern on a slump sale basis, to Samasta Microfinance Limited, a subsidiary Company, w.e.f October 31, 2019. The profit on sale aggregating to Rs. 310.22 Lakhs has been disclosed as exceptional item.

11. During the year ended March 31, 2020, India Infoline Finance Limited ("Merged Company"), has transferred its mortgage loan business undertaking with its respective assets and liabilities as a going concern on a slump sale basis, to IIFL Home Finance Limited (Formerly Known as 'India Infoline Housing Finance Limited'), a Wholly Owned Subsidiary of the Company, w.e.f. June 30, 2019. The profit on sale aggregating to Rs. 150.39 Lakhs has been disclosed as exceptional item.

12. All secured Non-convertible Debentures issued by the Company are secured by First pari passu charge on Future Receivables of the Company, as also against specified Immovable Property of the Company to the extent of at least 100% of outstanding secured Non-Convertible Debentures.

13. The outbreak of COVID 19 pandemic and consequent lockdown has severely impacted business and operations of the Company in the last week of March 2020. In terms of the policy approved by the Board of Directors of the Company pursuant to Reserve Bank of India (RBI) Circulars dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has granted EMI moratorium to all eligible customers for a period up to 3 months with regards to the payment falling due between March 01, 2020 and May 31, 2020. On May 22, 2020, the RBI had extended the Moratorium Period by further 3 months with regards to payment falling due between June 01, 2020 and August 31, 2020 (Moratorium 2.0). However Company had decided to grant EMI moratorium to all eligible customers, who have specifically sought the EMI moratorium for the payments falling due between June 01, 2020 and August 31, 2020. Further, in relation to the accounts overdue but standard as at February 29, 2020 where moratorium benefit has been extended in terms of aforesaid RBI guidelines, the staging of those accounts at June 30, 2020 is based on the days past due status as on February 29, 2020 adjusted for non-moratorium period in case of customers who have not opted for the Moratorium 2.0. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during

the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The Company's assessment of impairment loss allowance on its loans and other assets is subject to a number of management judgments and estimates. In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the determination of the impairment loss allowance calculations remained unchanged from those applied while preparing the Standalone Financial Results for the period ended December 31, 2019, the Company has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic based on indicators of moratorium and delayed payments metrics observed along with an estimation of potential stress on probability of defaults and exposure at default. Accordingly, the Company has measured additional impairment loss allowance on loans and other assets and recognised the incremental impairment provision for Rs 14,780.73 lakhs as of December 31, 2020 (March 31, 2020 Rs 21,712.15 lakhs) in the Standalone Financial Results which is adequate in the view of the Company considering the current information available. Overall COVID provision stands at Rs 36,492.88 lakhs (March 31, 2020 Rs 21,712.15 lakhs). In addition, while assessing the liquidity situation, the Company has taken into consideration certain assumptions with respect to repayments of loan assets, sale of loan assets and undrawn committed lines of credit, based on its past experience which have been adjusted for current events. Given the dynamic nature of pandemic situation, the Company's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic and, as a result, actual results may differ from these estimates as on the date of approval of these Standalone Financial Results. The Company will continue to monitor any material changes to the future economic conditions.

14. Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma vs. Union of India & Anr), vide an interim order dated September 03, 2020 ('interim order'), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Company has not classified any account as NPA, as per RBI norms, after August 31, 2020 which was not NPA as of August 31, 2020. Further, in light of the interim order, even accounts that would have otherwise been classified as NPA post August 31, 2020 have not been and will not be, classified as NPA till such time the Hon'ble Supreme Court rules finally on the matter. If the Company had classified borrower accounts as NPA after August 31, 2020 not considering the Supreme Court order, the proforma Gross NPA ratio and proforma Net NPA ratio would have been 3.53% at December 31, 2020 (at September 30, 2020: 3.64%) and 1.49% at December 31, 2020 (at September 30, 2020: 1.33%) respectively.

15. The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestion from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified.

16. The Ministry of Finance had released the guidelines of the interest on interest waiver scheme on October 24, 2020 mandating ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 01, 2020 to August 31, 2020 by respective lending institutions. The Reserve Bank of India (RBI) on October 27, 2020 notified the Centre's scheme for compound interest or interest on interest waiver during the six-month moratorium period. In accordance with the Scheme the Company credited the ex-gratia amount to the credit of the eligible borrowers' accounts and has lodged claim with the Central Government to the tune of Rs. 3,653.28 Lakhs.

17. The Finance Committee of the Board of Directors of the Company at its Meeting held on June 30, 2020, approved the draft shelf prospectus ("DSP") for the issue of Secured Redeemable Non-Convertible Debentures and/or Unsecured Redeemable Non-Convertible Debentures to public, within the shelf limit of Rs. 500,000 lakhs. The Company has received an 'in-principle' approval from BSE Limited and National Stock Exchange of India Limited ("NSE") vide their letter dated July 09, 2020 and an extension of validity for three months from NSE vide its letter dated December 28, 2020.

18. The figures for the quarter ended December 31, 2020 and quarter ended December 31, 2019 are the balancing figures between unaudited figures in respect of the nine months ended December 31, 2020 and December 31, 2019 and the unaudited figures of half year ended September 30, 2020 and unaudited figure of half year ended September 30, 2019 respectively. The figures for the quarter ended September 30, 2020 are the balancing figure between unaudited figures in respect of the half year ended September 30, 2020 and the audited figures of the quarter ended June 30, 2020.

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19. Previous period/year figures have been regrouped/reclassified to make them comparable with those of current period.

In terms of report attached

By order of the Board
For **IIFL Finance Limited**
(Formerly known as IIFL Holdings Limited)

R Venkataraman
Managing Director
DIN: 00011919

Date: January 29, 2021
Place: Mumbai

Independent Auditor's Review Report on Consolidated Unaudited Quarterly and Year to Date Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF

IIFL Finance Limited (formerly known as IIFL Holdings Limited)

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of IIFL Finance Limited (formerly known as IIFL Holdings Limited) ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter and nine months ended December 31, 2020 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The statement includes the results of the following entities

S No	Name of the Entities	Relationship
1	IIFL Finance Limited	Parent
2	IIFL Home Finance Limited (Formerly, India Infoline Housing Finance Limited)	Subsidiary
3	Samasta Microfinance Limited	Subsidiary
4	Clara Developers Private Limited	Subsidiary (Upto July 26, 2020)
5	Eminent Trust October 2019	Trust with residual beneficial interest
6	Eminent Trust November 2019	Trust with residual beneficial interest

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

6. We draw attention to Note 9 to the Statement, which fully describes that the Group has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.
   Our conclusion on the statement is not modified in respect of the above matter.

Other Matters

7. We did not review the interim financial results of 1 subsidiary company included in the consolidated unaudited financial results, whose interim financial results reflects, total revenues of Rs.48,562.50 lakhs and Rs.1,46,295.64 lakhs for the quarter and nine months ended December 31, 2020 respectively, total net profit after tax of Rs. 11,763.43lakhs and Rs.28,488.38 lakhs for the quarter and nine months ended December31 ,2020 respectively and total comprehensive income of Rs 12,390.39 lakhs and Rs.28,525.92 lakhs for the quarter and nine months December 31,2020 respectively as considered in the standalone unaudited interim financial results of the subsidiary company included in the Group. These interim financial results have been reviewed by another auditor whose reports have been furnished to us by the Management and conclusion on the Statement, in so far as it related to the amounts and disclosures included in respect of this subsidiary is based on the report of the other auditor and the procedure performed by us as stated in paragraph 3 above.
   Our conclusion on the Statement is not modified in respect of the above matter.

   The comparative figures presented in Consolidated Financial Results for the corresponding quarter and nine months ended December31, 2019 were reviewed by the predecessor auditor whose review report dated January 27,2020 expressed an unmodified conclusion on those financial information which has been relied upon by us and which have been duly adjusted by the management to give effect to the composite scheme of arrangement as detailed in Note 7 to the consolidated financial results.

   The consolidated financial results also include the results for the year ended 31 March 2020 which were audited by the predecessor auditor whose audit report dated May 28, 2020 expressed an unmodified conclusion on those financial results which has been relied upon by us

   Our conclusion on the statement is not modified in respect of the above matters.

For V. Sankar Aiyar & Co.,
Chartered Accountants
(FRN. 109208W)

Place: Mumbai
Date: January 29, 2021

G Sankar
Partner
(Membership No. 046050)
UDIN: **21046050AAAABA1206**

IIFL Finance Limited (Formerly Known as IIFL Holdings Limited)
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STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(Rs in Lakhs)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		Unaudited (See note 15)	Unaudited (See note 15)	Unaudited (See note 7 & 15)	Unaudited	Unaudited (See note 7)	Audited
1	**Income**						
(I)	**Revenue from operations**						
(i)	Interest income	1,35,385.23	1,34,993.54	1,11,519.61	3,95,243.54	3,36,378.80	4,61,765.70
(ii)	Dividend income	575.00	-	70.00	593.99	109.01	109.01
(iii)	Fees and commission income	3,195.20	3,310.75	2,477.73	7,910.68	8,598.27	11,850.58
(iv)	Net gain on fair value changes	6,033.63	4,194.22	-	10,770.61	-	-
(v)	Net gain on derecognition of financial instruments under amortised cost category	3,671.89	4,072.01	2,124.92	9,594.63	8,720.97	10,583.87
(I)	**Total Revenue from operations**	**1,48,860.95**	**1,46,570.52**	**1,16,192.26**	**4,24,113.45**	**3,53,807.05**	**4,84,309.16**
(II)	Other income	4,166.26	4,959.86	1,916.06	9,949.50	4,586.28	8,180.52
(III)	**Total Income (I+II)**	**1,53,027.21**	**1,51,530.38**	**1,18,108.32**	**4,34,062.95**	**3,58,393.33**	**4,92,489.68**
2	**Expenses**						
(i)	Finance cost	61,130.25	64,087.60	59,912.65	1,94,508.09	1,79,882.24	2,40,067.68
(ii)	Net loss on fair value changes	-	-	129.01	-	835.18	6,508.81
(iii)	Net loss on derecognition of financial instruments under amortised cost category	25,581.37	2,409.80	7,063.38	38,723.64	39,677.39	44,316.52
(iv)	Impairment on financial instruments	1,135.61	27,805.76	(3,555.09)	45,150.77	(26,843.39)	2,303.90
(v)	Employee benefits expenses	18,013.64	18,215.66	18,016.25	53,353.00	55,786.49	74,609.19
(vi)	Depreciation, amortisation and impairment	2,564.24	2,725.43	2,668.91	7,664.77	7,846.72	10,564.91
(vii)	Other expenses	9,782.08	8,417.43	10,309.33	26,242.56	30,147.83	41,600.24
(IV)	**Total Expenses (IV)**	**1,18,207.19**	**1,23,661.68**	**94,544.44**	**3,65,642.83**	**2,87,332.46**	**4,19,971.25**
(V)	**Profit before exceptional items and tax (III-IV)**	**34,820.02**	**27,868.70**	**23,563.88**	**68,420.12**	**71,060.87**	**72,518.43**
(VI)	**Exceptional Items**	-	-	-	-	-	-
(VII)	**Profit before tax (V+VI)**	**34,820.02**	**27,868.70**	**23,563.88**	**68,420.12**	**71,060.87**	**72,518.43**
3	**Tax Expense:**						
(i)	Current tax	8,570.00	10,498.33	3,641.36	24,122.94	9,105.07	17,789.87
(ii)	Deferred tax	(597.11)	(4,303.19)	1,900.82	(7,448.21)	7,798.51	(326.91)
(iii)	Current tax expense relating to prior years	-	405.80	(272.71)	446.85	(226.95)	(282.09)
(VIII)	**Total Tax Expense**	**7,972.89**	**6,600.94**	**5,269.47**	**17,121.58**	**16,676.63**	**17,180.87**
(IX)	**Net profit before impact of rate change on opening deferred tax (VII-VIII)**	**26,847.13**	**21,267.76**	**18,294.41**	**51,298.54**	**54,384.24**	**55,337.56**
(X)	Impact of change in the rate of opening deferred tax (Refer note 4)	-	-	-	-	9,928.33	4,990.28
(XI)	**Net profit after tax (IX-X)**	**26,847.13**	**21,267.76**	**18,294.41**	**51,298.54**	**44,455.91**	**50,347.28**
	Attributable to :						
	Owners of the Company	26,833.41	21,259.19	18,246.34	51,248.96	44,308.57	50,182.94
	Non-controlling interest	13.72	8.57	48.07	49.58	147.34	164.34
(XII)	**Other Comprehensive Income**						
	A (i) Items that will not be reclassified to profit or loss						
	(a) Remeasurement of defined benefit liability/(asset)	(63.92)	164.40	(58.50)	89.09	(223.52)	(454.24)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	16.09	(41.38)	14.72	(22.42)	56.26	114.32
	Subtotal (A)	**(47.83)**	**123.02**	**(43.78)**	**66.67**	**(167.26)**	**(339.92)**
	B (i) Items that will be reclassified to profit or loss						
	(a) Cash flow hedge (net)	(4,883.75)	(1,173.32)	635.21	(6,279.36)	(116.05)	(435.78)
	(ii) Income tax relating to items that will be reclassified to profit or loss	1,229.14	295.30	(159.87)	1,580.39	29.21	109.68
	Subtotal (B)	**(3,654.61)**	**(878.02)**	**475.34**	**(4,698.97)**	**(86.84)**	**(326.10)**
	Other Comprehensive Income / (loss) (A+B)	**(3,702.44)**	**(755.00)**	**431.56**	**(4,632.30)**	**(254.10)**	**(666.02)**
(XIII)	**Total Comprehensive Income for the period/year (XI+XII)**	**23,144.69**	**20,512.76**	**18,725.97**	**46,666.24**	**44,201.81**	**49,681.26**
	Attributable to :						
	Owners of the Company	23,131.58	20,503.83	18,678.07	46,616.81	44,054.98	49,517.66
	Non-controlling interest	13.11	8.93	47.90	49.43	146.83	163.60
	Paid up Equity Share Capital (Face value of Rs 2 each)	7,569.39	7,567.91	6,392.94	7,569.39	6,392.94	7,566.82
	Other Equity						4,68,430.54
(XIV)	**Earnings Per Share (Face value of Rs 2 each)**						
	Basic (Rs) *	7.09	5.62	4.83	13.54	11.72	13.27
	Diluted (Rs) *	7.09	5.62	4.82	13.54	11.70	13.24

*** Quarter ended numbers are not annualised**

In terms of report attached

For IIFL Finance Limited
(Formerly known as IIFL Holdings Limited)

R Venkataraman
Managing Director
DIN: 00011919

Date : January 29, 2021
Place : Mumbai

IIFL FINANCE LIMITED
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1. The above consolidated unaudited financial results for the quarter and nine months ended December 31, 2020, have been reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on January 29, 2021. The Statutory Auditor of the Company has carried out the Limited Review of the aforesaid results and has issued an unmodified report.

2. These consolidated unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules issued there under and other accounting principles generally accepted in India and in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

3. During the quarter ended December 31, 2020, the Company has allotted 73,942 equity shares (previous quarter: 54,645) having face value of Rs. 2/- each on exercise of stock options under the Employee Stock Option Schemes.

4. The Taxation Laws (Amendment) Ordinance 2019 has inserted section 115BAA in the Income Tax Act, 1961 providing existing domestic companies with an option to pay tax at concessional rate of 22% plus applicable surcharge & cess.

   These financial results are prepared on the basis that the parent company and some of its subsidiaries would avail the option to pay income tax at the lower rate. Consequently, wherever applicable, the opening deferred tax asset (net) has been measured at the lower rate, with a one-time charge of Rs 9,928.33 Lakhs to the statement of Profit & Loss during the quarter ended September 30, 2019 and the same has been restated during the quarter ended March 31, 2020 resulting into a gain of Rs. 4,938.05 Lakhs pursuant to the merger of India Infoline Finance Limited with the Company on March 30, 2020 with Appointed Date as April 1, 2018.

5. The Group's main business is Financing and investing activities. All other activities revolve around the main business. Further all activities are carried out within India. As such there are no separate reportable segments as per the Indian Accounting Standard 108 (IND AS) on Operating Segment.

6. The Board of Directors of the Company has declared an interim dividend of Rs 3 /- per equity share of the face value of Rs 2 /- each for the financial year 2020-2021. The Company has fixed February 06, 2021 as the Record Date for this purpose.

7. The Board of Directors of the Company at their meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst India Infoline Finance Limited ("India Infoline Finance"), IIFL Finance Limited (Formerly known as "IIFL Holdings Limited") ("the Company"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth") and IIFL Distribution Services Limited ("IIFL Distribution"), and their respective

shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") which inter-alia, envisages the following:

i. amalgamation of IIFL M&R with the Company;
ii. demerger of the Securities Business Undertaking (as defined in the Scheme) of Company into IIFL Securities;
iii. demerger of the Wealth Business Undertaking (as defined in the Scheme) of Company into IIFL Wealth;
iv. transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis; and
v. Amalgamation of India Infoline Finance with the Company.

The Appointed Date for the amalgamation of IIFL M&R with the Company is opening hours of April 01, 2017 and for all the other steps, the Appointed Date is opening hours of April 01, 2018.

The National Company Law Tribunal Bench at Mumbai (Tribunal) approved the Scheme on March 07, 2019 under the applicable provisions of the Companies Act, 2013.

Certified copy of the said order of the Tribunal was received by the Company on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019 for complying with the provisions of Section 232 (5) of the Companies Act, 2013.

Clause 56.2.4 of the Scheme states that Part V of the Scheme dealing with the merger of India Infoline Finance with the Company shall be made effective upon receipt of Non-Banking Finance Company (NBFC) registration by the Company from the Reserve Bank of India (RBI). Pending the receipt of NBFC registration from RBI and based on the legal opinion obtained by the Company, the Board of Directors at its meeting held on May 13, 2019 decided to give effect to the Scheme (except for the part relating to amalgamation of India Infoline Finance with the Company) in the following manner:

a) Merger of IIFL M&R with the Company with effect from the Appointed Date i.e. April 01, 2017;
b) Demerger of Securities Business Undertaking and the Wealth Business Undertaking from the Company with effect from the Appointed Date i.e. April 01,2018; and
c) Transfer of the Broking and Depository Participant Business Undertaking from IIFL Wealth to its wholly owned subsidiary, IIFL Distribution with effect from the Appointed Date April 01, 2018.
d) Merger of India Infoline Finance with the Company to be given effect after receipt of necessary registration from the RBI.

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The Company fixed May 31, 2019 as the Record date for determining the eligibility of the shareholders of the Company for allotting shares of IIFL Securities and IIFL Wealth in the ratio of 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Securities for every 1 (One) equity share of Rs. 2 each of the Company and 1 (One) fully paid up new equity share of Rs. 2 each of IIFL Wealth for every 7 (Seven) equity shares of Rs. 2 each of the Company. Accordingly on June 6, 2019, IIFL Securities and IIFL Wealth allotted 31,92,34,462 & 4,56,04,924 equity shares respectively to eligible shareholders of the Company. IIFL Securities and IIFL Wealth had filed their respective Listing Application with Stock exchange(s) and the In principle approval for listing of equity shares of IIFL Securities and IIFL Wealth was received on August 13, 2019 (NSE) and August 21, 2019 (BSE) & August 19, 2019 (NSE) and August 21, 2019 (BSE) respectively. Accordingly, the shares of IIFL Wealth and IIFL Securities were listed on Stock Exchanges(s) on September 19, 2019 and September 20, 2019 respectively.

The Company received the Non-banking Financial Company License dated March 06, 2020, bearing Certificate of Registration No. N-13.02386 from the Reserve Bank of India to carry on the Non Banking Financial Activity on March 11, 2020. Thereafter, the Committee of Directors of the Company at its meeting held on March 30, 2020, decided to give effect to the merger of India Infoline Finance and the Company with effect from March 30, 2020 with Appointed Date as April 1, 2018. Accordingly, India Infoline Finance Limited ceased to be subsidiary of the Company.

Consequently, the figures of the quarter and nine months ended December 31, 2019 have been restated to give effect to the aforementioned Composite Scheme of Arrangement.

Consequently, the residual shareholders of India Infoline Finance Limited were allotted 5,86,54,556 shares of the Company on March 30, 2020 in the ratio 135 fully paid up equity shares of Rs. 2 each in the Company for every 100 shares held in India Infoline Finance Limited. The said new shares got listed and admitted for trading w.e.f. April 27, 2020 in terms of final listing and trading approval received from NSE and BSE.

During the year ended March 31, 2020, the Company has granted 82,81,111 Employee Stock Options under IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme pursuant to aforesaid Composite Scheme of Arrangement.

8. All secured Non-convertible Debentures issued by the Company are secured by First pari passu charge on Future Receivables of the company, as also against specified Immovable Property of the Company to the extent of at least 100% of outstanding secured Non-Convertible Debentures.

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9. The outbreak of COVID 19 pandemic and consequent lockdown has severely impacted business and operations of the Group in the last week of March 2020. In terms of the policy approved by the Board of Directors of the Group pursuant to Reserve Bank of India (RBI) Circulars dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Group has granted EMI moratorium to all eligible customers for a period up to 3 months with regards to the payment falling due between March 01, 2020 and May 31, 2020. On May 22, 2020, the RBI had extended the Moratorium Period by further 3 months with regards to payment falling due between June 01, 2020 and August 31, 2020 (Moratorium 2.0). However Group had decided to grant EMI moratorium to all eligible customers, who have specifically sought the EMI moratorium for the payments falling due between June 01, 2020 and August 31, 2020. Further, in relation to the accounts overdue but standard as at February 29, 2020 where moratorium benefit has been extended in terms of aforesaid RBI guidelines, the staging of those accounts at June 30, 2020 is based on the days past due status as on February 29, 2020 adjusted for non-moratorium period in case of customers who have not opted for the Moratorium 2.0. Based on an assessment by the Group, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Group continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

   The Group's assessment of impairment loss allowance on its loans and other assets is subject to a number of management judgments and estimates. In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the determination of the impairment loss allowance calculations remained unchanged from those applied while preparing the Consolidated Financial Results for the period ended December 31, 2019, the Group has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic based on indicators of moratorium and delayed payments metrics observed along with an estimation of potential stress on probability of defaults and exposure at default. Accordingly, the Group has measured additional impairment loss allowance on loans and other assets and recognised the incremental impairment provision for Rs 32,744.19 lakhs as of December 31, 2020 (March 31, 2020 Rs 28,204.77 lakhs) in the Consolidated Financial Results which is adequate in the view of the Group considering the current information available. Overall COVID provision stands at Rs 60,949.99 lakhs (March 31, 2020 Rs 28,204.77 lakhs). In addition, while assessing the liquidity situation, the Group has taken into consideration certain assumptions with respect to repayments of loan assets, sale of loan assets and undrawn committed lines of credit, based on its past experience which have been adjusted for current events. Given the dynamic nature of pandemic situation, the Group's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic and, as a result, actual results may differ from these estimates as on the date of approval of these Consolidated Financial Results. The Group will continue to monitor any material changes to the future economic conditions.

10. Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma vs. Union of India & Anr), vide an interim order dated September 03, 2020 ('interim order'), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the group has not classified any account as NPA, as per RBI norms, after August 31, 2020 which was not NPA as of August 31, 2020. Further, in light of the interim order, even accounts that would have otherwise been classified as NPA post August 31, 2020 have not been and will not be, classified as NPA till such time the Hon'ble Supreme Court rules finally on the matter. If the group had classified borrower accounts as NPA after August 31, 2020 not considering the supreme court order, the proforma Gross NPA ratio and proforma Net NPA ratio would have been 2.87% at December 31, 2020 (at September 30, 2020: 2.77%) and 1.46% at December 31, 2020 (at September 30, 2020: 1.29%) respectively.

11. The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestion from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified.

12. The Ministry of Finance had released the guidelines of the interest on interest waiver scheme on October 24, 2020 mandating ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 01, 2020 to August 31, 2020 by respective lending institutions. The Reserve Bank of India (RBI) on October 27, 2020 notified the Centre's scheme for compound interest or interest on interest waiver during the six-month moratorium period. In accordance with the Scheme the group credited the ex-gratia amount to the credit of the eligible borrowers' accounts and has lodged claim with the Central Government to the tune of Rs. 5,273.11 Lakhs.

13. The Finance Committee of the Board of Directors of the Company at its Meeting held on June 30, 2020, approved the draft shelf prospectus ("DSP") for the issue of Secured Redeemable Non-Convertible Debentures and/or Unsecured Redeemable Non-Convertible Debentures to public, within the shelf limit of Rs. 500,000 lakhs. The Company has received an 'in-principle' approval from BSE Limited and National Stock Exchange of India Limited ("NSE") vide their letter dated July 09, 2020 and an extension of validity for three months from NSE vide its letter dated December 28, 2020.

IIFL FINANCE LIMITED
(FORMERLY KNOWN AS IIFL HOLDINGS LIMITED)
CIN : L67100MH1995PLC093797
Regd. Office:- IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Estate, Wagle Estate, Thane – 400604

14. During the quarter ended December 31, 2020, Board of Directors of the Company at its meeting held on December 18, 2020 approved investment in Right Issue of equity shares of Samasta Microfinance Limited, a Subsidiary of the Company at Rs.15.91/- per share for an amount up to Rs. 6,750.00 Lakhs. The post allotment holding of the Company in Samasta Microfinance Limited is 74.09% and the post allotment holding of IIFL Home Finance Limited (Formerly Known as 'India Infoline Housing Finance Limited'), a wholly owned subsidiary of the Company in Samasta Microfinance Limited is 25%.

15. The figures for the quarter ended December 31, 2020 and quarter ended December 31, 2019 are the balancing figures between unaudited figures in respect of the nine months ended December 31, 2020 and December 31, 2019 and the unaudited figures of half year ended September 30, 2020 and unaudited figures of half year ended September 30, 2019 respectively. The figures for the quarter ended September 30, 2020 are the balancing figure between unaudited figures in respect of the half year ended September 30, 2020 and the audited figures of the quarter ended June 30, 2020.

16. Previous period/year figures have been regrouped/ reclassified to make them comparable with those of current period.

By order of the Board
For **IIFL Finance Limited**
(Formerly known as IIFL Holdings Limited)

In terms of report attached

R Venkataraman
Managing Director
DIN: 00011919

Date: January 29, 2021
Place: Mumbai

MATERIAL DEVELOPMENTS

Other than as disclosed in this Shelf Prospectus, the following material developments have taken place in the Company since December 31, 2020:

1. ***Private placement of Secured, Redeemable, Non-convertible Debentures***

Our Company has allotted 1,000 Secured, Redeemable, Non-Convertible Debentures of Face Value of Rs 10,00,000 (Rupees Ten Lakh only) each aggregating to Rs. 100,00,00,000 (Rupees One Hundred Crores only) under series D12 on a private placement basis on February 24, 2021. The said debentures will be listed on NSE.

2. ***Allotment of Equity Shares under ESOP***

The Nomination and Remuneration Committee of the Board of Directors through Resolution by Circulation dated February 08, 2021 allotted 56,689 Equity Shares to eligible employee(s) on exercise of stock options.

3. ***Declaration of Dividend by the Company:***

The Board of Directors of the Company at their meeting held on January 29, 2021 had declared an interim dividend of Rs. 3.00 per Equity Share having face value of Rs. 2 each for the financial year 2020-21.

To the best of the knowledge and in the opinion of the Board of Directors, save and except disclosed elsewhere in this Shelf Prospectus,

(a) there have arisen no circumstances that materially or adversely affect the operations or financial condition or profitability of the Company or the value of its assets or its ability to pay out material liabilities over the next 12 months or

(b) any material event / development or change having implications on the business of the Company at the time of Issue which may affect the Issue or investor's decision to invest or continue to invest in the Issue.

FINANCIAL INDEBTEDNESS

The outstanding borrowings of our Company as on December 31, 2020, are as follows:

S. No.	Nature of Borrowings	Amount Outstanding *(₹ in Million)*	%
1.	Secured borrowings	135,086.74	91.09%
2.	Unsecured borrowings	13,215.93	8.91%
Total Borrowings		148,302.67	100%

Note 1: *The above amount represents net amount of borrowings of our Company (including the impact of effective interest rate method, as required under Ind AS).*

Note 2*: Pursuant to the composite scheme of arrangement, the borrowings availed by India Infoline Finance Limited (now merged with the Company) have been transferred in the name of our Company.*

Set forth below, is a summary of the borrowings by our Company outstanding as on December 31, 2020 together with a brief description of certain significant terms of such financing arrangements.

A. DETAILS OF SECURED BORROWINGS:

1. *Cash Credit / Working Capital Demand Loan ("WCDL") facilities availed by our Company*

(₹ in million)

S. No.	Bank	Facility type	Date of Sanction/ Renewal	Amount Sanctioned	Amount Outstanding as on December 31, 2020	Repayment date / schedule	Prepayment
1	Andhra Bank	Cash Credit	December 12, 2019	500.00	381.05	On demand	N/A
2	Bank of Baroda	Cash Credit/WCDL	February 1, 2020	2,000.00	723.43	On demand	N/A
3	Canara Bank	Cash Credit	February 01, 2019	1,000.00	983.29	On demand	N/A
4	Oriental Bank of Commerce	Cash Credit/WCDL	November 29, 2019	500.00	487.42	On demand	N/A
5	RBL Bank Limited	Cash Credit/WCDL	June 6, 2019	750.00	669.39	On demand	N/A
6	Standard Chartered Bank	Cash Credit/WCDL	May 3, 2019	800.00	0.00	On demand	N/A
Interest Accrued but not due on the above facilities					5.75		
TOTAL				**5,550.00**	**3,250.33**		

Security: *The above facilities are secured by a first pari-passu charge on present and future receivables of the Company except receivables pertaining to capital market exposures, administered through Vistra ITCL (India) Limited, as a security trustee for the lenders pursuant to security trustee agreement executed between the Company, Vistra ITCL (India) Limited and the lenders.*

2. *Overdraft against Fixed Deposit ("ODFD") facility availed by our Company*

(₹ in Million)

Sr. No.	Bank	Date of Disbursement	Amount Sanctioned	Amount Outstanding as on December 31, 2020	Repayment date / schedule	Prepayment
1.	HDFC Bank	July 14, 2017	3308.00	1,123.78	On demand	N/A
2.	RBL Bank	April 7,2020	142.50	0.00	On demand	N/A
3.	Canara Bank	December 31,2020	2000.00	1,750.18	On demand	N/A
4.	Interest Accrued but not due			2.61		
	Total		**5,450.50**	**2,876.57**		

3. *Term Loans availed by our Company*

(₹ in Million)

S. No.	Lender's name	Date of Sanction	Amount Sanctioned	Principal Amount Outstanding as on December 31, 2020	Final Maturity Date	Repayment schedule	Security	Prepayment
1	Bank of Baroda	June 19, 2018	12,500.00	6,875.00	September 26, 2023	Repayable in in 20 quarterly installment from the date of first disbursement	First *paripassu* charge on receivables pertaining to non-capital market exposure with minimum security cover of 1.15 times the sanction amount throughout the tenure of the loan	Nil if the prepaid lock in period of 12-month out of internally generated cash accruals of fresh equity infusion. Otherwise prepayment penalty @2% p. a. for the amount prepaid.
2	Bank of India	December 27,2019	5,000.00	4,499.93	June 30, 2025	Repayment in 20 equal quarterly installments od Rs. 25 Crores each commencing from 9 months from the date of disbursement	First *paripassu* first charge by way of hypothecation of standard receivables (excluding capital market receivables) of the Company along with a minimum security	Prepayment penalty at 0.50% of the prepaid loan amount. No prepayment penalty if term loan is prepaid within 30 days from the last interest reset date with prior notice of 3 days.

S. No.	Lender's name	Date of Sanction	Amount Sanctioned	Principal Amount Outstanding as on December 31, 2020	Final Maturity Date	Repayment schedule	Security	Prepayment
							cover of 1.10 times of the sanction amount.	
3	ICICI Bank	September 11, 2018	3,000.00	1,050.00	October 09, 2021	Repayable in 10 quarterly installment after moratorium of 2 quarter from the date of drawdown of respective tranche amounts.	First *paripassu* charge by way of hypothecation of pool of standard assets including loans & advances with minimum security cover of 1.15 times of the sanction amount.	Prepayment Penalty of 1% on the entire amount outstanding shall be applicable at the time of prepayment.
4	Oriental Bank of Commerce	March 29, 2017	4,000.00	992.08	Sept 30, 2021	Repayable in 4 equal yearly installments at the end of year	First *paripassu* charge by way of hypothecation on the standard receivable (except capital market) with a security cover of 1.15 times of the sanction amount.	No prepayment penalty if prepayment is made via internal accruals and/or equity infusion during the tenor of the loan by giving at least 15 days prior written notice of the same to the Lender.
5	Oriental Bank of Commerce	November 29, 2019	1,000.00	873.55	March 7, 2024	8 equal Half Yearly installments after a moratorium of 3 months from date of first disbursement	First *paripassu* charge by way of hypothecation on the standard receivable (except capital market) with a security cover of 1.10 times of the sanction amount.	No prepayment penalty if prepayment is made via internal accruals and/or equity infusion during the tenor of the loan by giving at least 15 days prior written notice of the same to the Lender.

S. No.	Lender's name	Date of Sanction	Amount Sanctioned	Principal Amount Outstanding as on December 31, 2020	Final Maturity Date	Repayment schedule	Security	Prepayment
6	Punjab and Sind Bank	November 15, 2017	6,000.00	2,998.32	December 07,2022	Repayable in 8 equal annual installments after moratorium of 12 months from the date of disbursement	First *paripassu* charge by way of hypothecation on the receivables, with minimum asset cover of 1.1 times of the loan amount.	No prepayment penalty if prepayment is made via internal accruals and/or equity infusion during the tenor of the loan by giving at least 15 days prior written notice of the same to the Lender.
7	Small Industries Development Bank of India (SIDBI)	March 1, 2018	5,000.00	2,750.00	July 10, 2023	Repayable in 20 quarterly installment, commencing from 10th day of the month immediately after the expiry of 6 months from the date of first disbursement	First *paripassu* charge by way of hypothecation of book debts and receivables of the company of the company with minimum asset cover of 1.1 times the sanction amount.	No prepayment of the outstanding principal amount of loan in full or part permitted before the due dates except after obtaining prior approval of SIDBI in writing which may be granted subject to such conditions as SIDBI may deem fit including levy of interest (currently 1-3%) on such prepayment.
8	State Bank of India (erstwhile State Bank of Patiala)	February 11, 2016	1,000.00	192.36	February 22, 2021	Repayable in 5 equal annual installments after moratorium of 12 months and at the end of every year there after	First paripassu charge on all the book debts, outstandings, money receivables, claims and bills of borrower along with loan assets of the borrower net of non-performing assets along	Standard prepayment penalty at the rate 2% on the amount prepaid. No prepayment charge on interest reset or with 15 days'notice if revised interest communicated is not acceptable by the company. Further no

S. No.	Lender's name	Date of Sanction	Amount Sanctioned	Principal Amount Outstanding as on December 31, 2020	Final Maturity Date	Repayment schedule	Security	Prepayment
							with security cover of 1.15 times of the sanction amount. .	prepayment penalty if loan is prepaid from internal accruals supported by Chartered Accountant certificate and by giving notice of 15 days.
9	Syndicate Bank	May 15, 2018	1,500.00	1,125.00	October 12, 2023	Repayment in 8 equal half yearly installments after moratorium period of 12 months from the dated of first disbursement.	First *paripassu* charge by way of hypothecation on the standard receivables of the company with asset cover of 1.15 times of the sanction amount.	No prepayment penalty if the prepayment is made out of Equity infusion/ Internal Reserves or surplus, otherwise as per the terms of the Lender.
10	Syndicate Bank	May 21, 2019	2,000.00	1,578.95	August 31, 2024	Repayment in 19 equal quarterly installments after moratorium period of 3 months from the dated of first disbursement.	First *paripassu* charge by way of hypothecation on the standard receivables of the company with asset cover of 1.15 times of the sanction amount.	No prepayment penalty if the prepayment is made out of Equity infusion/ Internal Reserves or surplus, otherwise as per the terms of the Lender.
11	Export Development Canada	July 30,2019	687.00	6,870.00	July 29, 2024	Repay loan in full on Final Repayment Date.	First *paripassu* charge by way of hypothecation on the standard receivables of the company with asset cover of 1.20	the Borrower will promptly prepay all outstanding Loans together with all amounts accrued under the Finance Documents immediately due and

S. No.	Lender's name	Date of Sanction	Amount Sanctioned	Principal Amount Outstanding as on December 31, 2020	Final Maturity Date	Repayment schedule	Security	Prepayment
							times of the sanction amount.	payable, whereupon the Facility will be cancelled and all such outstanding Utilisations and amounts will become immediately due and payable.
12	Canara Bank	Nov 10,2020	5,000.00	5,000.00	August 31, 2025	Repayable in equal 8 half yearly instalments after the moratorium period of 9 months.	First *paripassu* charge by way of hypothecation on the standard receivables of the company with asset cover of 1.11 times of the sanction amount.	No Prepayment if the company prepays through internally generated cash accruals or fresh equity infusion,otherwise 2%
13	Indian Bank	Dec 5,2020	3,000.00	2,999.99	October 30, 2025	Repayable in 5 years(inclusive of moratorium of 3 months) in 19 equal Quarterly installments	First *paripassu* charge by way of hypothecation of book debts and receivables of the company of the company with minimum asset cover of 1.1 times the sanction amount.	No Prepayment if the company prepays through internally generated cash accruals or fresh equity infusion
14	Karnataka Bank	Dec 30,2020	1,000.00	1,000.00	October 30, 2023	Repayment in 10 Quarterly instalment of Rs.10 Crore each after the holiday period of 4 months	First *paripassu* charge by way of hypothecation of book debts and receivables of the company of	Pre-closure charges of 2% shall be charged only in case of takeover of liabilities by other banks.

S. No.	Lender's name	Date of Sanction	Amount Sanctioned	Principal Amount Outstanding as on December 31, 2020	Final Maturity Date	Repayment schedule	Security	Prepayment
							the company with minimum asset cover of 1.1 times the sanction amount.	
15	NABARD	05 Nov, 2020	2,000.00	2,000.00	December 31, 2025	Repayable in 5 years quarterly installment of 5% at each quarter	First *paripassu* charge by way of hypothecation of book debts and receivables of the company of the company with minimum asset cover of 1.25times the sanction amount.	Penalty of 2.5% p.a.for each instalment due seperately for the entire period from the date of prepayment to the date on which the installment is actually due for payment
16	Small Industries Development Bank of India (SIDBI)	Oct 19,2020	1,700.00	1,133.50	April 10, 2021	Repayable in quarterly installment after moratorium of 2 months from the date of disbursement.	First *paripassu* charge by way of hypothecation of book debts and receivables of the company of the company with minimum asset cover of 1.1 times the sanction amount.	Prepayment shall be permitted without premium after obtaining written approval of SIDBI
Adjustment on account of EIR				(157.49)				
Adjustment on account MTM				437.00				
Interest Accrued but not due				184.71				
Total				**42,402.90**				

Penalty: The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to:

(a) Additional interest of upto 2% per month on overdue portion of the amount for the period of default in case of any delay / default in payment of principal or interest.

(b) Penalty of upto 2% per month in cases of pre-payment of the loan / facility.

(c) Penalty of 1% per annum in case the Company fails to obtain and keep alive external credit rating form any one of the RBI approved agency.

(d) Penalty of upto 2% per annum in case of breach of terms and conditions of the loan agreements.

(e) Penalty of upto 2% per annum in case of non-creation of security as per the loan agreements.

Rescheduling: None of the loan documents provides for rescheduling provision.

Events of Default: The facility documents executed by the Company stipulates certain events as "*Events of Default*", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

(a) Any of the installment amount referred to herein above being unpaid on the due date for payment thereof.

(b) Any representation and/or the statements made by the Company in the application being found to be incorrect and / or the Company committing any breach or default in the performance or observance of any terms, conditions or provisions contained in the said application and/or the letter of sanction.

(c) Any deterioration or impairment of the security provided by the Company to the lenders or any decline or depreciation in the value or market price thereof which causes the security rendered to become unsatisfactory as to character or value.

(d) Company entering into any arrangement or composition with Company's creditors or committing any act the consequence of which may lead to Company being ordered to be wound up.

(e) Any process being issued against the Company for execution of a decree and/or for attachment before judgment resulting in any of the property belonging to and/or under the control of the Company being attached.

(f) Any order being made or a resolution being passed for the winding up of the Company.

(g) A receiver being appointed of the entire properties or any part thereof belonging to or under the control of Company.

(h) If any attachment, distress, execution or other process is initiated against the Company or any of the security provided by the Company is enforced.

(i) If the Company enters into amalgamation, reorganisation or reconstruction or there is a change of control of the Company without the prior consent of the lenders/debenture trustee in writing.

(j) The Company ceasing or threatening to cease to carry on business or giving or threatening to give notice of Company's intention to do so.

(k) A firm of accountants appointed by the lender certifying that the liabilities of the Company exceed the assets owned and/or under the control of the Company and/or that the Company is carrying on business in loss.

(l) The occurrence of any event or circumstances which would or is likely to prejudicially or adversely affect in any manner the capacity of the Company to either repay the said advance or to carry out the said proposal.

(m) Failure of the Company to pay on the due date upon which any amount is due and payable whether by way of interest, principal or any other sum stated as payable under this facility.

(n) If the borrower commits any breach of or omit to observe any of its covenants, obligations or undertakings under the term loan and in case of any such breach or omission capable of being remedied, such breach or omission is not remedied within 30 days.

4. *Secured Redeemable Non-Convertible Debentures*

4.1 Our Company has, vide public offering, issued secured, redeemable, non-convertible debentures under various series of which ₹ 7,816.70 million is outstanding as on December 31, 2020, the details of which are set forth below:

(₹ In Million)

S. No.	Debenture Name / Series	ISIN	Amount Outstanding	Date of Allotment	Maturity Date	Coupon (p.a.) in %	Tenor / Period (Days)	Credit Rating
1	9.50% Secured Rated Listed Redeemable Non-Convertible Debenture. Series I of Face Value of ₹1,000 redeemable on 07-May-2022 at par.	INE866I07BY4	2,605.00	February 07, 2019	May 07, 2022	9.50%	1185	CRISIL AA, [ICRA] AA & BWR AA+
2	9.60% Secured Rated Listed Redeemable Non-Convertible Debenture. Series I of Face Value of ₹1,000 redeemable on 07-May-2022 at par.	INE866I07BZ1	366.39	February 07, 2019	May 07, 2022	9.60%	1185	CRISIL AA, [ICRA] AA & BWR AA+
3	Zero Coupon Secured Rated Listed Redeemable Non-Convertible Debenture. Series II - Category II, III & IV of Face Value of ₹1,000 redeemable on 07-May-2022 at premium.	INE866I07CB0	439.92	February 07, 2019	May 07, 2022	Zero Coupon	1185	CRISIL AA, [ICRA] AA & BWR AA+
4	9.75% Secured Rated Listed Redeemable Non-Convertible Debenture. Series III of Face Value of ₹1,000 redeemable on 07-Feb-2024 at par.	INE866I07CD6	1,737.68	February 07, 2019	February 07, 2024	9.75%	1826	CRISIL AA, [ICRA] AA & BWR AA+

S. No.	Debenture Name / Series	ISIN	Amount Outstanding	Date of Allotment	Maturity Date	Coupon (p.a.) in %	Tenor / Period (Days)	Credit Rating
5	10.20% Secured Rated Listed Redeemable Non-Convertible Debenture. Series IV of Face Value of ₹1,000 redeemable on 07-Feb-2024 at par.	INE866I07CF1	1,159.58	February 07, 2019	February 07, 2024	10.20%	1826	CRISIL AA, [ICRA] AA & BWR AA+
6	Non-Convertible Debenture Tranche II-Series II Quarterly	INE866I07CK1	347.37	September 06, 2019	December 06, 2022	9.50%	1,187	ICRA AA/CRISIL AA/ BWR AA+
7	Non-Convertible Debenture-Tranche II-Series III- At Maturity	INE866I07CL9	114.25	September 06, 2019	December 06,2022	Zero Coupon	1187	ICRA AA/CRISIL AA/ BWR AA+
8	Non-Convertible Debenture Tranche II-Series IV Annually	INE866I07CM7	648.02	September 06, 2019	December 06, 2022	9.85%	1187	ICRA AA/CRISIL AA/ BWR AA+
	Adjustment on account of Effective Interest Rate	-	(131.83)	-	-	-	-	-
	Adjustment on account MTM	-	0.00	-	-	-	-	-
	Interest Accrued but not due	-	530.32	-	-	-	-	-
	TOTAL		**7,816.70**					

**Above debentures are fully secured by first pari passu charge on receivables of the Company/ current assets / book debts, and first pari passu charge on the identified immovable property.*

4.2 Our Company has issued on private placement basis, secured, redeemable, non-convertible debentures under various series of which ₹ 15,983.82 million is outstanding as on December 31, 2020, the details of which are set forth below:

(₹ in Million)

S. No.	Debenture Name / Series	ISIN	Amount Outstanding	Date of Allotment	Maturity Date	Coupon (p.a.) in %	Tenor / Period (Days)	Credit Rating
1	10.20% Redeemable Non-Convertible Debentures of Face	INE866I07750	2,875.00	November 3, 2014	November 3, 2021	10.20%	2557	CARE AA

S. No.	Debenture Name / Series	ISIN	Amount Outstanding	Date of Allotment	Maturity Date	Coupon (p.a.) in %	Tenor / Period (Days)	Credit Rating
	Value Rs.1,000,000 Each Redeemable on November 3, 2021at par							
2	8.00 % Redeemable Non-Convertible Debentures of Face Value Rs.1,000,000 Each Redeemable on April 29, 2021 at par	INE866I07BL1	2,500.00	September 29, 2017	April 29, 2021	8.00%	1308	[ICRA] AA &CARE AA
3	Zero coupon Redeemable Non-Convertible Debentures of Face Value Rs.1,000,000 Each Redeemable on April 30, 2021 at premium	INE866I07BO5	100.00	March 14, 2018	April 30, 2021	Zero coupon	1143	[ICRA] AA
4	9.25% Redeemable Non-Convertible Debentures of Face Value Rs.1,000,000 Each Redeemable on May 25, 2021 at par	INE866I07BQ0	260.00	June 25, 2018	May 25, 2021	9.25%	1065	[ICRA] AA
5	Redeemable Non-Convertible Debentures of Face Value Rs.100,000 Each MLD 2021- D3 Option I - Redeemable	INE866I07CH7	1,070.12	June 26, 2019	September 27, 2021	Market Linked	824	CRISIL PP MLD AA

S. No.	Debenture Name / Series	ISIN	Amount Outstanding	Date of Allotment	Maturity Date	Coupon (p.a.) in %	Tenor / Period (Days)	Credit Rating
	on Sep 27, 2021 at par							
6	Redeemable Non-Convertible Debentures of Face Value Rs.100,000 Each Nifty Enhancer Structure, MLD 2022-D3 Option II - Redeemable on Sep 27, 2022 at par	INE866I07CI5	254.50	June 26, 2019	September 27, 2022	Market Linked	1189	CRISIL PP MLD AA
7	9.85% Redeemable NCD Face Value Rs.100,000 Each Series D4	INE866I07CO3	50.00	September 17,2019	January 17,2023	9.85%	1218	CRISIL AA / BWR AA+
8	9.00% Redeemable NCD Series D5	INE530B07021	1,000.00	May 08, 2020	May 08, 2023	9.00%	1095	CRISIL AA
9	Redeemable NCD Series D7	INE530B07047	1,000.00	August 19, 2020	February 18, 2022	8.00%	548	CRISIL AA
10	NCD Series D9	INE530B07062	2,250.00	September 30, 2020	March 30, 2022	8.00%	546	CRISIL AA/ Negative
11	10 YEAR G-SEC RATE LINKED REDEEMABLE NCD SERIES D8.	INE530B07054	751.80	August 28, 2020	December 01, 2021	8.00%	460	PP-MLD AAr by CRISIL Limited
12	Redeemable NCD Series D6	INE530B07039	2,000.00	July 09, 2020	January 07, 2022	8.00%	547	CRISIL AA
13	Secured Redeemable Non Convertible Debentures Series D10	INE530B07070	1,000.00	November 17, 2020	May 17, 2022	8.00%	546	CRISIL AA
14	Secured Redeemable Non Convertible	INE530B07088	250.00	November 26, 2020	May 26, 2022	8.00%	546	CRISIL AA

S. No.	Debenture Name / Series	ISIN	Amount Outstanding	Date of Allotment	Maturity Date	Coupon (p.a.) in %	Tenor / Period (Days)	Credit Rating
	Debentures Series D11							
	Adjustment on account of EIR		-15.31					
	Adjustment on account MTM		0.00					
	Interest Accrued but not due		637.71					
	TOTAL		**15,983.82**					

**Above debentures are fully secured by first pari passu charge on receivables of the Company/ current assets / book debts, and first pari passu charge on the identified immovable property.*

4.3 *Medium Term Notes*

Our Company has issued Medium Term Notes of face value of USD 1,000 each of which USD 385 million is outstanding as on December 31, 2020, the details of which are set forth below:

S. no.	Name / Series	Principal Amount Outstanding (in ₹ million)	Date of Allotment	Redemption Date	Coupon (p.a.) in %	Tenor (Days)	Rating
1.	5.875% Medium Term Notes* of face value USD 1000 Each Redeemable on April 20, 2023 at par	27,486.11	February 20, 2020	April 20, 2023	5. 875%	1155	Moody's : B2 Fitch : B+
	Adjustment on account of Effective Interest Rate	(189.53)					
	Adjustment on account of Mark to Market	645.84					
	Interest Accrued but not due	372.47					
	Total	**28,314.89**					

**Medium Term Notes are fully secured by first pari passu charge on receivables of the Company/ current assets / book debts.*

4.4 *Our company has raised funds by way of PTC Transaction amounting to* ₹ 34,441.53 million as on December 31, 2020 as stated below:

(₹ in million)

Sr No.	Deal Name	Underlying Pool	Date of the original transaction	Amount outstanding
1	INSTA SME TRUST MARCH 2019	SME Loan	March 27, 2019	1,704.92
2	INSTA SME TRUST APRIL 2019	SME Loan	April 30, 2019	460.78
3	INSTA SME TRUST MAY 2019	SME Loan	May 21, 2019	421.42
4	INSTA SME TRUST JUNE 2019	SME Loan	June 21, 2019	534.39
5	INSTA SME TRUST JULY 2019	SME Loan	July 26, 2019	243.51
6	INSTA SME TRUST SEP 2019	SME Loan	September 30, 2019	329.09
7	INSTA SME TRUST NOV 2019	SME Loan	November 26, 2019	441.25

Sr No.	Deal Name	Underlying Pool	Date of the original transaction	Amount outstanding
8	INSTA SME TRUST DEC 2019	SME Loan	December 26, 2019	447.49
9	INSTA SME TRUST JAN 2020	SME Loan	January 23, 2020	394.44
10	Eminent Trust Oct 2019	Gold Loan	October 30, 2019	3,064.64
11	Eminent Trust Nov 2019	Gold Loan	November 19, 2019	5,046.44
12	Aurous Trust Jan 2020 (HDFC Mutual Fund) Gold - III	Gold Loan	January 28, 2020	1,008.36
13	Liquid Series Gold - I (Oct 2020)	Gold Loan	October 31, 2020	2,200.07
14	Liquid Series Gold - II (Nov 2020)	Gold Loan	November 26, 2020	3,300.20
15	Liquid Series Gold - III (Dec 2020)	Gold Loan	December 17, 2020	5,500.00
16	Shining Metal Gold III - Oct 20	Gold Loan	October 29, 2020	3,248.63
17	Shining Metal Gold IV - Dec 20	Gold Loan	December 23, 2020	5,584.80
18	Secure Trust April 2020 - II	Gold Loan	July 16, 2019	511.10
	Total			**34,441.53**

5. *Collateralised borrowing and lending obligation*

As on December 31, 2020 our outstanding Collateralised borrowing and lending obligation amounts to Nil.

B. DETAILS OF UNSECURED BORROWINGS

Our Company has ₹ 13,215.92 million unsecured borrowings outstanding as on December 31, 2020. The details of the individual borrowings are set out below:

1. *Commercial Papers*

Our Company has issued Commercial Paper aggregating to a total face value of ₹ 0 million as on December 31, 2020. The details of the Commercial Paper are set forth below:

S. No.	Bank	Facility Type	Date of Allotment	Maturity Date	Amount Outstanding (Million)	Repayment date / schedule
NIL						

2. *Loan from Directors and Relatives of Directors*

Our Company does not have any borrowings from directors and relatives of directors as on December 31, 2020 which are in the nature of demand loans and are unsecured.

3. *Subordinated Debts*

3.1 Public Issue

Our Company has, vide public offering, issued unsecured, redeemable, non-convertible debentures under various series of which ₹ 791.79 million is outstanding as on December 31, 2020 the details of which are set forth below:

(₹ *in Million)*

S. No.	Debenture Name / Series	ISIN	Amount Outstanding	Date of Allotment	Maturity Date	Coupon (p.a.) in %	Tenor / Period (Days)	Credit Rating
1	10% Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series V of Face Value of ₹1,000 redeemable on 07-Feb-2029 at par.	INE866I08279	307.65	February 07, 2019	February 07, 2029	10.00%	3653	CRISIL AA, [ICRA] AA & BWR AA+
2	10.50% Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series VI of Face Value of ₹1,000 redeemable on 07-Feb-2029 at par.	INE866I08295	154.48	February 07, 2019	February 07, 2029	10.50%	3653	CRISIL AA, [ICRA] AA & BWR AA+
3	10% Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series V NCD Tranche II	INE866I08303	259.25	September 06,2019	June 06,2025	10.00%	2100	ICRA AA/CRISIL AA/ BWR AA+
4	10.50% Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series VI_ NCD Tranche II	INE866I08311	57.83	September 06,2019	June 06,2025	10.50%	2100	ICRA AA/CRISIL AA/ BWR AA+
	Adjustment on account of Effective Interest Rate	-	(14.47)	-	-	-	-	-
	Adjustment on account MTM	-	0.00	-	-	-	-	-
	Interest Accrued but not due	-	27.05	-	-	-	-	-
	TOTAL		**791.79**					

3.2 Private Placement

Our Company has issued on private placement basis, unsecured, redeemable, non-convertible debentures under various series of which ₹ 9,032.34 million is cumulatively outstanding as on December 31, 2020, the details of which are set forth below:

(₹ in Million)

S. no.	Debenture Name / Series	ISIN	Amount Outstanding	Date of Allotment	Redemption Date/ Final Maturity Date	Coupon (p.a.) In %	Tenor (Days)	Credit Rating
1	12.15% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 30-Aug-2022 at par	INE866I08121	200.00	August 31, 2012	August 30, 2022	12.15%	3651	CRISIL AA & [ICRA] AA
2	12.20% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 4-Nov-2022 at par	INE866I08162	230.00	November 5, 2012	November 4, 2022	12.20%	3651	CRISIL AA & [ICRA] AA
3	12.10% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 24-May-2023 at par	INE866I08170	100.00	May 24, 2013	May 24, 2023	12.10%	3652	[ICRA] AA
4	10.75% Non-Convertible Debentures of Face value ₹1,000,000 Each Redeemable on 10-Sept-2021 at par	INE866I08220	200.00	September 11, 2015	September 10, 2021	10.75%	2191	[ICRA] AA & Brickwork AA+
5	10.50% Non-Convertible Debentures of Face	INE866I08238	150.00	September 16, 2015	September 16, 2021	10.50%	2192	[ICRA] AA & Brickwork AA+

S. no.	Debenture Name / Series	ISIN	Amount Outstanding	Date of Allotment	Redemption Date/ Final Maturity Date	Coupon (p.a.) In %	Tenor (Days)	Credit Rating
	value ₹1,000,000 Each Redeemable on 16-Sept-2021 at par							
6	8.7% Non-Convertible Debentures series N6 of Face value ₹1,000,000 Each Redeemable on 19-Nov-2027 at par	INE866I08246	1,000.00	November 21, 2017	November 19, 2027	8.70%	3650	[ICRA] AA + CARE AA
7	Unsecured Redeemable Non-Convertible Debentures IIFL MLD-2028 Face value ₹1,000,000 Each Redeemable on 25-Aug-2028 at par	INE866I08253	500.00	August 28, 2018	August 25, 2028	Market linked	3650	PPMLD [ICRA] AA
8	G-SEC LINKED Covered PPMLD SERIES G1	INE866I08329	2,170.30	October 31, 2019	October 21, 2021	Market linked	721	CRISIL PPMLD AAr (CE)
9	G-SEC LINKED Covered PPMLD SERIES G2	INE866I08337	3,685.62	November 19, 2019	November 22,2021	Market linked	734	CRISIL PPMLD AAr (CE)
	Adjustment on account of Effective Interest Rate		(71.58)					
	Interest Accrued but not due		868.00					
	Total		**9,032.34**					

3.3 Rupee Denominated Bonds

Our Company has issued rupee denominated masala bonds of face value of ₹ 10,000,000 each of which ₹ 3,391.80 million is cumulatively outstanding as on December 31, 2020, the details of which are set forth below:

S. No.	Name / Series	Principal Amount Outstanding (in ₹ million)	Date of Allotment	Redemption Date	Coupon (p.a.) in %	Tenor (Days)	Rating
1.	9.00% Rupee denominated bond of face value ₹10,000,000 Each Redeemable on June 28,2028 at par	3,250.00	June 28, 2018	June 28, 2028	9.00%	3653	NA
	Adjustment on account of EIR	**(16.71)**					
	Adjustment on account MTM	**-**					
	Interest Accrued but not due	**158.51**					
	Total	**3,391.80**					

C. DETAILS OF ANY INTER-CORPORATE LOANS, DEPOSITS AND OTHER BORROWINGS

Sr. No.	Lender's Name	Date of disbursement	Rate of Interest	Maturity date	Amount outstanding as on September 30, 2020
NIL					

D. SERVICING BEHAVIOUR ON EXISTING DEBT SECURITIES, PAYMENT OF DUE INTEREST ON DUE DATES ON FINANCING FACILITIES OR DEBT SECURITIES

In the past 5 years preceding the date of this Shelf Prospectus, there has been no delay and /or default in servicing of debt/interest or in payment of principal or interest on any financing facilities or term loan or debt security including corporate guarantee issued by the Company.

E. THE AMOUNT OF CORPORATE GUARANTEE ISSUED BY THE COMPANY ALONG WITH THE NAME OF THE COUNTER PARTY ON BEHALF OF WHOM IT HAS BEEN ISSUED

The Company has issued corporate guarantee on behalf of IIFL Home Finance Limited as on December 31, 2020, the details of which are set out below:

(₹ in Million)

Company Name / Bank Name	Nature of Facility	Amount Sanctioned	Amount Outstanding
Canara Bank	Term Loan	2,000	779.03
Karnataka Bank	Term Loan	1,000	166.10
National Housing Bank	Term Loan	18,250	11,354.18
State Bank of India	Term Loan	2,000	477.21
State Bank of India (Erstwhile State Bank of Patiala)	Term Loan	1,000	166.63
Canara Bank (Erstwhile Syndicate Bank)	Term Loan	2,000	1,333.33
Total		**26,250**	**14,276.48**

F. LIST OF TOP 10 DEBENTURE HOLDERS* (SECURED AND UNSECURED) AS ON DECEMBER 31, 2020:

(₹ in Million)

S. No.	Name	Total Value
1	CDC Group Plc	3,250
2	Life Insurance Corporation of India P & GS Fund	2,875
3	Bank of Baroda	2,500
4	Bank of India	2,000
5	Canara Bank-Mumbai	1,250
6	ICICI Prudential Life Insurance Company Limited	1,000
7	Union Bank of India	1,000
8	Indian Bank	1,000
9	State Bank of India	1,000
10	Punjab National Bank	1,000
11	RBL Bank	1,000

*The above top 10 debenture holders is as per the Beneficiary position received from the RTA as on December 31, 2020 and have adjusted for the NCDs which we have redeemed on or after 31st December 2020 but the extinguishment of the said ISINs were pending as on 31st December 2020.

G. DETAILS OF ANY OUTSTANDING BORROWINGS TAKEN/ DEBT SECURITIES ISSUED WHERE TAKEN/ ISSUED (A) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR IN PART, (B) AT A PREMIUM OR DISCOUNT, OR (C) IN PURSUANCE OF AN OPTION AS ON DECEMBER 31, 2020.

For the Point (C), our Company has issued the following NCDs having embedded option in it:

(₹ in Million)

S. No.	Particulars	Call option period	Amount Outstanding
1	9.50% Secured Rated Listed Redeemable Non-Convertible Debenture. Series I of Face Value of ₹ 1,000 redeemable on 07-May-2022 at par.	from the end of the 24th month	2,605.00
2	9.60% Secured Rated Listed Redeemable Non-Convertible Debenture. Series I of Face Value of ₹ 1,000 redeemable on 07-May-2022 at par.	from the end of the 24th month	366.39
3	Zero Coupon Secured Rated Listed Redeemable Non-Convertible Debenture. Series II - Category II, III & IV of Face Value of ₹ 1,000 redeemable on 07-May-2022 at premium.	from the end of the 24th month	439.92
4	9.75% Secured Rated Listed Redeemable Non-Convertible Debenture. Series III of Face Value of ₹ 1,000 redeemable on 07-Feb-2024 at par.	from the end of the 30th month	1,737.68
5	10.20% Secured Rated Listed Redeemable Non-Convertible Debenture. Series IV of Face Value of ₹ 1,000 redeemable on 07-Feb-2024 at par.	from the end of the 30th month	1,159.58
6	10% Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series V of Face Value of ₹ 1,000 redeemable on 07-Feb-2029 at par.	from the end of the 66th month	307.65
7	10.50% Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series VI of Face Value of ₹ 1,000 redeemable on 07-Feb-2029 at par.	from the end of the 66th month	154.48
	Total		**6770.71**

Other than the securities mentioned above, our Company has nil outstanding borrowings taken / debt securities issued where taken/issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on December 31, 2020.

H. DETAILS OF REST OF BORROWINGS IF ANY, INCLUDING HYBRID DEBT INSTRUMENTS SUCH AS FOREIGN CURRENCY CONVERTIBLE BONDS OR CONVERTIBLE DEBENTURES AND PREFERENCE SHARES AS ON DECEMBER 31, 2020

Our Company does not have any other borrowings including hybrid debt instruments, such as foreign currency convertible bonds or convertible debentures and preference shares, as on December 31, 2020.

Restrictive covenants under the financing arrangements:

The Company requires the prior written consent of lenders/debenture trustee to undertake the following actions:

(a) Change or in any way alter the capital structure.

(b) Effect any scheme of amalgamation or reconstruction.

(c) Effect any change in control of the Company

(d) Implement a new scheme of expansion or take up an allied line of business or manufacture.

(e) Declare a dividend or distribute profits after deduction of taxes, except where the instalments or principal and interest payable to the lenders in respect of the aforesaid arrangements are being paid regularly and there are no irregularities whatsoever in respect of any of the aforesaid arrangements.

(f) Enter into contractual obligations of a long-term nature or affecting the company financially to a significant extent.

(g) Permit any transfer of the controlling interest or make any drastic change in the management set-up.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS

Our Company, Directors, Promoter, Subsidiaries and our group companies are subjected to various legal proceedings from time to time, mostly arising in the ordinary course of its business. The legal proceedings are initiated by us and also by customers and other parties. These legal proceedings are primarily in the nature of (a) arbitration petitions (b) civil suits (c) criminal complaints, (d) consumer complaints, (e) tax matters and (f) petitions pending before appellate authorities. We believe that the number of proceedings in which we are involved in is not unusual for a company of our size in the context of doing business in India. Except as disclosed below, there is no outstanding litigation including, suits, criminal or civil prosecutions and taxation related proceedings against our Company, Subsidiaries, Promoters, Directors and group companies that would have a material adverse effect on our operations or financial position.

Effective from May 28, 2020, the Board of Directors of our Company has adopted policy for determination of materiality for disclosure of events or information (“**Materiality Policy**”). The Materiality Policy sets out that all pending litigation involving our Company, Promoter, Directors, Subsidiaries and group companies, other than criminal proceedings and taxation matters (which would be disclosed in a consolidated manner), would be considered ‘material’ for the purposes of disclosure in this Shelf Prospectus if: (i) the monetary amount of claim by or against the entity or person in any such pending litigation is in excess of an amount of ₹ 100 million or 1% of the net worth of our Company as on March 31, 2020 whichever is less, or (ii) any such litigation or regulatory action the outcome of which has a bearing on the business, operations, prospects or reputation of our Company, irrespective of the amount involved in such litigation.

In terms of order passed by the Hon’ble National Company Law Tribunal, bench at Mumbai dated March 7, 2019, the Company decided to give effect to the merger of India Infoline Finance with the Company effective from March 30, 2020 with appointed date as April 1, 2018 ("**Merger Scheme**"). The details of the litigation disclosed hereunder (including the party names) must be read taking into account the Merger Scheme. Further, in relation to the group companies of the Company, for the purpose of disclosures in this Shelf Prospectus, all pending proceedings whether civil, arbitral, or otherwise, of value exceeding ₹ 100 million have been identified as material litigations and have been disclosed in this section of the Shelf Prospectus.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, our Promoter, Subsidiaries or our group companies shall, unless otherwise decided by our Board of Directors, not be considered as litigation until such time that our Company, directors, Promoter, Subsidiaries and/or group companies, as the case maybe, is impleaded as a defendant in litigation proceedings before any judicial forum.

Except as disclosed below, there are no pending proceedings pertaining to:

(i) matters likely to affect operations and finances of our Company, Subsidiaries, Promoter, Directors, group companies, or any other person, whose outcome could have a material adverse effect on our Company, including disputed tax liabilities and contingent liabilities of any nature;

(ii) any default and non-payment of statutory dues;

(iii) litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against Promoters during the last five years immediately preceding the date of the issue of this Shelf Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;

(iv) any material fraud committed against our Company in the last five years;

(v) there are no failures or defaults to meet statutory dues, institutional dues and dues towards instrument holders including holders of debentures, fixed deposits and arrears on cumulative preference shares, etc., by our Company;

(vi) pending proceedings initiated against our Company for economic offences; and

(vii) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013, or any previous companies law (including where there were any prosecutions filed) and fines imposed or compounding of offences by our Company in the last five years immediately preceding the year of issue of this Shelf Prospectus against our Company and our Subsidiaries fines imposed on or compounding of offences done by our Company and our Subsidiaries in the last five years immediately preceding the year of this Shelf Prospectus.

1. Material litigations and regulatory actions involving our Company

(a) As on the date of this Shelf Prospectus, following are material litigations in our Company:

(i) Civil Litigation

By our Company

A. Company application nos.222/2019 to 227/2019 dated May 22, 2019 were filed by IIFL before the High Court, Bombay ("**Court**") against Shree Urban Infrastructure Limited to seek leave of this Hon`ble Court under Section 446 of the Companies Act, 1956 to file proceedings against the Company i.e. Shree Ram Urban Infrastructure Limited, before this Hon`ble Court thereby seeking specific performance of the Agreement for sale of the premises. The matter is currently pending.

B. IIFL ("**Petitioner**") filed a writ petition number 7508 of 2012 ("**Writ**") dated March 06, 2012 before the High Court of Bangalore ("**Bangalore High Court**") against the State of Karnataka ("**Respondent**") under Article 226 of the Constitution of India ("**Constitution**") challenging the notice dated August 17, 2011 seeking to bring the Petitioner under the provisions of the Karnataka Money Lenders Act, 1961 and the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004. The Petitioner has submitted that the said notice is illegal and unconstitutional and violative of the Reserve Bank of India Act, 1934. The matter is currently pending.

C. Company petition has been filed by India Infoline Finance Limited (Now known as IIFL Finance Ltd) bearing no C.P. (IB) No. 229/BB/2019 on May 29, 2019 before the National Company Law Tribunal **(NCLT)** at Bangalore, against M/s Unishire Regency Park, LLP under the provision of the Insolvency and Bankruptcy Code **(IBC)**, due to the alleged default in repayment of ₹152.21 million towards a construction finance facility and for the recovery of the same. The said petition was admitted vide order dated May 25, 2020 and an interim resolution professional has been appointed by the NCLT.

D. Company appeal/ application has been filed under section 60(5) of Insolvency and Bankruptcy Code (IBC) before National Company Law Tribunal (NCLT) Delhi in original application bearing No. C.P No. IB 654(PB)/2019 filed by Vishal Fabric against AVJ Developers (India) Pvt Ltd (AVJ) against Interim Professional for seeking appropriate directions against Resolution (IRP) for non-verification and admission of claim against AVJ amounting to 1340.00 million and conducting the meeting of Committee of Creditors. The said matter is pending before the Tribunal.

Against our Company

A. An application dated March 9, 2017 was filed by Shattaf Construction Company Pvt Ltd ("**Guarantor**") before the Debt Recovery Tribunal, at Mumbai ("**DRT**") against India Infoline Finance Limited praying that the possession notice dated September 27, 2019, issued by India Infoline Finance Limited in relation to the alleged default in repayment of ₹511.83 million by the Borrower, be declared null and void. The matter is currently pending.

B. Rakesh Sheth ("**Petitioner**") had filed a public interest litigation on January 21, 2019 against SEBI, the Ministry of Corporate Affairs, Serious Fraud Investigation Office and India Infoline Finance Limited before the High Court of Madras. The Petitioner had stated that India Infoline Finance Limited is set to raise ₹ 2000 crore via retail bonds and since India Infoline Finance Limited Commodities Limited (an associate company of India Infoline Finance Limited with common shareholders and common directors) is an accused in the NSEL scam case, India Infoline Finance Limited should not be allowed to access funds from the market. The matter is currently pending.

C. India Infoline Finance Limited issued a demand notice dated August 25, 2016 and the possession notice dated November 16, 2016 ("Possession Notice") under the SARFEASI Act against the Borrower, towards outstanding dues of ₹ 110.61 million in relation to a loan availed by Borrower. Mr. Ashish Agarwal, Akhil Agarwal (Borrowers) has filed an application before the Debt Recovery Tribunal DRT (Delhi) challenging the action under SARFAESI. Further, Union Bank of India ("third party") have also filed applications before the Debt Recovery Tribunal, at Delhi ("DRT") to the extent of their respective units in the project against India Infoline Finance Limited seeking the demand notice dated August 25, 2016 and the Possession Notice, be declared null and void. India Infoline Finance Limited is contesting the matter and the matter is pending before the DRT.

D. Appeal bearing Nos. 255/18, 256/18 and 257/18 filed by IIFL in the Debt Recovery Appellate Tribunal ('DRAT') against Yakati E services, Akshita, Antriksh cold storage, Sumeer Infotech Pvt Ltd, the investors in the project together with the Borrower and Builder M/s Jaipuria Buildcon, was disposed in favour of IIFL. Consequently, M/s Jaipuria Buildicon has filed three corresponding writ petitions in Delhi High Court. The matter is currently pending.

E. A writ petition dated November 12, 2018 was filed by Jaipuria Buildcon against India Infoline Finance Limited before the High Court at Allahabad under Article 226 of Constitution of India seeking order under Writ of Mandamus against India Infoline Finance Limited to set aside the notice dated August 25, 2016 and the possession notice dated November 16, 2016 ("Possession Notice"), issued by India Infoline Finance Limited be declared null and void. India Infoline Finance Limited had issued the Possession Notice in accordance with the provisions of the SARFAESI Act, for the possession and sale of the property mortgaged by Jaipuria Buildcon Private Limited ("Borrower"), due to the alleged non-repayment of ₹110.61 million in relation to a loan availed by Borrower. India Infoline Finance Limited is contesting the matter and the matter is pending before the DRT.

(ii) Criminal Litigation

By our Company

A. IIFL in the ordinary course of business, in relation to its home loan/loan against property portfolio, has lodged the first information report dated November 16, 2015 against Uttam Kr. Asrani for cheating under various sections - 420,406,463,464,467,468,471, 120B of Indian Penal Code, 1860. The matter is pending for further investigation by the concerned officers.

B. IIFL filed an appeal bearing No. 3085/2019 admitted on June 24, 2019 before the PMLA Appellate Tribunal, Delhi against the order passed by the Adjudicating Authority (PMLA Tribunal). In this matter, the Enforcement Directorate has attached the property which is mortgaged with India Infoline Finance Limited and India Infoline Finance Limited challenged the before the PMLA Appellate Tribunal. In this mater, India Infoline Finance Limited initiated SARFAESI proceedings due to the alleged non-repayment of ₹13.29 million in relation to a loan availed by the Borrower (Arvind Casting). India Infoline Finance Limited is contesting the matter and the matter is pending before the PMLA Appellate Tribunal, Delhi.

C. A complaint was filed by Praveen Murthy at the Cubbon Park Police Station, Bangalore against certain third parties namely Ramesh Mangoji & Others suspected alleging involvement in the unauthorised sale and auction of gold jewels, who were in no way connected with our Company. However, a storage room containing 63 kilograms of gold at the Bangalore gold loan office of our Company, was sealed by the police on September 6, 2014 in connection with the investigation of the said complaint. Aggrieved by the action of the police, our Company filed a writ petition dated September 30, 2014 before the Karnataka High Court requesting the court to direct the police to release the gold. During the pendency of the writ petition, the police vide its letter dated January 5, 2015 addressed to our Company, permitted the auction of the gold under the supervision of one of their investigating officers. The gold was duly auctioned. The writ petition is presently pending before the High Court of Karnataka.

Against our Company

A. Manju Rajesh ("**Complainant**") filed a criminal complaint bearing number C.M.P. No. 1479/2018 dated November, 30 2018 before the Learned Judicial Magistrate First Class, Chenganoor ("**Complaint**"), against IIFL and its director Nirmal Jain under Section 190 of the Code for Criminal Procedure, 1973 levelling charges under Section 420 and 34 of the Indian Penal Code, 1860 alleging cheating for not returning gold. IIFL and its director Nirmal Jain is contesting the said Complaint and Quashing petition bearing number 1 of 2018 under section 482 of the Cr.p.c has been filed Before the Hon'ble High Court of Kerala at Ernakulam, wherein by an interim order dated December 3, 2018, all further proceedings in the said complaint have been stayed. The Matter is pending for hearing.

B. A first information report ("**FIR**") no. 77/19 dated March 4, 2019 was lodged by Vijay Baniranka at Kothwali Police Station, Ranchi against IIFL and its employees ("**Accused**"), under Sections 420/467/468/471/409/120(B) of the Indian Penal Code, 1860, alleging inter-alia, cheating and criminal breach of trust for not returning the pledged gold. The matter is under investigation.

C. A notice of cease and desist dated February 19, 2019 ("**Notice**") was issued by Muthoot Finance Ltd to the employee of our Company. By way of the receipt of Notice our Company received knowledge of first information report no. 59/2018 dated November 11, 2018 ("**FIR**") filed with Special Cell Delhi under Section 60 of Information and Technology Act, 2000, as amended, by Muthoot Finance Ltd against the said employee. Our Company is in the process of filing quashing petition against the said FIR. As on the date of the Shelf Prospectus, the Company has not received any further notices in connection with the FIR from the concerned Police department.

(iii) Cases filed by our Company under Section 138 of the Negotiable Instruments Act, 1881

A. Our Company has filed 8628 proceedings against various borrowers under Section 138 of the Negotiable Instruments Act, 1881 and/or Section 25 of the Payment and Settlement Systems Act, 2007 for dishonour of cheques / electronic clearing system in various courts, involving an amount of approximately ₹ 3741.93million. The cases are pending before various courts at various stages of adjudication.

B. A criminal complaint proceeding has been initiated by our company in its ordinary course of business under section 138 of Negotiable Instrument act of 1881 at Mumbai and a complaint has been filed on October 06, 2019 vide criminal complaint No.5456/SS/2019 against Rajesh Habitat Pvt Ltd (RHPL) for dishonour of cheque towards the repayment of Term loan facility. The claim amount is ₹ 8.62 million. The said case is pending before the court

C. A criminal complaint proceeding has been initiated by our company in its ordinary course of business under 138 of Negotiable instrument act of 1881 and a complaint has been filed on April 02, 2019 at Jaipur, vide criminal complaint no CC/6046/2019 against VARDHMAN ROLAR FLOUR MILL PVT LTD ("VRFMPL") for dishonour of cheque towards the repayment of finance facility availed under Health Care Facility ("HCF"). The claim amount is ₹ 59 million. The cases are pending before the court for adjudication.

D. A criminal complaint proceeding has been initiated by our company in its ordinary course of business under section 138 of Negotiable Instrument act of 1881 at Jaipur and a complaint has been filed on October 09, 2018 vide criminal complaint CC No.8579/2018 against Dr. Vivek Choukse ("DVC") for dishonour of cheque towards the repayment of finance facility availed under Health Care Facility ("HCF"). The claim amount is ₹ 10.18 million. The said case is pending before the court.

E. A criminal complaint proceeding has been initiated by our company in its ordinary course of business under section 138 of Negotiable Instrument act of 1881 at Jaipur and a complaint has been filed on October 16,2018 vide criminal complaint No.11783/2018 against Advance Diagnostic & Research Centre and others ("ADRC") for dishonour of cheque towards the repayment of finance facility availed under Health Care Facility ("HCF"). The claim amount is ₹ 22.31 million. The said case is pending before the court.

F. A criminal complaint proceeding has been initiated by our company in its ordinary course of business under section 138 of Negotiable Instrument act of 1881 at Jaipur and a complaint has been filed on September 25, 2018 vide criminal complaint No.10684/2018 against Suviksha Health Care Pvt Ltd (“SHCPL”) for dishonour of cheque towards the repayment of finance facility availed under Health Care Facility (“HCF”). The claim amount is ₹ 36.29 million. The said case is pending before the court.

G. IIFL, in the ordinary course of business, in relation to its home loan/loan against property portfolio, has filed a complaint dated February 9, 2018 before the Court against Royal Heritage Builders Colonisers Infrastructure Private Limited under Section 138 of Negotiable Instrument Act, involving an amount of approximately ₹ 0.89 million. Against the said complaint, Zeeshan Ali, the director of Royal Heritage Builders Colonisers Infrastructure Private Limited has filed three petitions under Section 482 of the Code of Criminal Procedure, 1973, before the High Court of Punjab and Haryana to set aside the proceedings initiated by India Infoline Finance Limited. India Infoline Finance Limited is contesting the matter and the matter is pending the court.

(iv) Gold Loan cases

In relation to our gold loan portfolio, the Company has lodged 92 first information reports ("**FIR**") against various borrowers and other persons for offences under Sections 395, 405, 406, 409, 415, 419, 420, 441, 447, 467, 468, 471, 120(b), 156(3) and 34 of Indian Penal Code, 1860, involving a cumulative amount of ₹ 762.68million. The said FIRs are under investigation by various police stations.

(v) Legal or regulatory actions taken by statutory or regulatory authorities against our Company:

A. A direction dated July 17, 2018 was received by our Company from Pension Fund Regulatory and Development Authority (“**PFRDA**”), listing out the required actions to be complied with, in regard to pending amount of ₹0.76 million by the subscribers’ deposits with our Company as registered point of presence for National Pension Scheme as on March 31, 2018. In this regard, IIFL had initiated the required compliances and due periodical reports are being submitted to PFRDA. The compliances on the direction are under progress.

B. SEBI had issued a show-cause notice dated February 4, 2016 under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 (“SEBI Regulations”) requiring our Company to explain the steps implemented towards redressal of investors grievances. The matter was disposed of by the adjudicating officer vide an order dated August 23, 2017 pursuant to the detailed reply submitted explaining the redressal process and requesting disposal of the proceedings.

C. An investigation was launched by SEBI due to front-running alerts generated between December 2019 and August 2020 against Mr. Santosh Brijraj Singh, amongst other parties. Mr. Singh is an employee of IIFL Asset Management Limited. SEBI's investigation determined that Mr. Singh engaged in front-running by using non-public information to execute trades in various accounts in advance of the mutual funds and other large clients advised by IIFL Asset Management Limited in violation of SEBI regulations. Mr. Singh and other parties then withdrew monies from such personal accounts and profited off the front-running trades. SEBI determined that as a result of the aforementioned violations, Mr. Singh is now barred from the financial services industry and his bank accounts have been frozen. Further sanctions may be issued by SEBI at its discretion. Mr. Singh has additionally been placed on immediate suspension indefinitely by IIFL, pending formal investigation.

2. Material litigation or legal or regulatory actions involving our Promoter as on the date of this Shelf Prospectus

A. Material litigation involving our Promoter as on the date of this Shelf Prospectus

The material litigation involving promoters of the Company (being Mr. Nirmal Jain and Mr. Venkataraman Rajamani) are covered in section 3 *(Material litigations involving our Directors as on the date of this Shelf Prospectus)* of this *Outstanding Litigations* Chapter on page 210 below.

B. Legal or regulatory action pending or taken by any Ministry, Government Department or a statutory body or any direction issued by such Ministry or Department or statutory authority upon conclusion of such legal or regulatory action against our Promoter during the last five years immediately preceding the date of this Shelf Prospectus

(i) SEBI issued a show cause notice to the Promoter and Promoter Group vide its letter dated December 02, 2020 for acquisition of additional 4,54,000 shares from the open market which led to an increase in the total shareholding of the Promoter Group from 24.94% to 25.06% of the total share capital of the Company. In view of the acquisition beyond 25% without making a public announcement of an open offer, SEBI has alleged violation of Regulation 3(1) and Regulation 13 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "SAST Regulations") under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 seeking to impose monetary penalty for alleged violation. Mr. Nirmal Jain on behalf himself and other Promoter & Promoter Group on December 19, 2020 submitted the reply to SEBI stating that the charging provisions will not be attracted since the entitlement to exercise voting rights is not acquired. The matter is currently pending.

3. Material litigations involving our Directors as on the date of this Shelf Prospectus

A. Civil litigation

(i) A commercial suit admitted on January 19, 2017 was filed by Harish Thawani a client of National Spot Exchange Limited ("**NSEL**"), before the Bombay High Court ("**Court**"), against India Infoline Commodities Limited ("**IICL**") its directors and ISL, IIFL Holdings Limited (now IIFL Finance Limited), and its directors, including its key managerial personnel and employees, alleging losses, refund of brokerage, warehouse charges, damages and legal costs. IICL filed its written statement before the Court and the matter is pending for hearing. The claim is valued at ₹168.10 million.

(ii) A commercial suit dated July 19, 2016 was filed by Vishvanidhi Dalmia, a client of National Spot Exchange Limited ("**NSEL**"), before the Bombay High Court ("**Court**"), against India Infoline Commodities Limited ("**IICL**"), its directors, employees including the chairman of IIFL Holdings Limited (now IIFL Finance Limited) and NSEL, claiming (a) an amount of ₹76 million along with interest thereon at the rate of 18% per annum from August 1, 2013 to May 6, 2016 amounting to ₹37.85 million and further interest thereon on the total claim at the rate of 18% per annum from the date of filing of the suit till final realization. It was also prayed for interim/ad-interim relief (b) pending hearing and final disposal appropriate orders for injunction restraining IICL from directly or indirectly assign, selling, mortgage, creating any third party on movable and immovable assets (c) injunction restraining IICL from using ₹113.85 million without the leave of the court (d) independent audit or investigating agency like forensic audit to examine the affairs of IICL (e) order and direction to IICL to pay any amount realized from NSEL and to preserve all the records of the relevant period. The total amount involved in the matter is ₹113.85 million. IICL received the summons on September 12, 2018. The matter is yet to be admitted.

B. Criminal litigation

(i) An FIR dated February 03, 2008, was lodged by Namo Jain at Lalkurti Police Station, Meerut, against our director Nirmal Bhanwarlal Jain and two other ex-employees of IIFL Securities Limited (formerly known as India Infoline Limited) ("**Accused Persons**"), under Sections 406 and 420 of the Indian Penal Code, 1860, alleging inter-alia, cheating and criminal breach of trust by unauthorised trading in the account. The matter was investigated by the police and a charge sheet was filed before the Chief Judicial Magistrate, Meerut against all the persons named as the accused in the FIR. Subsequently, a writ petition was filed by the Accused Persons, before the Allahabad High Court, for quashing of the charge sheet. The Allahabad High Court directed the Accused Persons to file a discharge application before the Chief Judicial Magistrate, Meerut. Accordingly, a discharge application was filed by the Accused Persons. The case is presently pending before Chief Judicial Magistrate, Meerut for hearing.

(ii) A complaint dated July 12, 2011 was filed by Sushama Agarwal before Chief Judicial Magistrate, Meerut, against our director Nirmal Bhanwarlal Jain and ex-employees of ISL ("**Accused Persons**") under Sections 406, 420 and 464 of the Indian Penal Code, 1860, alleging unauthorised trading, criminal breach of trust, cheating and forgery. Pursuant to the Complaint, the Chief Judicial Magistrate, passed an order for issuance of process on July 25, 2011. The Accused Persons filed a petition before the Allahabad High Court on April 7, 2014 ("**Petition**") for quashing the aforesaid order of the Chief Judicial Magistrate. The Allahabad High Court vide its order dated April 22, 2014 admitted the Petition and stayed the proceedings before the Chief Judicial Magistrate, Meerut. The case is presently pending before the Allahabad High Court for hearing.

(iii) Anil Kumar Tibrewal lodged a first information report dated October 24, 2010 ("**FIR**") at Sunlight Colony, South East District, Delhi against our directors, Nirmal Bhanwarlal Jain and Venkataraman Rajamani for the offences of cheating, forgery and conspiracy, under Sections 420, 464 along with 120B of the Indian Penal Code, 1860. The FIR is placed before Delhi District Court, Saket, New Delhi and is currently under investigation.

(iv) A complaint dated October 18, 2013 was filed by Gouri Manjunath Jonniya before Chief Judicial Magistrate, Nagpur, against our directors Nirmal Bhanwarlal Jain and Venkataraman Rajamani ("**Accused Persons**"), for offence of, *inter alia*, cheating, forgery, criminal breach of trust and misuse of her insurance license under Sections 406, 420 and 464 of the Indian Penal Code, 1860. The Chief Judicial Magistrate, Nagpur passed an order of issuance of process on January 31, 2014. Aggrieved by the order of the Chief Judicial Magistrate, Nagpur, the Accused Persons filed a revision application before the Sessions Court, Nagpur on April 4, 2014 for quashing and setting aside the order of issuance of process. The Sessions Court, Nagpur vide its order dated June 6, 2014 admitted the revision application and stayed the proceedings before the Chief Judicial Magistrate, Nagpur. The case is presently pending before the Sessions Court, Nagpur for hearing.

(v) A complaint was received by ISL on December 9, 2012 filed by Arunava Patra before the Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal, against our directors Nirmal Bhanwarlal Jain, Venkataraman Rajamani and Nilesh Vikamsey ("**Accused Persons**") under Sections 406 and 120B of the Indian Penal Code, 1860, alleging inter-alia, forgery and criminal conspiracy and certain offences under the Companies Act, 1956. Pursuant to the complaint, the Court passed an order for issuance of process on June 16, 2014. The Accused Persons filed a writ petition dated April 10, 2015 before the Calcutta High Court for quashing of the proceedings before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal. The Calcutta High Court passed an order and the certified copy of the order was received by us on June 18, 2015 staying the proceedings before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal. The matter is presently pending before the Calcutta High Court for further hearing.

(vi) A first information report dated October 10, 2015 was lodged by Dalip Kumar Garg at Vasant Vihar Police Station, Delhi against IICL and Nirmal Jain and others, under Sections 406, 420 and 120B of the Indian Penal Code, 1860, alleging inter-alia, unauthorised trading, cheating, forgery and criminal breach of trust. The matter is presently being investigated by the police. An application was filed before the Sessions Court for grant of anticipatory bail and the same was granted by the court ("**Order**"). The matter is currently pending.

(vii) A first information report ("FIR") no. 629/19 dated November 1, 2019 was lodged by Manoj R Kumar ("Complainant") before Hariparvat Police Station, Agra against India Infoline Finance Limited, Chairman Nirmal Bhanwarlal Jain and MD of ARCIL under Sections 420, 120B and 506 of Indian Penal Code 1860, alleging inter alia, unfair trade practice opted by both Company. The signing of terms of settlement is currently pending.

(viii) Manju Rajesh ("Complainant") filed a criminal complaint bearing number C.M.P. No. 1479/2018 dated November, 30 2018 before the Learned Judicial Magistrate First Class, Chenganoor ("Complaint"), against IIFL and its director Nirmal Jain under Section 190 of the Code for Criminal Procedure, 1973 levelling charges under Section 420 and 34 of the Indian Penal Code, 1860 alleging cheating for not returning gold. IIFL and its director Nirmal Jain is contesting the said Complaint and Quashing petition bearing number 1 of 2018 under section 482 of the Cr.P.C. has been filed Before the Hon'ble High Court of Kerala at Ernakulam, wherein by an interim order dated December 3, 2018, all further proceedings in the said complaint have been stayed. The matter is currently pending for hearing.

(ix) A first information report (FIR) no. 0143 dated August 02, 2019 was filed by Vinay Jain (Complainant) before economic offences wing, Delhi against Nirmal Bhanwarlal Jain, Venkataraman Rajamani and other persons (Accused) under Sections 420,465,468,471,120B of the Indian Penal Code, 1860. The matter is under investigation.

4. Litigation involving Subsidiaries

(a) IIFL Home Finance Limited ("IIHFL") (Formerly India Infoline Housing Finance Limited)

(i) Civil proceedings by IIHFL

1. IIHFL has initiated 2 arbitration proceeding before a sole arbitrator at Delhi, against Yamuna Reality Pvt. Ltd. **(YRPL)** under the provisions of the Arbitration and Conciliation Act, 1996, in relation to recovery of ₹ 112.83 million advanced towards its home loan/loan against property portfolio to YRPL. The arbitration proceeding is presently under adjudication before the sole arbitrator.

2. An arbitration proceeding was initiated by our Company on November 01, 2019 before a sole arbitrator at Delhi, against Rupin Hemant Banker **(RHB)** under the provisions of the Arbitration and Conciliation Act, 1996, in relation to recovery of ₹ 106.83 million advanced towards its home loan/loan against property portfolio to RHB. The arbitration proceeding is presently under adjudication before the sole arbitrator.

(ii) Civil proceedings against IIHFL

1. An application dated June 10, 2019 was filed by Corporation Bank (the "Third Party") before the Debt Recovery Tribunal II, at Delhi ("DRT") against IIHFL and Elegant Infracon Private Limited ("Borrower") seeking to create security interest on the units funded by Corporation Bank. The Corporation Bank funded seven units, out of which five were sold and two remained unsold, whereas the entire project was funded by IIHFL. In this matter, IIHFL has initiated SARFAESI proceedings due to non-repayment of ₹ 105.58 million in relation to a loan availed by the Borrower. IIHFL is contesting the matter and the matter is pending before the DRT.

2. An application dated May 15, 2019 was filed by Yamuna Reality Pvt. Limited ("Borrower") before the Debt Recovery Tribunal, Mumbai ("DRT") against IIHFL seeking that to set aside the SARFAESI Proceeding. In this matter, IIFL has initiated SARFAESI proceeding due to the alleged non-repayment of ₹112.83 million in relation to a loan availed by Borrower. IIHFL is contesting the matter and the matter is pending before the DRT.

3. A writ petition dated June 24, 2019 was filed by Keshri Devi Sahu against IIHFL and District Magistrate and claimed to return back the goods which was in the mortgaged property at the time of execution of the order passed by Deputy Magistrate, Raipur under Section 14 of SARFAESI Act. The matter is pending before the Court.

(iii) Criminal proceedings against IIHFL

1. An FIR dated November 16, 2015 was registered by Ramesh Janjani at the Adarsh Nagar Ajmer Police Station under Section 384,409 & 420 of Indian Penal Code (IPC) against the employees of IIHFL for the offence of, inter alia, cheating and criminal breach of trust. The FIR is presently being investigated by the police.

2. An FIR dated December 12, 2017 was registered by Geeta Gangi at the Ameenpor, Sangareddy Police Station under Section 509 of Indian Penal Code (IPC) against the employees of IIHFL for the offence of, inter alia, cheating and criminal breach of trust. The FIR is presently being investigated by the police.

3. An FIR dated June 18, 2019 was registered by Devender Kumar at the Faridabad Kotwali Police Station under Section 120B, 406, 419, 420, 467. 468 and 471 of Indian Penal Code (IPC) against unknown person and IIHFL alleging that fraud committed against him. The FIR is presently being investigated by the police.

(iv) Criminal proceedings by IIHFL

1. IIHFL, in relation to its mortgage loan portfolio, has filed 5 Section 156(3) applications under Criminal Procedure Code, 1973 filed against the Borrowers, for cheating and criminal breach of trust under Sections 420 and 406 of the Indian Penal Code, 1860. The aggregate of claim amounts filed by IIHFL is approximately ₹165.10 million. The matters are pending before the different Courts for adjudication.

2. A first information report dated February 15, 2017 was lodged by IIHFL at the Navrangpura Police Station, Ahmedabad, against Mihir Desai and other co-borrowers ("Accused") alleging inter alia, cheating and criminal breach of trust under Sections 420 and 406 of the Indian Penal Code, 1860. It was alleged that the Accused had conspired to cause a loss to IIHFL by creating a subsequent mortgage and making a transfer of title and possession of the mortgage property to third parties despite the subsistence of an existing mortgage on the property in favour of IIHFL. Subsequently, IIHFL filed an appeal before City Civil and Session Court and prayed cancellation of bail given by Ld. Court below. The matter is pending investigation and IIHFL contesting the matter.

3. A first information report dated April 6, 2016 was filed by IIHFL at the Ashok Nagar Police Station, Bengaluru, against Tanveer Pasha and other co-borrowers ("Accused") alleging, inter alia, cheating and criminal breach of trust under Sections 420 and 406 of the Indian Penal Code, 1860. It was alleged that the Accused had conspired with certain builders to cause a loss to IIHFL by way of wrongfully inducing IIHFL to disburse a loan in their favour. The claim involved in the matter is ₹11. 75 million. The matter is pending investigation.

4. A first information report dated September 10, 2015 was lodged by IIHFL at the Vidhayak Puri, Police Station, Jaipur against Prem Chand Sharma and other co-borrowers ("Accused") alleging inter alia, cheating and criminal breach of trust under Sections 420 and 406 of the Indian Penal Code, 1860. It was alleged that the Accused had conspired to cause a loss to IIHFL by transferring the title and possession of the mortgage property to third parties, despite the subsistence of an existing mortgage on the property, in favour of IIHFL. The matter is pending investigation.

5. A first information report dated November 8, 2016 ("FIR") was registered by IIHFL at the Kalyan Police Station, District Thane, Mumbai under Section 467, 420, 468, 120(B) of the Indian Penal Code, 1860 against Anand Rajaram Yadav and other co-borrowers ("Accused"), alleging inter alia, cheating and criminal breach of trust. It was alleged that the Accused had conspired to cause a loss to IIHFL by raising funds on the same property from different lenders multiple times. The matter is pending investigation.

6. A first information report dated May 21, 2019 and October 16, 2018 ("FIR") was registered by IIHFL at the Malad Police Station, District Mumbai under Sections 448,427 and 34 of the Indian Penal Code, 1860 against Subir Chakrabourty and other co-borrowers and also at the Jahangirabad Police Station under Section 448 of the Indian Penal Code, 1860 , against Ramesh Bachhani ("Accused"), alleging inter alia, trespassing and damaging the mortgaged property. It was alleged that the Accused had conspired to cause a loss to IIHFL. The matter is pending investigation.

7. A first information report dated October, 2019 ("FIR") was registered by IIHFL at Kanpur Nagar (Kotwali) Police Station under Section 120B, 504, 420 and 406 of the Indian Penal Code, 1860 against Rajveer Singh Bhaduria ("Accused"), alleging inter alia, cheating and criminal breach of trust. It was alleged that the Accused had conspired to cause a loss to IIHFL by not depositing the original title deed to IIHFL. Matter is pending for adjudication

8. A first information report dated October, 2019 ("FIR") was registered by Udyog Vihar Police Station on September 7, 2019 under Section 420 and 120B of the Indian Penal Code, 1860 after getting direction from Judicial Magistrate, Gurgaon against Dwarkadheesh Project Private Limited and also

against 6 customers of IIHFL who had conspired to cause loss to IIHFL. Matter is pending for adjudication.

9. A first information report ("FIR") no. 266/20 dated June 11, 2020 was lodged by IIHFL ("Complainant") before Para Police Station, Lucknow against Ankit Gupta, Santosh Kumar (Borrower) and Mewati, under Sections 419, 420, 467, 468, 471 of the Indian Penal Code, 1860, alleging inter alia, cheating and criminal breach of trust against India Infoline Home Finance Limited The matter is currently under investigation.

Cases filed by IIHFL under Section 138 of the Negotiable Instruments Act, 1881

1. India Infoline Home Finance Limited has filed 18669 proceedings against various borrowers under Section 138 of the Negotiable Instruments Act, 1881 and Section 25 of Payment and Settlement System Act, 2007, for dishonour of cheques/ electronic clearance service/ automated clearing house in Judicial Magistrate, Gurgaon. The aggregate of claim amounts filed by India Infoline Housing Finance Limited is approximately ₹ 5,922.65 million.. The matters are pending before the courts at various stages of adjudication.

2. There are Section 138 of NI Act and section 25 of Payment and Settlement Act filed against borrowers and order passed by the JM Courts against the borrowers namely Vijay Pratap Singh, Indrasis Sinha. Subsequently, these borrowers filed Criminal revisions before Punjab & Haryana High Court at Chandigarh for transferring the matters from Faridabad to Gurgarm and the petitions are pending for adjudication.

3. There are Section 138 of NI Act and section 25 of Payment and Settlement Act filed against borrower M/s Orbit Food and order passed by the JM Courts against M/s Orbit Food. Subsequently, borrower filed a criminal revision before Punjab & Haryana High Court at Chandigarh against the said order and the petitions are pending for adjudication.

4. There are Section 138 of NI Act and section 25 of Payment and Settlement Act filed against borrower James Paskal Desilva and order passed by the JM Courts against James Paskal Desilva. Subsequently, borrower filed 8 Criminal revisions before District Judge at Gurgaon to set aside PO order and also to give permission to operate his Bank Account, the petitions are pending for adjudication.

5. There are 25 proceedings filed by IIHFL under section 138 of NI Act and section 25 of Payment and Settlement Act against Kajal Gupta. Against the proceedings, Kajal Gupta, owner of Shri Venkateshwar Enterprises ("Borrower") has filed a Transfer Petition dated April 1, 2018 before the High Court at Chandigarh to transfer all the pending proceedings, which were initiated under dishonor of instrument under Section 138 of the Negotiable Instrument Act, 1881 and/or Section 25 of the Payment and Settlement Systems Act, 2007. These cases were initiated by IIHFL due to non-payment of ₹24.25 million by the Borrower. IIHFL is contesting the matter and the matter is pending before the Court.

6. IIHFL, in the ordinary course of business, in relation to its home loan/loan against property portfolio, has filed various Criminal complaints under section 138 of NI Act before Judicial Magistrate, Gurgaon against Yamuna Reality Pvt Ltd. Yamuna Pvt Reality Limited has filed Two nos. of quashing petition under Section 482 of the Code of Criminal Procedure, 1973, against the said Complaint before the High Court of Punjab and Haryana to set aside the proceedings initiated by IIHFL. IIHFL is contesting the matter and the matter is pending the court.

(b) Samasta Microfinance Limited (Samasta)

Criminal Proceedings by Samasta

A complaint dated December 11, 2013 was filed by Ayusha Dairy Private Limited ("Complainant/Amalgamated with Samasta") before the Judicial Magistrate, Coimbatore against Sabari Dairy Private Limited ("Accused") under the Section 138 of the Negotiable Instruments Act, 1881 for dishonor of cheques. The claim amount involved is ₹2.5 million. The Judicial Magistrate, Coimbatore, directed the case to be transferred to Judicial Magistrate, Udumalpet, as the cheques which were dishonored were initially presented at Udumalpet. The parties mutually agreed that the Accused will pay ₹2.30 million to Ayusha Dairy Private Limited, however Ayusha Dairy Private Limited has only received ₹1.08 until the date of this Letter of Offer. The matter is pending before the Judicial Magistrate, Udumalpet for hearing.

5. Litigation involving group companies

(a) IIFL Commodities Limited ("IICL") (Formerly India Infoline Commodities Limited)

(i) Civil Proceedings against IICL

1) A commercial suit admitted on January 19, 2017 was filed by Harish Thawani, a client of National Spot Exchange Limited ("**NSEL**"), before the Bombay High Court ("**Court**"), against India Infoline Commodities Limited ("**IICL**") its directors and ISL, IIFL Holdings Limited (now IIFL Finance Limited), and its directors, including its key managerial personnel and employees, alleging losses, refund of brokerage, warehouse charges, damages and legal costs. IICL filed its written statement before the Court and the matter is pending for hearing. The claim is valued at ₹168.10 million.

2) A commercial suit dated July 19, 2016 was filed by Vishvanidhi Dalmia ("**Plaintiff**"), a client of National Spot Exchange Limited ("**NSEL**"), before the Bombay High Court ("**Court**"), against IICL, its directors, employees including the chairman of IIFL Holdings Limited (now IIFL Finance Limited) and NSEL, claiming an amount of ₹76 million along with interest thereon at the rate of 18% per annum from August 1, 2013 to May 6, 2016 amounting to ₹37.85 million and further interest thereon on the total claim at the rate of 18% per annum from the date of filing of the suit till final realization. The Plaintiff also prayed for interim/ad-interim relief pending hearing and final disposal of the suit (a) restraining IICL from directly or indirectly assigning, selling, mortgaging, creating any third party on its movable and immovable assets, (b) restraining IICL from using ₹113.85 million without the leave of the Court (c) conducting independent / forensic audit through an investigating agency to examine the affairs of IICL (d) IICL to pay any amount realized from NSEL and (e) to preserve all the records of the relevant period. The total amount involved in the matter is ₹ 113.85 million. IICL received the summons on September 12, 2018. The matter is yet to be admitted by the Court.

(ii) Criminal Proceedings against IICL

A. A complaint dated September 30, 2013 ("**Complaint**") was lodged by Pankaj Saraf, an investor in National Spot Exchange Limited ("**NSEL**"), at the MRA Marg Police Station Mumbai against NSEL and other brokers, including IICL, alleging inter-alia, criminal conspiracy, fraud and criminal breach of trust, under Sections 406, 420 and 120B of the Indian Penal Code, 1860. Basis the Complaint, the economic offences wing Mumbai ("**EOW**"), lodged a first information report against the Accused ("**FIR**"). IICL provided all the required details and documents and also personally appeared before the EOW and clarified its position in the matter. In connection with the FIR, one of the directors of IICL, Chintan Modi, was arrested by EOW in March, 2015 and was subsequently released on bail by the court established under Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999. EOW has filed chargesheet against 63 individuals and companies, including IICL. Mr. Chintan Modi, Director was served with Summons. As directed, Mr. Chintan Modi appeared before the MPID court on April 26, 2019 when his presence was marked and a copy of the Charge sheet was handed over by the Court. The matter is pending for hearing.

B. A first information report dated October 24, 2010 ("**FIR**") was registered by Anil Kumar Tibrewal at Sunlight Colony, South East District, Delhi against IICL for the offences of cheating, forgery and conspiracy under Sections 420, 464 along with 120B of the Indian Penal Code, 1860. The FIR is placed before Delhi District Court, Saket, New Delhi, and is currently under investigation.

C. A show cause notice dated January 6, 2017 was received by IICL from the Serious Fraud Investigation Office ("**SFIO**"), Mumbai, seeking various details and documents with respect to certain transactions which IICL carried out in National Spot Exchange Limited ("**NSEL**"). A detailed reply dated January 30, 2017 was submitted with the SFIO, along with all the supporting documents. Further, SFIO issued a notice dated February 24, 2017, addressed to the directors of the IICL for personal appearance before the additional director, SFIO. Chintan Modi, one of the directors of IICL, appeared and provided the requisite details, clarifications and documents as sought by the SFIO. No further communication was received from SFIO.

D. A summons ("**Summons**") was received by IICL from the Enforcement Directorate ("**ED**") in relation to the on-going probe in matter concerning NSEL. The matter relates to NSEL default in payouts to its clients in the year 2013 where IICL was the member of National Spot Exchange Limited ("**NSEL**") in the relevant period. The Summons sought personal appearance of the directors of IICL, on July 16, 2016 before the ED. Prasanth Prabhakaran and Chintan Modi, directors of IICL, appeared before the ED and provided the necessary explanation and details, as sought by the ED. Further, the ED sought certain additional details and documents from IICL and the same were duly submitted to the ED. Fresh summons dated May 7, 2019 were received from the ED seeking certain details and also the personal appearance of the director, Mr. Chintan Modi on May 15, 2019. Mr. Chintan Modi appeared before the ED on May 15, 2019 and submitted the required details and documents. No further communication has been received from ED.

E. A first information report dated July 7, 2015 ("**FIR**") was lodged by Sumita Kalra at the Moti Nagar Police Station, Delhi against IICL, under Sections 406 and 464 of the Indian Penal Code, 1860, alleging inter-alia, unauthorised trading, forgery and criminal breach of trust. The FIR is being investigated by the police.

F. A first information report dated October 10, 2015 was lodged by Dalip Kumar Garg at Vasant Vihar Police Station, Delhi against IICL and Nirmal Jain and others, under Sections 406, 420 and 120B of the Indian Penal Code, 1860, alleging inter-alia, unauthorised trading, cheating, forgery and criminal breach of trust. The matter is presently being investigated by the police. An application was filed before the Sessions Court for grant of anticipatory bail and the same was granted by the court ("**Order**"). Against the Order, the complainant has preferred an appeal before the Delhi High Court and matter is pending at the stage of issuance of notice.

(iii) Other material pending litigation

A demand notice dated September 1, 2014 was received by IICL from the Rajasthan Stamp Office, demanding payment of stamp duty, for the period commencing from September 2007 to March 2012 in relation to the trades carried out by IICL's clients ("**Clients**"), residing in the state of Rajasthan. IICL, vide its reply dated June 21, 2015, stated that the stamp duty with respect to the trades, was paid to state of Maharashtra until 2011, as the central office of IICL was located in Mumbai. Subsequently, the central office was shifted to the state of Tamil Nadu wherein no stamp duty was levied. Hence, the same was not levied and collected from the Client. The contract notes for the above period were issued to the Clients from both, the Mumbai and Chennai offices. Aggrieved by the demand notice, IICL filed a writ petition dated December 30, 2015 before Rajasthan High Court, requesting it to quash the demand notice. The matter has not been listed and is pending.

(iv) Pending actions by statutory or regulatory authorities against IICL

1. A show-cause notice dated October 28, 2016 was received by IICL from designated authority, SEBI ("**DA SEBI**"), under Regulation 25(1) of the SEBI (Intermediaries) Regulations, 2008 and SEBI (Stock Brokers) Regulations, 1992 in the matter of National Spot Exchange Limited payout default. A detailed reply was filed by IICL, along with supporting documents on November 25, 2016. Subsequently, IICL received a fresh show because notice dated April 25, 2017, from DA SEBI under Regulation 28(1) r/w Regulation 7(2) of the SEBI (Intermediaries) Regulations, 2008, along with a copy of the enquiry report, seeking IICL's reply and clarification. IICL sought inspection of the documents and appeared in personal hearings held on January 24, 2018 and February 7, 2018 before the whole-time member, SEBI ("**WTM SEBI**"). Further, subject to receipt of pending documents sought for inspection, IICL submitted its detailed reply along with all the supporting documents with WTM SEBI on June 18, 2018. WTM SEBI passed an interim order dated August 30, 2018 in this matter ("**WTM Order**") and directed IICL to submit any additional written submissions within 2 weeks from the date of order and appear for personal hearing on September 27, 2018 before WTM SEBI. Pending hearing before WTM SEBI, IICL vide its letter dated September 17, 2018 applied for withdrawal of its application for registration with the stock exchanges as well as SEBI. SEBI vide its letter dated September 4, 2018 and the stock exchanges vide their emails informed IICL that pending enquiry/SCN, the application for withdrawal of the registration application cannot be

entertained. IICL preferred a writ petition before the Bombay High Court against the said letter dated September 4, 2018 issued by SEBI and the WTM Order. The Writ Petition was rejected by the High Court vide its order dated October 4, 2018. Subsequent thereto, the matter was heard by WTM SEBI on October 11, 2018 and October 24, 2018 whereat written and oral submissions were made by IICL. IICL has filed additional written submissions with the WTM SEBI on November 6, 2018. IICL has filed the consent application before SEBI on December 31, 2018. IICL received the second show because notice dated December 27, 2018 from SEBI. IICL submitted its reply alongwith all the supporting documents with SEBI vide its letter dated January 23, 2019. IICL filed a consent application with SEBI on December 31, 2018 under the SEBI (Settlement of Administrative & Civil Proceedings) Regulation 2017. The said Application was returned by SEBI. Further, SEBI vide its order dated February 22, 2019, has declared IICL as "not a fit and proper person" to hold directly or indirectly, the certificate of registration as a commodity derivatives broker and has rejected the application dated December 23, 2015 filed by IICL for registration as commodity derivatives Broker. IICL has preferred an appeal against the said Order before Securities Appellate Tribunal on April 11, 2019 and SEBI filed its reply to the appeal and a rejoinder was thereafter filed by IIFL Commodities Limited on 14 October 2019. On 20 June 2019, an Intervening Application was filed by NSEL before SAT and the same was admitted by SAT on 11 November 2019. NSEL had also filed an appeal before SAT, inter-alia praying for expunging certain remarks made by SEBI against NSEL, in the aforesaid SEBI order against the brokers. The tribunal after hearing NSEL and the Brokers dismissed the said appeal filed by NSEL. NSEL preferred an appeal before the Supreme Court challenging the SAT Order and the Supreme Court directed an issue of notice to the respondents and stayed further proceedings in the cross appeals pending before the SAT. IIFL Commodities Limited filed its affidavit in reply and the matter is pending before the Supreme Court. The appeal is scheduled for hearing on March 23, 2021.

2. Multi Commodity Exchange ("**MCX**") vide its letter dated April 12, 2018, alleged violation of exchange bye-laws and business rules on account of alleged discrepancies in reporting to be made to MCX for the F.Y. 2014-15 and levied a penalty of ₹ 33.00 million. IICL challenged the penalty levied by MCX before Securities Appellate Tribunal ("**SAT**") by way of an appeal dated May 11, 2018 ("**Appeal**"). The MCX has filed its reply and IICL has submitted its rejoinder. Matter is currently pending for hearing.

3. Multi Commodity Exchange ("**MCX**") vide its letter dated April 12, 2018 has alleged violation of exchange bye-laws and business rules on account of alleged discrepancies in the reporting to MCX for the F.Y. 2015-16 and has levied a penalty of ₹ 11.92 million. IICL has challenged the penalty levied by MCX before Securities Appellate Tribunal ("**SAT**") by way of an appeal dated May 11, 2018 ("**Appeal**"). The MCX has filed its reply and IICL has submitted its rejoinder. Matter is currently pending for hearing.

4. Multi Commodity Exchange ("**MCX**") vide its letter dated October 23, 2019 has alleged violation of exchange bye-laws and business rules on account of alleged discrepancies in the reporting to MCX for the F.Y. 2016-17 and has levied a penalty of ₹ 6.23 million. IICL has challenged the penalty levied by MCX before Securities Appellate Tribunal ("**SAT**") by way of an appeal dated December 09,2019 ("**Appeal**"). Matter is currently pending for hearing.

5. Multi Commodity Exchange ("**MCX**") vide its letter dated October 24, 2019 has alleged violation of exchange bye-laws and business rules on account of alleged discrepancies in the reporting to MCX for the F.Y. 2017-18 and has levied a penalty of ₹ 0.69 million. IICL has challenged the penalty levied by MCX before Securities Appellate Tribunal ("**SAT**") by way of an appeal dated December 09,2019 ("**Appeal**"). Matter is currently pending for hearing.

(b) IIFL Securities Limited ("ISL") (Formerly India Infoline Limited)

(i) Civil Proceedings against ISL

1) An arbitration application dated August 25, 2015 was filed by Central Business Services Limited ("**CBSL**") along with Jain Industrial & Commercial Services Private Limited ("**JICSL**") (collectively, "**Claimants**") before a private arbitration tribunal ("**Tribunal**") against ISL. A consolidated statement of claim ("**Claims**") for an amount of ₹260 million along with interest thereon was filed before the Tribunal. A statement of defense was filed by ISL along with

preliminary objections on the maintainability of the claim filed by JICSL and on the clubbing of Claims filed by the Claimants. The Tribunal dismissed the preliminary objections filed by ISL. The Claimants filed a rejoinder and an affidavit of evidence. The pleadings in the matter are completed. The hearing of the matter concluded on March 26, 2018 and the claim is valued at approximately ₹260 million. An award dated October 3, 2018 ("**Award**") was received partly in favour of ISL and partly in favour of CBSL. ISL is in the process of filing of an execution petition in respect of the net receivable of ₹3.2 million and application for the return of the amount held in escrow. CBSL has filed an Arbitration Application u/s 34 of the Arbitration Act before the High Court, Kolkata challenging the Award. ISL is in the process of filing its reply. The matter is currently pending.'

(ii) Civil proceedings by ISL

1) An application u/s section 9 of the Arbitration Act dated February 13, 2019 was filed by ISL before the High Court, Mumbai ("Court") against Harshad Thakkar, claiming an amount of ₹30,29,49,793 for defaulting in the payment of outstanding dues. The Court was pleased to allow the application and issued an interim order. The Court issued an order of injunction on the pledged shares and also attachment order on all the properties disclosed in income tax returns. The Court has directed issue of notice to the respondent and publication of notice. The matter is currently pending.

(iii) Criminal proceedings against ISL

1) A summons received by ISL on November 24, 2008 ("**Complaint**") was filed by GHCL Employees Stock Option Trust ("**GHCL ESOP Trust**") under the Indian Penal Code, 1860, before the Court of Additional Chief Judicial Magistrate, Patiala House Court, New Delhi ("**Lower Court**") against ISL. The trustees of the GHCL ESOP Trust had opened a dematerialized account with ISL and continued purchasing shares through the dematerialized account. By its letter dated April 30, 2008, ISL informed the GHCL ESOP Trust of its outstanding debit of ₹104.80 million and the existence of lien on the 2,046,195 shares purchased by it. In its response, GHCL ESOP Trust: (a) claimed that ₹ 104.80 million had been duly paid by it, and later it had noted that the correct amount, as reflected in its statement of account was ₹102.28 million; and (b) alleged that ISL instead of refunding the difference amount of ₹2.52 million asked the GHCL ESOP Trust to clear the debits of five companies, and on failing to do so, ISL sold 876,668 shares belonging to the GHCL ESOP Trust illegally and without any authorization. A summons order dated September 27, 2008 ("**summons order**") was passed by the Lower Court, summoning ISL to face trial for the offences under the provisions of the Indian Penal Code, 1860. ISL filed a petition in the Delhi High Court ("**Petition**") on March 22, 2009 challenging the Summons order. The Delhi High Court by its order dated December 14, 2009 quashed and set aside the Complaint and the summons order as against ISL. GHCL ESOP Trust filed an Appeal before the Supreme Court against the order of the Delhi High Court on March 11, 2010. By its order dated March 22, 2013, the Supreme Court confirmed the order of the Delhi High Court and held that no offence of cheating is made out against ISL and the matter is presently pending before the Lower Court against ISL.

2) A complaint dated July 12, 2011 was filed by Sushama Agarwal before Chief Judicial Magistrate, Meerut, against ISL under Sections 406, 420 and 464 of the Indian Penal Code, 1860, alleging unauthorised trading, criminal breach of trust, cheating and forgery. Pursuant to the complaint, the Court, passed an order for issuance of process on July 25, 2011. ISL filed a Petition before the Allahabad High Court on April 7, 2014 ("**petition**") for quashing the order of the Court. The petition was admitted and the Allahabad High Court vide its order dated April 22, 2014 stayed the proceedings before the Chief Judicial Magistrate, Meerut. The case is presently pending before the Allahabad High Court for hearing.

3) A first information report dated October 12, 2012 ("**FIR**") was lodged by Mohinder Singh ("**Complainant**") at the Moti Nagar Police Station, New Delhi against ISL under Sections 420 and 120B of the Indian Penal Code, 1860, alleging unauthorised trading and cheating. A notice was received from the police directing ISL to provide the details of the transactions of the Complainant along with the supporting documents. The same has been provided by the Complainant. No further communication received from the police.

4) A first information report bearing number 76/2015 ("**FIR**") was lodged by Mohit Gujral ("**Complainant**") at the Economic Offences Wing ("**EOW**"), New Delhi against ISL under Sections

405, 120B, 420 and 120B of the Indian Penal Code, 1860, alleging unauthorised trading, cheating and criminal breach of trust. A notice was received from the EOW to provide the details of the transactions of the Complainant along with the supporting documents. The same has been provided by the Complainant. No further communication received from the EOW.

5) A first information report dated March 19, 2014 was lodged by Devender Mohan Singh Negi ("**Complainant**") at the Moti Nagar Police Station, New Delhi, against ISL, under Sections 420, 468, 471, 406, 34 and 120B of the Indian Penal Code, 1860, alleging unauthorised trading and cheating, forgery and criminal breach of trust. The notice received from the police directing ISL to provide the details of the transactions of the Complainant along with the supporting documents and the same has been provided by ISL. No further communication received from the police.

6) A first information report dated May 20, 2014 ("**FIR**") was lodged by Renu Jain ("**Complainant**") at the Moti Nagar Police Station, New Delhi, against ISL under Sections 406, 420 and 468 of the Indian Penal Code, 1860 for unauthorised trading and cheating, forgery and criminal breach of trust. The notice received from the police in respect of the FIR directing ISL to provide the details of the transactions of the Complainant along with the supporting documents and the same has been provided. No further communication received from the police.

7) A Complaint received by ISL on December 9, 2012 was filed by Arunava Patra before the Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal, against IIFL, ISL, its directors Nirmal Bhanwarlal Jain, Venkataraman Rajamani and others under Sections 406 and 120B of the Indian Penal Code, 1860, alleging inter-alia, forgery and criminal conspiracy and certain offences under the Companies Act, 1956. Pursuant to the complaint, the Court passed an order for issuance of process on June 16, 2014. ISL filed a writ petition dated April 10, 2015 ("Petition") before the Calcutta High Court for quashing of the proceedings before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal. The Calcutta High Court passed an order and the certified copy of the order was received by us on June 18, 2015 staying the proceedings before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal. The matter is presently pending before the Calcutta High Court for further hearing

8) A complaint dated November 23, 2011 was filed by Seema Bulsara ("**Complainant**") with the Economic Offence Wing ("**EOW**"), Mumbai, and the first information report was lodged against Mukti Laheri and 'unknown officials' of ISL, alleging unauthorized trading. A charge sheet was filed by the EOW, Mumbai before the 19th Court, Esplanade, Mumbai against Mukti Laheri and Manish Kumar, an ex-employee of ISL. Further, a supplementary charge sheet ("**Supplementary Charge Sheet**") was filed by EOW, Mumbai against ISL on April 17, 2015. The matter is presently pending before the 19th Court, Esplanade, Mumbai for hearing and for taking on record the Supplementary Charge Sheet.

9) A criminal complaint dated May 25, 2013 was filed by Ravindra Kumar Thakur before Chief Judicial Magistrate, Bhagalpur, Bihar against ISL and others, alleging, inter alia, criminal breach of trust, cheating and forgery under sections 406, 417, 420, 467, 468 & 471 of Indian Penal Code, 1860. A summons dated May 04, 2019 was received by ISL on May 08, 2019. The matter is currently pending.

(iv) Criminal proceedings by ISL

1) A complaint dated March 7, 2008 was filed by ISL before the Metropolitan Magistrate's Court, Tis Hazari, Delhi, against Kuldeep Singh and Surender Kumar, Ex-employees, for theft and criminal conspiracy under sections 120A and 379 of Indian Penal Code, 1860. The matter is presently pending for hearing before the said court.

2) A complaint dated February 25, 2013 was filed by ISL before Chief Judicial Magistrate Court, Pune against Devdutt Musale a former employee of ISL, for, the offences of criminal breach of trust, cheating and forgery. The matter is presently pending for evidence.

3) A criminal revision dated December 22, 2016 was filed by ISL before the District and Sessions Court, Hisar, against Tarun Malhotra for restoration of the complaint filed by ISL for offence of,

cheating, criminal breach of trust and also for offences punishable under the provisions of the Information Technology Act, 2000. The matter is presently pending for hearing.

4) A complaint dated November 2, 2007 was filed by ISL before the Metropolitan Magistrate Court, Ahmedabad against Ragvendra Singh (former employee), Harsh Dinesh Kaushik (former employee) for offences of, cheating and criminal breach of trust for carrying out unauthorized trading in a client account. The matter is presently pending for hearing before the said court.

5) A complaint was filed by ISL before Police Station PS Kotwali, Bharatpur, Rajasthan against Mukesh Kuntal ("**Accused**") for the offences of, cheating, forgery and theft. Thereafter, a first information report ("**FIR**") was registered against the Accused. The FIR is presently being investigated by the police.

6) A complaint was filed by ISL before Civil Line Police Station, Amritsar against Pankaj Ohri ("**Accused**") for the offences of, cheating, forgery and theft. Thereafter, a first information report ("**FIR**") was registered against the Accused. The FIR is presently being investigated by the police.

7) A complaint dated May 20, 2011 was filed by ISL before Gautam Buddha Nagar Police Station, Uttar Pradesh against Mohd. Tariq ("**Accused"**) for the offences of cheating and forgery of documents. Thereafter, a first information report ("**FIR**") was registered against the Accused. The FIR is presently being investigated by the police.

8) A complaint dated December 23, 2015 was filed by ISL before Kothrud Police Station, Pune against Ashpak Hamid Sayyad, Rakesh Natwarlal Solanki, Kalpesh Kantilal Waghela, Prabhat Bhura Patel, ex- employees of ISL ("**Accused"**) for the offence of cheating and forgery of documents. Thereafter, a first information report ("**FIR**") was registered against the Accused. The FIR is presently being investigated by the police.

Cases filed by ISL under Section 138 of the Negotiable Instruments Act, 1881

1) ISL has filed 17 proceedings against defaulting customers under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques, in various courts. The aggregate of claim amounts filed by ISL are approximately ₹ 431.46 million. The matters are pending before various courts at various stages of adjudication

(v) Other material pending litigation involving ISL

1) A demand notice dated June 5, 2014 ("**Notice**") was received by ISL from the Rajasthan Stamp Office, demanding payment of stamp duty for the period commencing from September 2007 to March 2012, in relation to the trades carried out by ISL's clients residing in the state of Rajasthan. ISL, through its reply dated June 21, 2014, stated that the stamp duty with respect to the trades was paid to the State of Maharashtra as the central office of ISL is located in Mumbai and contract notes were issued to the clients from the Mumbai office. Aggrieved by the notice, ISL filed a writ petition before Rajasthan High Court on in April 25, 2015, requesting it to quash the notice. The matter has not been listed and is presently pending before the Rajasthan High Court.

2) IIFL ("**Petitioner**") filed a writ petition numbered 1650 of 2012 ("**Writ**") dated January 27, 2012 before the High Court of Madhya Pradesh ("Jabalpur High Court") against the State of Madhya Pradesh ("**Respondent**") under Article 226 of the Constitution of India ("**Constitution**") challenging the demand notice dated December 1, 2012 issued by the State of Madhya Pradesh seeking to levy stamp duty on the transactions done by the clients of the Petitioner through their trading accounts. The contention raised by the Petition is that unless there is a provision made under the relevant act, no demand for payment of stamp duty in such transaction can be made. The Madhya Pradesh High Court passed an order dated February 10, 2012 directing that no coercive steps be taken against the petitioner till further consideration of the interim prayer. The matter is currently pending.

(vi) Legal action taken by statutory or regulatory authorities against ISL:

A. A notice dated May 2, 2017 was received by ISL from SEBI, basis an inspection conducted by SEBI during the period between January 30, 2014 and February 3, 2014 covering period from 2011 to 2014. The matter relates to SEBI's observations for non-segregation of own funds from clients' funds, misuse of credit balance of clients' funds for debit balance clients' funds and improper designation of the client bank account. ISL had applied for the inspection of documents, which were relied upon by SEBI, in relation to issuance of the enquiry notice. Upon the receiving such documents, ISL submitted reply to SEBI notice providing clarification with supporting documents and highlighting the corrective measures adopted and implemented including compliance with circulars issued by SEBI on enhanced risk based supervision. During the period of three years beginning the date of conclusion of the onsite inspection, three supplementary reports were issued in this matter which has been suitably replied to. Further, IIFL filed a fresh Consent Application on May 30, 2019 under SEBI Settlement Regulation 2018. The said Consent Application was modified and resubmitted to SEBI and the matter is currently pending with SEBI.

B. SEBI had issued an adjudication show case notice dated April 09, 2019 under Rule 4 of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ("SEBI SCN") read with Section 15I of the Securities and Exchange Board of India Act, 1992 in the matter of Atul Saroagi in the script of Saint Gobain Sekurit Limited. It was alleged that Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri and the said client informed orally over a call to accept communications from Shri Atul Saroagi without any supporting document in this regard and ISL had failed in exercising due skill, care and diligence in the conduct of its business which is allegedly in violations of Clause A(2) of the Code of Conduct for Stock Brokers. ISL filed a reply to SEBI on May 20, 2019 and SEBI concluded the matter vide its order dated July 31, 2019 and imposed the penalty of ₹ 3,00,000/- (Rupees Three Lakh Only) on ISL. ISL filed an appeal with SAT against the SEBI order dated July 31, 2019 levying penalty of ₹ 3 lac and currently the matter is pending in SAT and the hearing is scheduled on March 9, 2021.

C. SEBI had issued an adjudication show case notice dated December 05, 2019 under Rule 4 of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ("**SEBI SCN**") read with Section 15I of the Securities and Exchange Board of India Act, 1992 in the matter of Vimala Devi Kalantri dealing in the scrip of Pantaloons Retails (India) Limited. It was alleged that Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri and the said client informed orally over a call to accept communications from Shri Atul Saroagi without any supporting document in this regard and ISL had failed in exercising due skill, care and diligence in the conduct of its business which is allegedly in violations of Clause A(2) of the Code of Conduct for Stock Brokers. ISL filed a reply dated February 13, 2020 in connection with the show cause notice and the matter is currently pending with SEBI.

(c) IIFL Insurance Brokers Limited ("IIIBL") (Formerly IIFL Insurance Brokers Limited)

(i) Criminal proceedings against IIIBL

1) A first information report bearing no. 25/2015 dated September 16, 2015 ("**FIR**") was lodged by Ravindra Nath Gangele at the Cyber and Hi-Tech Crime Police Station, Bhopal, against IIIBL alleging mis-selling of insurance. IIIBL has replied to the notice and requisition received from the police in connection with the FIR and no further communication has been received.

(ii) Legal action taken by statutory or regulatory authorities against IIIBL

A. Insurance Regulatory Development Authority ("**IRDA**") issued a show cause notice dated February 26, 2019 stating their observations of inspection on insurance broking business during the period of 2014-15 and 2015-16. A detailed reply was issued to IRDA with the compliances submitted vide a letter dated April 08, 2019. IRDA concluded the proceedings vide order dated November 27, 2019 and imposed penalty of 2,04,00,000/- (Rupees Two Crore and Four Lakh Only). IIIBL has filed an appeal with SAT against the IRDA order dated November 27, 2019 and currently the matter is pending in SAT and the next date of hearing is March 15, 2021.

(d) IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited) ("IFSL")

(i) Criminal proceedings filed by IFSL

Cases filed by IFSL under Section 138 of the Negotiable Instruments Act, 1881
IFSL has filed three proceedings against defaulting vendors under Section 138 of the Negotiable Instruments Act, 1881, for dishonour of cheques in various courts. The aggregate of claim amounts filed by IFSL is approximately ₹7.5 million. The matters are pending before the courts for adjudication.

(e) IIFL Management Services Limited ("IMSL")

(i) **Civil Proceeding by IMSL**

Company Application nos.171/2019 & 173/2019 dated April 9, 2019 was filed by IMSL before the High Court, Bombay ("**Court**") against Shree Urban Infrastructure Limited to seek leave of this Hon`ble Court under Section 446 of the Companies Act, 1956 to file proceedings against Shree Ram Urban Infrastructure Limited, before this Hon`ble Court thereby seeking specific performance of the Agreement for sale of the premises. The matter is currently pending.

(ii) **Criminal proceedings against IMSL**

A complaint dated October 18, 2013 was filed by Gouri Manjunath Jonniya before Chief Judicial Magistrate, Nagpur, against IMSL and its directors, Nirmal Bhanwarlal Jain and Venkataraman Rajamani, alleging, inter alia, cheating, forgery, criminal breach of trust and misuse of her insurance license under Sections 406, 420 and 464 of the Indian Penal Code, 1860. The Chief Judicial Magistrate, Nagpur passed an order of issuance of process on January 31, 2014. Aggrieved by the order of the Chief Judicial Magistrate, Nagpur, IMSL filed a revision application before the Sessions Court, Nagpur on April 04, 2014 for quashing and setting aside the order of issuance of process. The Sessions Court, Nagpur vide its order dated June 6, 2014 admitted the revision application and stayed the proceedings before the Chief Judicial Magistrate, Nagpur. The case is presently pending before the Sessions Court, Nagpur for hearing.

(f) IIFL Wealth (UK) Limited ("IIFL UK")

(i) Civil Proceedings against IIFL (UK) Ltd

A civil suit has been filed before the High Court of Justice, Business and Property courts of England and Wales, Queens Bench division, Commercial Court ("Court") against IIFL UK, Ramu Ramasamy, Palaniyapan Ramasamy and Amit Shah (collectively, the "Defendants") by Prashant Hasmukh Manek, Sanjay Chandi and EAGM Ventures (India) Private Limited ("Claimants"). The Claimants claim that they had agreed to sell their shares in Hermes i-Tickets Private Limited to Great Indian Retail Private Limited as a result of certain representations purportedly made by the Defendants. IIFL UK and Amit Shah filed a joint statement of defence with the Court and also responded to Claimants' request for further information. In June 2018, the Claimants filed their reply to the joint statement of defence with the Court. The claim amount in the matter is € 26.53 million, in addition to such further sums that are to be assessed in respect of consequential losses relating to the earn out consideration. Ramu Ramasamy & Palaniyapan Ramasamy vide their application dated 25 April 2019 to the UK Court, challenged the jurisdiction of the UK Court. Ramu and Palaniyapan have been successful on the jurisdictional grounds, the case has been dismissed against them and their claim was intera alia on basis that claim against IIFL UK is unsound. The Claimants have preferred an appeal against the said judgement. The matter is currently pending.

(g) IIFL Wealth Management Limited ("IIFLWM")

(i) Legal action taken by statutory or regulatory authorities against IIFLWM

(a) IIFLWM filed with NSE/BSE the Corporate Governance Report for the quarter ended December 31, 2019 with one-day delay. For the same it paid a fine of ₹ 2000/- each to NSE / BSE.

(h) IIFL Trustee Limited

(i) Material pending litigations

1. IIFL Income Opportunities Fund Series – Special Situations, a Close Ended Debt Scheme of IIFL Private Equity Fund, had subscribed to 1,500 Series I Debentures of face value of ₹ 1,00,000/- (Rupees one lakh) each aggregating to ₹ 150,00,00,000/- (Rupees one hundred and fifty crore) issued by Ashvi Developers Private Limited. The investment was secured, among other securities, by a security provided by Ariisto Developers Private Limited ("ADPL"). There was a default in repayment of debentures, and therefore, an event of default had occurred. One, M/s Dipco Private Limited (DIPCO), in its capacity as financial creditor of ADPL, initiated NCLT proceedings against ADPL. NCLT ordered the commencement of corporate insolvency resolution process of ADPL on 20.11.2018. NCLT appointed an Insolvency Resolution Professional (IRP). The said IRP issued public announcement calling upon the creditors of ADPL to submit their claims to IRP. In response, IIFL Trustee Limited, acting on behalf of the aforesaid Fund, submitted the Fund's claim amounting to ₹ 365,59,05,019 (Rupees three hundred sixty five crore fifty nine lakh five thousand nineteen) as a financial creditor of ADPL. Some of the creditors who had also filed their claims, challenged the acceptance of the Fund's claim by the IRP filing an application before the NCLT, Mumbai. IIFL Trustee Limited, on behalf of the Fund, has filed the reply in the matter. Pursuant to the order dated 13 November 2019 passed by Hon'ble NCLT, the NCLT rejected the objections made by some creditors to the claim filed by IIFL Trustee Limited. Also, the resolution plan submitted by Prestige Estate Projects Limited was approved by the Committee of Creditors. The same is pending for final approval from the NCLT. On 16.11.2019, Dipco filed an appeal before NCLAT, against the dismissal by NCLT of its application. NCLAT rejected the appeal on 24.01.2020 on grounds that challenge to collation of claims by the IRP/RP does not lie after the COC approval of resolution plan. Dipco filed an appeal before the Supreme court against the NCLAT order dated 24.01.2020. The Supreme court dismissed the appeal on 10.02.2020 with a leave to raise appropriate objections before the NCLT in accordance with law. The application for approval of resolution plan i.e. M.A. 3714 of 2020 was listed along with all the pending applications for hearing on October 7, 2020 and October 13, 2020. During the hearing on the aforesaid dates, Hon'ble Adjudicating Authority had directed the RP to file a summary of the effect of the inter-se arrangement between creditors on the distribution matrix. In compliance of the said direction, the RP has e-filed third additional affidavit in M.A. 3714 of 2020. The matter was heard on 27th October and it is reserved for final order.

2. IDBI Trusteeship Services Limited, in its capacity as the debenture trustee has filed this present Interim Application & Suit inter alia against Opportune Property Developers India Private Limited & Others in relation to issuance of non-convertible debentures ("NCDs") aggregating to ₹ 130,00,00,000 (Rupees One Hundred and Thirty Crores only) in two tranches of ₹96,00,00,000 (Rupees Ninety Six Crores only) and ₹ 34,00,00,000 (Rupees Thirty Four Crores only) under two Debenture Trust Deeds both dated March 20, 2018 (hereinafter referred to as "Opportune DTDs"). IIFL Trustee Limited, the trustee for IIFL Yield Enhancer Fund is a debenture holder and also Plaintiff in the said suit. The total outstanding under Opportune DTDs as on October 19, 2020 is ₹ 184,81,28,546 (Rupees One Hundred and Eighty Four Crores, Eighty One Lakhs Twenty Eight Thousand Five Hundred and Forty Six only). The Hon'ble Bombay High Court was pleased to grant ad-interim reliefs restraining the Respondents from, indirectly or directly, transferring or dealing with their assets and properties

(i) IIFL Asset Management Limited ("IIFLAMIL")

***(i)* Civil Proceedings Against IIFLAMIL**

1. In the year 2015, certain IIFL real estate funds subscribed to non convertible debentures ("NCDs") issued by Sutlej Housing Private Limited ("Sutlej") for an amount of ₹ 88 crore (approx.) against the security of mortgage of a land ("Mortgaged Property"). The Mortgaged Property was owned jointly by Sutlej and Nagindas Properties Private Limited ("NPPL") pursuant to certain conveyance deeds, development contract and certain other documents and agreements ("Contracts"). NPPL and certain other persons filed a suit in the Bombay High Court in October 2019 against Sutlej, promoters of Sutlej and connected persons/entities of Sutlej, and certain lenders of Sutlej seeking, among other reliefs, (i) a direction that the Contracts be declared void, (ii) a permanent injunction against lenders including IIFL Asset Management Limited, who is acting as investment manager to IIFL real estate funds that had invested in NCDs of Sutlej, restraining them from acting on the encumbrance created and taking any steps to enforce their charge. However, as one of creditor's application for corporate insolvency resolution process was accepted by the Hon'ble NCLT, Mumbai vide order dated 25 September 2019 a corporate insolvency resolution process got commenced in respect of Sutlej. Such NCLT order further directed the moratorium on all pending suits against Sutlej, and, as such the suit filed by NPPL before the Bombay High Court has been placed in abeyance.

2. IIFL Cash Opportunities Fund had through its Investment Manager IIFL Asset Management Limited subscribed to certain Optionally Convertible Debentures issued by Marvel Sigma Homes Private Limited. The investment was secured, among other securities, by a property situated at Village Hadapsar, Taluka - Haveli, District – Pune. Shri Pramod Tukaram Magar ("**Plaintiff No. 1**") and 7 others ("the Plaintiffs") have claimed that they are the rightful owners of the concerned property and that Marvel Sigma Homes Private Limited ("Defendant No. 1"), the developer of the property, was not authorised to provide the said property as collateral. Therefore, Plaintiffs have filed a Commercial Civil Suit before District and Sessions Court, Pune, against Defendant No. 1 and 11 others praying that the Debenture Trust Deed, pursuant to which the Debenture Subscription was made, be declared null and void. IIFL Cash Opportunities Fund and IIFL Asset Management Limited have also been made defendants although there is no claim made against IIFL Cash Opportunities Fund and IIFL Asset Management Limited. The matter was posted for February 12, 2021 for filing of say to the injunction application of the Plaintiffs. However, the matter got adjourned to March 6, 2021 as the concerned judge was on leave.

(j) IIFL Capital Inc. ("IIFCI")

IIFCI is registered as a broker dealer with the Financial Industry Regulatory Authority, United States of America ("FINRA"). IIFCI, for a period of time, missed to meet the regulatory minimum net capital requirement, due to an inadvertent miss - classification of receivables in books of accounts. IIFCI settled the non-compliance by payment of USD 15,000 to FINRA and since then has duly complied with minimum net capital requirement.

(k) 5Paisa Capital Limited ("5Paisa")

Legal action taken by statutory or regulatory authorities against 5Paisa

1. With respect to NSE regular inspection conducted in February 2019 for the period 2018-19, a penalty of ₹ 1,60,000 was levied on 5Paisa for the observations pertaining to non-settlement of client funds and securities, non-maintenance of register of securities in the prescribed format, co-mingling of collateral stocks and funded stocks made during the course of said inspection. The penalty in connection with the said observations has been paid by 5Paisa.

2. A penalty of ₹ 2,00,000 was levied on 5Paisa by NSE for non-upload of Client Funds & Securities Balances for the month of March 2019. The penalty in connection with the same has been paid by 5Paisa.

3. A penalty of ₹ 80,000 was levied on 5Paisa by BSE for delay in upload of holding statement for the month of December 2019. The penalty in connection with the same has been paid by 5Paisa.

4. A penalty of ₹ 50,000 was levied on the company by NSE for release of advertisement without seeking approval of the Exchange. The penalty in connection with the same has been paid by 5Paisa.

5. A penalty of ₹ 3,600 was levied on the company by NSE and BSE for delay in submission of Half Yearly Networth Certificate.

6. A penalty of ₹ 1,500 was levied on the company by NSE for delay in submission of Weekly Client Fund Monitoring.

(l) Key Managerial Personnel of our Company

Save and except the litigations against our Directors and KMPs disclosed in the section titled as "*Outstanding Litigations"* on page 210 of this Shelf Prospectus, there are no litigations pending or taken against the KMPs of our Company.

6. Taxation

Details of tax proceedings against our Company and the group companies:

(i) Our Company

Please see below the table setting out details of tax proceeding against our Company-

(₹ in million)

Entity	**No. of Cases**		**Amount Involved**	**Amount Involved**
	Direct	**Indirect Tax**	**Direct Tax**	**Indirect Tax**
IIFL Finance Limited	13	5	540.22	601.52

1. Our Company (IIFL Finance Limited "earlier known as "IIFL Holdings Limited") has earned exempt income i.e. dividend during the period AY 2008-09 to AY 2017-18, being 8 different assessment years. The assessing officer has disallowed expenses in proportionate to the exempt income earned as per Section 14A of Income Tax Act by applying Rule 8D of Income Tax Rules. The total tax impact of such disallowance amounts to ₹ 231.72 million. Our Company has filed the appeal against such disallowances made under Section 14A of the Income Tax Act and the matters are pending for disposal before various Income Tax Appellate Authorities.

2. In the similar line, India Infoline Finance Limited now (now merged with IIFL Finance Limited), has earned exempt income i.e. dividend during the period AY 2012-13 to AY 2017-18, being 5 different assessment years. The assessing officer has disallowed expenses in proportionate to the exempt income earned as per Section 14A of Income Tax Act by applying Rule 8D of Income Tax Rules. The total tax impact of such disallowance amounts to ₹ 79.96 millions Our Company has filed the appeal against such disallowances made under Section 14A of the Income Tax Act and the matters are pending for disposal before various Income Tax Appellate Authorities.

3. The Show cause notice. 1358/COMMR/2014-15 dated 19 Sept 2014 has been issued to the company demanding service tax amounting to ₹ 321.28 millions covering the period 01.07.2012 to 31.03.2014 on the Brokerage Income earned from FII Clients treating as an Exempt Income by the company. Further, the department issued Original No. 143-144/COMMR/(Dr. KNR)/CGST&CEX/MC/2018-19 dated 10.01.2019 confirming the Service Tax demand on FII Brokerage earned. The Company have filed an appeal against the order of the Service Tax authorities before the CESTAT Mumbai. The matter is pending for disposal before CESTAT Mumbai.

(ii) Our group companies

Please see below the table setting out details of material tax proceeding against our group companies-

(₹ in million)

Sr. No.	Entity	No. of Cases		Amount Involved	Amount Involved
		Direct	Indirect Tax	Direct Tax	Indirect Tax
i.	IIFL Securities Limited	1	2	22.41	394.92
ii.	IIFL Commodities Ltd	0	1	-	6.52
iii.	IIFL Home Finance Limited	0	0	-	-
iv.	IIFL Wealth Management Limited	3	0	80.34	-
v.	IIFL Wealth Prime Limited	2	0	135.82	-
vi.	IIFL Investment Advisers and Trustee Services Limited	1	0	15.23	-
i	IIFL Alternate Asset Advisors Limited	1	0	86.61	-

1. Our group company has earned exempt income i.e. dividend during the period AY 2015-16 & AY 2016-17. The assessing officer has disallowed expenses in proportionate to the exempt income earned as per Section 14A of Income Tax Act by applying Rule 8D of Income Tax Rules. The total tax impact of such disallowance amounts to ₹ 242.18 million. Our Company has filed the appeal against such disallowances made under Section 14A of the Income Tax Act and the matters are pending for disposal before various Income Tax Appellate Authorities.

2. The Show cause notice F. No. DGCEI/DZU/INV/B/India/545/2015/9295 dated 29.11.2016 was received for the period April 2014 to March 2016 towards Service Tax on delayed payment charges earned by the company demanding tax of ₹ 281.52 million. Further, the department issued order no. 92/2018-ST Dated 31.07.2018 confirming the Service Tax demand on Delayed payment charges. The Company have filed an appeal against the order of the Service Tax authorities before the CESTAT Delhi. The matter is pending for disposal before CESTAT Delhi

3. The Show cause notice. 06/COMMR/ST-III/2015-16 dated 07 April 2016 has been issued to the company demanding service tax amounting to ₹ 113.40 million covering the period 01.04.2014 to 30.09.2014 on the Brokerage Income earned from FII Clients treating as an Exempt Income by the company. Further, the department issued Original No. 143-144/COMMR/(Dr.KNR)/CGST&CEX/MC/2018-19 dated 10.01.2019 confirming the Service Tax demand on FII Brokerage earned. The Company have filed an appeal against the order of the Service Tax authorities before the CESTAT Mumbai. The matter is pending for disposal before CESTAT Mumbai.

Reservations or qualifications or adverse remarks of the auditors of our Company in the last five financial years and the impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks:

Nil

7. **Details of acts of material frauds committed against our Company in the last five years immediately preceding the date of this Shelf Prospectus, if any, and if so, the action taken by our Company**

Details of fraud committed against our Company in the last five financial years up to the date do this Shelf Prospectus is set forth below:

Financial Year	April 1, 2020 to February 19, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Nature of Frauds	The frauds included pledging of spurious/stolen gold by customers, missing packets of gold on account of misappropriation and criminal breach of trust by our branch staff	The frauds included pledging of spurious/stolen gold by customers, misappropriation of our Company's funds by our staff and valuer and cash shortages	The frauds included pledging of spurious/stolen gold by customers, misappropriation of our Company's funds by our staff and valuer and cash shortages	The frauds included pledging of spurious/stolen gold by customers and misappropriation of company funds by the staff and valuer.	The frauds included pledging of spurious/stolen gold by customers and misappropriation of company funds by the staff by replacing original gold with spurious gold.	The frauds included pledging of spurious/stolen gold by customers and misappropriation of company funds by the staff. Theft of gold loan packet by employees. Branch manager and valuer in collusion with an outsider breached internal guidelines and policies by disbursing the loan to the third party
Aggregate amount involved (₹ in million)	136.96	13.11	15.06	37.16	46.70	13.28
Corrective actions taken by IIFL	In all these cases, our Company has conducted detailed inquiry into the frauds and analyzed the causes of such frauds. Based on the analysis, requisite corrective actions like strengthening of controls and internal processes have been taken wherever required. In case of involvement of the employees of our Company in a fraud, on a case-to-case basis, appropriate disciplinary action, including termination has been taken. Police complaints have been filed against such delinquents. Our Company also has in place a robust framework for prevention and timely detection of fraud which includes dual valuation of gold pre-disbursement, verification / declaration of ownership of gold, evaluating borrower profile, Monitoring of collateral risks, understand end use of funds, surprise audits, mystery shopping, analytics based fraud triggers, continuous training to branch staffs, utmost care by valuers while appraising of heavyweight and unused ornaments, sending of alert across branches along with image of spurious ornaments to be vigilant during appraising of gold. etc. We continue to further enhance our systems and processes and take proactive actions to deter frauds and offences.					

8. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon.

Nil

9. Pending proceedings initiated against our Company for economic offences.

Nil

10. Details of inquiries, inspections or investigations initiated or conducted under the Companies Act, 1956 or the Companies Act, 2013 against our Company and its Subsidiaries in the last five years along with section wise details of prosecutions filed (whether pending or not), fines imposed or compounding of offences against our Company and its Subsidiaries in the last five years.

The Ministry of Corporate Affairs, through the office of Registrar of Companies, Mumbai has issued an order dated December 17, 2018 under Section 206(4) of the Companies Act, 2013 ("Order") to IIFL Finance Limited, inter alia, seeking information / details of its business, directors, capital structure, financial statements, profit and loss account and other schedules, reports and documents filed by IIFL Finance Limited from time to time. IIFL Finance Limited has submitted the information / details sought in the Order on January 14, 2019 with the Registrar of Companies, Mumbai. The matter is currently pending.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors of our Company held on May 28, 2020, the Board of Directors approved the issuance of Secured NCDs of the face value ₹ 1,000 (Indian Rupees One Thousand only) each and/or Unsecured NCDs of the face value ₹ 1,000 (Indian Rupees One Thousand only) each, aggregating up to ₹ 50,000 million (Indian Rupees Fifty Thousand million only) ("**Shelf Limit**") to the public, hereinafter called the "**Issue**".

Further, the present borrowing is within the borrowing limits of ₹ 350,000 million under Section 180(1)(c) of the Companies Act, 2013 duly approved by the members of Company at the Annual General Meeting held on September 30, 2019.

Prohibition by SEBI

Our Company, persons in control of our Company and/or the Promoters and/or the Directors have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of the IIFL group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Willful Defaulter

Our Company, our Directors and/or our Promoters have not been categorised as a wilful defaulter by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six months.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS, EDELWEISS FINANCIAL SERVICES LIMITED, IIFL SECURITIES LIMITED* AND EQUIRUS CAPITAL PRIVATE LIMITED HAVE CERTIFIED THAT DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, EDELWEISS FINANCIAL SERVICES LIMITED, IIFL SECURITIES LIMITED* AND EQUIRUS CAPITAL PRIVATE LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 24, 2021, WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY SEBI. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY;**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL**

DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SECURED NCDS OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE WILL BE GIVEN;

3. **WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED;**

4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND TO THE EXTENT NOTIFIED, SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

WE CONFIRM THAT NO COMMENTS/ COMPLAINTS WERE RECEIVED ON THE DRAFT SHELF PROSPECTUS DATED JUNE 30, 2020 FILED WITH THE BSE LIMITED AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED. BSE LIMITED IS THE DESIGNATED STOCK EXCHANGE FOR THIS ISSUE.

*****_IIFL Securities Limited is deemed to be our associate as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (Merchant Bankers Regulations). Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the Merchant Bankers Regulations, IIFL Securities Limited would be involved only in marketing of the Issue_

DISCLAIMER CLAUSE OF BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, APPROVAL DATED JULY 09, 2020, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

A. **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**

B. **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**

C. **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR, OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY ANY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

DISCLAIMER CLAUSE OF NSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS "NSE"). NSE HAS

GIVEN VIDE ITS LETTER REF.: NSE/LIST/0079 DATED JULY 09, 2020 AND AN EXTENSION OF VALIDITY FOR THREE MONTHS VIDE LETTER DATED DECEMBER 28, 2020 PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THE ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THE DRAFT OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THE ISSUER.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THE ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION /ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

DISCLAIMER CLAUSE OF RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED MARCH 06, 2020 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45I-A OF THE RESERVE BANK OF INDIA ACT, 1934. IT MUST BE DISTINCTLY UNDERSTOOD THAT THE ISSUING OF THIS CERTIFICATE AND GRANTING A LICENSE AND APPROVAL BY RBI IN ANY OTHER MATTER SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED TO BE AN APPROVAL BY RBI TO THIS SHELF PROSPECTUS NOR SHOULD IT BE DEEMED THAT RBI HAS APPROVED IT.

HOWEVER, THE RESERVE BANK OF INDIA DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO FINANCIAL SOUNDNESS OF THE COMPANY OR CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS / DISCHARGE OF LIABILITIES BY THE COMPANY.

DISCLAIMER STATEMENT OF CRISIL LIMITED

THIS DISCLAIMER FORMS PART OF AND APPLIES TO EACH CREDIT RATING REPORT AND/OR CREDIT RATING RATIONALE THAT WE PROVIDE (EACH A "REPORT"). FOR THE AVOIDANCE OF DOUBT, THE TERM "REPORT" INCLUDES THE INFORMATION, RATINGS AND OTHER CONTENT FORMING PART OF THE REPORT. THE REPORT IS INTENDED FOR THE JURISDICTION OF INDIA ONLY. THIS REPORT DOES NOT CONSTITUTE AN OFFER OF SERVICES. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NOTHING IN THE REPORT IS TO BE CONSTRUED AS CRISIL PROVIDING OR INTENDING TO PROVIDE ANY SERVICES IN JURISDICTIONS WHERE CRISIL DOES NOT HAVE THE NECESSARY LICENSES AND/OR REGISTRATION TO CARRY OUT ITS BUSINESS ACTIVITIES REFERRED TO ABOVE. ACCESS OR USE OF THIS REPORT DOES NOT CREATE A CLIENT RELATIONSHIP BETWEEN CRISIL AND THE USER.

WE ARE NOT AWARE THAT ANY USER INTENDS TO RELY ON THE REPORT OR OF THE MANNER IN WHICH A USER INTENDS TO USE THE REPORT. IN PREPARING OUR REPORT WE HAVE NOT TAKEN INTO CONSIDERATION THE OBJECTIVES OR PARTICULAR NEEDS OF ANY PARTICULAR USER. IT IS MADE ABUNDANTLY CLEAR THAT THE REPORT IS NOT INTENDED TO AND DOES NOT CONSTITUTE AN INVESTMENT ADVICE. THE REPORT IS NOT AN OFFER TO SELL OR AN OFFER TO PURCHASE OR SUBSCRIBE FOR ANY INVESTMENT IN

ANY SECURITIES, INSTRUMENTS, FACILITIES OR SOLICITATION OF ANY KIND OR OTHERWISE ENTER INTO ANY DEAL OR TRANSACTION WITH THE ENTITY TO WHICH THE REPORT PERTAINS. THE REPORT SHOULD NOT BE THE SOLE OR PRIMARY BASIS FOR ANY INVESTMENT DECISION WITHIN THE MEANING OF ANY LAW OR REGULATION (INCLUDING THE LAWS AND REGULATIONS APPLICABLE IN THE US).

RATINGS FROM CRISIL RATING ARE STATEMENTS OF OPINION AS OF THE DATE THEY ARE EXPRESSED AND NOT STATEMENTS OF FACT OR RECOMMENDATIONS TO PURCHASE, HOLD, OR SELL ANY SECURITIES / INSTRUMENTS OR TO MAKE ANY INVESTMENT DECISIONS. ANY OPINIONS EXPRESSED HERE ARE IN GOOD FAITH, ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND ARE ONLY CURRENT AS OF THE STATED DATE OF THEIR ISSUE. CRISIL ASSUMES NO OBLIGATION TO UPDATE ITS OPINIONS FOLLOWING PUBLICATION IN ANY FORM OR FORMAT ALTHOUGH CRISIL MAY DISSEMINATE ITS OPINIONS AND ANALYSIS. CRISIL RATING CONTAINED IN THE REPORT IS NOT A SUBSTITUTE FOR THE SKILL, JUDGMENT AND EXPERIENCE OF THE USER, ITS MANAGEMENT, EMPLOYEES, ADVISORS AND/OR CLIENTS WHEN MAKING INVESTMENT OR OTHER BUSINESS DECISIONS. THE RECIPIENTS OF THE REPORT SHOULD RELY ON THEIR OWN JUDGMENT AND TAKE THEIR OWN PROFESSIONAL ADVICE BEFORE ACTING ON THE REPORT IN ANY WAY. CRISIL OR ITS ASSOCIATES MAY HAVE OTHER COMMERCIAL TRANSACTIONS WITH THE COMPANY/ENTITY.

NEITHER CRISIL NOR ITS AFFILIATES, THIRD PARTY PROVIDERS, AS WELL AS THEIR DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES OR AGENTS (COLLECTIVELY, "CRISIL PARTIES") GUARANTEE THE ACCURACY, COMPLETENESS OR ADEQUACY OF THE REPORT, AND NO CRISIL PARTY SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN, REGARDLESS OF THE CAUSE, OR FOR THE RESULTS OBTAINED FROM THE USE OF ANY PART OF THE REPORT. EACH CRISIL PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. IN NO EVENT SHALL ANY CRISIL PARTY BE LIABLE TO ANY PARTY FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING, WITHOUT LIMITATION, LOST INCOME OR LOST PROFITS AND OPPORTUNITY COSTS) IN CONNECTION WITH ANY USE OF ANY PART OF THE REPORT EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

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DISCLAIMER STATEMENT OF CRISIL LIMITED

CRISIL RESEARCH, A DIVISION OF CRISIL LIMITED (CRISIL) HAS TAKEN DUE CARE AND CAUTION IN PREPARING THIS REPORT (REPORT) BASED ON THE INFORMATION OBTAINED BY CRISIL FROM SOURCES WHICH IT CONSIDERS RELIABLE (DATA). HOWEVER, CRISIL DOES NOT GUARANTEE THE ACCURACY, ADEQUACY OR COMPLETENESS OF THE DATA / REPORT AND IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS OR FOR THE RESULTS OBTAINED FROM THE USE OF DATA / REPORT. THIS REPORT IS NOT A RECOMMENDATION TO INVEST / DISINVEST IN ANY ENTITY COVERED IN THE REPORT AND NO PART OF THIS REPORT SHOULD BE CONSTRUED AS AN EXPERT ADVICE OR INVESTMENT ADVICE OR ANY FORM OF INVESTMENT BANKING WITHIN THE MEANING OF ANY LAW OR REGULATION. CRISIL ESPECIALLY STATES THAT IT HAS NO LIABILITY WHATSOEVER TO THE SUBSCRIBERS / USERS / TRANSMITTERS/ DISTRIBUTORS OF THIS REPORT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NOTHING IN THE REPORT IS TO BE CONSTRUED AS CRISIL PROVIDING OR INTENDING TO PROVIDE ANY SERVICES IN JURISDICTIONS WHERE CRISIL DOES NOT HAVE THE NECESSARY PERMISSION AND/OR REGISTRATION TO CARRY OUT ITS BUSINESS ACTIVITIES IN THIS REGARD. IIFL FINANCE LIMITED (FORMERLY IIFL HOLDINGS LIMITED) WILL BE RESPONSIBLE FOR ENSURING COMPLIANCES AND CONSEQUENCES OF NON-COMPLIANCES FOR USE OF THE REPORT OR PART THEREOF OUTSIDE INDIA. CRISIL RESEARCH OPERATES INDEPENDENTLY OF, AND DOES NOT HAVE ACCESS TO INFORMATION OBTAINED BY CRISIL'S RATINGS DIVISION / CRISIL RISK AND INFRASTRUCTURE SOLUTIONS LTD (CRIS), WHICH MAY, IN THEIR REGULAR OPERATIONS, OBTAIN INFORMATION OF A CONFIDENTIAL NATURE. THE VIEWS EXPRESSED IN THIS REPORT ARE THAT OF CRISIL RESEARCH AND NOT OF CRISIL'S RATINGS DIVISION / CRIS. NO PART OF THIS REPORT MAY BE PUBLISHED/REPRODUCED IN ANY FORM WITHOUT CRISIL'S PRIOR WRITTEN APPROVAL.

DISCLAIMER STATEMENT FROM THE ISSUER

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHER THAN IN THIS SHELF PROSPECTUS ISSUED BY OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDS AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER / THEIR OWN RISK.

Track record of past public issues handled by the Lead Managers

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites

Name of Lead Manager	Website
Edelweiss Financial Services Limited	www.edelweissfin.com
IIFL Securities Limited	www.iiflcap.com
Equirus Capital Private Limited	www.equirus.com

Listing

An application will be made to the Stock Exchanges for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Shelf Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 (six) Working Days from the date of closure of the relevant Issue.

For the avoidance of doubt, it is hereby clarified that in the event of zero subscription to any one or more of the series, such NCDs with series shall not be listed

Consents

Consents in writing of: (a) the Directors, (b) our Company Secretary and Compliance Officer, (c) Chief Financial Officer, (d) Lead Managers, (e) the Registrar to the Issue, (f) Legal Advisor to the Issue, (g) Public Issue Account Bank*; (h) Refund Bank*; (i) Bankers to Company; (j) Lead Brokers/Syndicate Members* (k) CRISIL; (l) Brickwork, (m) the Debenture Trustee; (n) Sponsor Bank* and (o) CRISIL in relation to industry reports have been or will be duly obtained from them and the same will be filed along with a copy of this Shelf Prospectus and Tranche Prospectus with the ROC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Shelf Prospectus with the Stock Exchange.

Our Company has received written consent dated February 24, 2021 from the Statutory Auditors namely, M/s. V Sankar Aiyar & Co., Chartered Accountants to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI Debt Regulations in this Shelf Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a current Statutory Auditor and in respect of their (i) examination report each dated June 27, 2020 on our Reformatted Standalone Financial Statements as per Ind AS, (ii) examination report dated June 27, 2020 on our Reformatted Consolidated Financial Statements as per Ind AS , (iii) examination report dated June 27, 2020 on our Reformatted Standalone Financial Statements as per IGAAP, (iv) examination report dated June 27, 2020 on our Reformatted Consolidated Financial Statements as per IGAAP and our Reformatted Standalone and Consolidated Financial Statements; (v) Audit Report dated July 21, 2020 on Interim Condensed Standalone Financial Statement; (vi) Audit Report dated July 21, 2020 on Interim condensed Consolidated Financial Statement (vii) Limited Review Report dated January 29, 2021 on Unaudited Ind AS Standalone Financial Information; (viii) Limited Review Report dated January 29, 2021 on Unaudited Ind AS Consolidated Financial Information; (ix) their report dated February 24, 2021 on the statement of tax benefits and such consent has not been withdrawn as on the date of this Shelf Prospectus.

Expert Opinion

Except for the following, our Company has not obtained any expert opinions in connection with this Shelf Prospectus:

1. Our Company has received written consent dated February 24, 2021 from the Statutory Auditors namely, M/s. V Sankar Aiyar & Co., Chartered Accountants to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI Debt Regulations in this Shelf Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a current

Statutory Auditor and in respect of their (i) examination report each dated June 27, 2020 on our Reformatted Standalone Financial Statements as per Ind AS, (ii) examination report dated June 27, 2020 on our Reformatted Consolidated Financial Statements as per Ind AS , (iii) examination report dated June 27, 2020 on our Reformatted Standalone Financial Statements as per IGAAP, (iv) examination report dated June 27, 2020 on our Reformatted Consolidated Financial Statements as per IGAAP and our Reformatted Standalone and Consolidated Financial Statements; (v) Audit Report dated July 21, 2020 on Interim Condensed Standalone Financial Statement; (vi) Audit Report dated July 21, 2020 on Interim condensed Consolidated Financial Statement (vii) Limited Review Report dated January 29, 2021 on Unaudited Ind AS Standalone Financial Information; (viii) Limited Review Report dated January 29, 2021 on Unaudited Ind AS Consolidated Financial Information; (ix) their report dated February 24, 2021 on the statement of tax benefits, and such consent has not been withdrawn as on the date of this Shelf Prospectus.

Common form of Transfer

Our Company undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 applicable as on the date of this Shelf Prospectus and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Minimum Subscription

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 working days from the Issue Closing Date, failing which our Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Filing of the Shelf Prospectus and Tranche Prospectus with the RoC

Our Company is eligible to file this Shelf Prospectus as per requirements of Section 6A of SEBI Debt Regulations. A copy of this Shelf Prospectus and relevant Tranche Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

Debenture Redemption Reserve

In accordance with recent amendments to the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with Rule 16 of the SEBI Debt Regulations, any non-banking finance company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures. The Government, in the union budget for the Fiscal 2020 had announced that non-banking finance companies raising funds in public issues would be exempt from the requirement of creating a DRR. Pursuant to the amendment to the Companies (Share Capital & Debentures) Rules 2014, notified on August 16, 2019, and as on the date of filing of this Shelf Prospectus, the Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. The Company shall, as per the Companies (Share Capital & Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 3lst day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

A. in deposits with any scheduled bank, free from any charge or lien
B. in unencumbered securities of the Central Government or any State Government;
C. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;

D. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Reservation

No portion of the Issue has been reserved.

Underwriting

The Issue is not underwritten.

Issue Related Expenses

The expenses of the Issue include, inter alia, lead management fees and selling commission to the lead managers, lead-brokers\Syndicate, fees payable to debenture trustees, the Registrar to the Issue, SCSBs' commission/ fees payable to the intermediaries as provided for in the Debt UPI Circular, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for each Tranche Issue shall be as specified in the relevant Tranche Prospectus.

Utilisation of Proceeds

Our Board of Directors certifies that:

(i) all monies received out of the Issue of the NCDs to the public shall be transferred to a separate bank account maintained with a scheduled bank, other than the bank account referred to in section 40(3) of the Companies Act, 2013;

(ii) details of all monies utilised out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies were utilised;

(iii) details of all unutilised monies out of the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

(iv) we shall utilize the Issue proceeds only upon creation of security as stated in this Shelf Prospectus in the section titled *"General Terms of the Issue"* on page 256 of this Shelf Prospectus and after (a) permissions or consents for creation of *pari passu* charge have been obtained from the creditors who have *pari passu* charge over the assets sought to be provided as Security; (b) receipt of the minimum subscription of 75% of the Base Issue amount; (c) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (d) creation of security and confirmation of the same in terms of Secured NCDs and (e) receipt of listing and trading approval from BSE and NSE;

(v) the Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any property; and

(vi) the Issue proceeds shall be utilized in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time.

The funds raised by us from previous bonds issues have been utilised for our business as stated in the respective offer documents.

Public / Rights Issues of Equity Shares

Public Issue:

Our Company has undertaken the following equity public issue prior to the date of this Shelf Prospectus:

Particulars	Public Issue
Date of Opening	April 21, 2005
Date of Closing	April 27, 2005
Total Issue Size (in ₹ Million)	902.74
Date of Allotment	May 10, 2005
Date of Listing	May 17, 2005
Utilisation of Proceeds	1. Setting up a new centralised office of our company. 2. Investments in subsidiaries. 3. General corporate purposes related to acquisitions.

Rights Issue:

Our Company has not undertaken any rights issue of equity shares in the last 5 (five) years.

Public Issue / Rights issue (to the public) by our group companies in the last 5 (five) years from the Shelf Prospectus*:*

Our group companies have undertaken the following public issues of debentures in the last 5 (five) years from the date of this Shelf Prospectus:

1) India Infoline Finance Limited (Now merged with IIFL Finance Limited w.e.f. 30.03.2020)

Name of Company	India Infoline Finance Limited	
Date of Opening	January 22, 2019	August 6, 2019
Date of Closing	February 1, 2019	August 30, 2019
Total Issue Size	₹ 20,000 million	₹10,000 million
Date of Allotment	February 7, 2019	September 06, 2019
Date of Refunds	NA	NA
Date of Listing	February 08, 2019 (BSE & NSE)	September 09, 2019 (BSE & NSE)
Utilisation of Proceeds	For various financing activities including onward lending and investments activity, to repay existing loans and for business operations including our capital expenditure and working capital requirements and other general corporate purposes.	For various financing activities including onward lending, for repayment /prepayment of interest and principal of existing borrowing and other general corporate purposes.

Our group companies have undertaken the following right issues in the last 5 (five) years from the date of this Shelf Prospectus:

1) 5 Paisa Capital Limited

Date of allotment	No. of Equity Shares	Issue price (₹)	Consideration in cash (₹)	Cumulative			Details of Utilisation
				No. of Equity Shares	Equity Share capital (₹)	Share premium account (₹)	
August 20, 2019	12,738,646	80	1,019,091,680	25,477,668	254,776,680	1,694,212,710	The funds raised through Rights Issue

Date of allotment	No. of Equity Shares	Issue price (₹)	Consideration in cash (₹)	Cumulative			Details of Utilisation
				No. of Equity Shares	Equity Share capital (₹)	Share premium account (₹)	
							have been utilized for the following purpose during the year: 1. Business & Operations Expansion 2. Manpower expenses 3. Margin Maintenance with Stock Exchange 4. Investment in Subsidiary 5. General Corporate purpose

Buyback:

IIFL Securities Limited, a group company, vide its Public Announcement dated December 23, 2020, announced the Buyback of its fully paid-up equity shares of face value of ₹ 2 each (Equity shares), from the members of the Company (except promoters, promoter group and persons in control of the Company) for an amount aggregating up to ₹ 90,00,00,000 (Rupees Ninety Crores only) (‘Maximum Buyback Size’) at a price not exceeding ₹54 (Rupees Fifty Four Only) per Equity Share, under the open market route through the stock exchanges.

The Buyback commenced on December 30, 2020 and had been closed with effect from February 15, 2021. The Company bought back a total of 1,70,00,394 Equity Shares under the Buyback and the total amount spent was approximately ₹ 86,68,19,665.00 (excluding transaction costs), representing 96.31% of the Maximum Buyback Size.

Other than as disclosed above, there are no other public / rights issues (to the public) by our group companies during the last 5 (five) years from the date of the Shelf Prospectus.

Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding

As on December 31, 2020, our Company has listed rated/ unrated, secured/ unsecured, non-convertible redeemable debentures and listed subordinated debt. For further details see chapter titled “*Financial Indebtedness*” on page 190 and “*Material Developments*” on page 189.

Our Company has not issued any preference shares as on December 31, 2020.

Further, save and except as mentioned in this Shelf Prospectus and hereinbelow, the Company has not issued any other debentures.

Dividend

Our Company has in place dividend distribution policy prepared in accordance with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 approved by the Board of Directors of the Company. The declaration and payment of dividends on our shares will be recommended by our Board of

Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

Dividend paid to the equity shareholders of our Company over the last five years on a standalone basis

(₹ in million)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Equity Share Capital (₹ in Million)		756.68	755.72*	637.96	635.82	633.07
Face Value Per Equity Share (₹)	**(a)**	2.00	2.00	2.00	2.00	2.00
Interim Dividend on Equity Shares (₹ per Equity Share)	**(b)**	2.25	5.00	5.00	4.50	4.25
Total interim dividend on Equity Shares (₹in Million)		817.05	1,725.75	1,592.38	1,429.19	1,340.80
Dividend Declared Rate (In %)	**(c=b/a)**	112.50%	250.00%	250.00%	225.00%	212.50%
Dividend tax (gross) on interim dividend (₹ in Million)		79.34	183.04	0.96	0.64	-

***** Pursuant to the Composite Scheme of Arrangement, there was pending issuance of incremental equity shares as on appointed date i.e. April 01, 2018 of ₹ 117.31 million, the said shares were issued on March 30, 2020**.**

Dividend paid to the equity shareholders of our Company over the last five years on a consolidated basis

(₹ in million)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Equity Share						
Equity Share Capital (₹ in Million)		756.68	755.72*	637.96	635.82	633.07
Face Value Per Equity Share (₹)	**(a)**	2.00	2.00	2.00	2.00	2.00
Interim Dividend on Equity Shares (₹ per Equity Share)	**(b)**	2.25	5.00	5.00	4.50	4.25
Total interim dividend on Equity Shares (₹in Million)		817.05	1,725.75	1,592.38	1,429.19	1,340.73
Dividend Declared Rate (In %)	**(c=b/a)**	112.50%	250.00%	250.00%	225.00%	212.50%
Preference Share						
Dividend on Preference Shares (₹ in Million)		-	-	-	20.43	272.92

***** Pursuant to the Composite Scheme of Arrangement, there was pending issuance of incremental equity shares as on appointed date i.e. April 01, 2018 of ₹ 117.31 million, the said shares were issued on March 30, 2020**.**

Revaluation of assets

Our Company has not revalued its assets in the last five years.

Mechanism for redressal of investor grievances

The Registrar Agreement dated June 30, 2020 read with addendum to registrar agreement dated February 22, 2021 between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue should be addressed to the Registrar to the Issue and the Compliance Officer of the Company giving full details of the Applicant (including the DP ID, Client ID and PAN), number of NCDs applied for, amount paid on application series or option applied for and Member of the Syndicate or Trading Member or SCSB to which the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The Intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

The contact details of Registrar to the Issue are as follows:

Link Intime India Private Limited
Address: C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai 400 083
Maharashtra, India
Tel.: + 91 22 4918 6200;
Fax: + 91 22 4918 6195;
Email: iifl.ncd2020@linkintime.co.in;
Investor Grievance Email: iifl.ncd2020@linkintime.co.in;
Website: www.linkintime.co.in;
Contact Person: Shanti Gopalkrishnan
Compliance Officer: B.N. Ramakrishnan
SEBI Registration No: INR000004058
CIN: U67190MH1999PTC118368

The Registrar shall endeavour to redress complaints of the investors within three (3) days of receipt of the complaint during the currency of this MoU and continue to do so during the period it is required to maintain records under the RTA Regulations and our Company shall extend necessary co-operation to the Registrar for its complying with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed seven (7) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a quarterly basis to our Company. Similar status reports should also be provided to our Company as and when required by our Company.

The details of the person appointed to act as Company Secretary and Compliance Officer for the purposes of the Issue are set out below:

Sneha Patwardhan
Address: 802, 8th Floor, Hubtown Solaris,
N. S. Phadke Marg, Vijay Nagar,
Andheri East, Mumbai – 400069
Tel.: +91 22 6788 1000
Fax: +91 22 6788 1010
Email: csteam@iifl.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, etc.

Change in auditors of our Company during the last three years.

Name	Address	Date of appointment	Date of resignation	Remarks
M/s. V Sankar Aiyar & Co., Chartered Accountants Firm's Registration No. 109208W	2-C, Court Chambers, 35, New Marine Lines, Mumbai - 400020	June 07, 2020*	-	Appointment post resignation of earlier auditor
Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018)	Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (W), Mumbai - 400 013.	-	June 07, 2020	Resignation on account of the auditor fee not being commensurate with the efforts involved for conducting the audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and the changes in the reporting requirements.
Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018)	Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (W), Mumbai - 400 013.	July 22, 2017	-	Appointment on the completion of the tenure of the earlier auditor
M/s. Sharp and Tannan Associates (Firm Registration No. 109983W)	87, Nariman Bhavan, 227, Nariman Point, Mumbai – 400 021	-	July 22, 2017	Resignation upon completion of tenure
M/s. Sharp and Tannan Associates (Firm Registration No. 109983W)	87, Nariman Bhavan, 227, Nariman Point, Mumbai – 400 021	September 25, 2003	-	Conclusion of Term as statutory Auditors

*M/s V Sankar Aiyar & Co, Chartered Accountants were appointed as Statutory Auditor under casual vacancy caused due to the resignation of M/s Deloitte Haskins & Sells LLP, Chartered Accountants to hold office from June 07, 2020, till the conclusion of this 25th Annual General Meeting ("AGM"). Further M/s V Sankar Aiyar & Co, Chartered Accountants were appointed as Statutory Auditor from the conclusion of 25th AGM held on June 30, 2020 till the conclusion of the 30th AGM to be held in the year 2025.

A. **Details of overall lending by our Company as of March 31, 2020 on a standalone basis.** ***Type of loans:***

The detailed break-up of the type of loans including bills receivables given by our Company as on March 31, 2020 is as follows:

(₹ in million)

S. No.	Type of Loans	Amount	Percentage of total Loan Book
1.	Secured Loan Book	133,391.93	83.08%
2.	Unsecured Loan Book	27,173.67	16.92%

S. No.	Type of Loans	Amount	Percentage of total Loan Book
	Asset under Management ("AUM")	**160,565.60**	100.00%

B. Sectoral exposure as on March 31, 2020:

S. No.	Segment wise break up of AUM	Percentage of AUM
1.	**Retail**	
	(a) Mortgages (Home loans and loans against properties)	-
	(b) Gold loans	56.83%
	(c) Vehicle loans	-
	(d) MFI	-
	(e) MS&ME	18.21%
	(f) Capital market funding (loan against shares, margin funding)	2.81%
	(g) Others	-
2.	**Wholesale**	-
	(a) Infrastructure	-
	(b) Real Estate (including builder loans)	22.15%
	(c) Promoter funding	-
	(d) Others	-
	Total	**100.00%**

C. Denomination of the loans outstanding by ticket size as on March 31, 2020

S. No.	*Ticket Size*	*Percentage of AUM*
1.	Upto ₹ 0.2 million	44.68%
2.	₹ 0.2 million to ₹ 0.5 million	11.19%
3.	₹ 0.5 million to ₹ 1 million	8.50%
4.	₹ 1 million to ₹ 2.5 million	6.46%
5.	₹ 2.5 million to ₹ 5 million	2.85%
6.	₹ 5 million to ₹ 10 million	0.26%
7.	₹ 10 million to ₹ 50 million	1.45%
8.	₹ 50 million to ₹ 250 million	1.32%
9.	₹ 250 million to ₹ 1000 million	11.12%
10.	Above ₹ 1000 million	12.17%
	Total	**100.00%**

D. Denomination of loan outstanding by LTV* as on March 31, 2020

S. No.	LTV	Percentage of AUM*
1.	Up to 40%	9.88%
2.	40% - 50%	10.88%
3.	50% - 60%	14.93%
4.	60% - 70%	33.45%
5.	70% - 80%	29.65%
6.	80% - 90%	1.06%
7.	More than 90%	0.15%
	Total	**100.00%**

**LTV as at March 31, 2020*
**Percentage of AUM of secured lending book*
**LTV at the time of origination*

E. Geographical Classification of IIFL's borrowers as on March 31, 2020

S. No.	Top five States	Percentage of AUM
1.	Maharashtra	28.09%

S. No.	Top five States	Percentage of AUM
2.	Gujarat	15.38%
3.	Delhi	10.95%
4.	Andhra Pradesh	10.61%
5.	West Bengal	6.37%
	Others	**28.60%**
	Total	**100.00%**

F. Aggregated exposure to top 20 borrowers with respect to concentration of advances as on March 31, 2020

(₹ in million)

Particulars	Details
Total advances to twenty largest borrowers	29,237.60
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	22.29%

G. Aggregated exposure to top 20 borrowers with respect to concentration of exposure as on March 31, 2020

(₹ in million)

Particulars	Details
Total exposure to twenty largest borrowers	29,900.14
Percentage of exposure to twenty largest borrowers to total exposure of the NBFC	*22.53%*

H. Details of loans overdue and classified as non-performing in accordance with RBI's guidelines as on March 31, 2020:

1. Movement of Gross NPAs

(₹ in million)

S. No.	Particulars	Amount
1.	Opening balance	4,148.94
2.	Additions during the year	3,462.58
3.	Reductions during the year	3,481.05
4.	Closing balance	4,130.47

2. Movement of provisions for NPAs (excluding provisions on standard assets)

(₹ in million)

S. No.	Particulars	Amount
1.	Opening balance	3,313.91
2.	Provisions made during the year	2,459.98
3.	Write-off / write-back of excess provisions	2,800.74
4.	Closing balance	2,973.15

3. Segment-wise gross NPA as on March 31, 2020:

S. No	Segment-wise gross NPA	Gross NPA (%)
1	**Retail**	
a	Digital	-
b	Loan Against Property	-
c	Loan Against Shares	0.00%
d	Construction & Real Estate Finance	-
e	Gold Loans	0.30%
f	MSME & Others	7.89%
g	Promoter	-
2	**Wholesale**	
a	Infrastructure	-

S. No	Segment-wise gross NPA	Gross NPA (%)
b	Real Estate (including builder loans)	4.98%
c	Promoter funding	-
d	Others	-
3	**Large Corporate**	
a	Structured Finance	-
b	Term Loan/ Working Capital Demand Loan	-
4	**Small and Medium Enterprises**	-
a	Loan Against Property	-
b	Structured Finance	-
c	Supply Chain	-
Total GNPA		**3.15%**

I. Our Company has not provided any loans/advances to associates, entities/person relating to the board, senior management, Promoter as on 31st December, 2020.

Onward lending to borrowers forming part of the "Group" as defined by RBI as on December 31, 2020:

Name of the Borrower (A)	Amount of advances / exposures to such Borrower (Group) (B) (₹ in crores)	Percentage of exposure (C) = B/Total AUM
NIL		

J. Residual Maturity Profile of Assets and Liabilities as on December 31, 2020

(₹ in million)

Particulars	Upto 30/31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months &upto 6 months	Over 6 months &upto 1 year	Over 1 year &upto 3 year	Over 3 year &upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	11,072.52	13,896.80	21,064.37	28,443.22	28,669.32	39,012.85	3,693.26	1,644.69	1,47,497.04
Reserves and Surplus	-	-	-	-	-	183.55	-	11,853.33	12,036.89
Investment	696.23	6,402.34	2,840.19	16,970.40	38,688.03	63,548.96	14,392.39	4,764.13	1,48,302.67
Borrowings	-	-	-	-	-	-	-	-	-
Foreign currency assets									
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

K. Concentration of Exposure and NPA as of March 31, 2020

(₹ in million)

Particulars	Amount
Concentration of Exposures	
Total advances to twenty largest borrowers	29,900.14
Percentage of exposure to twenty largest borrowers to total exposure of the NBFC	22.53%
Concentration of NPAs	
Total exposure to top four NPA accounts	2,481.73

(a) Lending policy: For details on lending policy please see "*Our Business*" on page 120.

(b) Details regarding lending out of issue proceeds of Previous Issues:

(i) Loan given by the Company: Our Company has not undertaken any prior public issuance of debentures. Accordingly, our Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoter or others out of proceeds from previous public issuances of debentures.

(ii) Utilisation of Issue Proceeds of the previous Issues by our Company and group companies:

(iii) Group companies: Our Company has not undertaken any prior public issuance of debentures. Accordingly, our Company has not provided any loans/advances to its group companies from the proceeds of previous public issue of debentures.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Shelf Prospectus with ROC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Auditors' Remarks

Other than as disclosed in the chapter titled "*Risk Factors*", on page 24 of this Shelf Prospectus, there are no reservations or qualifications or adverse remarks in the financial statements of our company in the last five financial years immediately preceding this Shelf Prospectus.

Trading

The Equity shares of our Company are listed on recognised stock exchanges i.e. NSE and BSE and the Debt securities issued to public by our Company, which are listed on BSE and NSE and Debt securities issued on private placement basis are listed on Wholesale Debt Market Segment of NSE and are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuations in prices or volumes of such listed debt securities.

Caution

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:
(a) makes or abets making of an application in a fictitious name to a company for acquiring or subscribing for, its securities; or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of securities to him, or any other person in a fictitious name shall be liable for action under section 447."

Disclaimer in respect of Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The key common terms and conditions of the NCDs are as follows:

Issuer	IIFL Finance Limited
Type of instrument/ Name of the security/ Seniority	(i) Secured NCDs (ii) Unsecured NCDs
Nature of the Instrument	(i) Secured NCDs of face value of ₹ 1,000 each (ii) Unsecured NCDs of face value of ₹ 1,000 each
Mode of the Issue	Public Issue
Lead Managers	Edelweiss Financial Services Limited, IIFL Securities Limited* and Equirus Capital Private Limited **IIFL Securities Limited is deemed to be our associate as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended ("**Merchant Bankers Regulations**"). Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the Merchant Bankers Regulations, IIFL Securities Limited would be involved only in marketing of the Issue.*
Debenture Trustee	Catalyst Trusteeship Limited
Depositories	NSDL and CDSL
Registrar	Link Intime India Private Limited
Issue	As specified in the relevant Tranche Prospectus for each Tranche Issue
Base Issue	As specified in the relevant Tranche Prospectus for each Tranche Issue
Option to Retain Oversubscription Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Eligible Investors	Please refer to the section titled "*Issue Procedure –Who can apply??*" on page 273 of this Shelf Prospectus.
Objects of the Issue	Please refer to the section titled "*Objects of the Issue*" on page 86, of this Shelf Prospectus.
Details of Utilization of the Proceeds	Please refer to the section titled "*Objects of the Issue*" on page 86, of this Shelf Prospectus.
Interest Rate on each category of investor	As specified in the relevant Tranche Prospectus for each Tranche Issue
Step up/ Step Down Interest rates	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest type	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest reset process	As specified in the relevant Tranche Prospectus for each Tranche Issue
Frequency of interest payment	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest Payment date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Day count basis	Actual / Actual
Interest on application money	As specified in the relevant Tranche Prospectus for each Tranche Issue
Default Interest rate	Our Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws
Tenor	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Premium / Discount	As specified in the relevant Tranche Prospectus for each Tranche Issue

Face Value	₹ 1000 per NCD
Issue Price	₹ 1000 per NCD
Discount at which security is issued and the effective yield as a result of such discount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Put date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Put price	As specified in the relevant Tranche Prospectus for each Tranche Issue
Call date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Call price	As specified in the relevant Tranche Prospectus for each Tranche Issue
Put notification time	As specified in the relevant Tranche Prospectus for each Tranche Issue
Call notification time	As specified in the relevant Tranche Prospectus for each Tranche Issue
Minimum Application size and in multiples of NCD thereafter	As specified in the relevant Tranche Prospectus for each Tranche Issue
Market Lot / Trading Lot	The market lot will be 1 Debenture ("**Market Lot**"). Since the Debentures are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of debentures.
Pay-in date	Application Date. The entire Application Amount is payable on Application
Credit Ratings	The NCDs proposed to be issued under the Issue have been rated BWR AA+/Negative (pronounced as BWR Double A Plus with Negative outlook) for an amount of ₹ 50,000 million by Brickworks Ratings India Private Limited vide their rating letter dated June 30, 2020 and revalidated vide letter dated December 22, 2020 and further revalidated vide letter dated February 16, 2021. CRISIL AA/Negative (pronounced as CRISIL Double A rating with Negative outlook) for an amount of ₹ 50,000 million by CRISIL Ratings Limited vide their rating letter dated June 26, 2020 and revalidated vide letter dated December 21, 2020 and further revalidated vide letter dated February 08, 2021. The aforesaid rating indicates that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. Please refer to *Annexures A and B* of this Shelf Prospectus for the rationale of the above ratings.
Listing	The NCDs are proposed to be listed on BSE and NSE. The NCDs shall be listed within 6 Working Days from the date of Issue Closure.
Modes of payment	Please refer to the section titled *"Issue Procedure – Terms of Payment"* on page 272 of this Shelf Prospectus.
Issuance mode of the Instrument	In dematerialised form only
Trading mode of the instrument	In dematerialised form only
Issue opening date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Issue closing date	As specified in the relevant Tranche Prospectus for each Tranche Issue ** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or the Finance Committee, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or initial date of Issue closure. On the Issue Closing Date, the Application Forms will

	be accepted only between 10 a.m. to 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges. For further details please refer to the section titled "*General Information*" on page 55 of this Shelf Prospectus. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 PM on one Working Day after the Issue Closing Date For further details please refer to the chapter titled "Issue Related Information" on page 251.
Record date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board of Directors and/or Finance Committee as constituted by the Board of Directors, from time to time in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case the Record Date falls on a day when the Stock Exchanges are having a trading holiday, the immediate subsequent trading day or a date notified by our Company will be deemed as the Record Date.
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	Not Applicable
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.) type of charge (pledge/hypothecation/mortgage etc.), date of creation of security/likely date of creation of security, minimum security cover, revaluation, replacement of security, interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Shelf Prospectus and relevant Tranche Prospectus[%]	The principal amount of the Secured NCDs to be issued in terms of the Shelf Prospectus and/or the relevant Tranche Prospectus(es) together with all interest due and payable on the Secured NCDs, thereof shall be secured by way of first pari-passu/ specified charge in favour of the Debenture Trustee on present and future receivables of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of atleast 100% of the outstanding principal amounts of the Secured NCDs and interest thereon is maintained at all time until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for ceding pari passu charge in favour of the Debenture Trustee in relation to the NCDs. For further details on date of creation of security/likely date of creation of security, minimum security cover etc. please refer to the section titled "*Terms of the Issue – Security*" on page 256 of this Shelf Prospectus and the respective Debenture Trust Deed to be executed for respective Tranche Issue. The Company shall pay interest of atleast 2% p.a. to the NCD holders, over and above the coupon rate mentioned in the relevant Tranche Prospectus(es), if the Company fails to execute the Debenture Trust Deed within the stipulated regulatory timeframe.
Issue documents	This Shelf Prospectus, the Tranche Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Managers and/or other intermediaries for the purpose of the Issue including but not limited to the Issue Agreement, Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements, the Public Issue Account and Sponsor Bank Agreement, the Registrar Agreement and the Lead Broker Agreement. For further details, please refer to "*Material Contracts and Documents for Inspection*" on page 308 of this Shelf Prospectus.
Condition precedent to disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedents to disbursement

Condition subsequent to the disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement
Events of default (including manner of voting/conditions of joining Inter Creditor Agreement)	Please refer to the section titled "*Terms of the Issue – Events of Default*" on page 258 of this Shelf Prospectus.
Creation of recovery expense fund	Our Company undertakes to deposit, in the manner as may be specified by SEBI from time to time, the amount in the recovery expense fund and inform the Debenture Trustee regarding the deposit in such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Upon occurrence of any default in the performance or observance of any term, covenant, condition or provision contained in the Summary Term Sheet, the Debenture Trustee shall take necessary actions as mentioned in the Debenture Trust Deed and relevant Tranche Prospectus
Deemed date of Allotment	The date on which the Board of Directors/or the Finance Committee approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors/ or the Finance Committee thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture Holders from the Deemed Date of Allotment
Roles and responsibilities of the Debenture Trustee	Please see section titled "*Terms of the Issue-Trustees for the NCD Holders*" on page 257 of this Shelf Prospectus.
Risk factors pertaining to the Issue	Please see section titled "Risk Factors" on page 24 of this Shelf Prospectus
Governing law and Jurisdiction	The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India, respectively
Working day convention	If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by our Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day. Further, the future Interest Payment Dates shall remain intact and shall not be changed because of postponement of such interest payment on account of it failing on a non-Working Day. If Redemption Date (also being the last Interest Payment Date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by our Company on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment. The interest /redemption payments shall be made only on the days when the money market is functioning in Mumbai.

In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. Trading in NCDs shall be compulsorily in dematerialized form.

*** The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure or extension by such period, as may be decided by the Board of Directors/ or the Finance Committee. In the event of such early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE or NSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE and NSE. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 PM on one Working Day after the Issue Closing Date For further details please refer to the chapter titled "Issue Related Information" on page 251.*

[%]*While the NCDs are secured to the tune of 100% of the principal and interest thereon in favour of Debenture Trustee, it is it the duty of the Debenture Trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security. Debt securities shall be considered as secured only if the charged asset is registered with Registrar of Companies, or is independently verifiable by the debenture trustee.*

SPECIFIC TERMS FOR NCDs

As specified in the relevant Tranche Prospectus

Terms of payment

The entire face value per NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of the respective Tranche Prospectus.

Participation by any of the above-mentioned Investor classes in the Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the "Securities Act") or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Shelf Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form.

This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory Permissions / consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

For further details, see the section titled "*Issue Procedure*" on page 272 of this Shelf Prospectus.

TERMS OF ISSUE

GENERAL TERMS OF THE ISSUE

Authority for the Issue

The Issue has been authorized by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on May 28, 2020. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' vide their resolution dated September 30, 2019 up to an amount of ₹ 350,000 Million.

Principal Terms & Conditions of the Issue

The NCDs being offered as part of the Issue are subject to the provisions of the Debt Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of the Draft Shelf Prospectus, Shelf Prospectus, respective Tranche Prospectus(es), the abridged prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE/NSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of Secured NCDs

The Secured NCDs would constitute secured obligations of ours and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, thereof shall be secured by way of first pari-passu/specified charge in favour of the Debenture Trustee on present and future receivables of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of 100% of the outstanding principal amounts of the Secured NCDs and interest thereon is maintained at all time until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for ceding pari passu charge in favour of the Debenture Trustee in relation to the NCDs. The Secured NCDs proposed to be issued under the Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption.

Ranking of Unsecured NCDs

The Unsecured NCDs would constitute unsecured and subordinated obligations of the Company and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements. The Unsecured NCDs proposed to be issued under the Issue and all earlier issues of unsecured debentures outstanding in the books of our Company, if any, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption. The claims of the Unsecured NCD holders shall be subordinated to those of the other creditors of our Company, subject to applicable statutory and/or regulatory requirements. Our Company shall, subject to applicable RBI requirements and other applicable statutory and/or regulatory provisions, treat the Unsecured NCDs as Tier II Capital. The redemption of Unsecured NCDs is subject to the applicable RBI regulations and other statutory and regulatory requirements.

Security

The principal amount of the Secured NCDs to be issued in terms of this Shelf Prospectus and/or the relevant Tranche Prospectus(es) together with all interest due and payable on the Secured NCDs, thereof shall be secured by way of first pari-passu/specified charge in favour of the Debenture Trustee on present and future receivables of the Company, created in favour of the Debenture Trustee, as specifically set out in and fully described in the Debenture Trust Deed, except those receivables specifically and exclusively charged in favour of certain existing charge holders, such that a security cover of 100% of the outstanding principal amounts of the Secured NCDs and interest thereon is maintained at all time until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees, for ceding pari passu charge in favour of the Debenture Trustee in relation to the NCDs.

Our Company intends to enter into an indenture/deed with the Debenture Trustee, **("Debenture Trust Deed")** terms of which will govern the powers, authorities and obligations of the Debenture Trustee. Our Company proposes to complete the execution and registration of the Debenture Trust Deed within the stipulated regulatory timeframe and shall utilize the funds only after the stipulated security has been created. Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs on the rate specified in the relevant Tranche Prospectus(es), the respective Tranche Prospectus(es) and in the Debenture Trust Deed. The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security and replace with another asset of the same or a higher value.

Debenture Redemption Reserve

In accordance with recent amendments to the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with Rule 16 of the SEBI Debt Regulations, any non-banking finance company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures. The Government, in the union budget for the Fiscal 2020 had announced that non-banking finance companies raising funds in public issues would be exempt from the requirement of creating a DRR. Pursuant to the amendment to the Companies (Share Capital & Debentures) Rules 2014, notified on August 16, 2019, and as on the date of filing of this Shelf Prospectus, the Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. The Company shall, as per the Companies (Share Capital & Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 3lst day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

A. in deposits with any scheduled bank, free from any charge or lien
B. in unencumbered securities of the Central Government or any State Government;
C. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
D. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Face Value

The face value of each NCD shall be ₹ 1000.

Trustees for the NCD Holders

Our Company has appointed Catalyst Trusteeship Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 4(4) of the Debt Regulations and Section 71 (5) of the Companies Act, 2013 and the rules prescribed thereunder. Our Company and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

The Debenture Trustee has agreed for a lumpsum fee amounting to ₹ 500,000 (Plus the applicable taxes) for the services as agreed in terms of the consent letter dated June 29, 2020

Terms of carrying out due diligence:

(a) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the offer document /disclosure document / information memorandum / private placement memorandum, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

(b) The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third party security provider are registered / disclosed.

(c) Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

(d) Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.

(e) The Debenture Trustee shall have the power to either independently appoint, or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed.

Indicative list of Events of Default:

(i) default is committed in payment of the principal amount of the NCDs on the due date(s);

(ii) default is committed in payment of any interest on the NCDs on the due date(s);

(iii) Default is committed in payment of any other amounts outstanding and such default continues for a period of 15 (fifteen) days;

(iv) Defaults in performance or compliance with one or more of its material obligations in relation to the NCDs and/or the Transaction Documents, which default is incapable of remedy or, if in the reasonable opinion of the Debenture Trustee is capable of remedy, is not remedied within 30 (thirty) days of written notice of such default being provided to the Company by the Debenture Trustee;

(v) Default is committed in the performance or observance of any covenant, condition or provision contained in these presents and/or the financial covenants and conditions (other than the obligation to pay principal and interest) and, except where the Debenture Trustee certifies that such default is in its opinion incapable of remedy (in which case no notice shall be required), such default continues for 30 (thirty) days after written notice has been given thereof by the Debenture Trustee to the Company requiring the same to be remedied;

(vi) Any material indebtedness of the Company for funds raised or availed by the Company, that is, material indebtedness for and in respect of monies borrowed or raised by the Company (whether or not for cash consideration) by whatever means (including acceptance, credits, deposits and leasing) becomes due prior to its stated maturity by reason of default of the terms thereof or if any such indebtedness is not paid at its stated maturity (in the reasonable opinion of the Debenture Trustee), or there is a default in making payments due under any guarantee or indemnity given by the Company in respect of the material indebtedness of borrowed monies of any person, and proceedings are initiated by the relevant lender or creditor in connection with such default, for recovery of such indebtedness or for enforcement or invocation of such guarantee or indemnity;

(vii) The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved;

(viii) The Company is unable to or has admitted in writing its inability to pay its material debts as and when the same are due or it is certified by an accountant appointed by the Debenture Trustee that based on the examination of the financial condition of the Company by reason of the Company's liquidity position, insufficiency of cash flows, or otherwise, it is unlikely that the Company would be in a position to pay its obligations in connection with the NCDs;

(ix) If the Company is unable to pay its debts

(x) The Company ceases to carry on its business or gives notice of its intention to do so;

(xi) If the Company enters into amalgamation, reorganisation or reconstruction without the prior consent of the Debenture Trustee in writing as per requirements of Applicable Laws; and

(xii) Any Security created pursuant to, or evidenced by, any Security Document ceases to ensure to the benefit of the Debenture Trustee.

In accordance with the circular (SEBI/HO/MIRSD/CRADT/CIR/P/2020/203) dated October 13, 2020 issued by SEBI on "Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities", post the occurrence of a "default", the consent of the NCD Holders for entering into an inter-creditor agreement (the "**ICA**")/enforcement of security shall be sought by the debenture trustee after providing a notice to the investors in the manner stipulated under applicable law. Further, the meeting of the NCD Holders shall be held within the period stipulated under applicable law. In case(s) where majority of investors express their consent to enter into the ICA, the debenture trustee shall enter into the ICA on behalf of the investors upon compliance with the conditions as stipulated in the abovementioned circular. In case consents are not received for signing the ICA, the debenture trustee shall take further action, if any, as per the decision taken in the meeting of the investors. The consent of the majority of investors shall mean the approval of not less than 75% of the investors by value of the outstanding debt and 60% of the investors by number at the ISIN level.

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI LODR Regulations.

Rights of Secured NCD Holders

Some of the significant rights available to the Secured NCD Holders are as follows:

1. The Secured NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the Secured NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered Secured NCD Holders for their consideration. In terms of Section 136 (1) of the Companies Act, 2013, holders of Secured NCDs shall be entitled to a copy of the balance sheet and copy of trust deed at the Registered Office of the Company during business hours.

2. Subject to the above and the applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the Secured NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Secured NCDs or with the sanction of a special resolution passed at a meeting of the concerned Secured NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Secured NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered Secured NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such Secured NCDs, either in person or by proxy, at any meeting of the concerned Secured NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Secured NCD Holders shall be in proportion to the outstanding nominal value of Secured NCDs held by him/her.

4. The Secured NCDs are subject to the provisions of the Debt Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Shelf Prospectus, the respective Tranche Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the Secured NCDs.

5. The Depositories shall maintain the up to date record of holders of the Secured NCDs in dematerialised form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of Secured NCDs maintained by a Depository for any Secured NCD in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a register of Debenture Holders for this purpose.

6. A register of Debenture Holders holding Secured NCDs in physical form pursuant to rematerialisation of the Secured NCDs issued pursuant to this Issue ("**Register of Debenture Holder**") will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest/redemption amounts and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of Debenture Holders as on the Record Date.

7. Subject to compliance with RBI requirements, the Secured NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the Secured NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the Secured NCD holders are merely indicative. The final rights of the Secured NCD holders will be as per the terms of this Shelf Prospectus, the respective Tranche Prospectus and the Debenture Trust Deed.

Rights of Unsecured NCD Holders

Some of the significant rights available to the Unsecured NCD Holders are as follows:

1. The Unsecured NCDs shall not, except as provided in the relevant provisions of the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the Unsecured NCD Holders thereof any rights or privileges available to our Shareholders including the right to receive notices, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the Unsecured NCDs is to be placed before the Shareholders, the said resolution will first be placed before the concerned registered Unsecured NCD Holders for their consideration. In terms of Section 136 of the Companies Act, 2013, the Unsecured NCD Holders shall be entitled to inspect a copy of the balance sheet and copy of trust deed at the Registered Office of our Company during business hours.

2. Subject to applicable statutory / regulatory requirements, including requirements of the RBI, the NHB, the rights, privileges and conditions attached to the Unsecured NCDs may be varied, modified and/or abrogated with the consent in writing of the Unsecured NCD Holders representing at least three-fourths in value of the Unsecured NCDs or with the sanction of a special resolution passed at a meeting of the concerned Unsecured NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Unsecured NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered Unsecured NCD Holders or in case of joint-holders, the one whose name stands first in the Register of Debenture Holders shall be entitled to vote in respect of such Unsecured NCDs, either in person or by proxy, at any meeting of the concerned Unsecured NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Unsecured NCD Holders shall be in proportion to the outstanding nominal value of Unsecured NCDs held by him/her.

4. The Depositories shall maintain the up to date record of holders of the Unsecured NCDs in dematerialised form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of Unsecured NCDs maintained by a Depository for any Unsecured NCD in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a register of Debenture Holders for this purpose.

5. A register of Debenture Holders holding Unsecured NCDs in physical form pursuant to rematerialisation of the Unsecured NCDs issued pursuant to this Issue ("**Register of Debenture Holder**") will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest/redemption amounts and principal sums becoming due and payable in respect of the Unsecured NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of Debenture Holders as on the Record Date.

6. The Unsecured NCDs are subject to the provisions of the SEBI Debt Regulations, the relevant provisions of the Companies Act, 2013 applicable as on the date of this Shelf Prospectus, our Memorandum and Articles of Association, the terms of the Shelf Prospectus, the relevant Tranche Prospectus, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, the NHB and other applicable statutory and/or regulatory requirements relating to the Issue and listing, of securities and any other documents that may be executed in connection with the Unsecured NCDs.

7. Subject to compliance with applicable statutory requirements, the Unsecured NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the Unsecured NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the Unsecured NCDs, who have not given their positive consent to the roll-over.

The aforementioned rights of the Unsecured NCD Holders are merely indicative. The final rights of the Unsecured NCD Holders will be as per the terms of the Offer Document and the Debenture Trust Deed.

Nomination facility to NCD Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("**Rule 19**") and the Companies Act, 2013, the sole NCD holder, or first NCD holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the **Form No. SH.13,** any one person (being an individual) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the NCDs. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No. SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

Since the allotment of NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

Application in the Issue

Applicants shall apply in the Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in the Issue shall be made through the ASBA facility only.

In terms of Regulation 4(2)(d) of the Debt Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the Debt Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of 1 (one) NCD ("**Market Lot**"). Allotment in the Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment refer to chapter titled "***Issue Procedure***" beginning on page no. 272 of this Shelf Prospectus.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Please see "*Issue Structure – Interest*" on page 251 of this Shelf Prospectus for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non Individual Investors on the Record Date.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**"), NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from December 4, 2018. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Title

In case of:

- the NCDs held in the dematerialised form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and

- the NCD held in physical form, pursuant to any rematerialisation, the person for the time being appearing in the Register of Debenture Holders as Debenture Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the Debenture Holder.

No transfer of title of NCD will be valid unless and until entered on the Register of Debenture Holders or the register and index of Debenture Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Debenture Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar.

Register of NCD Holders

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders (for re materialized NCDs) or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company, the Board, any Committee of the Board or any other person authorised by the Board, in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialized form, third person is not required to approach our Company to register his name as successor of the deceased NCD Holder. The NCD Holder shall approach the respective Depository Participant for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Procedure for Re-materialization of NCDs

Debenture Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. **Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation**.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for rematerialisation of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of the NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the Depository Participant. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to the Issue. Pursuant to the SEBI LODR IV Amendment, NCDs held in physical form, pursuant to any re-materialisation, as above, cannot be transferred except by way of transmission or transposition, from December 4, 2018. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only. NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from December 4, 2018.

Period of Subscription

ISSUE PROGRAMME	
ISSUE OPENS ON	As specified in the relevant Tranche Prospectus
ISSUE CLOSES ON	As specified in the relevant Tranche Prospectus

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. On the Issue Closing Date, Application Forms will be accepted only between 10.00 a.m. to 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on a date priority basis in accordance with SEBI Circular dated October 29, 2013.

Interest

As specified in the relevant Tranche Prospectus.

Basis of payment of Interest

Our Company may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those Investors who have given their bank mandate.

Our Company may offer the facility of NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the paragraph on *"Manner of Payment of Interest / Redemption Amounts"* at page 267.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialized form.

If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by our Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day, in accordance with the Working Day Convention. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date as stated in the section titled "Issue Procedure" on page 272 of this Shelf Prospectus, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Shelf Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention:

Interest shall be computed on an actual / actual basis on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Effect of holidays on payments:

If the Interest Payment Date falls on a day other than a Working Day, the interest payment shall be made by the Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day. Further, the future Interest Payment Dates shall remain intact and shall not be changed because of postponement of such interest payment on account of it falling on a non-Working Day. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force.

If Redemption Date (also being the last Interest Payment Date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by the Company on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment. The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.

Illustration for guidance in respect of the day count convention and effect of holidays on payments:

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 will be disclosed in the relevant Tranche Prospectus.

Maturity and Redemption

As specified in the relevant Tranche Prospectus.

Put / Call Option

As specified in the relevant Tranche Prospectus.

Application Size

Applicants can apply for any or all types of NCDs offered hereunder (any/all series) as specified in the relevant Tranche Prospectus.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1000 per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of this Shelf Prospectus.

Manner of Payment of Interest / Refund

The manner of payment of interest / refund in connection with the NCDs is set out below:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants are advised to keep their bank account details as appearing on the records of the depository participant updated at all points of time. Please note that failure to do so could result in delays in credit of Interest/ Redemption Amounts at the Applicant's sole risk, and the Lead Managers, our Company or the Registrar shall have no responsibility and undertake no liability for the same.

Printing of Bank Particulars on Interest Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the Investors are advised to submit their bank account details with our Company / Registrar at least seven (7) days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company. Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to the RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Form and Denomination of Secured NCDs

In case of Secured NCDs held in physical form on account of rematerialisation, a single certificate will be issued to the NCD Holder for the aggregate amount of the Secured NCDs held ("Consolidated Certificate"). The Applicant can also request for the issue of NCD certificates in denomination of one Secured NCD ("Market Lot"). In case of Secured NCDs held under different Options, as specified in the relevant Tranche Prospectus, by an NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the Secured NCDs held under each Option.

It is, however, distinctly to be understood that the Secured NCDs pursuant to this issue shall be traded only in dematerialized form.

In respect of Consolidated Certificates, only upon receipt of a request from the NCD Holder, the Consolidated Certificates would be split into smaller denominations, subject to the minimum of Market Lot. No fee would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate, which would then be treated as cancelled.

Form and Denomination of Unsecured NCDs

In case of Unsecured NCDs held in physical form on account of rematerialisation, a single certificate will be issued to the NCD Holder for the aggregate amount of the Unsecured NCDs held ("Consolidated Certificate"). The Applicant can also request for the issue of NCD certificates in denomination of one Unsecured NCD ("Market Lot"). In case of Unsecured NCDs held under different Options, as specified in the relevant Tranche Prospectus, by a NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the Unsecured NCDs held under each Option.

It is, however, distinctly to be understood that the Unsecured NCDs pursuant to this issue shall be traded only in dematerialized form.

In respect of Consolidated Certificates, only upon receipt of a request from the NCD Holder, the Consolidated Certificates would be split into smaller denominations, subject to the minimum of Market Lot. No fee would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate, which would then be treated as cancelled.

Procedure for Redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization:

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificates) be surrendered for redemption on maturity and should be sent by the NCD Holders by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holders may be requested to surrender the NCD certificates in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled.

NCDs held in electronic form:

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialization:

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificates, duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the NCD certificates). Dispatch of cheques/ pay orders, etc. in respect of such payment will be made on the redemption date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption.

Our liability to NCD Holders towards their rights including for payment or otherwise shall stand extinguished from the redemption in all events and when we dispatch the redemption amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCDs.

NCDs held in electronic form:

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to Reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of Information

Our Company may, at its option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Mumbai and/or will be sent by speed post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Future Borrowings

Our Company will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to stipulated security cover being maintained and applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013."

Pre-closure

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in the relevant Tranche Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described in each relevant Tranche Prospectus and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Tranche Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Minimum Subscription

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 working days from the Issue Closing Date, failing which our Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Utilisation of Application Amount

The sum received in respect of the Issue will be kept in separate bank account(s) and we will have access to such funds only upon allotment of the NCDs, execution of Debenture Trust Deed(s) and on receipt of listing and trading approval from the Stock Exchange as per applicable provisions of law(s), regulations and approvals.

Utilisation of Issue Proceeds

(a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

(b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

(d) Our Company shall utilize the Issue proceeds only up on (i) receipt of minimum subscription; (ii) completion of Allotment in compliance with Section 40 of the Companies Act, 2013; (ii) receipt of listing and trading approval from Stock Exchange and (iii) only upon execution of the documents for creation of security.

(e) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

(f) Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested.

Filing of the Shelf Prospectus and Tranche Prospectus with the RoC

A copy of the Shelf Prospectus and relevant Tranche Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the relevant Tranche Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations.

Material updates, if any, between the date of filing of the Shelf Prospectus and the relevant Tranche Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

Listing

The NCDs offered through this Shelf Prospectus are proposed to be listed on the BSE and NSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter dated July 9, 2020 and NSE *vide* their letter dated July 9, 2020 and an extension of validity for three months vide letter dated December 28, 2020. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 6 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

Guarantee/Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent

Monitoring and Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Audit Committee of our Company shall monitor the utilization of the proceeds of the Issue. For the relevant financial years commencing from the Financial Year 2020-21, our Company will disclose in our financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Lien

As per the RBI circular dated June 27, 2013, the Company is not permitted to extend loans against the security of its debentures issued by way of private placement or public issues. Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder, to the extent of all outstanding dues, if any by the NCD Holder to our Company, subject to applicable law.

Lien on Pledge of NCDs

Subject to applicable law, our Company, at its discretion, may record a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

ISSUE PROCEDURE

This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018, which provides, inter-alia, that for all public issues of debt securities opening on or after October 1, 2018, all Applicants shall mandatorily use the ASBA facility for participating in the Issue. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. Applicants ensure that their respective ASBA accounts can be blocked by the SCSBs, in the relevant ASBA Accounts.

*In addition, specific attention is invited to SEBI Circular SEBI/HO/DDHC/CIR/P/2020/233dated November 23, 2020 (**"Debt UPI Circular"**), whereby retail individual investor may use the Unified Payment Interface (**"UPI"**) to participate in the public issue for an amount up to INR 2, 00, 000 being conducted on or after January 01, 2021.*

Applicants should note that they may submit their Applications to the Designated Intermediaries at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Shelf Prospectus.

Retail Individual Investors should note that they may use the UPI mechanism to block funds for application value upto Rs. 2 Lac submitted through the app/web interface of the Stock Exchanges or through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants).

Please note that this section has been prepared based on the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, circular no. SEBI/HO/DDHC/CIR/P/2020/233 dated November 23, 2020 ("Debt UPI Circular") and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI ("ASBA Circular"). The Stock Exchanges have issued Operational guidelines and circulars available at BSE: https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61; and for NSE at: https://www1.nseindia.com/content/circulars/IPO46907.zip; https://www1.nseindia.com/content/circulars/IPO46867.zip.

Specific attention is drawn to the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which provides for allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchange.

Our Company and the Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Shelf Prospectus. Investors are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws.

Further, the Company and the Lead Managers are not liable for any adverse occurrences consequent to the UPI Mechanism for application in the Issue.

PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE(S) WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE(S). THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THIS SHELF PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE LEAD MANAGERS, THE SYNDICATE MEMBERS/LEAD BROKERS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF TRADING MEMBERS/DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF TRADING MEMBERS/DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN RESPECT OF THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY STOCK EXCHANGES. FURTHER, THE RELEVANT

STOCK EXCHANGES WILL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS/DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that for the purposes of this section, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai.

Availability of Prospectus and Application Forms

The copies of the Shelf Prospectus, Abridged Prospectus containing the salient features of the relevant Tranche Prospectus (for a particular Tranche Issue) together with Application Forms may be obtained from our Registered Office or Corporate Office, Lead Managers to the Issue, Lead Brokers/Syndicate Members, the Registrar to the Issue and the Designated Branches of the SCSBs. Additionally, the Shelf and Tranche Prospectus (for a particular Tranche Issue) and the Application Forms will be available for download on the websites of BSE at www.bseindia.com and NSE at www.nseindia.com. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the websites of the Stock Exchange(s) i.e. BSE at www.bseindia.com and NSE at www.nseindia.com. Hyperlinks to the websites of the Stock Exchange(s) for this facility will be provided on the websites of the Lead Managers and the SCSBs.

In addition, Application Forms would also be made available to all the recognised stock exchanges. Further, Application Forms will also be provided to Trading Members at their request.

Our Company may provide Application Forms for being filled and downloaded at such websites as we may deem fit. The Issuer may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, online demat account portals may also provide the facility of submitting the Application Forms online to their account holders'.

Who can apply?

The following categories of persons are eligible to apply in the Issue.

Category I

- Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds and pension funds with a minimum corpus of ₹ 250 million, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident Venture Capital Funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 5,000 million as per the last audited financial statements;
- National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and
- Mutual funds registered with SEBI.

Category II

- Companies within the meaning of Section 2(20) of the Companies Act, 2013; statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Co-operative banks and regional rural banks;

- Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009).
- Association of Persons; and
- Any other incorporated and/ or unincorporated body of persons

Category III

- High Net-worth Individual Investors - Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Issue

Category IV

- Retail Individual Investors - Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10,00,000 across all options of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism.

Note: Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

The information below is given for the benefit of Applicants. Our Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Shelf Prospectus.

How to apply?

Availability of this Shelf Prospectus, the relevant Tranche Prospectus, Abridged Prospectus and Application Forms.

Please note that there is a single Application Form for who are persons resident in India.

Copies of the Abridged Prospectus containing the salient features of the Shelf Prospectus, relevant Tranche Prospectus together with Application Forms and copies of this Shelf Prospectus may be obtained from our Registered Office, the Lead Managers, the Registrar to the Issue and the Designated Branches of the SCSBs. Additionally, the Shelf Prospectus, the relevant Tranche Prospectus and the Application Forms will be available

(i) for download on the website of BSE at www.bseindia.com, on the website of NSE at www.nseindia.com and the website of the Lead Managers at www.edelweissfin.com, www.iiflcap.com and www.equirus.com.

(ii) at the designated branches of the SCSBs and the Syndicate Members at the Specified Locations.

Electronic Application Forms will also be available on the website of the Stock Exchange. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the websites of the Stock Exchange. Further, Application Forms will also be provided to Designated Intermediaries at their request.

Method of Application

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible investor desirous of applying in the Issue can make Applications through the ASBA mechanism only.

Further, the Application may also be submitted through the app or web interface developed by Stock Exchanges wherein the Application is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism, as applicable.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries. Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form (except the Bid cum Application Form from a Retail Individual Investor bidding using the UPI mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants should submit the Application Form only at the Bidding Centres, i.e. to the respective Syndicate Members at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at http://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms (except a Bid cum Application Form from RIBs using the UPI Mechanism) with the SCSB with whom the relevant ASBA Accounts are maintained.

Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a RIB who is not Bidding using the UPI Mechanism.

For RIBs using UPI Mechanism, the Stock Exchanges shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

The Sponsor Bank shall provide details of the UPI linked bank account of the Bidders to the Registrar to the Issue for purpose of reconciliation.

RIBs using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

RIBs using UPI Mechanism, submitting a Bid-cum Application Form to any Designated Intermediary (other than SCSBs) should ensure that only the UPI ID is mentioned in the field for Payment Details in the Bid cum Application Form. Application Forms submitted by RIBs using UPI Mechanism to Designated Intermediary (other than SCSBs) with ASBA Account details, are liable to be rejected.

Further, such Bidders including RIBs using the UPI Mechanism, shall ensure that the Bids are submitted at the Bidding Centres only on Bid cum Application Forms bearing the stamp of the relevant Designated Intermediary (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms (except electronic Bid-cum-Application Forms) not bearing such specified stamp may be liable for rejection. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid. Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a RIB who is not Bidding using the UPI Mechanism.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to the Issue should be made by Applicants directly to the relevant Stock Exchange.

In terms of the Debt UPI Circular, an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. **Through Self-Certified Syndicate Bank (SCSB) or intermediaries** (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)

    a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange bidding platform and blocking of funds in investors account by the SCSB would continue.

    b. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

    c. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is Rs.2 lac or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI mechanism in this case.

2. **Through Stock Exchanges**

    a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchanges (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchanges bidding platform and the amount is blocked using the UPI Mechanism.
    b. The Stock Exchanges have extended their web-based platforms i.e 'BSEDirect' and 'NSE goBID' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto Rs. 2 Lac. To place bid through 'BSEDirect' and 'NSE goBID' platform/ mobile app the eligible investor is required to register himself/ herself with BSE Direct/ NSE goBID.
    c. An investor may use the following links to access the web-based interface developed by the Stock Exchanges to bid using the UPI Mechanism: BSE: https://www.bsedirect.com; and NSE: https://www.nseindiaipo.com.
    d. The BSE Direct and NSE goBID mobile application can be downloaded from play store in android phones. Kindly search for 'BSEdirect' or 'NSE goBID' on Google Playstore for downloading mobile applications.
    e. For further details on the registration process and the submission of bids through the App or web interface, the Stock Exchanges have issued operational guidelines and circulars available at BSE: https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61;
    NSE: https://www1.nseindia.com/content/circulars/IPO46907.zip;
    https://www1.nseindia.com/content/circulars/IPO46867.zip.

Application Size

As specified in the relevant Tranche Prospectus.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 1, 2019 ("**SEBI Circular 2019**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 20% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 10% of net assets value of scheme shall be allowed only by way of increase in exposure to HFCs. However the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme Further, the group level limits for debt schemes and the ceiling be fixed at 10% of net assets value extendable to 15% of net assets value after prior approval of the board of trustees. A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories.

Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks

Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks can apply in a relevant Tranche Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investments; and (iv) a letter of authorisation. Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Insurance Companies

Insurance companies registered with the IRDAI can apply in the Issue based on their own investment limits and approvals in accordance with the regulations, guidelines and circulars issued by the IRDAI. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; and (iv) specimen signatures of authorised signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by Indian Alternative Investments Funds

Applications made by 'alternative investment funds' eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/ or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions or statutory corporations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any Act/ Rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications made by companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications under a power of attorney by limited companies, corporate bodies and registered societies

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of physical ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form.

Failing this our Company, in consultation with the Lead Managers, reserves the right to reject such Applications.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Managers may deem fit.

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Funds

Application made by a National Investment Fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by Systematically Important Non-banking financial companies

Applications made by systematically important non-banking financial companies registered with the RBI and under other applicable laws in India must be accompanied by certified true copies of: (i) memorandum and articles of association/charter of constitution; (ii) power of attorney (iii) board Resolution authorising investments; and (iv) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

The Lead Members and their respective associates and affiliates are permitted to subscribe in the Issue.

Applications cannot be made by:

(a) Minors without a guardian name* (A guardian may apply on behalf of a minor. However, the name of the guardian will also need to be mentioned on the Application Form);
(b) Foreign nationals NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;;
(c) Persons resident outside India and other foreign entities;
(d) Foreign Institutional Investors;
(e) Foreign Portfolio Investors;
(f) Non Resident Indians;
(g) Qualified Foreign Investors;
(h) Overseas Corporate Bodies**;
(i) Foreign Venture Capital Funds; and
(j) Persons ineligible to contract under applicable statutory/ regulatory requirements.

** Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

The Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Designated Intermediaries.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

***The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.*

Payment instructions

Payment mechanism for Applicants

The Applicants shall specify the ASBA Account number in the Application Form.

An Applicant may submit the completed Application Form to designated intermediaries along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

An Applicant may submit the Application Form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹ 2 lac or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI mechanism once the mandate request has been successfully accepted by the Applicant in this case.

An Applicant may submit the Application Form through the App or web interface developed by Stock Exchanges wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism once the mandate request has been successfully accepted by the Applicant.

For ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities or to the Designated Branches of the SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue shall send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to NCDs allotted to the successful Applicants to the Public Issue Account(s). The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 6 (six) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Additional Instructions for Retail Individual Investors using the UPI mechanism:

(a) Before submission of the application form with the Designated Intermediary, a Retail Individual Investor shall download the mobile app for UPI and create a UPI ID (xyz@bankname) of not more than 45 characters with its bank and link it to his/ her bank account where the funds equivalent to the application amount is available.

(b) The Retail Individual Investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchanges App/ Web interface.

(c) The Designated Intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the Stock Exchange(s) bidding platform using appropriate protocols.

(d) Once the bid has been entered in the bidding platform, the Stock Exchange(s) shall undertake validation of the PAN and Demat account combination details of investor with the depository.

(e) The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to Stock Exchange(s) which would be shared by the Stock Exchange(s) with the Designated Intermediaries through its platform, for corrections, if any.

(f) Once the bid details are uploaded on the Stock Exchange(s) platform, the Stock Exchange(s) shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next Working Day.

(g) Post undertaking validation with the Depository, the Stock Exchange(s) shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the Company.

(h) The Sponsor Bank shall initiate a mandate request on the investor i.e. request the investor to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment.

(i) The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.

(j) The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the bid details submitted by such investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by the Sponsor Bank would be a one-time mandate for each application in the Issue.

(k) The investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the Issue period or any other modified closure date of the Issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next Working Day.

(l) The investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.

(m) For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 (T being the Issue Closing Date) modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 (T being the Issue Closing Date) day till 1 pm

(n) The facility of Re-initiation/ Resending the UPI mandate shall be available only till 5 pm on the day of bidding.

(o) Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.

(p) The information containing status of block request (e.g. accepted / decline / pending) would so be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange(s). The block request status would also be displayed on the Stock Exchange(s) platform for information of the intermediary.

(q) The information received from Sponsor Bank, would be shared by Stock Exchange(s) with the Registrar to the Issue in the form of a file for the purpose of reconciliation.

(r) Post closure of the Issue, the Stock Exchange(s) shall share the bid details with the Registrar to the Issue. Further, the Stock Exchange(s) shall also provide the Registrar to the Issue, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.

(s) The allotment of debt securities shall be done as per SEBI Circular No. CIR/IMD/DF/18/2013 dated October 29, 2013.

(t) The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.

(u) Upon approval of the basis of allotment, the RTA shall share the 'debit' file with Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor's account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor's bank account, whereupon funds will be transferred from investor's account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.

(v) Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.

(w) Thereafter, Stock Exchange will issue the listing and trading approval.

The details of commission and processing fees payable to each intermediary along with timelines for payment shall be as mentioned in the relevant Tranche Prospectus.

Additional information for Applicants

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.

2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Designated Intermediaries, or the relevant Designated Branch, as the case may be, they are liable to be rejected.
4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

Applicants are advised not to submit Application Forms to Public Issue Account Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Filing of the Shelf Prospectus and Tranche Prospectus with ROC

A copy of the Shelf Prospectus and relevant Tranche Prospectus shall be filed with the ROC in accordance with Section 26 and Section 31 of the Companies Act, 2013.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement on or before the relevant Issue Opening Date of each relevant Tranche Issue. This advertisement will contain the information as prescribed under the SEBI Debt Regulations and Section 30 of the Companies Act, 2013. Material updates, if any, between the date of filing of the Shelf Prospectus and the relevant Tranche Prospectus with the ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

APPLICATIONS FOR ALLOTMENT OF NCDs IN THE DEMATERIALIZED FORM

Submission of Applications

Applicants can apply for NCDs only using the ASBA facility pursuant to ASBA Circular. ASBA Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of ASBA Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application. In case of Application in the electronic mode, the Applicant shall submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.

(b) Physically through the Lead Brokers, Lead Managers, or Trading Members of the Stock Exchange only at the Specified Cities, i.e. Syndicate ASBA. Kindly note that ASBA Applications submitted to the Syndicate/ Lead Brokers, Lead Managers or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the ASBA Application has not named at least one branch at that Specified City for the Syndicate/Lead Brokers, Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

Upon receipt of the Application Form by the Syndicate/Lead Brokers, Lead Managers or Trading Members of the Stock Exchange, as the case may be, an acknowledgement shall be issued by giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Syndicate/Lead Brokers, Lead Managers or Trading Members of the Stock Exchange, as the case may be (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries). Upon receipt of the ASBA Application, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Lead Managers and Trading Members of the Stock Exchange at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Tranche Prospectus is made available on their websites.

(b) The Designated Branches of the SCSBs shall accept ASBA Applications directly from Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please refer to the section titled "*Issue Related Information*" on page 251 of this Shelf Prospectus.

(c) In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Lead Managers or Trading Members of the Stock Exchange, as the case maybe, if not, the same shall be rejected. Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialized form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in block letters in English, as per the instructions contained in this Shelf Prospectus, the abridged Tranche Prospectus and the Application Form.
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
- Applicants applying for Allotment in dematerialised form must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchange by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.
- The minimum number of Applications and minimum application size shall be specified in the Tranche Prospectus. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- No separate receipts will be issued for the money payable on the submission of the Application Form. However, the Lead Managers, Trading Members of the Stock Exchange or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Lead Manager, Trading Member of the Stock Exchange or the Designated Branch of the SCSBs, as the case may be.
- Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form.
- ASBA will be the default "Mode of Application" as per the ASBA Circular.
- Applicants should correctly mention the ASBA Account number and UPI ID in case applying through UPI Mechanism and ensure that funds equal to the Application Amount are available in the ASBA

Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Managers, Trading Member of the Stock Exchange in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Lead Managers, Trading Member of the Stock Exchange, Public Issue Account Banks nor Designated Branches, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

Our Company would allot the series of NCDs, as specified in the relevant Tranche Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

B. Applicant's Beneficiary Account and Bank Account Details

Applicants applying for Allotment in dematerialized form must mention their DP ID Client ID, PAN and UPI ID (in case applying through UPI Mechanism) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialized form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialized form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialized form, whose beneficiary accounts are inactive, will be rejected.

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition ("**MICR**") Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants' sole risk, and neither our Company, the Lead Managers, Trading Members of the Stock Exchange, Public Issue Account Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

The Demographic Details would be used for correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders, or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders (as applicable) would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Applicants sole risk and neither our Company, the Lead Managers, Trading Members of the Stock Exchange, Public Issue Account Banks, SCSBs, Registrar to the Issue nor the Stock Exchange shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Shelf Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used. By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID, UPI ID and PAN, then such Application are liable to be rejected.

Applicants should note that the NCDs will be allotted to all successful Applicants only in dematerialized form. The Application Forms which do not have the details of the Applicant's depository account, including DP ID, Client ID and PAN and UPI ID (for Retail Individual Investor Applicants bidding using the UPI mechanism), shall be treated as incomplete and will be rejected.

Unified Payments Interface (UPI)

SEBI has issued Debt UPI circular on November 23, 2020 with reference number SEBI/HO/DDHC/CIR/P/2020/233 in relation to streamlining the process of public issue of *inter alia* debt issues. Pursuant to the Debt UPI circular, the UPI Mechanism has been introduced and will become applicable for public debt issues being conducted on or after January 01, 2021 as a payment mechanism (in addition to the mechanism of blocking funds maintained with SCSBs under ASBA) for applications by retail individual bidders through Designated Intermediaries. All SCSBs offering the facility of making applications in public issues shall also provide the facility to make applications using UPI. The Company will be required to appoint one SCSB as a Sponsor Bank to act as a conduit between the Stock Exchange and National Payments Corporation of India in order to facilitate the collection of requests and/or payment instructions of the investors.

C. Permanent Account Number (PAN)

The Applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

D. Joint Applications

If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form

E. Additional/ Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other series of NCDs, subject to a minimum application size and multiples as determined in the Tranche Prospectus. Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹1,000,000 shall be deem such individual Applicant to be a HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Electronic registration of Applications

(a) The Designated Intermediaries will register the Applications using the on-line facilities of Stock Exchange. The Lead Managers, our Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the Designated Intermediaries, (ii) the Applications (including the UPI ID, as applicable) uploaded by the Designated Intermediaries, (iii) the Applications accepted but not uploaded by the Designated Intermediaries, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (iv) Applications accepted and uploaded by the Designated Intermediaries for which the Application Amounts are not blocked by the SCSBs.

(b) The Stock Exchange will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Syndicate Members and the other Designated Intermediaries during the Issue Period. On the Issue Closing Date, the Syndicate Members tand the other Designated Intermediaries shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Syndicate Members and the other Designated Intermediaries on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.

(c) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchange, would be made available at the Application centres as provided in the Application Form during the Issue Period.

(d) At the time of registering each Application, the Designated Intermediaries, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts and any other details that may be prescribed by the online uploading platform of the Stock Exchange.

(e) A system generated Acknowledgement Slip will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the Acknowledgement Slip from the Syndicate Members or the other Designated Intermediaries, as the case may be. The registration of the Applications by the Designated Intermediaries does not guarantee that the NCDs shall be allocated/ Allotted by our Company. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind.

(f) The permission given by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and/or the Lead Managers are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company;

nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Shelf Prospectus or the relevant Tranche Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

(g) In case of apparent data entry error by the Designated Intermediaries, in entering the Application Form numbers in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid or such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.

(h) Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for Allotment. The Designated Intermediaries shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate, Designated Intermediaries will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

General Instructions

Do's

1. Check if you are eligible to apply as per the terms of this Shelf Prospectus, the relevant Tranche Prospectus and applicable law;
2. Read all the instructions carefully and complete the Application Form in the prescribed form;
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue.
4. Ensure that the DP ID and Client ID are correct and beneficiary account is activated for Allotment of NCDs in dematerialized form. The requirement for providing Depository Participant details shall be mandatory for all Applicants.
5. Ensure that you have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Application Form;
6. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Intermediaries, as the case may be.
7. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;
8. Bidders (other than RIBs bidding through the non-UPI Mechanism) should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
9. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than RIBs using the UPI Mechanism) in the Bid cum Application Form;
10. RIBs using the UPI Mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Bid cum Application Form;
11. RIBs bidding using the UPI Mechanism should ensure that they use only their own bank account linked UPI ID to make an application in the issue;
12. RIBs submitting a Bid cum Application Form using the UPI Mechanism, should ensure that: (a) the bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid is listed on the website of Stock Exchanges, as may be updated from time to time;
13. RIBs using the UPI Mechanism shall ensure that the bank, with which it has its bank account, where the funds equivalent to the application amount are available for blocking is UPI certified by NPCI;
14. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;

15. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes.

16. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

17. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange, match with the DP ID, Client ID and PAN available in the Depository database;

18. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;

19. Ensure that the Applications are submitted to the Lead Managers, Trading Members of the Stock Exchange or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see the section titled "*Issue Related Information*" on page 251 of this Shelf Prospectus.

20. Ensure that the Demographic Details including PAN are updated, true and correct in all respects;

21. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek allotment of NCDs pursuant to the Issue;

22. Permanent Account Number: Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

23. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

24. All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and

25. Tick the series of NCDs in the Application Form that you wish to apply for.

26. Check if you are eligible to Apply under ASBA;

27. Ensure that you give the correct details of your ASBA Account including bank account number/ bank name and branch;

28. Ensure that your Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities, and not directly to the Public Issue Account Banks (assuming that such bank is not a SCSB) or to our Company or the Registrar to the Issue;

29. In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to the Trading Members of the Stock Exchange, ensure that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at-least one branch in that Specified City for the Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Forms (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries);

30. In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, in case of an SCSB making an ASBA Application, such ASBA Application should be made through an ASBA Account utilised solely for the purpose of applying in public issues and maintained in the name of such SCSB Applicant with a different SCSB, wherein clear demarcated funds are available.

31. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the account holder;

32. Bidders, other than RIBs using the UPI Mechanism, shall ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application Form and that your signature in the Application Form matches with your available bank records;

33. Ensure that you have correctly signed the authorisation /undertaking box in the Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Application Form, as the case may be, at the time of submission of the Bid. In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

34. Retail Individual Investors submitting Application Form using the UPI Mechanism, should ensure that the: (a) bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid, are listed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40;

35. Ensure that you receive an acknowledgement from the Designated Branch or the concerned Lead Manager or Trading Member of the Stock Exchange, as the case may be, for the submission of the Application Form;

36. For RIBs using the UPI Mechanism, ensure that you approve the Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;

37. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB applying through UPI may be deemed to have verified the attachment containing the application details of the RIB applying through UPI in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;

38. RIBs using the UPI Mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Bid cum Application Form;

39. RIBs using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of Allotment in a timely manner;

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account.

SEBI Circular No. CIR/DDHS/P/121/2018 dated August 16, 2018 stipulating the time between closure of the Issue and listing at 6 (six) Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

Dont's:

1. Do not apply for lower than the minimum application size;
2. Do not pay the Application Amount in cash, demand draft, cheque, by money order or by postal order or by stockinvest;
3. Do not send Application Forms by post; instead submit the same to the Syndicate/Lead Brokers, sub-brokers, Trading Members of the Stock Exchange or Designated Branches of the SCSBs, as the case may be;
4. RIB applying through UPI should not submit a Bid using the UPI Mechanism, unless the name of the bank where the bank account linked to your UPI ID is maintained, is listed on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40;
5. RIB applying through UPI should not submit a Bid using the UPI Mechanism, using a Mobile App or UPI handle, not listed on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40;
6. Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/or mobile applications which are not mentioned in the list provided in the SEBI;
7. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
8. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
9. Do not submit incorrect UPI ID details if you are a RIB Bidding through the UPI Mechanism;
10. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
11. Do not submit an Application Form using UPI ID, if the Application is for an amount more than ₹2,00,000;
12. Do not submit the Application Forms without the full Application Amount;
13. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs using the UPI Mechanism;
14. Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
15. Do not apply if you are not competent to contract under the Indian Contract Act, 1872;
16. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;
17. Do not submit an Application that does not comply with the securities law of your respective jurisdiction;
18. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by Persons Resident Outside India, NRI (*inter-alia* including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA); and
19. Do not make an application of the NCD on multiple copies taken of a single form.
20. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process;
21. Do not link the UPI ID with a bank account maintained with a bank that is not UPI certified by the NPCI in case of Bids submitted by RIB Bidders using the UPI Mechanism;
22. Do not submit the Application Form to the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at a location other than the Specified Cities.
23. Do not send your physical Application Form by post. Instead submit the same to a Designated Branch or the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities; and

24. Do not submit more than five Application Forms per ASBA Account.

25. Do not submit a Bid cum Application Form using a third party bank account or using third party linked bank account UPI ID (in case of in case of Bids submitted by RIBs using the UPI Mechanism)

26. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company or at a location other than the Bidding Centres. Provided that RIBs not using the UPI Mechanism should not submit Bid cum Application Forms with Designated Intermediaries (other than SCSBs).

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries to deposit such Application Forms. (A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

Depository Arrangements

Our Company has made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. In this context:

(i) Tripartite Agreements dated July 27, 2020 and March 11, 2005 between us, the Registrar to the Issue and CDSL and NSDL, respectively have been executed, for offering depository option to the Applicants.

(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

(iii) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(iv) Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to the Issue.

(v) It may be noted that NCDs in electronic form can be traded only on Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchanges have connectivity with NSDL and CDSL.

(vi) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

(vii) The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form in multiples of One NCD only.

Allottees will have the option to rematerialise the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

For further information relating to Applications for Allotment of the NCDs in dematerialised form, please see the section titled "*Issue Procedure*" on page 272 of this Shelf Prospectus.

Communications

All future communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue related problems and/or Post-Issue related problems such as non-receipt of Allotment Advice non-credit of NCDs in depository's beneficiary account/ etc. Please note that Applicants who have applied for the NCDs through Designated Intermediaries should contact the Stock Exchange in case of any Post-Issue related problems, such as non-receipt of Allotment Advice / non-credit of NCDs in depository's beneficiary account/ etc.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

Interest in case of Delay

Our Company undertakes to pay interest, in connection with any delay in allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Rejection of Applications

As set out below or if all required information is not provided or the Application Form is incomplete in any respect, the Board of Directors and/or any committee of our Company reserves it's full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- Applications submitted without payment of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;
- Bids which do not contain details of the Bid Amount and the bank account or UPI ID (for RIBs using the UPI Mechanism) details in the ASBA Form;
- Bids submitted by RIBs using the UPI Mechanism through an SCSB and/or using a Mobile App or UPI handle, not listed on the website of SEBI/ Stock Exchanges, as may be updated from time to time;
- Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID, subject to availability of information from the Sponsor Bank;
- If an authorization to the SCSB or Sponsor Bank for blocking funds in the ASBA Account or acceptance of UPI Mandate Request raised has not been provided;
- Application Amount paid being higher than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
- Applications where a registered address in India is not provided for the Applicant;
- In case of partnership firms, NCDs may be applied for in the names of the individual partner(s) and no firm as such shall be entitled to apply for in its own name. However, a Limited Liability Partnership firm can apply in its own name;
- Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, except bids by Minors (applying through the guardian) having valid demat account as per demographic details provided by the Depository Participants;
- Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;
- ASBA Account number or UPI ID not mentioned or incorrectly mentioned in the Bid cum Application Form/Application Form;
- Submission of more than one Bid cum Application Form for each UPI ID in case of Retail Individual Investors using the UPI Mechanism
- In case of Bids by Retail Individual Investors (applying through the UPI mechanism), the UPI ID mentioned in the Bid cum Application Form linked to a third party bank account;
- The UPI Mandate Request is not approved by the Retail Individual Investor;
- DP ID and Client ID not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications by OCBs;

- Applications for an amount below the minimum application size;
- Submission of more than five ASBA Forms per ASBA Account;
- Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Applications accompanied by Stockinvest/ money order/ postal order/ cash;
- Signature of sole Applicant missing or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- Date of Birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form.
- ASBA Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant or the signature of the ASBA Account holder on the Application Form does not match with the signature available on the Applicant's bank records;
- Application Forms submitted to the Lead Managers, or Trading Members of the Stock Exchange does not bear the stamp of the relevant Lead Manager or Trading Member of the Stock Exchange, as the case may be. ASBA Applications submitted directly to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the Lead Managers, or Trading Members of the Stock Exchange, as the case may be;
- ASBA Applications not having details of the ASBA Account to be blocked;
- In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;
- Inadequate funds in the ASBA Account to enable the SCSB or Sponsor Bank to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB or Sponsor Bank for blocking of funds;
- SCSB making an ASBA application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
- Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- Authorization to the SCSB or Sponsor Bank for blocking funds in the ASBA Account not provided;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by any person outside India;
- Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements;
- Applications not uploaded on the online platform of the Stock Exchange;
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and this Shelf Prospectus and as per the instructions in the Application Form, this Shelf Prospectus and the relevant Tranche Prospectus;

- Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchange, are not as per the records of the Depositories;
- ASBA Applications submitted to the Syndicate/Lead Brokers, or Trading Members of the Stock Exchange at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Public Issue Account Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- Applications tendered to the Trading Members of the Stock Exchange at centers other than the centers mentioned in the Application Form;
- Investor Category not ticked; and/or
- Application Form accompanied with cheque.
- In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.
- Forms not uploaded on the electronic software of the Stock Exchange.
- Applications for the allotment of NCDs in dematerialized form providing an inoperative demat account number.

Kindly note that ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Managers, or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please see "*Information for Applicants*" on page 296 of this Shelf Prospectus.

Information for Applicants

In case of ASBA Applications submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of Applicants submitted to the Lead Managers, and Trading Members of the Stock Exchange at the Specified Cities, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

Mode of making refunds

The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within 5 (five) Working Days of the Issue Closing Date.

Retention of oversubscription

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Grouping of Applications and allocation ratio

For the purposes of the basis of allotment:

A. *Applications received from Category I Applicants*: Applications received from Applicants belonging to Category I shall be grouped together, ("**Institutional Portion**");

B. *Applications received from Category II Applicants*: Applications received from Applicants belonging to Category II, shall be grouped together, ("**Non-Institutional Portion**").

C. *Applications received from Category III Applicants*: Applications received from Applicants belonging to Category III shall be grouped together, ("**High Net-worth Individual Category Portion**").

D. *Applications received from Category IV Applicants*: Applications received from Applicants belonging to Category IV shall be grouped together, ("**Retail Individual Category Portion**").

For removal of doubt, the terms "**Institutional Portion**", "**Non-Institutional Portion**", "**High Net-worth Individual Category Portion**" and "**Retail Individual Category Portion**" are individually referred to as "**Portion**" and collectively referred to as "**Portions**".

Basis of Allotment

As specified in the relevant Tranche Prospectus.

Allocation Ratio

As specified in the relevant Tranche Prospectus.

Retention of oversubscription

As specified in the relevant Tranche Prospectus.

Payment of Refunds

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within the applicable regulatory timelines.

Issuance of Allotment Advice

Our Company shall ensure dispatch of Allotment Advice as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants shall be made within 5 (five) Working Days of the Issue Closing Date

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities and approvals for the commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within 5 Working Days from the Issue Closing Date.

Investor Withdrawals and Pre-closure

Investor Withdrawal: Applicants can withdraw their ASBA Applications till the issue closure date by submitting a request for the same to the Syndicate/Lead Brokers, Trading Member of the Stock Exchange or the Designated Branch, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange at the Specified Cities, upon receipt of the request for withdrawal from the Applicant, the relevant Lead Manager, or Trading Member of the Stock Exchange, as the case may be, shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange. In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account directly.

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

Pre-closure: Our Company, in consultation with the Lead Managers reserves the right to close the relevant Tranche Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription which is 75% of the Base Issue before the Issue Closing Date. Our Company shall allot NCDs with respect to the Applications received at the time of such pre-closure in accordance with the Basis of Allotment as described in the relevant Tranche Prospectus and subject to applicable statutory and/or regulatory requirements.

Further, the relevant Tranche Issue will also be withdrawn by our Company in the event that the aggregate Applications received for the NCDs is lesser than the minimum subscription before the Issue Closing Date.

In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Issue Closing Date of the relevant Tranche Issue, as applicable, through advertisement(s) in all those newspapers in which pre-Issue advertisement and advertisement for opening or closure of the Issue have been given.

Revision of Applications

As per the notice no: 20120831-22 dated August 31, 2012 issued by BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall below the minimum quantity required for a single Application. However, please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling below the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange(S), by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries will be given up to one Working Day after the Issue Closing Date (till 1:00 PM) to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

Utilisation of Application Amounts

The sum received in respect of a Tranche Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

Utilisation of the proceeds of the Issue

- All monies received out of the Issue shall be credited / transferred to a separate bank account maintained with a Scheduled Bank as referred to in Section 40 of the Companies Act, 2013.
- The allotment letter shall be issued or application money shall be refunded within 6 Working days from the closure of this the respective Tranche or such lesser time as may be specified by Securities and Exchange Board, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.
- Details of all monies unutilised out of the previous issues made by way of public offer, as well as the monies to be raised through the Issue, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the securities or other forms of financial assets in which such unutilized monies have been invested.
- Details of all monies utilised out of the previous issue made by way of public offer shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilized.
- Details of all unutilised monies out of the Issue, if any, shall be disclosed and continued to be disclosed under an appropriate head in our balance sheet till the time any part of the proceeds of the Issue remains unutilized indicating the form in which such unutilised monies have been invested.
- Our Company shall utilize proceeds of the Issue subsequent to (a) receipt of minimum subscription; (b) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (c) creation of security; and (d) obtaining Listing and Trading approval as stated in this Shelf Prospectus in "*Issue Structure*" on page 251 of this Shelf Prospectus.
- Proceeds of the Issue shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property or in the purchase of any business or in the purchase of an interest in any business.
- Proceeds of the Issue shall not be utilized for providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

Listing

The NCDs proposed to be offered in pursuance of this Shelf Prospectus and the relevant Tranche Prospectus will be listed on the Stock Exchanges. Our Company has received an 'in-principle' approval from BSE by way of its letter bearing reference number DCS/BM/PI-BOND/002/20-21 dated July 9, 2020 and from NSE by way of its letter bearing reference number NSE/LIST/0079 dated July 9, 2020 and an extension of validity for three months vide letter dated December 28, 2020. The application for listing of the NCDs will be made to the Stock Exchange at an appropriate stage.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Shelf Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within six Working Days from the respective Tranche Issue Closing Date.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Series, such NCDs with Series shall not be listed.

Guarantee/Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Undertaking by our Company

Our Company undertake that:

(a) the complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Designated Intermediaries) shall be attended to by us expeditiously and satisfactorily;

(b) we shall take necessary steps for the purpose of getting the NCDs listed within the specified time i.e. six Working Days from the Issue Closing Date.;

(c) if Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within six Working Days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws;

(d) the funds required for dispatch of allotment advice/ certificates by registered post/ speed post shall be made available to the Registrar to the Issue by our Company;

(e) we shall utilize the Issue proceeds only upon creation of security as stated in this Shelf Prospectus in the section titled "Terms of the Issue" on page 256 of this Shelf Prospectus and after (a) permissions or consents for creation of pari passu charge have been obtained from the creditors who have pari passu charge over the assets sought to be provided as Security; (b) receipt of the minimum subscription of 75% of the Base Issue amount; (c) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (d) creation of security and confirmation of the same in terms of NCDs and (e) receipt of listing and trading approval from the Stock Exchanges;

(f) necessary cooperation to the credit rating agencies shall be extended in providing true and adequate information until the debt obligations in respect of the NCDs are outstanding;

(g) we shall forward the details of utilisation of the funds raised through the NCDs duly certified by our statutory auditors, to the Debenture Trustee at the end of each half year;

(h) we shall disclose the complete name and address of the Debenture Trustee in our annual report;

(i) we shall provide a compliance certificate to the Debenture Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of NCDs as contained in this Shelf Prospectus;

(j) we shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time;

(k) we shall create a recovery expense fund in the manner as maybe specified by the Board from time to time and inform the Debenture Trustee about the same;

(l) we undertake that the assets on which charge is created, are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor.

SECTION VIII - SUMMARY OF KEY PROVISIONS OF ARTICLES OF ASSOCIATION

The key provisions of the Articles relating to issue of securities and matters incidental hereto have been set out below. Please note that each provision herein below is numbered as per the corresponding Articles. All other defined terms used herein shall have the meaning ascribed to such term in the Articles. Any reference to the term "**Article**" hereunder means the corresponding article forming part of the Articles.

Article Number	**Table F not to apply but Company to be goverened by these articles**
1	The regulations contained in Table "F" in the First Schedule to the Companies Act, 2013 shall not apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to, its Articles by special resolution, as prescribed by the said Companies Act, 2013, be such as are contained in these Articles, unless the same are repugnant or contrary to the provisions of Companies Act, 2013, rules made there under or any amendment or notification thereto.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

6 Division of Capital:

(1) The Authorised Share Capital of the Company shall be as specified in Clause V of the Memorandum of Association of the Company.

(2) The Company shall be entitled to issue, offer and allot fresh and further shares, Debentures and other Securities in dematerialized form pursuant to and in accordance with the provisions under the Depositories Act and it shall also be entitled to dematerialise its existing shares, Debentures and other Securities, subject to the provisions of the Act. In this connection, the Company shall comply with all the applicable provisions of the Depositories Act.

7 Share under the control of the Board:

Subject to the provisions of the Act and these Articles the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 54 of the Act) at a discount or as may be prescribed under the act and at such times as it may from time to time think fit and proper and, with the consent of the general meeting, give to any person the option to call for or be allotted any class of shares of the Company either at par or at a premium or, subject as aforesaid at a discount, such option being exercisable at such times and for such consideration as the Board thinks fit.

8 Power of Company in General Meeting to issue Shares:

In addition to and without derogating from the powers for that purpose conferred on the Board under Article 7, the Company in general meeting may determine that any share (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportions and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of the Section 53 of the Act) at a discount, as such general meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted any class of shares of the Company either at a premium or at par, or (subject to compliance with the provisions of Section 54 of the Act)at a discount, such option being exercisable at such times and for such consideration as may be directed by such general meeting or the Company in general meeting may make any other provisions, whatsoever for the issue, allotment or disposal of any shares.

9 Increase in capital:

The Company by a Resolution in general meeting may from time to time, increase its share capital by the creation of further shares, such increases to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, the further shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof shall direct, and if no direction be given as Board shall determine; and in particular, such shares may be issued with a preferential or qualified or differential right to dividends and in distribution of assets of the Company, and with a right of voting at general meetings of the Company.

58 Company's Lien on Shares/ Debentures:
The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that Article 30 hereof is to have full effect and such lien shall extend to all dividends/interests and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of transfer of shares/ debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Board may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

BORROWING POWERS

89 Power to borrow:
Subject to the provisions of the Sections 179 and 180 of the Act, the Board may, from time to time at its discretion accept deposits from Members or from the public, either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans in the ordinary course of business) exceed the aggregate of the paid –up capital of the Company and its free reserves, the Board shall not borrow such money's without the consent of the Member in General Meeting.

90 Payment or repayment of moneys borrowed:
Subject to the provisions of the previous Article the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by a resolution passed at a meeting of the Board (and not by a circular resolution) including by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, and debenture-stock and other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

91 Terms of issue of debentures:
Any issue of debentures, debenture stock, bonds or other securities shall be governed by Section 71 of the Act. This Article and Article 89 shall be subject to the said provisions. In the case of the Company giving a charge on any of its property, the provisions of Sections 2(16), 77 to 87 of the Act shall apply thereto. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at general meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

92 Register of Mortgages etc. to be kept:
The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of the mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirement of Sections 71, 77 and 79 to 85 (both inclusive) of the Act in that behalf to be duly complied with, so far as they fall to be complied with by the Board.

93 Register and index of Debenture holders:

The Company shall, if at any time issues debentures, keep a Register and Index of debenture holders in accordance with Section 88 of the Act. The Company shall have the power to keep in any State or country outside India a branch Register of Debenture holders resident in that state or country.

MEETING OF MEMBERS

98 Annual General Meeting:

a) Subject to Section 96 of the Act, the Company shall in each year hold in addition to any other meetings a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall lapse between the date of one annual general meeting of the Company and that of the next, subject however to the right of the Registrar under the Act to extend the time within which any annual general meeting may be held.

b) Every annual general meeting shall be called for at a time during business hours i.e. between 9:00 am and 6:00pm on any day that is not a national holiday and shall be held either at registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated.

100 Calling of Extraordinary General Meetings:

The Directors may, whenever they think fit, convene an Extraordinary General Meeting and they shall on requisition of such number of Members holding in the aggregate not less than one-tenth of such of the paid up capital of the Company as at the date of deposit of the requisition and in compliance with Section 100 of the Act, forthwith proceed to convene Extraordinary General Meeting.

101 Participation through Electronic Mode:

Notwithstanding anything contrary contained in these Articles, of the Company may provide Video Conference facility and/ or other permissible electronic or virtual facilities for communication to enable the Shareholders of the Company to participate in General Meetings of the Company. Such participation by the Shareholders at General Meetings of the Company through Video Conference facility and/or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.

DIRECTORS

141 Number of Directors.

Until otherwise determined by a general meeting of the Company and subject to the provision of Section 149 and Section 151 of the Act, the number of directors shall not be less than three or more than fifteen. Subject to the provisions of Section 149 of the Act, the Company, in General Meeting, may by ordinary resolution, increase or reduce the number of its Directors within the said limits and the Company may appoint more than 15 Directors after passing a Special Resolution.

144 Nominee Directors.

Whenever the Company enters into an agreement or contract with the Central or State Government, a local authority, bank or financial institution, or any person or persons, (hereinafter referred to as “the appointer”) for borrowing any money or for providing any guarantee or security or for underwriting shares or debentures or other securities of the Company, the Board shall have, subject to the provisions of Section 152 of the Act, the power to agree that such appointer shall have if and to the extent provided by the terms of such agreement or contract, the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board, for such period and upon such conditions as may be mentioned in the agreement or contract and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Board may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a result of any Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by other Directors.

If the Nominee Director/s is an officer of any of the financial institution(s) the sitting fees in relation to such nominee Directors shall accrue to such financial institution(s) and the same accordingly be paid by the Company to them. The Financial Institution(s) shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.

The Nominee Director/s shall, notwithstanding anything to the contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.

145 <u>Debenture Directors</u>:

If it is provided by the trust deed securing or otherwise in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another director may be appointed in his place. A debenture Director shall not be bound to hold any qualification shares. A Debenture Director shall not be liable to retire by rotation

145A <u>Investor Director</u>

Until such time that the Investor or his affiliates continue to beneficially own 8% of the equity share capital of the Company, the Investor may nominate 1 (One) director (Investor Director), who shall not be liable to retire by rotation. No Person, other than the Investor, shall have the power or right to remove and replace the Investor Director, unless such Investor Director has been removed due to any illegal/ immoral act, fraud or dishonesty. To the extent permissible the Act, the appointment of the Investor Director shall be by direct nomination by the Investor and any appointment or removal, unless the contrary intention appears, shall take effect from the date it is notified to the Company in writing. If the Act does not permit the Person nominated by the Investor to be appointed as a director or additional director of the Company merely by nomination by the Investor, the Board shall ensure that the Board forthwith (and in any event within 2 (Two) days of such nomination or at the next Board meeting, whichever is earlier) appoints such Person as a director or additional director, as the case may be, of the Company and further ensure that, unless the Investor changes or withdraws such nomination, such Person shall also be elected as a director of the Company at the next general meeting of the shareholders of the Company.

163 <u>Proceedings of Directors:</u>

(a) The Board of Directors may meet together for the conduct of business, adjourn and otherwise regulate its meetings and proceedings as it may think fit.
(b) A meeting of the Board of Directors shall be held at least four such meetings in every year. Not more than one hundred and twenty days shall elapse between two consecutive meetings of the Board. Notice of every meeting shall be given to every Director as provided in Section 173 of the Act.
(c) The Chairperson or any one Director with the previous consent of the chairperson may, or the company secretary or some other person upon the request of a Director on the direction of the chairperson shall, at any time, summon a meeting of the Board.
(d) Notice of every meeting of the Board of Directors of the Company shall be given in writing to every Director for the time being in India, and at his usual address in India to every other director.

172 Resolution by Circular

(1) No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or to all the Members of the Committee, as the case may be at their addresses registered with the Company in India by hand delivery or by post or courier or through electronic means.

Provided that, where not less than one-third of the total number of directors of the company for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.

(2) A resolution passed by circular without a meeting of the Board or of a Committee of the Board shall subject to the provision of sub-clause (1) hereof be as valid and effectual as a resolution duly passed at a meeting of the Board or of the committee duly called and held.

165 Quorum for Meetings:

(a) Subject to Section 174 of the Act, the quorum for a meeting of the Board shall be one third of the total strength of the Board (any fraction contained in the one third being rounded off as one) or two directors whichever is higher; provided that where at any meeting the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of remaining directors, that is to say the number of the directors who are not interested and are present at the meeting, being not less than two shall be quorum during such time. The provisions of Section 174 of the Act shall apply where a meeting is adjourned for want of a quorum.The attendance at the meeting of the Board shall be in accordance with the provisions of the Act and the Rules made thereunder.

Provided further that a Director participating in a Meeting through use of Video Conference or any other permissible electronic mode of communication shall be counted for the purpose of quorum, notwithstanding anything contrary contained in Articles of Association.

(b) For the purpose of Clause (a)-

(i) 'Total Strength' means the total strength of the Board of Directors of the Company as determined in pursuance of the Act, after deducting therefrom the number of directors, if any, whose places may be vacant at the time, and

(ii) 'Interested Directors' means any Director whose presence cannot by reason of Article 165 hereof or any other provision in the Act, count for the purpose of forming a quorum at a meeting of the Board, at the time of discussion or vote on any matter.

167 Board may appoint Chairman.:

In case there is no permanent chairman is appointed, the Board may elect a Chairman of their meeting and determine the period for which he is to hold office, but if no such Chairman is elected or if at any meeting, the Chairman is not present within thirty minutes after the time appointed for holding the meeting, the Directors present may choose one of the Directors to be Chairman of the Meeting.

166 Decision of Questions.

Subject to the provisions of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote.

164 Participation through Electronic Mode.

Notwithstanding anything contrary contained in the Articles of Association, the Director(s) may participate in Meetings of the Board and Committees thereof, through Video Conference facility and/ or other permissible electronic or virtual facilities for communication. Such participation by the Director(s) at Meetings of the Board and Committees thereof, through Video Conference facility and/or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.

RETIREMENT AND ROTATION OF DIRECTOR

157 Retirement of Directors by rotation:

(1) Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation; and save as otherwise expressly provided by the Act, be appointed by the Company in General Meeting. At every annual general meeting, one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office. The provisions in respect of retirement of Directors by rotation shall not be by rotation applicable to the appointment of Independent Directors.

(2) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

(3) At the annual general meeting at which a Director retires as aforesaid the Company may fill up the vacancy by appointing the retiring Director who shall be eligible for re-appointment or some other person thereto.

(4) If the place of the retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that is a National holiday, till the next succeeding day which is not a National holiday at same time and place. If at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless:

(i) at the meeting or at the previous meeting, a resolution for the reappointment of such Director has been put to the vote and lost;
(ii) the retiring Director has by a notice in writing addressed to the Comp any or its Board of Directors, expressed his unwillingness to be reappointed;
(iii) he is not qualified or is disqualified for appointment;
(iv) a resolution, whether special or ordinary, is required for his appointment by virtue of any of the provisions of the Act; or
(v) The provision to Section 162 of the Act is applicable to the case.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

183 (a) Subject to the provisions of the Act,—

i. A Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer or any other Key Managerial Personnel may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

KEY MANAGERIAL PERSONNEL

184. 1. Subject to Section 203 of the Act and any other applicable provisions of the Act, the Company shall appoint by means of resolution of the Board, the following Key managerial Personnel:

(a) Managing Director, or Chief Executive Officer or Manager and in their absence; a whole-time Director;
(b) Company Secretary; and
(c) Chief Financial Officer.

2. Every whole-time key managerial personnel of a company shall be appointed by means of a resolution of the Board containing the terms and conditions of the appointment including the remuneration.
3. A whole-time Key Managerial Personnel shall not hold office in more than one company except in its subsidiary company at the same time.

Provided that nothing contained in this Article shall disentitle a Key Managerial Personnel from being a director of any company with the permission of the Board.

Provided also that the Company may appoint or employ a person as its Managing Director, if he is the Managing Director or Manager of one, and of not more than one, other company and such appointment or employment is made or approved by a resolution passed at a meeting of the Board with the consent of all the Directors present at the meeting and of which meeting, and of the resolution to be moved thereat, specific notice has been given to all the Directors then in India.

If the office of any whole-time Key Managerial Personnel is vacated, the resulting vacancy shall be filled-up by the Board at a meeting of the Board within a period of six months from the date of such vacancy.

WINDING UP

219 Distribution of Assets:

If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up on which ought to have been paid up at the commencement of the winding up on the shares held by them respectively and if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid at the commencement of the winding up the excess shall be distributed amongst the Members in proportion to the capital paid up or which ought to have been paid up at the commencement of winding up on the shares held by them respectively. But this Article is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

SECRECY UNDERTAKING

221 Every Director, Manager, Auditor, Treasurer, Trustee, Member of a committee, agent, officer, servant, accountant of other person employed in the business of the Company shall, when required, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required so to do by the Board or by any meeting of the shareholder if any or by a Court of Law, or by the person to whom the matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

SECTION IX - MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office of our Company situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400604, Maharashtra, India between 10 am to 5 pm on any Working Day (Monday to Friday) during which issue is open for public subscription under the respective Tranche Prospectus.

MATERIAL CONTRACTS

1. Issue Agreement dated June 30, 2020 read with Addendum to Issue Agreement dated February 22, 2021 between our Company and the Lead Managers.

2. Registrar Agreement dated June 30, 2020 read with Addendum to Registrar Agreement dated February 22, 2021 between our Company and the Registrar to the Issue.

3. Debenture Trustee Agreement dated June 29, 2020 read with Addendum to Debenture Trustee Agreement dated December 31, 2020 executed between our Company and the Debenture Trustee.

4. Tripartite agreement dated July 27, 2020 among our Company, the Registrar and CDSL.

5. Tripartite agreement dated March 11, 2005 among our Company, the Registrar and NSDL.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.

2. Certificate of Incorporation of our Company dated October 18, 1995 as a private limited company, issued by Registrar of Companies, Mumbai.

3. Fresh Certificate of Incorporation of our Company dated April 28, 2000, issued by Registrar of Companies, Mumbai, consequent upon conversion from private limited to public limited company and change of name of the Company to Probity Research & Services Limited.

4. Fresh Certificate of Incorporation of our Company dated May 23, 2000, issued by Registrar of Companies, Mumbai, consequent upon change of name of the Company to India Infoline.Com Limited.

5. Fresh Certificate of Incorporation of our Company dated March 23, 2001, issued by Registrar of Companies, Mumbai, consequent upon change of name of the Company to India Infoline Limited.

6. Fresh Certificate of Incorporation of our Company dated February 18, 2014, issued by Registrar of Companies, Mumbai, consequent upon change of name of the Company to IIFL Holdings Limited.

7. Fresh Certificate of Incorporation of our Company dated May 24, 2019, issued by Registrar of Companies, Mumbai, consequent upon change of name of the Company to IIFL Finance Limited.

8. Certificate of Registration dated March 06, 2020 bearing registration no. N-13.02386 issued by the Reserve Bank of India.

9. Copy of shareholders' resolution approved at the AGM dated September 30, 2019 under Section 180(1)(c) of the Companies Act, 2013 on overall borrowing limits of the Board of Directors of our Company.

10. Copy of the resolution approved by the Board of Directors dated May 28, 2020, approving the issue of NCDs.

11. Copy of the resolution approved by the Finance Committee at its meeting held on June 30, 2020 approving the Draft Shelf Prospectus.

12. Copy of the resolution approved by the Finance Committee at its meeting held on February 24, 2021 approving this Shelf Prospectus.

13. Letter dated June 26, 2020 and revalidation letter dated December 21, 2020 and further revalidated vide letter dated February 08, 2021, by CRISIL Limited assigning a rating of "AA/Negative" (pronounced as CRISIL double A rating with Negative outlook) for the Issue with rating rationale.

14. Letter dated June 30, 2020 and revalidation letter dated December 22, 2020 and further revalidated vide letter dated February 16, 2021, by Brickwork Ratings India Private Limited assigning a rating of 'AA+/Negative" (pronounced as BWR Double A plus with Negative outlook) for the Issue with rating rationale.

15. Consents of the Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Lead Managers, Legal Advisor to the Issue, Credit Rating Agencies, Bankers to the Company, Registrar to the Issue, Public Issue Account Bank, Refund Bank, Sponsor Bank and the Debenture Trustee for the NCDs, to include their names in this Shelf Prospectus, in their respective capacities and the NOCs received from Lenders to our Company.

16. Consent of CRISIL Limited dated December 24, 2020 as the agency issuing the industry report titled 'NBFC Report 2020' forming part of the Industry Overview chapter.

17. Consent of the Statutory Auditors of the Company dated February 24, 2021, for inclusion of their name as an expert in respect of their (i) examination report each dated June 27, 2020 on our Reformatted Standalone Financial Statements as per Ind AS, (ii) examination report dated June 27, 2020 on our Reformatted Consolidated Financial Statements as per Ind AS, (iii) examination report dated June 27, 2020 on our Reformatted Standalone Financial Statements as per IGAAP, (iv) examination report dated June 27, 2020 on our Reformatted Consolidated Financial Statements as per IGAAP; (v) Audit Report dated July 21, 2020 on Interim Condensed Standalone Financial Statement; (vi) Audit Report dated July 21, 2020 on Interim condensed Consolidated Financial Statement (vii) Limited Review Report dated January 29, 2021 on Unaudited Ind AS Standalone Financial Information; (viii) Limited Review Report dated January 29, 2021 on Unaudited Ind AS Consolidated Financial Information; (ix) their report dated February 24, 2021 on the statement of tax benefits, and such consent has not been withdrawn as on the date of this Shelf Prospectus.

18. The examination report dated June 27, 2020 in relation to the Reformatted Standalone Financial Statements as per Ind AS.

19. The examination report dated June 27, 2020 in relation to the Reformatted Consolidated Financial Statements as per Ind AS.

20. The examination report dated June 27, 2020 in relation to the Reformatted Standalone Financial Statements as per IGAAP.

21. The examination report dated June 27, 2020 in relation to the Reformatted Consolidated Financial Statements as per IGAAP.

22. Audit Report dated July 21, 2020 on Interim Condensed Standalone Financial Statement.

23. Audit Report dated July 21, 2020 on Interim condensed Consolidated Financial Statement.

24. Limited Review Report dated January 29, 2021 on Unaudited Ind AS Standalone Financial Information.

25. Limited Review Report dated January 29, 2021 on Unaudited Ind AS Consolidated Financial Information.

26. Statement of tax benefits dated February 24, 2021 issued by the Statutory Auditors.

27. Annual Report of our Company for the last five Fiscals.

28. In-principle listing approval from BSE by its letter bearing reference number DCS/BM/PI-BOND/002/20-21 dated July 09, 2020.

29. In-principle listing approval from NSE by its letter bearing reference number NSE/LIST/0079 dated July 09, 2020 and an extension of validity for three months vide letter bearing reference number NSE/LIST/99246_1 dated December 28, 2020.

30. Due Diligence Certificate dated February 24, 2021 filed by the Lead Managers with SEBI.

31. The Business Transfer Agreement dated December 19, 2019 entered into between the Company and Samasta Mircrofinance Limited.

32. Shareholders Agreement between the Company and CDC Group PLC (CDC) dated December 17, 2018.

33. Trademark license agreement between the Company and IIFL Securities Limited dated March 19, 2019.

34. Business Transfer Agreement between the Company and IndoStar Capital Finance Limited dated February 03, 2019.

35. Business transfer agreement between the Company and IIFL Home Finance Limited dated June 29, 2019.

Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the Debenture Holders, in the interest of our Company in compliance with applicable laws.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all the relevant provisions of the Companies Act and rules prescribed thereunder to the extent applicable as on this date, the guidelines issued by the Government of India and the regulations and guidelines and circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, in connection with the Issue have been complied with and no statement made in Shelf Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to this Shelf Prospectus.

We further certify that all the disclosures and statements in this Shelf Prospectus are in compliance with all the applicable legal requirements and are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, false or misleading and that this Shelf Prospectus does not contain any misstatements.

SIGNED BY THE DIRECTORS

Nirmal Bhanwarlal Jain
DIN: 00010535
Designation: Whole-time Director

Venkataraman Rajamani
DIN: 00011919
Designation: Managing Director

Vijay Kumar Chopra
DIN: 02103940
Designation: Independent Director

Arun Kumar Purwar
DIN: 00026383
Designation: Independent Director

Nilesh Shivji Vikamsey
DIN: 00031213
Designation: Independent Director

Nagarajan Srinivasan
DIN: 01480303
Designation: Non-Executive Director

Geeta Mathur
DIN: 02139552
Designation: Independent Director

Date: February 24, 2021
Place: Mumbai

DECLARATION

I, Director of the Company, hereby certify and declare that all the relevant provisions of the Companies Act and rules prescribed thereunder to the extent applicable as on this date, the guidelines issued by the Government of India and the regulations and guidelines and circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, in connection with the Issue have been complied with and no statement made in Shelf Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to this Shelf Prospectus.

I further certify that all the disclosures and statements in this Shelf Prospectus are in compliance with all the applicable legal requirements and are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, false or misleading and that this Shelf Prospectus does not contain any misstatements.

Signed by the Director of our Company

Chandran Ratnaswami
DIN: 00109215
Designation: Non-Executive Director

Date: February 24, 2021
Place: Canada

ANNEXURE A

CREDIT RATING LETTER AND RATING RATIONALE FROM CRISIL LIMITED

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Ratings

CRISIL
An S&P Global Company

CONFIDENTIAL

IIHOLI/260459/NCD/122002895/1
February 8, 2021

Mr. Rajesh Rajak
Chief Financial Officer
IIFL Finance Limited
802, 8th Floor Hubtown Solaris,
N.S.Phadke Marg, Vijay Nagar,
Andheri (E),
Mumbai 400069

Dear Mr. Rajesh Rajak,

Re: CRISIL Rating on the Rs.5000 Crore Non Convertible Debentures*# of IIFL Finance Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.
Please refer to our rating letter dated December 21, 2020 bearing Ref. no.: IIHOLI/260459/NCD/122002895

Please find in the table below the rating outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Non-Convertible Debentures	5000	CRISIL AA/Negative

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL Ratings believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Subha Sri Narayanan
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

**Interchangeable between secured and subordinated debt*
#For Retail Bond Issuance

CRISIL Ratings Limited
(A subsidiary of CRISIL Limited)
Corporate Identity Number: U67100MH2019PLC326247
Registered Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400076. Phone: +91 22 3342 3000 | Fax: +91 22 3342 3001
www.crisil.com/ratings

Ratings

CRISIL
An S&P Global Company

CONFIDENTIAL

IIHOLI/260459/NCD/122002895
December 21, 2020

Mr. Rajesh Rajak
Chief Financial Officer
IIFL Finance Limited
802, 8th Floor Hubtown Solaris,
N.S.Phadke Marg, Vijay Nagar,
Andheri (E),
Mumbai 400069

Dear Mr. Rajesh Rajak,

Re: CRISIL Rating on the Rs.5000 Crore Non Convertible Debentures*# of IIFL Finance Limited

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please find in the table below the rating outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Non-Convertible Debentures	5000	CRISIL AA/Negative

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,
Yours sincerely,

Subha Sri Narayanan
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

CRISIL

**Interchangeable between secured and subordinated debt*
#For Retail Bond Issuance

CONFIDENTIAL

IIHOLI/249733/NCD/062054925
June 26, 2020

Mr. Rajesh Rajak
Chief Financial Officer
IIFL Finance Limited
802, 8th Floor Hubtown Solaris,
N.S.Phadke Marg, Vijay Nagar,
Andheri (E),
Mumbai 400069

Dear Mr. Rajesh Rajak,

Re: CRISIL Rating on the Rs.5000 Crore Non-Convertible Debentures*# of IIFL Finance Limited

We refer to your request for a rating for the captioned Non-Convertible Debentures.

CRISIL has, after due consideration, assigned its **"CRISIL AA/Negative"** (pronounced as CRISIL double A rating with Negative outlook) rating to the captioned debt instrument. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

For the purpose of issuance of the captioned debt instrument, this letter is valid for 180 calendar days from the date of the letter. In the event of your company not placing the above instrument within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned debt instrument.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Subha Sri Narayanan
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

**Interchangeable between secured and subordinated debt*
#For Retail Bond Issuance

Details of the Rs.5000 Crore Non-Convertible Debentures of
IIFL Finance Limited

	1st tranche		*2nd tranche*		*3rd tranche*	
Instrument Series:						
Amount Placed:						
Maturity Period:						
Put or Call Options (if any):						
Coupon Rate:						
Interest Payment Dates:						
Principal Repayment Details:	Date	Amount	Date	Amount	Date	Amount
Investors:						
Trustees:						

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

Rating Rationale

June 26, 2020 | Mumbai

IIFL Finance Limited

Rating outlook revised to 'Negative', ratings reaffirmed; 'CRISIL AA/Negative' assigned to NCD

Rating Action

Total Bank Loan Facilities Rated	**Rs.2000 Crore**
Long Term Rating	**CRISIL AA/Negative (Outlook revised from 'Stable' and rating reaffirmed)**

Rs.5000 Crore Non Convertible Debentures*#	**CRISIL AA/Negative (Assigned)**
Rs.325 Crore Non Convertible Debentures^	**CRISIL AA/Negative (Outlook revised from 'Stable' and rating reaffirmed)**
Rs.2500 Crore Non Convertible Debentures^* (Reduced from Rs.5000 Crore)	**CRISIL AA/Negative (Outlook revised from 'Stable' and rating reaffirmed)**
Subordinated Debt Aggregating Rs.498.37 Crore^	**CRISIL AA/Negative (Outlook revised from 'Stable' and rating reaffirmed)**
Rs.1500 Crore Long Term Principal Protected Market Linked Debentures^	**CRISIL PP-MLD AAr/Negative (Outlook revised from 'Stable' and rating reaffirmed)**
Rs.500 Crore Commercial Paper	**CRISIL A1+ (Reaffirmed)**
Rs.8000 Crore Commercial Paper^	**CRISIL A1+ (Reaffirmed)**
Rs.8000 Crore Commercial Paper Programme(IPO Financing)^	**CRISIL A1+ (Reaffirmed)**

1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities
^Transferred from India Infoline Finance Ltd
**Interchangeable between secured and subordinated debt*
#For Retail Bond Issuance

Detailed Rationale

CRISIL has revised its rating outlook on the long-term debt instruments and bank facilities of IIFL Finance Limited (IIFL Finance) to **'Negative'** from 'Stable' while reaffirming the long term rating at 'CRISIL AA/CRISIL PP-MLD AAr'. The short term rating has been reaffirmed at 'CRISIL A1+'. CRISIL has assigned **'CRISIL AA/Negative'** rating to the Rs 5000 crore non-convertible debentures (NCDs) of the company. Also, CRISIL has withdrawn ratings on Rs 2500 crore NCDs, at the company's request as there is no amount outstanding against the rated instruments. This is in line with CRISIL's withdrawal policy.

The outlook revision factors in the expected pressure on IIFL Finance's asset quality due to the nationwide lockdown and the challenging macro-economic environment. CRISIL expects the gross domestic product (GDP) to contract by about 5.0% in fiscal 2021 compared to an expansion of 4.1% in fiscal 2020, this is likely to impact many sectors and consequently, the income streams borrowers in the upcoming quarters. Further, some of the asset classes in which the company operates ' micro, small and medium enterprises (MSME Finance; 21% of the overall assets under management (AUM) as on March 31, 2020), micro finance (9% of the AUM) and home loans (33% of AUM), particularly to self-employed and cash salaried customers, could witness relatively higher challenges as compared to other segments.

Furthermore, the company's fundraising, which had seen an improving trajectory in the fourth quarter of fiscal 2020, was impacted in the last few months, in line with peers. Nevertheless, the funding environment for non-banks has been improving in the past few weeks, including IIFL Finance, supported by various schemes and measures announced by the government and the Reserve Bank of India. On a consolidated basis, IIFL Finance had raised Rs

1015 crore in the first quarter of fiscal 2021 till June 15, 2020 (Rs 22,407 crores was raised between April 2019 and March 2020). Nevertheless, the company has a healthy pipeline and expects to raise additional funds in the upcoming weeks for which it has already received the sanctions. Ability of the company to raise funds from diverse sources at competitive rates in the current environment will be key monitorable.

The nationwide lockdown has also impacted disbursements and collections of financial institutions. Any delay in return to normalcy will put further pressure on collections and asset quality metrics of companies. Additionally, any change in the behavior of borrowers on payment discipline can affect delinquency levels.

IIFL Finance had provided a blanket moratorium to all customers under Moratorium 1.0 (March 1' June 30) with an *OPT-OUT* structure. As of May 25, 2020, about 58% of the AUM had been given the moratorium. Collections had remained low compared to pre-Covid levels due to the moratorium availed by borrowers. However, under the second phase ' Moratorium 2.0 (June 1-August 31), the company has not given a blanket moratorium but provided the borrowers with OPT-IN structure. This along with opening up of branches since last month is expected to lead to a gradual improvement in collections and will remain a key monitorable.

In terms of asset quality metrics, overall gross non-performing assets (GNPAs) of IIFL Finance increased to 2.31% as on March 31, 2020 from 1.96% as on March 31, 2019. On the retail side, the company saw an inch up in asset quality across most of the segments especially in the business loans[1] segments which includes secured and unsecured lending to MSMEs; GNPAs in this segment increased to 3.7% as on March 31, 2020 from 2.2% as on March 31, 2019. GNPAs in the wholesale book, while had shown some improvement supported partly by write-offs in fiscal 2020, remained high at 3.8% as on March 31, 2020 (4.4% as on March 31, 2019).

On the liabilities side, Reserve Bank of India (RBI) had announced regulatory measures under 'Covid-19 - Regulatory Package', whereby lenders were permitted to grant moratorium on bank loans. IIFL Finance group entities have also approached all lenders to avail moratorium on their bank borrowings and the same has been granted by a few of the banks.

As on June 18, 2020, the company had a liquidity cushion of Rs 3,791 crore (Rs 528 crore of cash and equivalents and Rs 3263 crore of unutilized bank lines including securitization lines). Against this, it has total debt repayment of Rs 2,289 crore over the four months through September 2020.

The ratings continues to reflect the IIFL Finance group's diversified retail product offerings, the extensive branch network and adequate capitalisation. These rating strengths are partially offset by limited seasoning of the loan portfolio.

Analytical Approach

For arriving at the ratings, CRISIL has consolidated the business and financial risk profiles of IIFL Finance and its subsidiaries, including IIFL Home Finance Ltd (IIFL Home) and Samasta Microfinance Ltd (Samasta). This is because all these entities, collectively referred to as the IIFL Finance group, have significant operational, financial, and managerial integration and also operate under a common brand. Further, CRISIL has also factored in the business synergies that IIFL Finance group will have with IIFL Wealth and IIFL Securities, given their common promoters and the shared brand.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

*** Diversified retail lending portfolio with an extensive branch network**

IIFL Finance group, having consolidated assets under management (AUM) of Rs 37,951 crore as on March 31, 2020 (Rs 34,904 crore as on March 31, 2019), is primarily engaged in secured lending across various retail asset classes. IIFL Finance has two lending subsidiaries - IIFL Home and Samasta, through which the mortgage finance and micro finance businesses are carried out.

Retail loans account for almost 88% of the AUM as on March 31, 2020, with a high level of granularity (loans with ticket size below Rs 1 crore). Also, around 43% of the portfolio qualifies under priority sector lending. The group had identified four key segments - home loans, business loans [including loan against property (LAP) and lending to micro, small and medium enterprises (MSME)], gold loans and microfinance, as key growth drivers over the medium term. It also operates in two synergistic segments - construction & developer funding and capital market lending. While incremental developer funding will be done on a selective basis to support the home loan business, capital market lending will largely focus on retail clients of IIFL Securities. These four segments form around 87% of the AUM as on March 31, 2020, up from 61% as on March 31, 2016. Further, in line with the strategy to focus on select segments, the group discontinued medical equipment financing from fiscal 2018, and also sold its commercial vehicle (CV) finance portfolio in fiscal 2019.

As of March 31, 2020, the IIFL Finance group had a wide network of 2,377 branches spread across 25 states. The group has also made significant investment in technology to effectively benefit from this geographical reach. Going forward, the group plans to leverage business synergies with other IIFL entities for cross-selling of financial products (insurance, mutual funds etc) and other retail loan products, given the already established branch and distribution platform.

On a standalone level, IIFL Finance had an AUM of Rs 16,057 crore as on March 31, 2020 (Rs 14,460 crore as on March 31, 2019) primarily towards gold loans (57%), business loans (20%) and developer and construction finance (22%).

IIFL Home had an AUM of Rs 18,495 crore as on March 31, 2020 (Rs 18,158 crore as on March 31, 2019) largely toward home loans (67%), followed by loan against property (26%) and construction finance (6%).

Samasta had an AUM of Rs 3,400 crore as on March 31, 2020 (Rs 2,285 crore as on March 31, 2019).

*** Adequate capitalisation**
The IIFL Finance group is adequately capitalised, with networth, Tier-I, and overall capital adequacy ratio (CAR) of around Rs 4,766 crore, 13.1%, and 17.6%, respectively, as on March 31, 2020 (Rs 4,359 crore, 13.1% and 18.3%, respectively, as on March 31, 2019). Networth coverage for net NPAs was comfortable at around 17 times as on March 31, 2020 (25 times as on March 31, 2019). On-book gearing as on same date was adequate at around 5.2 times; however, CRISIL'adjusted gearing (on-book borrowings + securitization/assignment) was higher at around 7.7 times. Nevertheless, the group has demonstrated its ability to raise capital from long-term marquee investors such as Fairfax and the CDC group (Rs 1000 crore raised from CDC in fiscal 2017). Given the modest growth plans, capitalisation remains adequate for the current scale of operations. However, the ability to raise capital and manage leverage levels over the medium term will be an important factor.

As on March 31, 2020, IIFL Finance (standalone) reported net worth and CRISIL- adjusted gearing stood at Rs 3,608 crore and 4.7 times, respectively. It had a Tier-I CAR and overall CAR of 13.1% and 17.6%, respectively, as on same date. Net worth coverage for net NPAs was around 31 times as on March 31, 2020.

IIFL Home had a reported net worth and CRISIL - adjusted gearing of Rs 1,780 crore and 9.9 times, respectively, as on March 31, 2020. Its Tier-I and overall CAR stood at 18.4% and 23.7%, respectively, as on same date. The company's net worth coverage for net NPAs was around 11 times as on March 31, 2020.

Samasta's reported net worth and CRISIL-adjusted gearing stood at Rs 509 crore and 3.8 times, respectively, as on March 31, 2020. Tier-I and overall CAR stood at 20.9% and 25.9%, respectively, as on same date.

Weaknesses:
*** Limited seasoning of some of the asset classes like home loans and MSME loans**
IIFL Finance group's loan portfolio (excluding CV finance) has recorded a three-year compound annual growth rate of around 26%. Given the scale up of book in recent years and entry into newer segments, the portfolio remains unseasoned and hence, overall asset quality is yet to be tested through cycles. While certain products have a shorter tenure, and hence, have seen a complete cycle, home loans and MSME lending have limited seasoning so far. Home loans are long tenure products and MSME lending is a relatively recent addition to the product suite. Overall gross

NPAs and net NPAs stood at 2.31% and 0.97%, respectively, as on March 31, 2020 (1.96% and 0.63%, respectively, as on March 31, 2019). While increasing focus on small-ticket retail loans will benefit the inherent asset quality over the medium term, ability to underwrite and maintain strong credit practices across asset classes, amid stiff competition from established players, remains to be seen.

NPAs in the wholesale book stood while declined, supported partly by write-offs, to 3.8% as on March 31, 2020, from 4.4% a year ago, continued to remain high. Nevertheless, the share of wholesale lending has come down over the past few years and was relatively low at about 11% of the overall AUM as on March 31, 2020. Nevertheless, given the current macro environment, asset quality on exposures such as developer loans and large ticket loans against property would be a key monitorable for all lenders, including IIFL Finance. Borrowers of such loan categories are more sensitive to an environment of prolonged liquidity tightness. RBIs measure on extension of date of commencement of commercial operations (DCCO) for commercial real estate projects should provide some respite.

Also, retail asset quality, while has remained under control in the past, could witness an increase in delinquencies from current levels across segments due to the economic slowdown. The lockdown has affected the income generation ability and saving of borrowers, especially of the self-employed and micro finance borrower, who typically have a weaker credit profile. In this context, credit costs are expected to increase in the near term.

Gross NPA of IIFL Finance (standalone), IIFL Home and Samasta stood at 3.1%, 1.6% and 1.5%, respectively, as on March 31, 2020 (3.4%, 0.9% and 0.4%, respectively, as on March 31, 2019).

Any sharp deterioration in asset quality, will also impact profitability and capital, and remains a key rating monitorable.

Liquidity Strong
As on June 18, 2020, the company had a liquidity cushion of Rs 3,791 crore (Rs 528 crore of cash and equivalents, Rs 413 crore of unutilized cash credit lines and Rs 2,850 crore of unutilized bank lines including securitization lines). Against this, it has total debt repayment of Rs 2,289 crore over the four months through September 2020.

Outlook: Negative
CRISIL believe that IIFL Finance' collections and thereby asset quality metrics is likely to come under pressure due to the extended nation-wide lockdown and challenging economic environment. Furthermore, fundraising in the recent past has also been lower than expected.

Rating Sensitivity factors
Upward Factors:
* Significant improvement in market position while improving asset quality
* Improvement in profitability, with return on managed assets (RoMA) beyond 3.0% on a sustained basis

Downward Factors:
* Deterioration in the asset quality, with GNPA increasing to above 5% over an extended period, thereby impacting profitability
* Further drop in collections metrics and delay in achieving pre-pandemic levels
* Weakening of capitalisation metrics with higher than expected gearing on a sustained basis
* Continued funding access challenges for non-banking sector with limited fund-raising by IIFL Finance Group and reduction in liquidity levels

About IIFL Finance
IIFL Finance is the listed holding company of the IIFL Finance group and is registered as a systemically important non-deposit taking non-banking finance company (NBFC). The group offers various retail lending products, including gold loans, home loans, LAP, business loans, micro finance and capital market based lending (margin funding and loan against shares). It also offers construction and developer finance.

In fiscal 2008, IIFL Finance (erstwhile IIFL Holding Ltd) had launched its retail finance business through the NBFC, Moneyline Credit Ltd, which was later merged with India Infoline Finance, with effect from April 2011. In fiscal 2009, India Infoline Housing Finance Ltd received a registration as a housing finance company from the National Housing Bank and was subsequently renamed as IIFL Home Finance. In fiscal 2017, IIFL Finance ventured into microfinance segment after acquisition of micro lender Samasta Microfinance.

In January 2018, IIFL Finance Ltd announced plans to reorganise its corporate structure, and list the three entities - IIFL Finance (loans and mortgages business), IIFL Wealth (wealth and asset management business), and IIFL Securities (capital markets and other businesses). In May 2019, as part of this restructuring scheme, IIFL Wealth and IIFL Securities were demerged from IIFL Finance and subsequently were listed in September 2019. In March 2020, India Infoline Finance was merged into IIFL Finance, the listed entity of the lending business.

As of March 31, 2020, promoters held 24.9% stake in IIFL Finance, 29.9% is held by Prem Watsa controlled Fairfax Holdings and 15.5% from CDC Group PLC.

CRISIL has also analysed the standalone financials of IIFL Finance. The company reported a total income (net of interest expenses) and profit after tax (PAT) of Rs 1,385 crore and Rs 149 crore, respectively, in fiscal 2020, against Rs 1,597 crore and Rs 451 crore, respectively, in the previous fiscal. The company had networth and total assets of Rs 3,608 crore and Rs 19,362 crore, respectively, as on March 31, 2020.

IIFL Finance (consolidated) had total income (net of interest expenses) and PAT of Rs 2,424 crore and Rs 503 crore (including one-time exceptional expense of Rs 261 crore (post tax), respectively, in fiscal 2020 as against a total income (net of interest expense) of Rs 2,500 crore and PAT of Rs 796 crore (including one-time exceptional gain of Rs 105 crore). Excluding the exceptional items (gain and expenses), PAT stood at Rs 764 crore for FY20 as against a PAT of Rs 691 crore in the previous fiscal.

[1]*Excluding discontinued healthcare finance business*

Key Financial Indicators - IIFL Finance (consolidated; CRISIL adjusted numbers)

As on / for the period ended		March 2020	March 2019
Total Assets	Rs crore	34341	33239
Total income (net of interest expenses)	Rs crore	2424	2500
Profit after tax^	Rs crore	503	796
Gross NPA	%	2.31	1.96
Return on managed assets (annualized)^	%	1.2	2.1
Gearing	Times	5. 2	5.9
Adjusted gearing	Times	7.7	8.0

Excluding the one-time exceptional items, PAT and RoMA stood at Rs 764 crore and 1.8%, for the period ended March 2020 as against a PAT and RoMA of Rs 691 crore and 1.9% for the period ended March 2019

Key Financial Indicators - IIFL Finance (standalone; CRISIL adjusted numbers)

As on / for the period ended		March 2020	March 2019
Total income (net of interest expenses)	Rs crore	1385	1597
Profit after tax	Rs crore	149	451
Gross NPA	%	3.1	3.4
Gearing	Times	3.3	3.6
Adjusted gearing	Times	4.7	4.3

Any other information:

Earnings profile of the company has remained range bound. Return on managed assets [RoMA; profit after tax / (total assets + securitization/assignment)] stood at around 1.2% for the period ended March 31, 2020. The profitability was impacted in fiscal 2020 due one-time provisioning for Covid-19 of Rs 282 crore and reversal of deferred tax of Rs 50 crore, excluding the same, RoMA stood at 1.8% for the above period (around 1.9% for fiscal 2019; excluding the one-time gain on sale of CV business). While the profitability is supported by healthy net interest margin, operating expenses remain high, given the investment in opening of new branches, strengthening of work force and building the technological infrastructure. With the scale up of loan book, operating efficiency is expected to improve gradually, which will support the earning profile. Also, while credit costs have remained under control, the asset quality is likely to see an inch up in fiscal 2021, which will lead to increase in credit cost. Ability of the company to control credit costs will be a key determinant of profitability going forward.

Note on complexity levels of the rated instrument:
CRISIL complexity levels are assigned to various types of financial instruments and are included (where applicable) in the Annexure -- Details of Instrument in this Rating Rationale. For more details on the CRISIL complexity levels, please visit www.crisil.com/complexity-levels.

Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Commercial Paper Programme(IPO Financing)^	NA	NA	7-30 days	8000	Simple	CRISIL A1+
NA	Commercial paper^	NA	NA	7-365 days	8000	Simple	CRISIL A1+
NA	Commercial paper	NA	NA	7-365 days	500	Simple	CRISIL A1+
INE866I07BY4	Debentures#^	07-Feb-19	9.50%	07-May-22	261	Simple	CRISIL AA/Negative
INE866I07BZ1	Debentures#^	07-Feb-19	9.60%	07-May-22	39	Simple	CRISIL AA/Negative
INE866I07CB0	Debentures#^	07-Feb-19	9.60%	07-May-22	49	Simple	CRISIL AA/Negative
INE866I07CD6	Debentures#^	07-Feb-19	9.75%	07-Feb-24	637	Simple	CRISIL AA/Negative
INE866I07CF1	Debentures#^	07-Feb-19	10.20%	07-Feb-24	126	Simple	CRISIL AA/Negative
INE866I08279	Debentures#^	07-Feb-19	10.00%	07-Feb-29	31	Simple	CRISIL AA/Negative
INE866I08295	Debentures#^	07-Feb-19	10.50%	07-Feb-29	15	Simple	CRISIL AA/Negative
INE866I07CJ3	Debentures#^	06-Sep-19	10.00%	06-Dec-20	98	Simple	CRISIL AA/Negative
INE866I07CK1	Debentures#^	06-Sep-19	9.50%	06-Dec-22	37	Simple	CRISIL AA/Negative
INE866I07CL9	Debentures#^	06-Sep-19	9.85%	06-Dec-22	12	Simple	CRISIL AA/Negative
INE866I07CM7	Debentures#^	06-Sep-19	9.85%	06-Dec-22	65	Simple	CRISIL AA/Negative
INE866I08303	Debentures#^	06-Sep-19	10.00%	06-Jun-25	26	Simple	CRISIL AA/Negative
INE866I08311	Debentures#^	06-Sep-19	10.50%	06-Jun-25	6	Simple	CRISIL AA/Negative
NA	Debentures**#^	NA	NA	NA	1098	Simple	CRISIL AA/Negative
NA	Debentures**^	NA	NA	NA	325	Simple	CRISIL AA/Negative
NA	Subordinated Bond**^	NA	NA	NA	300.37	Complex	CRISIL AA/Negative

INE866I08121	Subordinated Bond^	31-Aug-12	12.15%	30-Aug-22	5	Complex	CRISIL AA/Negative
INE866I08121	Subordinated Bond^	31-Aug-12	12.15%	31-Aug-22	15	Complex	CRISIL AA/Negative
INE866I08162	Subordinated Bond^	05-Nov-12	12.20%	04-Nov-22	23	Complex	CRISIL AA/Negative
INE866I07CN5	Subordinated Bond^	11-Sep-19	9.75%	09-Oct-20	150	Complex	CRISIL AA/Negative
INE866I07CO3	Subordinated Bond^	17-Sep-19	9.85%	17-Jan-23	5	Complex	CRISIL AA/Negative
INE866I07CH7	Long Term Principal Protected Market Linked Debentures^	26-Jun-19	NA	27-Sep-21	57	Highly Complex	CRISIL PP-MLD AAr/Negative
INE866I07CI5	Long Term Principal Protected Market Linked Debentures^	26-Jun-19	NA	27-Sep-22	25	Highly Complex	CRISIL PP-MLD AAr/Negative
INE866I07CH7	Long Term Principal Protected Market Linked Debentures^	17-Jul-19	NA	27-Sep-21	50	Highly Complex	CRISIL PP-MLD AAr/Negative
NA	Long Term Principal Protected Market Linked Debentures**^	NA	NA	NA	1368	Highly Complex	CRISIL PP-MLD AAr/Negative
NA	Proposed Long Term Bank Loan Facility^	NA	NA	NA	2000	NA	CRISIL AA/Negative
NA	Debentures**#&	NA	NA	NA	5000	Simple	CRISIL AA/Negative

^Transferred from India Infoline Limited
***not yet issued*
 # Interchangeable between secured and subordinated debt
&For Retail Bond Issuance

Annexure - Details of Rating Withdrawn

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs Crore)	Complexity Levels
NA	Debentures**#^	NA	NA	NA	2500	Simple

^Transferred from India Infoline Limited
***not yet issued*
 # Interchangeable between secured and subordinated debt

Annexure - List of entities consolidated

Entity Consolidated	Rationale for Consolidation
IIFL Home Finance Limited	Subsidiary
Samasta Micro Finance Limited	Subsidiary
Clara Developers Private Limited	Subsidiary

Annexure - Rating History for last 3 Years

	Current			2020 (History)		2019		2018		2017		Start of 2017
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Commercial Paper	ST	8500.00	CRISIL A1+	18-04-20	CRISIL A1+	20-08-19	CRISIL A1+	04-09-18	CRISIL A1+		--	--
Commercial Paper Programme(IPO Financing)	ST	8000.00	CRISIL A1+	18-04-20	CRISIL A1+		--		--		--	--

Long Term Principal Protected Market Linked Debentures	LT	132.00 26-06-20	CRISIL PP-MLD AAr/Negative	18-04-20	CRISIL PP-MLD AAr/Stable		--		--		--	--
Non Convertible Debentures	LT	1402.00 26-06-20	CRISIL AA/Negative	18-04-20	CRISIL AA/Stable		--		--		--	--
Short Term Debt (Including Commercial Paper)	ST							13-08-18	CRISIL A1+	29-09-17	CRISIL A1+	--
								10-05-18	CRISIL A1+			
								09-02-18	CRISIL A1+			
Subordinated Debt	LT	198.00 26-06-20	CRISIL AA/Negative	18-04-20	CRISIL AA/Stable		--		--		--	--
Fund-based Bank Facilities	LT/ST	2000.00	CRISIL AA/Negative	18-04-20	CRISIL AA/Stable		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	**Amount (Rs.Crore)**	**Rating**	**Facility**	**Amount (Rs.Crore)**	**Rating**
Proposed Long Term Bank Loan Facility	**2000**	**CRISIL AA/Negative**	**Proposed Long Term Bank Loan Facility**	**2000**	**CRISIL AA/Stable**
Total	**2000**	**--**	**Total**	**2000**	**--**

Links to related criteria
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Finance Companies
CRISILs Criteria for Consolidation
CRISILs Criteria for rating short term debt

For further information contact:

Media Relations	Analytical Contacts	Customer Service Helpdesk
Saman Khan Media Relations **CRISIL Limited** D: +91 22 3342 3895 B: +91 22 3342 3000 saman.khan@crisil.com **Naireen Ahmed** Media Relations **CRISIL Limited** D: +91 22 3342 1818 B: +91 22 3342 3000 naireen.ahmed@crisil.com	**Krishnan Sitaraman** Senior Director - CRISIL Ratings **CRISIL Limited** D:+91 22 3342 8070 krishnan.sitaraman@crisil.com **Subhasri Narayanan** Director - CRISIL Ratings **CRISIL Limited** D:+91 22 3342 3403 subhasri.narayanan@crisil.com **Jitin Vohra** Rating Analyst - CRISIL Ratings **CRISIL Limited**	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

	D::+91 22 3342 3894 Jitin.Vohra@crisil.com	

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ANNEXURE B

CREDIT RATING LETTER AND RATING RATIONALE FROM BRICKWORK RATINGS INDIA PRIVATE LIMITED

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Brickwork Ratings India Pvt. Ltd.
Ground floor, Building No - S 14, Solitaire Corporate Park, Guru Hargovindji Marg, Chakala, Andheri (East), Mumbai - 400 093
P: +91 22 2831 1426/39 | F: +91 22 2838 9144

BWR/NCD/MUM/CRC/ABP/0560/2020-21 **16 February 2021**

Mr. Rajesh Rajak
Chief Financial Officer
IIFL Finance Limited
802, 8th Floor, Hubtown Solaris,
Prof. N.S.Phadke Road, Vijay Nagar,
Andheri (East), Mumbai – 400069

Dear Sir,

Sub: **Validation of Rating for IIFL Finance Ltd's non-convertible debentures rated by Brickwork Ratings**

Ref: 1) Our Rating letter BWR/NCD//CRC/VYD/0157/2020-21 dated 30 June 2020
2) Your email dated 15 February 2021 requesting rating validation

We advise that your Company's Non-convertible Debentures (NCDs) carry a rating of BWR AA+/ Negative as advised vide our Rating Letter BWR/NCD//CRC/VYD/0157/2020-21 dated 30 June 2020. The Rating letter validity is twelve months from our earlier rating letter BWR/NCD//CRC/VYD/0157/2020-21 dated 30 June 2020. Details of the instrument rated and amount raised are provided in the Annexure.

Please note that all terms and conditions of our letters BWR/NCD//CRC/VYD/0157/2020-21 dated 30 June 2020 remain unchanged.

Kindly note to furnish complete details of instruments as and when raised.

Best Regards,

A Patwardhan

Anil Patwardhan
Senior Director - Ratings

Note: Rating Rationale of all accepted Ratings are published on Brickwork Ratings website. All non-accepted ratings are also published on Brickwork Ratings web-site . Interested persons are well advised to refer to our website www.brickworkratings.com, If they are unable to view the rationale, they are requested to inform us on brickworkhelp@brickworkratings.com.

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IIFL Finance Limited
Annexure:

Details of outstanding ratings

Instruments	Rated Amount (Rs in Crs)	Last Rating / Review Date	Tenure	Outstanding Ratings	Validity Date
Non-Convertible Debentures (NCDs) ^ #	5000	30 June 2020	Long Term	BWR AA+/ Negative	29 June 2021

^ Public Issue; Interchangeable between secured and subordinated debt.
# Not yet raised

Brickwork Ratings India Pvt. Ltd.
Ground floor, Building No - S 14, Solitaire Corporate Park, Guru Hargovindji Marg,
Chakala, Andheri (East), Mumbai - 400 093
P: +91 22 2831 1426/39 | F: +91 22 2838 9144

BWR/NCD/MUM/CRC/ANP/0480/2020-21 **22 December 2020**

Mr. Rajesh Rajak
Chief Financial Officer
IIFL Finance Limited
802, 8th Floor, Hubtown Solaris,
Prof. N.S.Phadke Road, Vijay Nagar,
Andheri (East), Mumbai – 400069

Dear Sir,

Sub: **Validation of Rating for IIFL Finance Ltd's non-convertible debentures rated by Brickwork Ratings**

Ref: 1) Our Rating letter BWR/NCD//CRC/VYD/0157/2020-21 dated 30 June 2020
2) Your email dated 21 December 2020 requesting rating validation

We advise that your Company's Non-convertible Debentures (NCDs) carry a rating of BWR AA+/ Negative as advised vide our Rating Letter BWR/NCD//CRC/VYD/0157/2020-21 dated 30 June 2020. The Rating letter validity is twelve months from our earlier rating letter BWR/NCD//CRC/VYD/0157/2020-21 dated 30 June 2020. Details of the instrument rated and amount raised are provided in the Annexure.

Please note that all terms and conditions of our letters BWR/NCD//CRC/VYD/0157/2020-21 dated 30 June 2020 remain unchanged.

Kindly note to furnish complete details of instruments as and when raised.

Best Regards,

A Patwardhan

Anil Patwardhan
Senior Director - Ratings

Note: Rating Rationale of all accepted Ratings are published on Brickwork Ratings website. All non-accepted ratings are also published on Brickwork Ratings web-site . Interested persons are well advised to refer to our website www.brickworkratings.com, If they are unable to view the rationale, they are requested to inform us on brickworkhelp@brickworkratings.com.

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BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.

IIFL Finance Limited
Annexure:

Details of outstanding ratings

Instruments	Rated Amount (Rs in Crs)	Last Rating / Review Date	Tenure	Outstanding Ratings	Validity Date
Non-Convertible Debentures (NCDs) ^ #	5000	30 June 2020	Long Term	BWR AA+/ Negative	29 June 2021

^ Public Issue; Interchangeable between secured and subordinated debt.
# Not yet raised

Brickwork Ratings India Pvt. Ltd.
Ground floor, Building No - S 14, Solitaire Corporate Park, Guru Hargovindji Marg, Chakala, Andheri (East), Mumbai - 400 093
P: +91 22 2831 1426/39 | F: +91 22 2838 9144

BWR/NCD//CRC/VYD/0157/2020-21 **30 June 2020**

Mr. Rajesh Rajak
Chief Financial Officer
IIFL Finance Limited
802, 8th Floor, Hubtown Solaris,
Prof. N.S.Phadke Road, Vijay Nagar,
Andheri (East), Mumbai – 400069

Dear Sir,

Sub: Assignment of rating for proposed NCDs of Rs 5000 Crs and review of rating of existing debt instruments of IIFL Finance Limited

Ref: Our earlier rating letter BWR/NCD//CRC/VYD/0035/2020-21 dated 23 April 2020 and your mandate dated 25 June 2020.

Based on the information and clarifications provided by your company and as available in public sources, Brickwork Ratings informs you that IIFL Finance Limited's NCDs of Rs 5000 Crs has been assigned a rating of BWR AA+/ Negative. Brickwork Ratings also reaffirms the rating of existing debt instruments and withdraws the rating of unutilised portion of NCDs as given below:

Instruments**	Rated Amount (Rs in Crs)		Tenure	Rating*	
	Previous	Present		Previous	Present
Non-convertible Debentures ^	--	5000.00	Long Term	--	BWR AA+/ Negative 'Assigned'
Non-convertible Debentures ^	3597.00	0.00	Long Term	BWR AA+/ Negative	Rating Withdrawn #
Non-convertible Debentures	1403.00	1403.00	Long Term	BWR AA+/ Negative	BWR AA+/ Negative 'Reaffirmed'
Secured Non-convertible Debentures	50.00	50.00			
Unsecured Subordinated Non-convertible Debentures	35.00	35.00			
Total	**5085.00**	**6488.00**	**Rupees Six Thousand Four Hundred Eighty Eight Crores Only**		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
** ISIN-wise details of NCD is provided in Annexure
^ Public Issue; Interchangeable between secured and subordinated debt.
# Rating is withdrawn for NCDs of Rs 3597 Crs, at the request of the company, as it is unutilised.

IIFL Finance Limited

BWR/NCD//CRC/VYD/0157/2020-21 **30 June 2020**

Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The Rating is valid for twelve months from the date of this letter and subject to terms and conditions that were agreed in your mandate dated 25 June 2020 and other correspondence, if any and Brickwork Ratings' standard disclaimer appended at the end of this letter.

Brickwork would conduct surveillance every year till maturity/ redemption of the instruments. You are required to submit information for the purpose of surveillance/review. You are also required to keep us informed of any information/development that may affect your firm's finances/performance without any delay. **You are also requested to submit No Default Statement on monthly basis.**

Kindly acknowledge.

Best Regards,

Vydianathan Ramaswamy
Director & Head - Financial Sector Ratings

Note: In case of all accepted Ratings, respective Rating Rationale is published on Brickwork Ratings website. Interested persons are well advised to refer to our website www.brickworkratings.com, if they are unable to view the rationale, they are requested to inform us on brickworkhelp@brickworkratings.com

IIFL Finance Limited

BWR/NCD//CRC/VYD/0157/2020-21 **30 June 2020**

Annexure
NCDs - ISIN Details

Instrument #	Issue Date	Amount Raised (Rs in Crs.)	Coupon Rate	Maturity Date	ISIN Particulars
Secured NCD *	7-Feb-19	260.50	9.50%	7-May-22	INE866I07BY4
Secured NCD *	7-Feb-19	38.91	9.60%	7-May-22	INE866I07BZ1
Secured NCD *	7-Feb-19	49.42	9.60%	7-May-22	INE866I07CB0
Secured NCD *	7-Feb-19	636.81	9.75%	7-Feb-24	INE866I07CD6
Secured NCD *	7-Feb-19	126.47	10.20%	7-Feb-24	INE866I07CF1
Subordinated NCD *	7-Feb-19	31.02	10.00%	7-Feb-29	INE866I08279
Subordinated NCD *	7-Feb-19	15.45	10.50%	7-Feb-29	INE866I08295
Secured NCD	17-Sep-19	5.00	9.85%	17-Jan-23	INE866I07CO3
Secured NCD *	06-Sep-19	98.09	10.00%	06-Dec-20	INE866I07CJ3
Secured NCD *	06-Sep-19	37.30	9.50%	06-Dec-22	INE866I07CK1
Secured NCD *	06-Sep-19	12.01	9.85%	06-Dec-22	INE866I07CL9
Secured NCD *	06-Sep-19	65.11	9.85%	06-Dec-22	INE866I07CM7
Subordinated NCD *	06-Sep-19	25.93	10.00%	06-Jun-25	INE866I08303
Subordinated NCD *	06-Sep-19	5.78	10.50%	06-Jun-25	INE866I08311
Subordinated NCD	11-Sep-15	20.00	10.75%	10-Sep-21	INE866I08220
Subordinated NCD	16-Sep-15	15.00	10.50%	16-Sep-21	INE866I08238
Total		1442.80			

* Raised under public issue of NCDs

\# The above mentioned instruments (ISINs) are transferred from India Infoline Finance Ltd to IIFL Finance Ltd on account of merger.

Details of Rating Withdrawn

Instrument	Issue Date	Amount (Rs in Crs.)	Coupon Rate	Maturity Date	ISIN Particulars
NCDs **	NA	3597	NA	NA	NA

** Public Issue; Unutilised portion

RATING RATIONALE

30 June 2020

IIFL Finance Limited

Brickwork Ratings assigns ratings of 'BWR AA+' Negative to the NCD issue of IIFL Finance Limited.

Particulars

Instrument**	Amount Rated (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (22 April 2020)	Present
Non-convertible Debentures ^	0.00	5000.00	Long Term	--	BWR AA+ / Negative 'Assigned'
Non-convertible Debentures ^	3597.00	0.00	Long Term	BWR AA+/ Negative	Rating Withdrawn #
Non-convertible Debentures	1403.00	1403.00	Long Term	BWR AA+/ Negative	BWR AA+/ Negative 'Reaffirmed'
Secured Non-convertible Debentures	50.00	50.00			
Unsecured Subordinated Non-convertible Debentures	35.00	35.00			
Total	**5085.00**	**6488.00**	**INR Six Thousand Four Hundred Eighty Eight Crores Only**		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
** Details of NCDs are provided in Annexure-I & II
^ Public Issue; Interchangeable between secured and subordinated debt
# Rating is withdrawn for NCDs of Rs 3597 Crs, at the request of the company, as it is unutilised.

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) assigns 'BWR AA+'/Negative to the non-convertible debentures (NCDs) of Rs 5000 Crs of IIFL Finance Limited (the company) while reaffirming the rating of existing debt instruments, as tabulated above. BWR also withdraws the rating for NCDs of Rs 3597 Crs at the request of the company as the same is unutilised, and the withdrawal is in line with BWR's policy.

The rating continues to factor in IIFL Finance group's diversified presence in the retail financing space, highly qualified and experienced management team, adequate capitalisation and diversified resource mix. The rating is, however, constrained by the limited seasoning of the loan portfolio, particularly in the home loan and MSME loan segments, and a moderation in the company's asset quality. The Negative outlook is on account of the expectation of continued pressure on the asset quality, specifically in the MSME and loans against property (LAP) segments, and the company's ability to grow its balance sheet amid funding challenges to the non-banking financial company (NBFC) sector.

KEY RATING DRIVERS

Credit Strengths

Diversified business profile: IIFL Finance Ltd is a retail-focused NBFC with a diversified loan book and offers products such as home loans, gold loans, microfinance loans (MFI), micro small & medium enterprise (MSME) business loans, LAP and construction finance. Out of the total AUM of Rs 37951 Crs as on 31 March 2020, home loans constituted 32.79%, followed by gold loans at 24.04%, business loans (including LAP) at 20.57%, developer finance loans at 12.46%, MFI loans at 8.96% and loans to the capital market segment at 1.19%. The company also benefits from the synergies it derives from IIFL Wealth and IIFL Securities, given the common promoters and shared brand name.

Diversified resource mix: The company has a diversified resource profile and has demonstrated its ability to raise funds through various sources. The company was able to raise long-term funds of ~ Rs 9400 Crs in FY20. Around 46% of these were in the form of term loans/refinance from National Housing Bank (NHB), and the rest were in the form of NCDs/ECB. Apart from this, the company had raised ~Rs 13000 Crs through the securitisation/assignment of its loans. Out of the total funding as on 31 March 2020, 35% was in the form of term loans, 28% in the form of NCDs, 27% in the form of assignment of loans, 5% in the form of securitisation and 5% in the form of refinance from NHB. The company has requested a moratorium for repaying term loans that are due, on account of COVID-19, and has received approval from the majority of its bankers.

Adequate capitalisation: IIFL Finance Limited is adequately capitalised, with the consolidated net worth and gearing of Rs 4765.61 Crs and 5.66 times, respectively, as on 31 March 2020. It improved from Rs 4358.70 Crs and 6.08 times, respectively, as on 31 March 2019. The capital adequacy ratio of IIFL Finance Ltd (standalone), IIFL Home Finance Ltd and Samasta Microfinance stood at 17.55%, 23.71% and 25.93%, respectively, as on 31 March 2020. The accrual of profits to net worth was, however, low for FY20. The company reported a net profit of Rs 503.47 Crs for FY20, compared with Rs 795.71 Crs (including a one-time gain of Rs 115 Crs on the sale of the CV business) for FY19. The profitability was impacted due to a one-time provisioning due to COVID-19, of Rs 282 Crs, and the reversal of deferred tax of Rs 50 Crs during FY20. The net worth to net non-performing assets cover was adequate at around 17.5 times as on 31 March 2020. The company plans to raise fresh equity in FY21 to strengthen its capital position to cover for any asset side risks and also support future growth. BWR believes IIFL Finance Ltd on a consolidated level will remain adequately capitalised over the medium term.

Experienced management and strong ownership: IIFL Finance Limited and its subsidiaries are led by a highly qualified and experienced management team with strong experience in the financial services domain. The board consists of Mr. Nirmal Jain (the founder of IIFL Group and chairman of IIFL Finance Limited), Mr. R. Venkataraman (co-promoter and managing director of IIFL Finance Limited) and other non-executive and independent directors. BWR has taken note of some changes in the senior management of IIFL Finance Ltd and continues to take comfort from the rich experience and depth in the management profile of the IIFL Finance Ltd and its subsidiaries. IIFL Finance Limited is a listed company in which promoters held 24.94%, the Fairfax group held 29.87%, CDC Group PLC held 15.46% and foreign investors held 12.69% as on 31 March 2020.

Credit Risks

Limited loan seasoning: The IIFL Finance group's AUM has largely grown in the last three years. The total AUM grew from Rs 22281 Crs as on 31 March 2017 to Rs 37951 Crs as on 31 March 2020. Home loans and MSME business loans, which have a longer tenure, constituted ~54% of the total AUM as on 31 March 2020. The loan portfolio has limited seasoning, especially in the home loans and MSME loans segment. The overall asset quality is yet to be tested through economic down cycles.

Average asset quality: IIFL Finance Ltd witnessed some asset quality pressure in FY20, which is expected to continue in the current fiscal due to the on-going pandemic. The gross non-performing assets (NPAs) across home loans, microfinance loans, MSME loans and LAP increased in FY20. Overall, on a consolidated basis, the gross NPAs increased from 1.96% as on 31 March 2019 to 2.31% as on 31 March 2020. The company is taking appropriate measures by slowing down disbursements in the MSME segment and curtailing exposure to the riskier real estate developer segment.
However, BWR expects the asset quality pressures to continue in FY21 due to the impact on the company's borrower profile on account of the COVID-19 pandemic. The company has witnessed a dip in collections in Q1FY21 due to the loan moratorium by the Reserve Bank Of India (RBI). Many of its borrowers are availing a moratorium, and IIFL Finance Ltd's ability to ensure timely collections during and after the moratorium period and its ability to control slippages and manage asset quality will be a key rating monitorable.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has taken a consolidated view on IIFL Finance Limited and its key operating subsidiaries IIFL Home Finance Limited and Samasta Microfinance Limited (collectively referred to as the IIFL Finance group) having strong operational, financial and managerial linkages. The rating also factors in the synergies it derives from IIFL Wealth and IIFL Securities, given the common promoters and shared brand name. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the company's ability to steadily grow its portfolio while maintaining comfortable asset quality and a prudent capital structure will be key rating sensitivity factors.

Positive: A sustained improvement in the asset quality and the company's ability to steadily grow its AUM with an improvement in profitability are the key rating positives.

Negative: A deterioration in asset quality, thereby impacting profitability and capitalisation, or a reduction in liquidity, and/or if the company faces challenges to raise funds at competitive rates.

Coronavirus disease (COVID-19), declared a pandemic by the World Health Organisation (WHO), has become a full-blown crisis globally, including in India. As a containment measure, the Indian Government had announced a 21-day nationwide lockdown on 24 March 2020, which was subsequently extended until 31 May 2020. As per BWR, financial institutions, mainly those lending directly or indirectly, to the retail low-income borrower segments could be the most impacted. The 6-month moratorium announced by the RBI on the interest and principal on bank debt has provided some cushion to the lending community to realign its collection machinery and operations during this period. However, lenders' ability to ensure credit discipline among borrowers as the 6-month moratorium ends and to collect accumulated interest and principal dues on a timely basis after this period will be a key monitorable. BWR is actively engaging with its clients on a continuous basis and taking updates on the impact on its operations and liquidity situation. BWR will take appropriate rating actions as and when it deems necessary and publish the same.

LIQUIDITY POSITION: ADEQUATE

The IIFL Finance group has reduced its dependence on commercial paper borrowings and has been able to raise long-term funding in the form of term loans/NCDs and securitisation. IIFL Finance had scheduled debt repayment obligations of ~ Rs 3900 Crs between June to December 2020. The liquidity remains adequate, with cash/bank/FD and liquid investments of ~ Rs 528 Crs, an unutilised cash credit limit of Rs 413 Crs and undrawn sanction lines (including securitisation) of ~ Rs 2850 Crs as on 18 June 2020. Since IIFL Finance group mainly caters to the retail segment, a large number of borrowers have asked for a moratorium, and hence, collections are expected to be low. The IIFL Finance group has also requested for a moratorium to its bankers. They have received approval from the majority of bankers.

COMPANY PROFILE

IIFL Finance Limited is a listed company in which promoters held 24.94%, the Fairfax group held 29.87%, CDC Group PLC held 15.46% and foreign investors held 12.69% as on 31 March 2020. IIFL Finance Limited (erstwhile IIFL Holdings Limited) was the holding company for the entire IIFL group. The group had subsequently reorganised its corporate structure, wherein the Securities Business Undertaking and Wealth Business Undertaking of IIFL Holdings Limited were demerged into IIFL Securities Limited and IIFL Wealth Management Limited, respectively. IIFL Holdings Limited was renamed IIFL Finance Limited and now is the holding company for the lending businesses of the IIFL group. IIFL Finance Ltd is a retail-focused NBFC with a diversified loan book and offers products such as home loans, gold loans, MFI, MSME business loans, LAP, construction finance and capital market finance. IIFL Finance Ltd has two key operating subsidiaries, IIFL Home Finance Ltd (in which it holds 100%) and Samasta Microfinance Ltd (in which it holds 98.89%). The IIFL Finance group has a widespread branch network, with 2377 branches spread across 25 states, out of which ~85% of branches are in Tier 2 and Tier 3 locations.

KEY FINANCIAL INDICATORS (IIFL Finance Consolidated)

Key Parameters	Units	FY19	FY20
Result Type		**Audited**	**Audited**
Total income	(in Rs Crs)	5084.88	4820.73
Total comprehensive income	(in Rs Crs)	785.68	496.81
Total net worth	(in Rs Crs)	4358.70	4765.61
Gearing	(in times)	6.08	5.66
Total AUM	(in Rs Crs)	34903	37951
Gross NPA	(%)	1.96	2.31
Net NPA	(%)	0.63	0.97

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY: NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS (Including withdrawal and suspended)

Sr. No.	Name of Instrument	Current Rating (2020)						Rating History for the past 3 years		
		Type	Amount (Rs. Crores)	Rating	2020			2019	2018	2017
1	NCDs ^	Long Term	5000	BWR AA+/ Negative	22.04.2020			NA	NA	NA
					NA	NA	NA			
2	NCDs ^	Long Term	0.00	Rating Withdrawn #	22.04.2020			NA	NA	NA
					Long Term	3597	BWR AA+/ Negative			
3	NCDs	Long Term	1403	BWR AA+/ Negative	22.04.2020			NA	NA	NA
					Long Term	1403	BWR AA+/ Negative			
4	Secured NCDs	Long Term	50	BWR AA+/ Negative	22.04.2020			NA	NA	NA
					Long Term	50	BWR AA+/ Negative			
5	Unsecured subordinated NCDs	Long Term	35	BWR AA+/ Negative	22.04.2020			NA	NA	NA
					Long Term	35	BWR AA+/ Negative			
	Total		**6488**		**INR Six Thousand Four Hundred Eighty Eight Crores Only**					

^Public Issue; Interchangeable between secured and subordinated debt.
Rating is withdrawn for NCDs of Rs 3597 Crs, at the request of the company, as it is unutilised.

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- General Criteria
- Banks & Financial Institutions
- Consolidation of Companies

Analytical Contacts	**Investor and Media Relations**
Nirav Shah Senior Analyst - Ratings +91 22 6745 6623 Nirav.s@brickworkratings.com **Vydianathan Ramaswamy** Director & Head - Financial Sector Ratings +91 22 6745 6660 Vydianathan.r@brickworkratings.com	**Liena Thakur** Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com

IIFL Finance Ltd

ANNEXURE I - Instruments (NCD) Details

Instrument #	Issue Date	Amount Raised (Rs in Crs.)	Coupon Rate	Maturity Date	ISIN Particulars
Secured NCD *	7-Feb-19	260.50	9.50%	7-May-22	INE866I07BY4
Secured NCD *	7-Feb-19	38.91	9.60%	7-May-22	INE866I07BZ1
Secured NCD *	7-Feb-19	49.42	9.60%	7-May-22	INE866I07CB0
Secured NCD *	7-Feb-19	636.81	9.75%	7-Feb-24	INE866I07CD6
Secured NCD *	7-Feb-19	126.47	10.20%	7-Feb-24	INE866I07CF1
Subordinated NCD *	7-Feb-19	31.02	10.00%	7-Feb-29	INE866I08279
Subordinated NCD *	7-Feb-19	15.45	10.50%	7-Feb-29	INE866I08295
Secured NCD	17-Sep-19	5.00	9.85%	17-Jan-23	INE866I07CO3
Secured NCD *	06-Sep-19	98.09	10.00%	06-Dec-20	INE866I07CJ3
Secured NCD *	06-Sep-19	37.30	9.50%	06-Dec-22	INE866I07CK1
Secured NCD *	06-Sep-19	12.01	9.85%	06-Dec-22	INE866I07CL9
Secured NCD *	06-Sep-19	65.11	9.85%	06-Dec-22	INE866I07CM7
Subordinated NCD *	06-Sep-19	25.93	10.00%	06-Jun-25	INE866I08303
Subordinated NCD *	06-Sep-19	5.78	10.50%	06-Jun-25	INE866I08311
Subordinated NCD	11-Sep-15	20.00	10.75%	10-Sep-21	INE866I08220
Subordinated NCD	16-Sep-15	15.00	10.50%	16-Sep-21	INE866I08238
Total		1442.80			

* Raised under public issue of NCDs

The above mentioned instruments (ISINs) are transferred from India Infoline Finance Ltd to IIFL Finance Ltd on account of merger.

ANNEXURE II - Details of Rating Withdrawn

Instrument	Issue Date	Amount (Rs in Crs.)	Coupon Rate	Maturity Date	ISIN Particulars
NCDs **	NA	3597	NA	NA	NA

** Public Issue; Unutilised portion

ANNEXURE III

List of entities consolidated

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
IIFL Home Finance Ltd	100%	Full Consolidation	Subsidiary
Samasta Microfinance Ltd	98.89%	Full Consolidation	Subsidiary

For print and digital media The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings :Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

ANNEXURE C

CONSENT LETTER FROM DEBENTURE TRUSTEE

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Ref. No. **CTL/MUM/20-21/DEB/584**

1. CONSENT LETTER FROM THE DEBENTURE TRUSTEE TO THE ISSUE

June 29, 2020

IIFL Finance Limited
802, 8th Floor, Hubtown Solaris,
N. S. Phadke Marg,
Vijay Nagar,
Andheri East,
Mumbai - 400 069
Maharashtra

Dear Ma'am/Sir

Sub: Proposed public issue of secured redeemable non- convertible debentures and/or unsecured subordinated redeemable non- convertible debentures ("NCDs") aggregating up to Shelf Limit of Rs 5,000 crores (Rupees Five Thousand Crores) ("Issue") of IIFL Finance Limited ("Company").

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Draft Shelf Prospectus to be filed with the BSE Limited and/or The National Stock Exchange of India Limited ("**Stock Exchanges**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Shelf Prospectus and respective Tranche Prospectus(es) to be filed with the Registrar of Companies, Mumbai ("**RoC**"), Stock Exchanges and to be forwarded to SEBI in respect of the Issue and also in all related advertisements and communications sent pursuant to the Issue. The following details with respect to us may be disclosed:

Name:	Catalyst Trusteeship Limited (Formerly GDA Trusteeship Limited)
Address:	'GDA House', Plot No 85, Bhusari Colony (Right), Kothrud, Pune – 411038
Tel:	022 - 49220542
Fax:	022 - 49220505
Email:	ComplianceCTL-Mumbai@ctltrustee.com
Website:	www.catalysttrustee.com
Contact Person:	Umesh Salvi
SEBI Registration No:	IND000000034
CIN	U74999PN1997PLC110262
Investor Grievance e-mail:	grievance@ctltrustee.com

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company; and (iii) any other information in connection thereto.

We confirm that we will immediately inform you and the Lead Managers of any change to the above information until the date when the NCDs commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by the Company, the Lead Managers and the legal advisors to the Issue in respect of the Issue.

Sincerely

Yours faithfully,

For **Catalyst Trusteeship Limited.**

Authorised Signatory
Name: Umesh Salvi
Designation: Business Head

CC:

Edelweiss Financial Services Limited
Edelweiss House, Off CST Road
Kalina, Mumbai – 400 098
Maharashtra, India.

Equirus Capital Private Limited
12th Floor, C Wing, Marathon Futurex,
N.M. Joshi Marg,
Lower Parel,
Mumbai 400 013,
Maharashtra, India

IIFL Securities Limited
10th Floor, IIFL Centre,
Kamala City, Senapati Bapat Marg,
Lower Parel (W),
Mumbai 400 013

Khaitan & Co
One Indiabulls Centre, 13th Floor, Tower 1,
Senapati Bapat Marg, Mumbai 400 013
Maharashtra, India

Annexure A

भारतीय प्रतिभूति और विनिमय बोर्ड

SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993

(DEBENTURE TRUSTEE) REGULATIONS, 1993

000258 (Regulation 8) (Regulation 8A)

रजिस्ट्रीकरण प्रमाणपत्र

CERTIFICATE OF REGISTRATION — PERMANENT REGISTRATION

1) In exercise of the powers conferred by [illegible] of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

CATALYST TRUSTEESHIP LIMITED
GDA HOUSE, PLOT NO. 85,
BHUSARI COLONY (RIGHT), PAUD ROAD
PUNE - 411 038
MAHARASHTRA

as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट
2) Registration Code for the debenture trustee is IND000000034

3) Unless renewed, the certificate of registration is valid from [illegible] to [illegible]

3) This Certificate of Registration shall be valid for permanent, unless suspended or cancelled by the Board.

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : MUMBAI

तारीख Date : JULY [illegible], 2016

[illegible]

Annexure B

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee is true and correct:

1.	Registration Number	IND000000034
2.	Date of registration/ Renewal of registration	July 29,2016
3.	Date of expiry of registration	Permanent Registration
4.	If applied for renewal, date of application	No
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	NIL
6.	Any enquiry/ investigation being conducted by SEBI	NIL
7.	Details of any penalty imposed by SEBI	NIL

CATALYST TRUSTEESHIP LIMITED (FORMERLY GDA TRUSTEESHIP LIMITED)
Mumbai Office Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 098 **Tel** +91 (022) 4922 0555 **Fax** +91 (022) 4922 0505
Regd. Office GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 **Tel** +91 (020) 25280081 **Fax** +91 (020) 25280275
Delhi Office Office No. 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 **Tel** 11 430 29101/02.
CIN No. U74999PN1997PLC110262 **Email** dt@ctltrustee.com **Website** www.catalysttrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai

ANNEXURE D – STATEMENT OF AGGREGATE NUMBER OF SECURITIES PURCHASED OR SOLD

Statement of the aggregate number of securities of our Company and our Subsidiary, purchased or sold by our promoter, promoter group, our directors and/or their relatives within six months immediately preceding the date of filing of this Shelf Prospectus in the following format

Except for the details as set out in the table below, no securities of our Company and our Subsidiary have been purchased or sold by our promoter, promoter group, our directors and/or their relatives within six months immediately preceding the date of filing of this Shelf Prospectus.

(a) Equity Shares/ Non- Convertible Debentures of our Company, sold/purchased by our Promoter and Promoter Group

Equity Shares:

No.	Name of the Person	Date of Purchase/Transfer	Whether purchase/transfer	Number of Equity Shares
Nil				

Non- Convertible Debentures:

Sr. No.	Name of the Director	Date of transaction	Nature of NCD	Face Value (In `)	Number ofNCDs Purchased	Number of NCDs Sold
1.	Mr. Venkataraman Rajamani	23-09-2020	IIFL FINANCE LIMITED SR D8 BR NCD 01DC21 FVRS1LAC	1,00,000	203	-

(b) Equity Shares /Non-Convertible Debentures of our Company sold/purchased by our Directors & their Relatives

Sr. No.	Name of the Director	Date of transaction	Nature of NCD	Face Value (In `)	Number of NCDs Purchased	Number of NCDs Sold
NIL						

(c) Equity Shares/Non-Convertible Debentures of our Company, sold/purchased by our group companies

Equity Shares:

No.	Name of the Person	Date of Purchase/Transfer	Whether purchase/transfer	Number of Equity Shares
Nil				

Non- Convertible Debentures:

S. No.	Name of group company	Date of transaction	Nature of NCDs	Face Value (In `)	Number of NCDs purchased	Number of NCDs sold
1.	IIFL Facilities Services Limited	28-Aug-20	IIFL Finance Limited NCD 05SEP20 FVRS10LAC (INE866I08196)	10,00,000		200.00
2.	IIFL Management Services Limited	13-Aug-20	IIFL FINANCE LIMITED SERIES G2 BR NCD 22NV21 FVRS 711307.81 (INE866I08337)	10,00,000		1.00
3.	IIFL Management Services Limited	14-Aug-20	IIFL FINANCE LIMITED SERIES G2 BR NCD 22NV21 FVRS 711307.81 (INE866I08337)	10,00,000		10.00
4.	IIFL Management Services Limited	27-Aug-20	IIFL FINANCE LIMITED SERIES G2 BR NCD 22NV21 FVRS 711307.81 (INE866I08337)	10,00,000		1.00
5.	IIFL Management Services Limited	27-Aug-20	IIFL FINANCE LIMITED SERIES G2 BR NCD 22NV21 FVRS 711307.81 (INE866I08337)	10,00,000		15.00
6.	IIFL Management Services Limited	27-Aug-20	IIFL FINANCE LIMITED SERIES G2 BR NCD 22NV21 FVRS 711307.81 (INE866I08337)	10,00,000		74.00
7.	IIFL Management Services Limited	08-Sep-20	IIFL FINANCE LIMITED SERIES G2 BR NCD 22NV21 FVRS 711307.81 (INE866I08337)	10,00,000		2.00
8.	IIFL Management Services Limited	17-Sep-20	IIFL FINANCE LIMITED SERIES G2 BR NCD 22NV21 FVRS 711307.81 (INE866I08337)	10,00,000		1.00
9.	IIFL Management Services Limited	06-Oct-20	IIFL FINANCE LIMITED SERIES G2 BR NCD 22NV21 FVRS 711307.81 (INE866I08337)	10,00,000		1.00
10.	IIFL Management Services Limited	01-Feb-21	IIFL MLD Nifty Enhancer (INE866I07CI5)	1,00,000	30.00	
11.	IIFL Management Services Limited	01-Feb-21	IIFL MLD Nifty Enhancer (INE866I07CI5)	1,00,000		30.00

S. No.	Name of group company	Date of transaction	Nature of NCDs	Face Value (In `)	Number of NCDs purchased	Number of NCDs sold
12.	IIFL Wealth Prime Limited	27-Aug-20	IIFL FINANCE LIMITED SERIES G2 BR NCD 22NV21 FVRS711307.81 (INE866I08337)	10,00,000	74.00	
13.	IIFL Wealth Prime Limited	28-Aug-20	IIFL FINANCE LIMITED SERIES G2 BR NCD 22NV21 FVRS711307.81 (INE866I08337)	10,00,000		46.00
14.	IIFL Wealth Prime Limited	28-Aug-20	IIFL FINANCE LIMITED SERIES G2 BR NCD 22NV21 FVRS711307.81 (INE866I08337)	10,00,000		28.00
15.	IIFL Wealth Prime Limited	14-Jan-21	IIFL FINANCE LIMITED SR U-04 RR NCD 25AG28 FVRS10LAC (INE866I08253)	10,00,000		3.00

(d) Equity shares of our Subsidiary i.e. Samasta Microfinance Limited, sold/purchased by our group companies.

S. No.	Name of the Person/Company	No. of Securities Equity Shares purchased	Number of Equity Shares sold	Date of transaction
1	IIFL Finance Limited	4,24,26,147	-	December 21, 2020
2	IIFL Home Finance Limited	1,41,42,049	-	December 21, 2020

(e) Non-Convertible Debentures of our Subsidiary Samasta Microfinance Limited, sold/purchased by our group companies.

Sr. No.	Name of group company	Date of transaction	Nature of NCDs	Face Value (In `)	Number of NCDs purchased	Number of NCDs sold
1	IIFL WEALTH PRIME LTD.	28-Aug-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		85
2	IIFL WEALTH PRIME LTD.	01-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		164
3	IIFL WEALTH PRIME LTD.	01-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		17
4	IIFL WEALTH PRIME LTD.	01-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		164

5	IIFL WEALTH PRIME LTD.	01-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		82
6	IIFL WEALTH PRIME LTD.	01-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		41
7	IIFL WEALTH PRIME LTD.	01-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		82
8	IIFL WEALTH PRIME LTD.	01-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		25
9	IIFL WEALTH PRIME LTD.	04-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		82
10	IIFL WEALTH PRIME LTD.	04-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		82
11	IIFL WEALTH PRIME LTD.	10-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		25
12	IIFL WEALTH PRIME LTD.	11-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		82
13	IIFL WEALTH PRIME LTD.	17-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		83
14	IIFL WEALTH PRIME LTD.	21-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		38
15	IIFL WEALTH PRIME LTD.	25-Sep-20	SAMASTA MICROFINANCE LIMITED SR-EC975-191021 NCD 19OCT21 FVRS1LAC	1,00,000		142

(f) Equity shares of our Subsidiary i.e. IIFL Home Finance Limited, sold/purchased by our group companies.

S. No.	Name of the Person/Company	No. of Securities Equity Shares purchased	Number of Equity Shares sold	Date of transaction
Nil				

(g) Non-Convertible Debentures of our Subsidiary i.e. IIFL Home Finance Limited sold/purchased by our group companies.

Sr. No.	Name of group company	Date of transaction	Nature of NCDs	Face Value (In `)	Number of NCDs purchased	Number of NCDs sold
1	IIFL WEALTH PRIME LTD.	20-Aug-20	IIFL HOME FINANCE LIMITED MLD-2028 SERIES C3 FVRS10LAC	1000000	50.00	
2	IIFL WEALTH PRIME LTD.	21-Aug-20	IIFL HOME FINANCE LIMITED MLD-2028	1000000		25.00

Sr. No.	Name of group company	Date of transaction	Nature of NCDs	Face Value (In `)	Number of NCDs purchased	Number of NCDs sold
			SERIES C3 FVRS10LAC			
3	IIFL WEALTH PRIME LTD.	21-Aug-20	IIFL HOME FINANCE LIMITED MLD-2028 SERIES C3 FVRS10LAC	1000000		25.00
4	IIFL WEALTH PRIME LTD.	14-Dec-20	IIFL HOME FINANCE LIMITED SERIES C12 BR NCD 25AP24 FVRS10LAC	1000000	63.00	
5	IIFL WEALTH PRIME LTD.	15-Dec-20	IIFL HOME FINANCE LIMITED SERIES C12 BR NCD 25AP24 FVRS10LAC	1000000		11.00
6	IIFL WEALTH PRIME LTD.	16-Dec-20	IIFL HOME FINANCE LIMITED SERIES C12 BR NCD 25AP24 FVRS10LAC	1000000		10.00
7	IIFL WEALTH PRIME LTD.	16-Dec-20	IIFL HOME FINANCE LIMITED SERIES C12 BR NCD 25AP24 FVRS10LAC	1000000		10.00
8	IIFL WEALTH PRIME LTD.	17-Dec-20	IIFL HOME FINANCE LIMITED SERIES C12 BR NCD 25AP24 FVRS10LAC	1000000		16.00
9	IIFL WEALTH PRIME LTD.	18-Dec-20	IIFL HOME FINANCE LIMITED SERIES C12 BR NCD 25AP24 FVRS10LAC	1000000		16.00

(h) Non-Convertible Debentures of our Subsidiary i.e. IIFL Home Finance Limited and Samasta Microfinance Limited, sold/purchased by our Promoter and/or directors and/or their relatives

NIL