



INDEPENDENT AUDITOR'S REPORT

To the Members of IIFL Home Finance Limited (Formerly Known As India Infoline Housing Finance Limited) on the Audit of the Consolidated Financial Statements

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of **IIFL Home Finance Limited** (hereinafter referred to as "the Holding Company"), and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), and its associate which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and Consolidated statement of Cash Flows for the year then ended, and notes to Consolidated Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary, and associate referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, of consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing

A. Key Audit Matters for Holding Company

Key Audit Matter	How the matter was addressed in our audit
<p>Expected Credit Loss – Impairment of carrying value of loans and advances</p> <p>Under Ind AS 109, Expected Credit Loss (ECL) is required to be determined for recognizing impairment loss on financial assets which are stated at amortized cost or carried at fair value through other comprehensive income. The Company</p>	<p>We performed audit procedures set out below:</p> <ul style="list-style-type: none"> Read the Company's Board approved Ind-AS 109 based impairment provisioning policy Understood and assessed the Company's process and controls on measurement and recognition of impairment in the loan portfolio

("the SAs") specified under sub-section 10 of section 143 of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 7.1 to the Consolidated Financial Statements, with respect to the management's evaluation of COVID-19 impact on the future performance of the Group. This assessment and the outcome of the pandemic are made by the management and is highly dependent on the circumstances as they evolve in the subsequent periods. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement and based on the consideration of reports of other auditors on separate financial statements of subsidiary and associate Companies audited by them, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report

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Key Audit Matter	How the matter was addressed in our audit
<p>exercises significant judgement using assumptions over both when and how much to record as impairment for loans and advances and estimation of the amount of the impairment provision for loans and advances.</p> <p>The calculation of impairment loss or ECL is based on significant management estimates and judgements, which are as under:</p> <ul style="list-style-type: none"> Judgements about credit risk characteristics for collective evaluation of impairment under various stages of ECL Loan staging criteria Calculation of Probability of Default (PD) and Loss Given Default (LGD) Consideration of probability scenarios and forward looking macro-economic factors Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment with the range of possible effects unknown to the country arising out of the COVID 19 pandemic <p>ECL requires a large variety of data as an input to the model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</p> <p>In view of the criticality of the item to the Consolidated Financial Statements, complex nature of assumptions and judgements exercised by the management and loans forming a major portion of the Company's assets and impairment charge for the year being material to the net profit for the year, in our opinion this is considered as a Key Audit Matter.</p>	<ul style="list-style-type: none"> Test checked loans in stage 1, 2 and 3 to ascertain that they were allocated to the appropriate stage Test checked PD and LGD calculation workings performed by management, including testing data used in assessment and evaluation of whether the results support appropriateness of the PDs at portfolio level Test checked the calculations of determining Exposure at Default (EAD) Test checked the manner of determining significant increase in credit risk and the resultant basis for classification of exposures into various stages Performed an assessment of the ECL provision levels at each stage including management's assessment on COVID 19 impact to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment
<p>IT Systems and controls</p> <p>The Company financial accounting and reporting systems are highly dependent on the effective working of the operating and accounting system.</p> <p>The Company has separate software applications for management of its loan portfolio from origination to servicing and closure and for the routine accounting. Transfer of data from/to this software are critical for accurate compilation of financial information.</p> <p>Due to extensive volumes, variety and complexity of transactions the operating system is functioning, consistently and accurately, specifically with respect to following:</p> <ul style="list-style-type: none"> Interest, Fee income and other charges collected on Loans Bifurcation of the Loan Portfolio based on maturity pattern and Assets Classification based on ageing of default <p>We have identified 'IT systems and controls' as key audit matter because of significant use of IT system and the scale and complexity of the IT architecture. Our audit outcome is dependent on the effective functioning of such operating and accounting system.</p>	<p>We performed audit procedures set out below:</p> <ul style="list-style-type: none"> We obtained an understanding of the Company's business IT environment and key changes, if any during the audit period that may be relevant to the audit. Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the key automated and manual business cycle controls and logic for system generated reports relevant to the audit by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis We have tested and reviewed the reconciliations between the loan origination/servicing application and the accounting software to mitigate the risk of incorrect data flow to/from separate application software. We have also obtained management representations wherever considered necessary.

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- B. Key Audit Matters for Subsidiary Company - IIFL Sales Ltd - No key audit matters reported by the Subsidiary Company's auditor for the year ended March 31, 2022
- C. Key Audit Matters as reported by the Auditor of the Associate Company i.e. **IIFL Samasta Finance Limited**

Key Audit Matter	How our Audit addressed the Key Audit Matter
<p>1. Expected Credit Loss</p> <p>Refer note 2 (c) of significant accounting policies and note 40 for credit disclosures of Audited Standalone Financial Statement of IIFL Samasta Finance Limited.</p> <p>As at 31 March 2022, the Company has total gross loan assets of Rs.5,772.72 crore (2021: Rs. 4,116.78 crore)) against which an Expected Credit Loss ('ECL') of Rs. 254.80 crore (2021 Rs. 155.44 crore) has been accrued.</p> <p>The ECL approach as required under Ind AS 109, Financial instruments, involves high degree of complexity and requires significant judgement of the management.</p> <p>The Management is required to determine the ECL that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. The key areas of judgment include</p> <ol style="list-style-type: none"> Categorization of loans in Stage 1, 2 and 3 based on identification of: <ol style="list-style-type: none"> exposures with Significant Increase in Credit Risk (SICR) since their origination and Individually impaired/default exposures. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL are based on past experience. The impact of different future macroeconomic conditions in the determination of ECL. <p>These parameters are derived from the Company's internally developed statistical models, historical data and macro-economic factors and a change in such models or assumptions could have a material impact on the accompanying financial statements.</p> <p>These factors required the models to be reassessed based on the available information including the additional risk profiling due to the impact of COVID-19 Pandemic, geographical, political and economic risk to measure the ECL.</p> <p>Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standard. The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions.</p> <p>Considering the significance of the above matter to the financial statements and the significant auditor attention required to test such complex accounting estimates, we have identified this as a key audit matter for current year audit.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> Evaluated the Company's accounting policies for estimation of expected credit loss on loan assets in accordance with the requirements of Ind AS 109, Financial Instruments; Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. Assessed the design and implementation, and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions Evaluated the appropriateness of the Company's process of determination of significant increase in credit risk in accordance with the applicable accounting standard and the basis for classification of exposures into various stages. Assessed the key judgments and assumptions relating to the macro-economic scenarios including the impact of COVID 19 Pandemic, RBI guidelines/notification and the associated probability weights. Obtained the approved policy of board of directors to understand the relief measures sanctioned to various class of borrowers in accordance with the directions given by the RBI and tested, on sample basis, the compliance with respect to asset classification and provisioning norms as per such directions. Tested management's computation of ECL by performing following procedures: Evaluated management's groupings of borrowers on the basis of different product lines and customer segments with different risk characteristics. Tested classification of loans into various categories based on their past due status and other loss indicators. On a sample basis, inspected the repayment schedule from the underlying borrower agreements and collection made on due dates; Performed test of details of the input information used in ECL computation on a sample basis. Tested the arithmetical accuracy of the computation. Performed analytical procedures by determining various ratios or percentage-based measures to review overall reasonableness of the estimate determined by the management.



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Key Audit Matter	How our Audit addressed the Key Audit Matter
<p>2. Identification and Measurement of NPA:</p> <p>As per RBI's circular dated November 12, 2021 read with earlier circular dated October 1, 2021 on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, Automation of NPA and provisioning is required to be implemented by all lending Institutions.</p> <p>The NPA provisioning as per ECL methodology followed by the Company are not fully automated in Software Applications used by the Company for Loans Management and are performed manually through excel spreadsheets. Further, marking of linked accounts at borrower level as NPAs are done manually. These may have impact on the accuracy and completeness of the provision accrued for NPAs.</p> <p>Considering the significance, we have identified this as a key audit matter for current year audit.</p>	<p>Performed other substantive procedures, included but not limited to the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level NPA identification and verification of applicable provision rates as per ECL policy of the Company on test check basis; Selected samples of performing loan accounts to assess, independently, whether such loan accounts should be classified as NPA; Recompilation of the amount of ECL provisioning on the total advances base considering the stage wise categories of advances, LGD (Loss given default) and PD (Probability of default) arrived by the Company.

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

The Holding Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements and Consolidated Financial Statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) "The Auditor's Responsibilities Relating to Other Information".

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in sub-section 5 of section 134 of the Act with respect to preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, total consolidated comprehensive income, consolidated changes in equity and consolidated

cash flows of the Group and its Associate in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Companies (Indian Accounting standard) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective management and Board of Directors of the companies included in the Group and its associate is responsible for assessing the ability of the Group and its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and its associate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies

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included in the Group and its associate is responsible for overseeing the financial reporting process of the Group and its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- i. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group and its associate which are companies incorporated in India, have adequate internal financial controls in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- v. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Other Matter

- a) Consolidated financial statements includes total assets of Rs. 127.67 million as at March 31, 2022, total revenues of Rs. 10.30 million, total profit before tax of Rs. 37.83 million, total profit after tax of Rs. 27.89 million and net cash inflows amounting to Rs. 8.92 million, respectively of a subsidiary for the year ended on that date. These financial statements/ results have been audited by one of the Joint Auditors i.e. M. P. Chitale & Co. whose reports have been furnished to other Joint Auditor i.e. Suresh Surana and Associates LLP by the Management and their opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, is solely based on the reports of one of the Joint Auditors i.e. M. P. Chitale & Co.
- b) The Consolidated Financial Statements also include the Group's share of net profit after tax and total comprehensive income of Rs. 126.51 million and Rs. 124.44 million, respectively for the year ended March 31, 2022, as considered in the Consolidated Financial Statements, in respect of one associate, whose financial statements have been audited by other auditors whose report have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the associate, and our report in terms of sub-sections (3) of Section 143 of the Act, is solely based on the reports of other auditors included in respect of aforesaid associate.
- c) Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters (a) and (b) with respect to our reliance on the work done and the reports of the other auditors.
- d) The Holding Company has prepared and presented Consolidated Financial Statements for the first time in FY 2021-22. Hence, previous year comparatives are not available and not presented. Further, Amounts appearing in Consolidated Statement of cash flows for FY 2021-22 are compiled based on unaudited opening cash and cash equivalents as at April 01, 2021, which is neither audited nor reviewed by statutory auditors. Our opinion on the Consolidated Financial Statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiary and associate as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
 - b. in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
 - d. in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant Companies (Indian Accounting Standards) Rule, 2015 as amended; ;
 - e. on the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and associates, none of the directors of the Group and its associate is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Group and its associate and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the



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requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group and its associate to its directors, including sitting fees paid to directors, during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act;

2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary and associates, as noted in the 'Other Matters' paragraph:
 - i. the Group has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements – Refer Note 36(b) to the Consolidated Financial Statements.
 - ii. the Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts, including derivative contracts.
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the companies included in the Group and of its associate.
 - iv. (a) The respective Management of the companies included in the Group and of its associate have represented that, to the best of their knowledge and belief, as disclosed in the note 38B i.(i) to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the companies included in the Group and of its associate to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the companies included in the Group and of its associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The respective Management of the companies included in the Group and of its associate have represented, that, to the best of their knowledge and belief, as disclosed in the note 38B i.(ii) to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the companies included in the Group and of its associate from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the companies included in the Group and of its associate shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. (a) The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013.
 - (b) The Subsidiary Company has neither declared dividend nor paid during the year.
 - (c) The Board of Directors of the Associate Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting of the Associate Company. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
3. With respect to respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given



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to us, and based on the CARO reports issued by us for the Company, its subsidiary issued by one of the joint auditors and its associates issued by other auditors included in the consolidated financial statements

of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports except below.

Sr. No.	Name	CIN	Holding Company/ Subsidiary/Associates/ Joint Venture	Clause Number of the CARO report which is qualified or adverse
1	IIFL Samasta Finance Limited	U65191KAI 995PLC057884	Associates	(xi) (a)

For **Suresh Surana and Associates LLP**
Chartered Accountants
Firm Regn. No. 121750W/W-100010

For **M.P. Chitale & Co.**
Chartered Accountants
Firm Regn. No.101851W

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 22102306AHUECY8663

Harnish Shah
Partner
Membership No.: 145160
UDIN: 22145160AHUEIT3278

Place: Mumbai
Date: April 25, 2022



ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 1 (F) under 'Report on other Legal and Regulatory Requirements' Section of our Report to the Members of IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited) of even date)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (I) of Sub-Section (3) of Section 143 of the Companies Act, 2013 (The 'Act')

In conjunction with our audit of the Consolidated Financial Statements of **IIFL Home Finance Limited** (hereinafter referred to as "the Holding Company"), as of and for the year ended 31 March 2022, we have audited the internal financial controls over financial reporting of the Company, its subsidiary and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial reporting of the Holding Company, its subsidiary and its associate companies, which are the companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under sub-section 10 of section 143 of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to financial reporting of the Holding Company, its subsidiary and its associate company, which are the companies incorporated in India.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements



ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT (CONTD.)

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of the other auditors as mentioned in the Other Matters paragraph below, the Holding Company, its subsidiary and its associate company

, which are the companies incorporated in India have, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our report under clause (i) of sub-section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial reporting these Consolidated Financial Statements, in so far as it relates to one subsidiary and one associates is based on the corresponding reports of the auditors of such companies. incorporated in India.

For **Suresh Surana and Associates LLP**
Chartered Accountants
Firm Regn. No. 121750W/W-100010

For **M.P. Chitale & Co.**
Chartered Accountants
Firm Regn. No.101851W

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 22102306AHUECY8663

Harnish Shah
Partner
Membership No.: 145160
UDIN: 22145160AHUEIT3278

Place: Mumbai
Date: April 25, 2022



CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2022

Particulars	Note No.	(₹ in million)
		As at March 31, 2022
ASSETS		
(1) Financial Assets		
(a) Cash and cash equivalents	4A	13,996.22
(b) Bank balance other than (a) above	4B	4,332.94
(c) Receivables	6	
(i) Trade receivables		369.10
(d) Loans	7	152,902.21
(e) Investments	8	4,034.12
(f) Other financial assets	9	3,578.17
(2) Non-financial Assets		
(a) Current tax assets (net)		55.06
(b) Deferred tax assets (net)	10	641.97
(c) Investment Property	11A	66.30
(d) Property, plant and equipment	11B	65.74
(e) Right of use assets	12A	235.39
(f) Other intangible assets	12B	1.82
(g) Other non-financial assets	13	47.74
(h) Assets held for sale	14	96.99
Total Assets		180,423.77
LIABILITIES AND EQUITY		
(1) Financial Liabilities		
(a) Derivative financial instruments	5	50.58
(b) Payables	15	
(i) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises		-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		509.40
(c) Finance Lease Obligation	12A	256.37
(d) Debt securities	16	22,179.86
(e) Borrowings (other than debt securities)	17	109,449.34
(f) Subordinated liabilities	18	10,576.86
(g) Other financial liabilities	19	9,444.46
(2) Non-financial Liabilities		
(a) Current tax liabilities (net)		262.54
(b) Provisions	20	142.66
(c) Other non-financial liabilities	21	514.80
(3) Equity		
(a) Equity share capital	22	209.68
(b) Other equity	23	26,827.22
(c) Non-controlling interest		-
Total liabilities and equity		180,423.77

See accompanying notes forming part of the financial statements

1-45

As per our reports attached of even date

For M. P. Chitale & Co.

Chartered Accountants

For Suresh Surana & Associates LLP

Chartered Accountants

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

Harnish Shah

Partner

Place: Mumbai

Ramesh Gupta

Partner

Place: Mumbai

R. Venkataraman

Director

(DIN: 00011919)

Place: Mumbai

Monu Ratra

Executive Director & CEO

(DIN: 07406284)

Place: Gurugram

Date: April 25, 2022

Ajay Jaiswal

Company Secretary

(F6327)

Place: Gurugram

Amit Gupta

Chief Financial Officer

Place: Gurugram



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

Particulars	Note No.	(₹ in million)
		2021-22
REVENUE FROM OPERATIONS		
(i) Interest income	24	18,767.81
(ii) Fees and commission income	25	769.56
(iii) Net gain on fair value changes	26	63.16
(iv) Net gain on derecognition of financial instruments under amortized cost category	27	109.24
(v) Net gain on derecognition of financial instruments under FVTOCI	28	1,158.76
(vi) Net gain on modification of financial instruments under amortized cost category		2.59
(I) TOTAL REVENUE FROM OPERATIONS		20,871.12
(II) OTHER INCOME	29	1,418.14
(III) TOTAL INCOME (I+II)		22,289.26
EXPENSES		
(i) Finance costs	30	10,626.41
(ii) Impairment on financial instruments, including write-offs	31	1,599.99
(iii) Employee benefits expenses	32	1,741.82
(iv) Depreciation, amortization and impairment	11A-12B	74.13
(v) Other expenses	33	749.45
(IV) TOTAL EXPENSES		14,791.80
(V) PROFIT/(LOSS) BEFORE TAX AND SHARE OF PROFIT/(LOSS) OF ASSOCIATE (III-IV)		7,497.46
(VI) PROFIT/(LOSS) FROM ASSOCIATE ACCOUNTED FOR USING THE EQUITY METHOD		126.51
(VII) PROFIT BEFORE TAX (V +VI)		7,623.97
(VIII) TAX EXPENSES:		
(i) Current tax	34	1,712.00
(ii) Deferred tax	10	(35.68)
(iii) Tax of earlier years	34	13.30
Total Tax Expenses		1,689.62
(IX) PROFIT FOR THE YEAR (VII-VIII)		5,934.35
(X) OTHER COMPREHENSIVE INCOME		
A (i) Items that will not be reclassified to profit or loss		
(a) Remeasurement of defined benefit liabilities/(assets)		1.11
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.28)
(iii) Share of Other Comprehensive Income of an Associate		(2.07)
Subtotal (A)		(1.24)
B (i) Items that will be reclassified to profit or loss		
(a) Cash Flow Hedge (net)		128.35
(b) Fair value of loans carried at FVTOCI		136.52
(ii) Income tax relating to items that will be reclassified to profit or loss		(66.66)
Subtotal (B)		198.21
Other Comprehensive Income (A+B)		196.97
(XI) TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)		6,131.32
Profit for the period attributable to:		
Shareholders of the Company		5,934.35
Non controlling interest		-
Other Comprehensive Income for the period attributable to:		
Shareholders of the Company		196.97
Non controlling interest		-
Total Comprehensive Income for the period attributable to:		
Shareholders of the Company		6,131.32
Non controlling interest		-
(XII) EARNINGS PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH	35	
Basic (₹)		283.02
Diluted (₹)		283.02

See accompanying notes forming part of the financial statements

1-45

As per our reports attached of even date

For M. P. Chitale & Co.

Chartered Accountants

For Suresh Surana & Associates LLP

Chartered Accountants

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

Partner

Place: Mumbai

Ramesh Gupta

Partner

Place: Mumbai

R. Venkataraman

Director

(DIN: 00011919)

Place: Mumbai

Monu Ratra

Executive Director & CEO

(DIN: 07406284)

Place: Gurugram

Date: April 25, 2022

Ajay Jaiswal

Company Secretary

(F6327)

Place: Gurugram

Amit Gupta

Chief Financial Officer

Place: Gurugram

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

A. EQUITY SHARE CAPITAL

1. As at March 31, 2022

(₹ in million)

Balance at the beginning of the current reporting year	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting year	Changes in equity share capital during the current year	Balance at the end of the current reporting year
209.68	-	-	-	209.68

B. OTHER EQUITY

1. As at March 31, 2022

(₹ in million)

Particulars	Reserves and Surplus						Other Comprehensive Income		Total	Non-Controlling Interest
	Capital Reserve	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Retained Earnings	Re-measurement of Actuarial Gains and Losses	Effective portion of Cash Flow Hedges	Fair value of loans carried at FVTOCI		
Balance at the beginning of the current reporting year	13.49	7,991.57	1,438.60	2,873.70	9,186.35	(6.69)	(166.36)	(5.72)	21,324.94	-
Profit for the year	-	-	-	-	5,934.35	-	-	-	5,934.35	-
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 1)	-	-	-	-	-	-	96.05	-	96.05	-
Remeasurement of defined benefit (Net of Tax) (Refer Note 2)	-	-	-	-	-	(1.24)	-	-	(1.24)	-
Equity Dividend (Refer Note 3)	-	-	-	-	(629.05)	-	-	-	(629.05)	-
Transfer to Special Reserve (Refer Note 4)	-	-	-	1,156.00	(1,156.00)	-	-	-	-	-
Fair value of loans carried at FVTOCI	-	-	-	-	-	-	-	102.17	102.17	-
Balance at the end of the Current reporting year	13.49	7,991.57	1,438.60	4,029.70	13,335.65	(7.93)	(70.31)	96.45	26,827.22	-

- The amount refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
- The amount refers to remeasurement of gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets of the defined benefit plan.
- During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 30 per equity share.
- As per Section 29C(1) of National Housing Bank Act 1987, the Company is required to transfer at least 20% of its Net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer.

See accompanying notes forming part of financial statement

As per our reports attached of even date

For M. P. Chitale & Co.
Chartered Accountants

For Suresh Surana & Associates LLP
Chartered Accountants

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

Harnish Shah
Partner
Place: Mumbai

Ramesh Gupta
Partner
Place: Mumbai

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

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

Date: April 25, 2022

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

Particulars	Note No.	2021-22
CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX		7,623.97
ADJUSTMENTS FOR:		
Depreciation, amortization and impairment		74.13
Impairment on financial instruments - loans		1,051.60
Interest expense		10,626.41
Interest on Loans		(18,767.81)
Net gain on derecognition of financial instruments		(1,229.72)
Net (gain)/loss on fair value changes		(63.16)
Net (gain)/loss on Sale of assets		0.31
Profit from associate		(126.51)
Interest paid		(12,187.71)
(Gain)/Loss on Modification		(2.59)
Interest received		18,994.82
Operating Profit before Working Capital changes		5,993.74
CHANGES IN WORKING CAPITAL:		
Adjustments for (increase)/decrease in Other Financial assets		(199.83)
Adjustments for (increase)/decrease in Trade Receivables		(63.52)
Adjustments for (increase)/decrease in Other Non Financial assets		(15.84)
Adjustments for (increase)/decrease in Assets held for sale		42.47
Adjustments for (increase)/decrease in Balances with banks - Lien marked		(37.20)
Adjustments for increase/(decrease) in Trade Payables		157.81
Adjustments for increase/(decrease) in Other financial liabilities		3,590.57
Adjustments for increase/(decrease) in Other non-financial liabilities		(618.81)
Adjustments for increase/(decrease) in Provisions		22.88
Operating Profit after Working Capital changes		8,872.27
Direct Taxes Paid (Refer note below)		(1,658.38)
Cash generated from/(used in) Operations		7,213.89
Loans (disbursed)/repaid (net)		(8,208.23)
Net cash generated from/(used in) Operating Activities (A)		(994.34)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		(71.58)
Sale of fixed assets		4.64
Fixed deposits placed		(17,844.97)
Fixed deposits matured		17,986.20
Purchase of investments		(241,493.00)
Proceeds from sale of investments		239,396.23
Net Cash used in Investing Activities (B)		(2,022.48)



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

Particulars	Note No.	(₹ in million)
		2021-22
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid		(629.05)
Proceeds from Borrowings		43,418.40
Repayment of Borrowings		(38,517.96)
Proceeds from issue of Debt and Sub-Ordinated Debt Securities		19,004.53
Repayment of Debt and Sub-Ordinated Debt Securities		(10,342.48)
Payment of interest on lease liabilities		(13.78)
Payment of lease liabilities		(29.89)
Net Cash from/(used in) Financing Activities (C)		12,889.77
Net increase in cash and cash equivalents (A+B+C)		9,872.95
Cash and cash equivalents as at the beginning of the year		4,123.27
Cash and cash equivalents as at the end of the year		13,996.22
See accompanying notes forming part of the financial statements	1-45	

Note: As direct tax paid above is not specifically identifiable into financing and investing activities, they have been shown under operating activities.

As per our reports attached of even date

For M. P. Chitale & Co.
Chartered Accountants

For Suresh Surana & Associates LLP
Chartered Accountants

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

Harnish Shah
Partner
Place: Mumbai

Ramesh Gupta
Partner
Place: Mumbai

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

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

Date: April 25, 2022

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

NOTE 1. CORPORATE INFORMATION

(a) Company overview

IIFL Home Finance Limited (formerly known as India Infoline Housing Finance Limited) ("IIFL HFL"/"the Company") (CIN No. U65993MH2006PLC166475), is a wholly owned subsidiary of IIFL Finance Limited (formerly known as IIFL Holdings Limited). IIFL HFL received a Certificate of Registration from the National Housing Bank ("NHB") in February 2009 to carry on the business of a housing finance institution. IIFL HFL offers housing finance in line with 'The Housing Finance Companies (NHB) Directions, 2010' ("NHB Directions") and RBI Master Direction - Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as amended from time to time. The redeemable and Non-Convertible debentures of the Company are listed on National Stock Exchange (NSE).

NOTE 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

(a) Statement of compliance

The Consolidated financial statements of IIFL Home Finance Limited ("the Company") and its subsidiary/ associates (together hereinafter referred to as "the Group") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 ("the Act") and the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the guidelines issued by the National Housing Bank ("NHB") and Reserve Bank of India (RBI) to the extent applicable and the relevant provisions of the Act.

(b) Basis of Preparation

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

i. Control and Significant Influence

Control is achieved when the Company has all the following:

- Power over the investee
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over investee to affect its returns

Significant Influence

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies

ii. Principles of consolidation:

- A. The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of The Companies Act, 2013 ("Act").
- B. The effects of all inter-Group transactions and balances have been eliminated on consolidation. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year by the Group.
- C. The financial statements of the subsidiary and associate companies used in the consolidation are drawn up to the same reporting date as that of the Group, March 31, 2022.
- D. The consolidated financial statements of the Group with subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses, unless cost cannot be recovered.
- E. The investment in associate is accounted for using the equity method of accounting in consolidated financial statement. Under the equity method, the investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associates. Dividend received from associates is recognized as reduction in the carrying amount of the investments.
- F. The excess of cost to the Group of its investments in the subsidiary and associate companies over its share of equity of the subsidiary and associate companies, at



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

the dates on which the investments in the subsidiary and associate companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary and associate

companies as on the date of investment is in excess of cost of investment of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

iii. List of subsidiary and associate consolidated

Name of the entity	Relationship	Date of Control/ Significant influence	Proportion of Ownership Interest (%) As at March 31, 2022
IIFL Sales Limited	Subsidiary	September 28, 2021	100%
IIFL Samasta Finance Limited (formerly Samasta Microfinance Limited)	Associate	June 19, 2020	25%

(c) Presentation of financial statements

The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Consolidated Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Consolidated Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards and regulations issued by the NHB and RBI. The Group presents its Consolidated Balance Sheet in the order of liquidity.

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to million except when otherwise stated.

(d) Basis of measurements

The consolidated financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair value.

A historical cost is a measure of value used in accounting in which the price of an asset on the consolidated balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account

the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

(e) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with Indian Accounting Standards (Ind AS) requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

i. Evaluation of Business Model

Classification and measurement of financial instruments depends on the results of the solely payments of principal and interest on the principal amount outstanding ("SPPI") and the business model test. The Group determines the business model at a level that reflects how the Group's financial instruments are managed together to achieve a particular business objective.

The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

ii. Determination of Expected Credit Loss ("ECL")

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows based on Group's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on collective basis.
- Group's criteria for assessing if there has been a significant increase in credit risk.
- Development of ECL models, including choice of inputs/assumptions used.

iii. Effective interest rate computation

Computation of effective interest rate involves significant estimates and judgements with respect to expected loan tenure (period within which all cash flows pertaining to such financial instruments are expected to be received), nature and timings of such estimated cashflows considering the contractual terms of the financial instrument. These estimations are done considering various factors such as historical behaviour patterns of the instrument with respect to average repayment period and cash flows behaviours. Such estimates and assumptions are reviewed by the Group at each reporting date and changes, if any are given effect to.

iv. Fair Value Measurements

In case of financial assets and financial liabilities recorded or disclosed in consolidated financial statements the Group uses the quoted prices in active markets for identical assets or based on inputs which are observable either directly or indirectly for determining the fair value. However in certain cases, the Group adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Group has applied appropriate valuation techniques and inputs to the valuation model.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

v. Taxes

The Group's tax jurisdiction is in India. Significant judgements are involved in determining the provision for direct and indirect taxes, including amount expected to be paid/recovered for certain tax positions.

vi. Provisions and Liabilities

Provisions and liabilities are recognized in the period when they become probable that there will be an outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires judgment to existing facts and circumstances which may be subject to change.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

vii. Defined Benefit Plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

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

i. Interest income and dividend income

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

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

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

Penal Interest are recognized as income only when revenue is virtually certain which generally coincides with receipts.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to

the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at fair value through profit and loss ("FVTPL"), transaction costs are recognized in the Consolidated Statement of Profit and Loss at initial recognition.

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

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Group's Consolidated Statement of Profit and Loss include, among other things, fees charged for servicing a loan. Fees and charges are recognized as income only when revenue is virtually certain which generally coincides with receipts.

iii. Income from financial instruments at FVTPL

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

iv. Other Income

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

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

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at cost of acquisition (net of tax), if any, less accumulated depreciation and cumulative impairment losses (if any). Cost includes freight, duties, taxes and expenses incidental to acquisition and installation.

Subsequent expenditure related to an item of PPE is added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

For transition to Ind AS, the Group has elected to adopt as deemed cost, the opening written down value as per Previous GAAP on the transition date of April 1, 2017.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Statement of Profit and Loss.

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

(c) Intangible assets

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

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

Intangible assets not ready for the intended use on the date of Consolidated Balance Sheet are disclosed as "Intangible assets under development".

(d) Investment property

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

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds

and the carrying amount of the asset) is included in Consolidated Statement of Profit or Loss in the period in which the Investment property is derecognized.

(e) Depreciation and Amortization

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

The estimated useful life of assets is as under:

Class of assets	Useful Life as per Schedule II Companies Act	Useful life as per Group
Investment property Real Estate*	60 years/30 years	20 years
Computers	3 years	3 years
Office equipment	5 years	5 years
Electrical Equipment*	10 years	5 years
Furniture and fixtures*	10 years	5 years
Vehicles*	8 years	5 years

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

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

Depreciation and amortization on impaired asset is provided on the revised carrying amount of the asset over its remaining useful life.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(f) Non-current Assets held for Sale

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

The Group repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets physically acquired by the Group under SARFASI Act, 2002 and sale is highly probable has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Group is committed to sell these assets. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

(g) Impairment of Assets other than financial assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, intangible assets and investment property assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, intangible assets and investment property are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognized immediately in the Consolidated Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

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

(h) Employee benefits

i. Defined contribution plans

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

ii. Defined benefit plans

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

Postemployment benefits: The employees' gratuity fund scheme represents defined benefit plan. The present value of the obligation under defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to the Consolidated Statement of Profit and Loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognized in the Consolidated Statement of Profit and Loss as employee benefit expenses. Gains or losses on settlement of any defined benefit plan are recognized when the settlement occurs. Past service cost

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

is recognized as expense at the earlier of the plan amendment or curtailment and when the Group recognizes related restructuring costs or termination benefits.

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

Long term employee benefits: The obligation recognized in respect of long term benefits such as long term compensated absences, is measured at present value of estimated future cash flows expected to be made by the Group and is recognized in a similar manner as in the case of defined benefit plan above.

(i) Leases

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

As a lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition,

the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

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

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

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

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

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

(j) Taxes on income

Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Income Tax Act, 1961 and other applicable tax laws.

Deferred tax

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

Deferred tax assets are generally recognized for all taxable temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognized and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognized outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

Current and deferred tax for the year

Current and deferred tax are recognized in the Consolidated Statement of profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(k) Financial instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognized in the Group's Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Purchase and sale of financial assets are recognized on the trade date, which is

the date on which the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets

Classification and Subsequent measurement

The Group classifies its financial assets into the following measurement categories: amortized cost; fair value through other comprehensive income; and fair value through profit or loss.

All recognized financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost.

Financial Assets measured at amortized cost

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

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

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money,



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

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

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

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

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

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

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

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

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

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

Interest income is recognized in the Consolidated Statement of Profit and Loss for FVTPL debt instruments.

All equity investments in scope of Ind AS 109 are measured at fair value are classified as at FVTPL. The Group may make an irrevocable election to present certain equity investments measured at fair value through other comprehensive income. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Consolidated Statement of Profit and Loss, even on sale of investment. However, on sale/disposal the Group may transfer the cumulative gain or loss within equity.

Reclassifications

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Original classification	Revised classification	Accounting treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in Consolidated Statement of Profit and Loss.
FVTPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Consolidated Statement of Profit and Loss at the reclassification date.

Impairment of financial assets

Group recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit and loss. ECL is calculated using a model which captures portfolio performance over a period of time. ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original EIR.

ECL is required to be measured through a loss allowance at

an amount equal to:

- 12-month ECL, i.e. ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group has established a policy to perform an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognized, the Group recognizes an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

Stage 2: When a loan has shown an increase in credit risk since origination, the Group records an allowance for the life time expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 to Stage 2.

Stage 3: When loans shows significant increase in credit risk and/or are considered credit-impaired, the Group records an allowance for the life time expected credit losses.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. This expected credit loss is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Key elements of ECL computation are outlined below:

- Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

- Probability of default ("PD") is an estimate of the likelihood that customer will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognized and is still in the portfolio. PD is calculated based on historical default rate summary of past years using historical analysis.
- Loss given default ("LGD") estimates the normalized loss which Group incurs post customer default. It is computed using historical loss and recovery experience. It is usually expressed as a percentage of the Exposure at default ("EAD").

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group measures the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

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

Credit impaired financial assets

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty,

having granted to the borrower a concession that the lender would not otherwise consider;

- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Default considered for computation of ECL is based on both qualitative and quantitative indicators such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

Modification and de-recognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

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



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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

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

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

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

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

Derecognition of financial assets

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

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

Assignment transactions

Transfer of loans through assignment transaction can be made only after continuing involvement in loans i.e retaining a minimum specific percentage of loan but without retaining any substantial risk and reward in the loan assigned. The assigned portion of loans is derecognized and gains/losses are accounted for, only if the Group transfers substantially all risks and rewards specified in the underlying assigned loan contracts. Gain/loss arising on such assignment transactions is recorded upfront in the Consolidated Statement of Profit and Loss and the corresponding loan is derecognized from the Consolidated Balance Sheet immediately. Further, if the transfer of loan qualifies for derecognition, entire interest spread at its present value (discounted over the life of the asset) is recognized on the date of derecognition itself as interest strip receivable (interest strip on assignment) and correspondingly presented as gain/loss on derecognition of financial asset.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Securitization transactions

In case of securitization transactions, the Group retains substantially all the risks and rewards of ownership of a portion of the transferred loan assets. The Group continues to recognize the entire loan and also recognizes a collateralized borrowing for the proceeds received.

Write-off

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

Financial liabilities and equity Instruments

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

Equity instruments

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

Financial liabilities

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

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

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Consolidated Statement of Profit and Loss.

(I) Derivative financial instrument

Derivative financial instruments

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

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

Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as cash flow hedge.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'Other income' line item.

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



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

(m) Cash and cash equivalents

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

(n) Goods and service tax input credit

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

(o) Borrowing costs

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortized cost.

(p) Foreign currencies

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

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

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

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Group and makes strategic decision.

(r) Provisions, contingent liabilities and contingent assets

Provisions are recognized only when:

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liability is disclosed in case of:

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

Contingent liabilities are disclosed in the Notes. Contingent assets are not recognized in the consolidated financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

(s) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for;



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

- b) Funding related commitment to associate and joint venture companies; and
- c) Other non-cancellable commitments, if any.

(t) Earnings per share

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

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

(u) Statement of Cash Flows

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

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

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

(w) Dividend

Final dividend on equity shares are recorded as a liability on the date of the approval by the shareholders and interim dividend are recorded as liability on the date of declaration by the Group's Board of Directors.

(x) Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

NOTE 3A. RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its standalone financial statements.

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its standalone financial statements.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 4A. CASH AND CASH EQUIVALENTS

Particulars	(₹ in million)
	As at March 31, 2022
Cash and cash equivalents	
Cash on hand	9.26
Balance with banks	
- In current accounts	1,655.28
Fixed deposits (original maturity less than or equal to three months)	12,331.68
Cash and cash equivalents	13,996.22

NOTE 4B. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in million)
	As at March 31, 2022
Other bank balances	
In earmarked accounts	
- Unclaimed interest and redemption proceeds of NCDs and other earmarked balances	51.78
Fixed deposits (original maturity less than or equal to three months) - lien marked	1,500.73
Fixed deposits (original maturity more than three months)	2,780.43
TOTAL	4,332.94

OUT OF THE FIXED DEPOSITS SHOWN ABOVE:

Particulars	(₹ in million)
	As at March 31, 2022
Lien marked	2,312.60
Margin for credit enhancement	1,968.56
Total	4,281.16

NOTE 5. DERIVATIVES FINANCIAL INSTRUMENTS

Part I	(₹ in million)		
	As at March 31, 2022		
	Notional amounts	Fair value - assets	Fair value - liabilities
(i) Currency derivatives:			
- Cross currency interest rate swaps	3,630.75	-	50.58
Subtotal (i)	3,630.75	-	50.58
(ii) Other derivatives			
- Forward exchange contract	-	-	-
Subtotal (ii)	-	-	-
Total derivative (i+ii)	3,630.75	-	50.58

Part II	(₹ in million)		
	As at March 31, 2022		
	Notional amounts	Fair value - assets	Fair value - liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:			
(i) Cash flow hedging:			

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Part II	As at March 31, 2022		
	Notional amounts	Fair value - assets	Fair value - liabilities
- Currency derivatives	3,630.75	-	50.58
(ii) Undesignated derivatives	-	-	-
Total derivative financial instruments (i+ii)	3,630.75	-	50.58

Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate and currency risk. Refer Note 5.1.

(₹ in million)

Particulars	Total		Exchange traded		Over the counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
As at March 31, 2022						
Derivative asset	-	-	-	-	-	-
Derivative liabilities	3,630.75	50.58	-	-	3,630.75	50.58

5.1 Hedging activities and derivatives

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

5.1.1 Derivatives designated as hedging instruments

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

The Group is exposed to interest rate risk arising from its foreign currency borrowings amounting to USD 50 million (March 31, 2021 USD 50 million). Interest on the borrowing is payable at a floating rate linked to USD LIBOR. The Group hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' cross currency interest rate swap.

The Group uses Cross Currency Interest Rate Swaps (IRS) Contracts (Floating to Fixed) and Forward Exchange Contracts to hedge its risks associated with interest rate and currency fluctuations arising from foreign currency loans/external commercial borrowings. The Group designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per IND AS. These contracts are stated at fair value at each reporting date.

The Group uses Critical Terms Matching to determine Hedge effectiveness. If the hedge is ineffective, then the movement in the Fair Value is charged to the Statement of Profit and Loss. If the hedge is effective, the movement in the Fair Value of the underlying and the derivative instrument is transferred to "Other Comprehensive Income" in Statement Of Changes In Equity.

There is an economic relationship between the hedged item and the hedging instrument as the critical terms of the Forward contracts/Cross Currency Interest Rate Swaps match that of the foreign currency borrowings (notional amount, interest payment dates, principal repayment date etc.). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the Forward contracts/Cross currency interest rate swaps are identical to the hedged risk components.

(₹ in million)

Particulars	As at March 31, 2022
Notional amount	3,630.75
Carrying amount	50.58
Line item in the statement of financial position	Derivative financial instrument
Change in fair value used for measuring ineffectiveness for the year	96.04



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

	(₹ in million)
Impact of hedging item	2021-22
Change in fair value	96.04
Cash flow hedge reserve	96.04
Cost of hedging	-

	(₹ in million)
Effect of Cash flow hedge	2021-22
Total hedging gain/(loss) recognized in OCI	96.04
Line item in the statement of profit or loss	-

	(₹ in million)
Particulars	2021-22
(Gain)/Loss On Swap Transaction	241.50
(Gain)/Loss On Mark To Market On Fluctuation Of Foreign Exchange	(113.16)
Tax implication on above	(32.30)
Total	96.04

NOTE 6. RECEIVABLES

	(₹ in million)
Particulars	As at March 31, 2022
(i) Trade receivables	
Receivables considered good - unsecured	366.02
Receivables considered good - significant increase in credit risk	3.85
Total - gross	369.87
Less: Impairment loss allowance	(0.77)
Total	369.10

No trade receivables are due from Directors or any other officers of the Group either severally or jointly with any other person nor any trade receivables are due from firms or private companies respectively in which any Director is a Partner, Director or a Member.

Trade receivable are not interest bearing

Trade Receivables aging schedule

Particulars	(₹ in million)		
	Outstanding for following period from the date of transaction		Total
	Unbilled	Less than 6 Months	
As at March 31, 2022			
Undisputed Trade receivables – considered good.	25.80	340.22	366.02
Undisputed Trade receivables – significant increase in credit risk	-	3.85	3.85

NOTE 7. LOANS

Particulars	(₹ in million)		
	As at March 31, 2022		
	Amortized cost 1	FVTOCI 2	Total (3=1+2)
Loans			
(A)			
(i) Term loans	129,502.40	29,127.20	158,629.60



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2022		
	Amortized cost	FVTOCI	Total
	1	2	(3=1+2)
Total (A) - Gross	129,502.40	29,127.20	158,629.60
Less: Impairment loss allowance	(5,454.19)	(273.20)	(5,727.39)
Total (A) - Net	124,048.21	28,854.00	152,902.21
(B)			
(i) Secured by tangible assets	127,017.53	29,127.20	156,144.73
(ii) Secured by Government Guarantee	2,424.04	-	2,424.04
(iii) Unsecured	60.83	-	60.83
Total (B) - Gross	129,502.40	29,127.20	158,629.60
Less: Impairment loss allowance	(5,454.19)	(273.20)	(5,727.39)
Total (B) - Net	124,048.21	28,854.00	152,902.21
(C)			
Loans in India	129,502.40	29,127.20	158,629.60
(i) Public sector	-	-	-
(ii) Others	129,502.40	29,127.20	158,629.60
Less: Impairment loss allowance	(5,454.19)	(273.20)	(5,727.39)
Total (C) - Net	124,048.21	28,854.00	152,902.21

The above Term Loans includes ₹ 2,101.53 million towards interest accrued, unamortized processing fee, gain/loss on modification of financial assets and gain/loss on FVTOCI.

- Secured loans given to customers are secured by equitable mortgage of property. Loans secured by Government Guarantee are credit facilities provided under the Emergency Credit Line Guarantee Scheme backed by an unconditional and irrevocable guarantee provided by Government of India.
- Secured loans include loans aggregating in ₹ 6.28 million in respect of which the creation of security is under process.

Note 7.1:

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localized lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. India experienced a "second wave" of the COVID-19 pandemic in April-May 2021 following the discovery of mutant coronavirus variants, leading to the re-imposition of regional lockdowns. These were gradually lifted as the second wave subsided.

The impact of COVID-19, including changes in customer behavior and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The extent to which the COVID-19 pandemic will continue to impact the Group's results will depend on ongoing as well as future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

Note 7.2:

On November 12, 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. On February 15, 2022, RBI had issued another circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22, allowing the Company to put in place the necessary system to implement the provisions till September 30, 2022. The Company has continued to classify accounts as NPA as per RBI circular dated 12 November 2021 and aligned its definition of default from month end process to Days Past Due on day end process basis. However, the aforesaid classification/alignment does not have any significant impact on the Expected Credit Loss model and consequently on the financial statements for the year ended March 31, 2022.

Note 7.3:

The Group has not granted any loans or advances in the nature of loans, to promoters, Directors, KMPs and related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that are either repayable on demand or without specifying any terms or period of repayment during the year.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 8. INVESTMENTS

Particulars	As at March 31, 2022			
	FVTPL	At Amortized Cost	At Cost	Total
(A)				
Alternate Investment Funds	1,440.00	-	-	1,440.00
Debt securities	-	95.91	-	95.91
Equity instruments	-	-	2,498.21	2,498.21
Total – Gross (A)	1,440.00	95.91	2,498.21	4,034.12
(B)				
(i) Investments in India	1,440.00	95.91	2,498.21	4,034.12
Total (B)	1,440.00	95.91	2,498.21	4,034.12
(C)				
Less: Impairment loss allowance	-	-	-	-
Total- Net (A-C)	1,440.00	95.91	2,498.21	4,034.12

Note 8.1 Investment Details Script Wise

Particulars	As at March 31, 2022	
	Quantity (in actuals)	Carrying Value (₹ in million)
Alternate Investment Funds		
IIFL One Value Fund Series B	134,313,931	1,440.00
Debt instruments		
"Elite Mortgage HL Trust June 2019 Series A PTC"	5	95.91
Equity instruments in Associate (Refer Note 8.1.1)		
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	124,555,797	2,498.21

Note 8.1.1 Equity instruments in Associate

The Group's interest in IIFL Samasta Finance Limited is accounted for using the equity method in the consolidated financial statements. The following table summarizes the financial information of IIFL Samasta Finance Limited as included in its own financial statements.

Summarized balance sheet	As at
	March 31, 2022
Financial Assets	62,996.37
Non-financial Assets	947.93
Financial Liabilities	53,756.01
Non-financial Liabilities	195.46
Equity	9,992.83
Proportion of the Group's ownership	25%
Carrying amount of the investment excluding Capital Reserve	2,484.72
Capital Reserve	13.49
Carrying amount of the investment	2,498.21



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Summarized statement of profit or loss	As at March 31, 2022
Total income	10,199.28
Total expenses	9,609.83
Profit/(loss) before tax	589.45
Tax expense	83.41
Profit/(loss) for the year	506.04
Total comprehensive income/(loss)	497.76
Share in profit/(loss) of associates	126.51
Share in profit/(loss) of associates in other comprehensive income	(2.07)

The associate had no significant contingent liabilities or capital commitments as at March 31, 2022

(₹ in million)

Particulars	As at March 31, 2022
Opening Carrying amount of Investment	1,623.77
Add: Carrying amount of additional share of Investments	750.00
Add: Share of Total Comprehensive Income for the year	124.44
Closing Carrying amount of Investment	2,498.21

NOTE 9. OTHER FINANCIAL ASSETS

(₹ in million)

Particulars	As at March 31, 2022
Security deposits	
- Unsecured, considered good	26.97
- Unsecured, considered doubtful	8.04
Less: Provisions (Refer Note 9.1 below)	(8.04)
Interest strip asset on assignment	3,030.48
Other receivables	520.72
Total	3,578.17

Note 9.1. Provision on Security Deposits

(₹ in million)

Particulars	As at March 31, 2022
Opening provision	8.46
Additions	-
Reductions	(0.42)
Closing provision	8.04



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 10. DEFERRED TAX ASSETS (NET)

Significant components of deferred tax assets and liabilities as at March 31, 2022 are as follows:

Particulars	(₹ in million)			
	Opening balance	Recognized in Statement of Profit and Loss	Recognized in/ reclassified from OCI	Closing balance
Deferred tax assets:				
Property, Plant and Equipment	6.84	(0.49)	-	6.35
Provisions for expected credit losses	1,016.64	264.67	-	1,281.31
Provision for employee benefits	12.55	4.18	(0.28)	16.45
Fair value of derivative financial instruments	73.50	-	(60.78)	12.72
Right of use of Assets and lease liabilities	4.49	2.36	-	6.85
Adjustment pertaining to income and expenses recognition based on effective interest rate	161.94	39.77	-	201.71
Total deferred tax assets (A)	1,275.96	310.49	(61.06)	1,525.39
Deferred tax liabilities:				
Provision for Bad and Doubtful debts under section 36(1)(viii)	(76.60)	(11.66)	-	(88.26)
Interest spread on assigned loans	(499.57)	(263.15)	-	(762.72)
Fair value of financial instruments	1.92	-	(34.36)	(32.44)
Total deferred tax liabilities (B)	(574.25)	(274.81)	(34.36)	(883.42)
Deferred tax assets (A+B)	701.71	35.68	(95.42)	641.97

NOTE 11A. INVESTMENT PROPERTY

Particulars	(₹ in million)
	Buildings
As at April 01, 2021	74.84
Additions	-
Deductions/Adjustments	-
As at March 31, 2022	74.84
Accumulated Depreciation	
As at April 01, 2021	4.79
Depreciation for the year	3.75
Deductions/Adjustments	-
As at March 31, 2022	8.54
Net Block as at March 31, 2022	66.30

Note 11A.1. Reconciliation of changes in the fair value of the Investment Property

Particulars	(₹ in million)
	Buildings
As at April 01, 2021	86.83
Additions to fair value	-
Changes in the fair value (including sale)	0.97
As at March 31, 2022	87.80

The Fair Value of the Investment Property has been arrived on the basis of valuation carried out by an Independent Un-registered Valuer. The fair value measurement for investment property has been categorized as Level 2 fair value based on the inputs to the valuation technique used.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 11A.2. Title deeds of Immovable Property not held in name of the Company

(₹ in million)

Particulars	Description of item of property	Gross Carrying Value	Title Deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter. director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company
Investment Property	Building	27.50	Borrower to whom loan has been given	No	January 10, 2020	Acquired in the SARFAESI Proceedings
	Building	47.34	Borrower to whom loan has been given	No	December 31, 2019	Acquired in the SARFAESI Proceedings
Non-current assets held for sale (Refer Note 14)	"Building (19 Properties)"	96.99	Borrowers to whom loans were given	No	Repossessed between August 2017 to December 2020	Properties repossessed under SARFAESI Act.

Note: Due to the voluminous nature of transactions and sensitivity of the information, individual borrower wise details, in whose name the title deeds are held are not disclosed.

NOTE 11B. PROPERTY, PLANT AND EQUIPMENT

(₹ in million)

Particulars	Freehold Land*	Furniture and Fixture	Office Equipment	Electrical Equipment	Computers	Total
As at April 01, 2021	0.86	12.31	8.05	6.39	52.19	79.80
Additions	-	4.15	1.84	2.55	62.20	70.74
Deductions/Adjustments	-	1.20	0.37	1.23	11.37	14.17
As at March 31, 2022	0.86	15.26	9.52	7.71	103.02	136.37
Accumulated Depreciation						
As at April 01, 2021	-	7.54	5.00	3.97	38.45	54.96
Depreciation for the year	-	3.00	1.46	2.18	18.09	24.73
Deductions/Adjustments	-	0.96	0.21	1.05	6.83	9.05
As at March 31, 2022	-	9.58	6.24	5.10	49.71	70.64
Net Block as at March 31, 2022	0.86	5.68	3.28	2.61	53.31	65.74

* The above Freehold Land is hypothecated with Debenture Trustee(s) for issue of secured non-convertible debentures.

NOTE 12A. LEASES

Statement showing movement in lease liabilities

(₹ in million)

Particulars	Premises	Vehicle	Total
As at April 01, 2021	144.54	4.49	149.03
Additions	129.95	11.19	141.14
Deductions/Adjustments	-	-	-
Finance cost accrued during the year	14.56	0.83	15.39
Payment of lease liabilities	42.72	6.47	49.19
As at March 31, 2022	246.33	10.04	256.37

Statement showing carrying value of right of use assets

(₹ in million)

Particulars	Premises	Vehicle	Total
As at April 01, 2021	131.79	3.97	135.76
Additions	132.58	11.20	143.78
Deductions/Adjustments	0.12	-	0.12
Depreciation	38.41	5.62	44.03
As at March 31, 2022	225.84	9.55	235.39



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

Particulars	(₹ in million)
	As at March 31, 2022
Current lease liabilities	62.42
Non- Current lease liabilities	193.95

Statement showing contractual maturities of lease liabilities on an undiscounted basis

Particulars	(₹ in million)
	As at March 31, 2022
Due for	
Up to One year	75.46
One year to Two years	74.56
Two to Five years	122.46
More than Five years	60.42
Total	332.90

Statement showing amount recognized in Statement of Profit and Loss

Particulars	(₹ in million)
	2021-22
Interest on lease liabilities	15.39
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	1.65
Total	17.04

Statement showing amount recognized in Statement of Cash Flows:

Particulars	(₹ in million)
	As at March 31, 2022
Payment of interest on lease liabilities	13.78
Payment of lease liabilities	29.89
Total cash outflows for leases	43.67

NOTE 12B. OTHER INTANGIBLE ASSETS

Particulars	(₹ in million)
	Computer Software
As at April 01, 2021	9.99
Additions	2.18
Deductions/Adjustments	-
As at March 31, 2022	12.17
Accumulated Depreciation	
As at April 01, 2021	8.73
Depreciation For the year	1.62
Deductions/Adjustments	-
As at March 31, 2022	10.35
Net Block as at March 31, 2022	1.82

The Group has not revalued its Property, Plant and Equipment (including Right of Use Assets) and Intangible Assets.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 13. OTHER NON FINANCIAL ASSETS

Particulars	(₹ in million)
	As at March 31, 2022
Capital Advances	0.65
Prepaid Expenses	40.50
Others	5.56
Retirement benefit assets (Refer note 32.2)	1.03
Total	47.74

NOTE 14. ASSETS HELD FOR SALE

Particulars	(₹ in million)
	As at March 31, 2022
Assets held for sale	96.99

The Company follows various collection mechanisms for recovery of dues from the borrowers, which involves initiating SARFAESI, actual/physical repossession of assets after eviction in lieu of the loan outstanding and subsequent sale of repossessed assets via auction process in case of default by the borrowers. The Company's endeavor is to sell the repossessed assets, in a public auction and realize the sale proceeds to recover the Loan amount outstanding at the earliest. The Customer has all opportunity to repay the Loan amount before finalization of sale of the property and take back the possession. Since borrowers may settle the loans and in such cases, the property is handed back to them (in case the property is not yet sold in auction), the Company's management is of the view that acquiring such properties does not change the nature of the assets and that such re-possessed assets continue to be classified as financial assets. Therefore, such re-possessed properties are not classified as Assets Held for Sale as per IND AS 105. Expert Advisory Committee of the Institute of Chartered Accountants of India has been approached by the Company for an opinion in the classification of such repossessed assets as "Non- Current Assets Held For Sale", which is awaited.

NOTE 15. TRADE PAYABLES

Particulars	(₹ in million)
	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (Refer note 15A)	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	509.40
Total	509.40

NOTE 15A. DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The Group had requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 and is in the continuous process of obtaining such confirmation from its suppliers. The disclosure relating to unpaid amount as at the year-end together with interest paid/payable as required under the said Act have been given to the extent such parties could be identified on the basis of the information available with the Group regarding the status of suppliers under MSMED Act, 2006.

Particulars	(₹ in million)
	2021-2022
(a) Principal amount remaining unpaid to any supplier at the year end	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-
(e) Amount of interest accrued and remaining unpaid at the year end	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act	-



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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

Trade Payables aging schedule

Particulars	(₹ in million)		
	Outstanding for following period from the date of transaction		Total
	Unbilled	Less than 1 Year	
As at March 31, 2022			
(i) MSME	-	-	-
(ii) Others	483.06	26.34	509.40

Note: The Group does not have any disputed Trade Payables.

NOTE 16. DEBT SECURITIES

Particulars	(₹ in million)
	At amortized Cost
	As at March 31, 2022
Secured:	
Non-convertible debentures - (Refer Note (a), (b) and 16.1)	21,440.44
Total (A)	21,440.44
Unsecured:	
Commercial Paper - (Refer Note 16.1)	739.42
Total (B)	739.42
Total (A+B)	22,179.86
Debt securities in India	22,179.86
Debt securities outside India	-

- The above Non Convertible Debentures are secured by way of charge on current assets, book debts, receivables (both present and future), identified immovable property and other assets of the Company.
- Non Convertible Debentures – Secured includes redeemable non convertible debenture which carries call option and contain a repayment clause by way of reduction in face value ₹ 281.25 million (May 15, 2022), ₹ 150.00 million (from December 20, 2023) and ₹ 150.00 million (from March 20, 2024).

Note 16.1 - Terms of repayment

Residual Maturity	(₹ in million)	
	Amount	Rate of Interest/ Yield
Secured NCD (A)		
(a) Fixed:		
More than 5 years	13,605.15	5.00 % - 9.18%
3- 5 Years	2,082.50	8.20 % - 10.33%
1-3 Years	2,257.16	8.25%
Less than 1 year	373.15	5.00% - 9.87%
Sub-Total (a)	18,317.96	
(b) Floating:		
More than 5 years	-	-
3- 5 Years	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
1-3 Years	-	-
Less than 1 year	290.73	7.51%
Sub-Total (b)	290.73	
Total Secured NCD A=(a+b)	18,608.69	
Secured Zero Coupon (B)		
More than 5 years	37.13	8.75%
3- 5 Years	42.48	8.50%
1-3 Years	1,208.49	8.25% - 10.30%
Less than 1 year	1,543.63	9.35% - 9.55 %
Total Secured Zero Coupon (B)	2,831.73	
Unsecured (C)		
Commercial Paper		
Less than 1 year	739.42	6.30% - 6.35%
Total (A+B+C)	22,179.85	

Note 16.2 - Security wise details

(₹ in million)

Particulars	Coupon/ Yield	As at March 31, 2022
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C7. Date Of Maturity 04/04/2022	9.45%	240.00
G-Sec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series C6. Date Of Maturity 21/04/2022	9.35%	298.00
Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity 13/05/2022	8.56%	281.25
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C8. Date Of Maturity 29/09/2022	9.55%	580.00
G- Sec Linked Secured Rated Listed Principal Protected Redeemable Non Convertible Debentures. Series C 12. Date Of Maturity 25/04/2024	9.12%	501.89
G- Sec Linked Secured Rated Unlisted Principal Protected Redeemable Non Convertible Debentures. Series C 14. Date Of Maturity 27/06/2024	10.30%	200.00
10.33% Secured Rated Listed Redeemable Non Convertible Debenture. Series C11. Maturity Date - 19/12/2025	10.33%	150.00
10.05% Secured Rated Listed Redeemable Non Convertible Debenture. Series C13. Maturity Date : 20/03/2026	10.05%	150.00
8.60% Secured Redeemable Non Convertible Debentures. Series. D3. Maturity Date: 11/02/2028	8.60%	180.00
8.62% Secured Redeemable Non Convertible Debentures. Series D4. Maturity Date: 12/03/2028	8.62%	190.00
9.18% Secured Redeemable Non Convertible Debentures. Series C15. Maturity Date - 03/10/2029	9.18%	3,000.00
8.69% Secured Redeemable Non Convertible Debentures. Series. D2. Maturity Date: 12/11/2030.	8.69%	3,000.00



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Particulars	Coupon/ Yield	(₹ in million)
		As at March 31, 2022
8.70% Secured Rated Listed Redeemable Non Convertible Debentures.Series D5.Date Of Maturity 16/04/2029	8.70%	360.00
8.70% Secured Rated Listed Redeemable Non Convertible Debentures.Series D6.Date Of Maturity 14/05/2030	8.70%	1,090.00
8.20% Secured Rated Listed Redeemable Non Convertible Debentures.Series D7.Date Of Maturity 28/09/2026	8.20%	1,120.00
8.25% Secured Rated Listed Redeemable Non Convertible Debenture. Series I Tranche II. Date Of Maturity 03/01/2025	8.25%	2,257.16
Secured Rated Listed Redeemable Non Convertible Debenture. Series II Tranche II. Date Of Maturity 03/01/2025.	8.25%	267.33
8.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series III Tranche II. Date Of Maturity 03/01/2027	8.20%	526.52
8.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series IV Tranche II. Date Of Maturity 03/01/2027	8.50%	135.98
Secured Rated Listed Redeemable Non Convertible Debenture. Series V Tranche II. Date Of Maturity 03/01/2027.	8.50%	42.49
8.43% Secured Rated Listed Redeemable Non Convertible Debenture. Series VI Tranche II. Date Of Maturity 03/01/2029.	8.43%	537.36
8.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series VII Tranche II. Date Of Maturity 03/01/2029	8.75%	221.77
Secured Rated Listed Redeemable Non Convertible Debenture. Series VIII Tranche II. Date Of Maturity 03/01/2029	8.75%	55.27
8.585% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series AD I.Date Of Maturity 25/02/2030	8.59%	4,333.00
5% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series AD II. Date Of Maturity 28/02/2031	5.00%	747.00
Total		20,465.02

Note: Statement showing contractual principal outstanding of Secured Non Convertible Debentures.

NOTE 17. BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	(₹ in million)
	At Amortized Cost As at March 31, 2022
Secured:	
(a) Term loans	
(i) from Banks (Refer Note (a), (b) and 17.1)	69,249.42
(ii) from NHB (Refer Note (a), (b) and 17.2)	27,637.08
(iii) from Financial Institution (Refer Note (b) and 17.3)	8,269.92
(b) Securitization Liability (Refer Note 17.4)	4,172.92
(c) Cash credit/Overdraft from Banks (Refer Note (a), (b) and 17.4)	120.00
Total	109,449.34
Borrowings in India	105,558.27
Borrowings outside India	3,891.07
Total	109,449.34

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

- a. Out of the total borrowing from Banks, borrowings amounting to ₹ 533.33 million and Refinance Facility from NHB amounting to ₹ 7,921.63 million are also guaranteed by Holding Company i.e. IIFL Finance Limited
- b. The term loans from banks, Financial Institution and NHB and cash credits from banks are secured by way of first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged.

Note 17.1 - Terms of repayment of Term Loans from Banks

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
Floating:		
More than 5 years	9,579.81	7.70 % - 9.50 %
3- 5 Years	12,805.74	7.70 % - 9.50 %
1-3 Years	26,972.42	7.40 % - 10.00%
Less than 1 year	19,891.44	7.35% - 10.00%
Total	69,249.42	

Note 17.2 - Terms of repayment of term loans from NHB

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
Fixed:		
More than 5 years	6,526.38	2.94 % - 6.85 %
3- 5 Years	5,941.46	2.94 % - 8.18 %
1-3 Years	10,399.38	2.94 % - 8.18 %
Less than 1 year	4,769.86	2.94 % - 8.80 %
Total	27,637.08	

Note 17.3 - Terms of repayment of term loans from Financial Institution

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
Floating:		
More than 5 years	4,385.20	8.50 % - 9.00 %
3- 5 Years	1,782.70	8.50 % - 9.00 %
1-3 Years	1,496.53	8.50 % - 9.00 %
Less than 1 year	605.49	8.50 % - 9.00 %
Total	8,269.92	

Note 17.4 - Terms of repayment of other loans

(₹ in million)

Residual Maturity	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
Floating:		
Cash credit/Overdraft from Banks (A)		
Less than 1 year	120.00	7.20%
Securitization Liability (B)		
More than 5 years	3,189.45	6.35% - 7.80%
3- 5 Years	391.62	6.35% - 7.80%
1-3 Years	442.64	6.35% - 7.80%
Less than 1 year	149.21	6.35% - 7.80%
Sub-Total - Securitization Liability	4,172.92	
Total (A+B)	4,292.92	



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 18. SUBORDINATED LIABILITIES

Particulars	(₹ in million)	
	At Amortized Cost	
	As at March 31, 2022	
Non-convertible debentures - Unsecured	10,576.86	
Total	10,576.86	
Subordinated Liabilities in India	10,576.86	
Subordinated Liabilities outside India	-	
Total	10,576.86	

Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 million (from February 28, 2024), ₹ 1,265.16 million (from May 14, 2024), ₹ 400.00 million (from June 18, 2025) and ₹ 300.00 million (from July 14, 2025).

Note 18.1 - Terms of repayment of Subordinated Debt

Residual Maturity	(₹ in million)	
	As at March 31, 2022	
	Amount	Rate of Interest/ Yield
(a) Fixed:		
More than 5 years	8,067.49	8.85% - 10.02%
3- 5 Years	-	-
1-3 Years	650.00	8.93% - 9.30%
Less than 1 year	129.06	8.51% - 9.60%
Total Fixed	8,846.55	
(b) Zero Coupon:		
More than 5 years	1,730.31	9.40%
Total (a+b)	10,576.86	

These debentures are subordinated to present and future senior indebtedness of the Company and qualify as Tier II capital under RBI Directions for Housing Finance Companies for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2022, 95% of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

Note 18.2 - Security wise details

Particulars	(₹ in million)	
	Coupon/ Yield	As at March 31, 2022
8.93% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U07. Date Of Maturity 14/04/2023	8.93%	500.00
9.30% Unsecured Redeemable Non Convertible Subordinated Debentures. Series U05. Date Of Maturity 29/05/2023	9.30%	150.00
8.85% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U06. Date Of Maturity 27/07/2027	8.85%	750.00
9.05% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U08. Date Of Maturity 28/02/2028	9.05%	100.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U09. Date Of Maturity 16/06/2028	9.85%	400.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date Of Maturity 13/07/2028	9.85%	300.00
Zero Coupon G-Sec Linked Unsecured Rated Listed Redeemable Non-Convertible Debentures. Series UA3. Date Of Maturity 11/08/2028	9.40%	1,265.16
10% Unsecured Rated Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity : 03/11/2028	10.00%	2,327.22
9.6% Unsecured Rated Listed Redeemable Non Convertible Debentures. Series II. Date Of Maturity : 03/11/2028	9.60%	3,828.24
Unsecured Rated Listed Redeemable Non Convertible Debentures. Series III. Date Of Maturity : 03/11/2028	10.02%	402.78
Total		10,023.40

Note: Statement showing contractual principal outstanding of Subordinated Non Convertible Debentures.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 19. OTHER FINANCIAL LIABILITIES

Particulars	(₹ in million)
	As at March 31, 2022
Book overdraft*	7,468.06
Unclaimed interest and redemption proceeds of NCDs**	12.40
Other Payables#	1,964.00
Total	9,444.46

* Book overdraft represents cheque issued towards disbursement to borrowers but not presented to banks as on March 31, 2022.

** As required under Section 125 of the Companies Act, 2013, the Company, during the year, has transferred ₹ 1.83 million to the Investor Education and Protection Fund (IEPF). As of March 31, 2022, ₹ 0.12 million was due for transfer to the IEPF."

1. Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ 0.37 million.

2. In accordance with RBI notification dated April 7, 2021, the Company is required to refund/adjust 'interest on interest' to eligible borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks' Association. The Company is in the process of suitably implementing this methodology. As at March 31, 2022 the Company has created a liability towards estimated interest relief and reduced the same from the interest income.

NOTE 20. PROVISIONS

Particulars	(₹ in million)
	As at March 31, 2022
Provisions for Employee Benefits	
-Provision for Leave Encashment	55.21
-Provision for Gratuity	0.45
-Provision for Bonus	87.00
Total	142.66

NOTE 20.1. PROVISION FOR LEAVE ENCASHMENT

Particulars	(₹ in million)
	As at March 31, 2022
Opening provision	47.76
Additions	18.30
Reductions	(10.85)
Closing provision	55.21

NOTE 20.2. PROVISION FOR GRATUITY

Particulars	(₹ in million)
	As at March 31, 2022
Opening provision	-
Additions	0.45
Reductions	-
Closing provision	0.45

NOTE 20.3. PROVISION FOR BONUS

Particulars	(₹ in million)
	As at March 31, 2022
Opening provision	78.02
Additions	87.00
Reductions	(78.02)
Closing provision	87.00



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 21. OTHER NON FINANCIAL LIABILITIES

Particulars	(₹ in million)	
	As at March 31, 2022	
Statutory remittances	113.57	
Unspent CSR (Refer note no 38A)	30.30	
Advances from borrowers	370.88	
Income received in advance	0.05	
Total	514.80	

NOTE 22. EQUITY

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

Share Capital:

Particulars	(₹ in million)	
	As at March 31, 2022	
Authorized Share Capital		
152,000,000 Equity Shares of ₹10 each with voting rights	1,520.00	
20,000,000 Preference Shares of ₹10 each	200.00	
Total	1,720.00	
Issued, Subscribed and Paid Up		
Equity Share Capital		
20,968,181 Equity Shares of ₹10 each fully paid-up	209.68	
Total	209.68	

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

Particulars	(₹ in million)	
	As at March 31, 2022	
	No. of shares	Amount
At the beginning of the year	20,968,181	209.68
Add: Issued during the year	-	-
Outstanding at the end of the year	20,968,181	209.68

(c) Terms/rights attached to equity shares:

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

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

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

Particulars	As at March 31, 2022	
	No. of shares	% holding
Equity shares of 10 each fully paid		
IIFL Finance Limited and its nominees	20,968,181	100.00%

(e) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any equity shares without payment being received in cash or by way of bonus shares or shares bought back.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(f) Details of shares held by Promoters

Particulars	Promoter Name	No of Shares*	% of Total Shares	% Change during the year
As at March 31, 2022	IIFL Finance Limited	20,968,181	100.00%	-

* Shares held by IIFL Finance Limited and its nominees. The shareholding of Nominee is 600 shares.

23. OTHER EQUITY

1. As at March 31, 2022

(₹ in million)

Particulars	Reserves and Surplus						Other Comprehensive Income		Total	Non-Controlling Interest
	Capital Reserve	Securities Premium	General Reserve	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987	Retained Earnings	Re-measurement of Actuarial Gains and Losses	Effective portion of Cash Flow Hedges	Fair value of loans carried at FVTOCI		
Balance at the beginning of the current reporting year	13.49	7,991.57	1,438.60	2,873.70	9,186.35	(6.69)	(166.36)	(5.72)	21,324.94	-
Profit for the year	-	-	-	-	5,934.35	-	-	-	5,934.35	-
Fair Value change on derivatives designated as Cash Flow Hedge (Net of Tax) (Refer Note 1)	-	-	-	-	-	-	96.05	-	96.05	-
Remeasurement of defined benefit (Net of Tax) (Refer Note 2)	-	-	-	-	-	(1.24)	-	-	(1.24)	-
Equity Dividend (Refer Note 3)	-	-	-	-	(629.05)	-	-	-	(629.05)	-
Transfer to Special Reserve (Refer Note 4)	-	-	-	1,156.00	(1,156.00)	-	-	-	-	-
Fair value of loans carried at FVTOCI	-	-	-	-	-	-	-	102.17	102.17	-
Balance at the end of the Current reporting year	13.49	7,991.57	1,438.60	4,029.70	13,335.65	(7.93)	(70.31)	96.45	26,827.22	-

- The amount refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
- The amount refers to remeasurement of gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets of the defined benefit plan.
- During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 30 per equity share.
- As per Section 29C(1) of National Housing Bank Act 1987, the Company is required to transfer at least 20% of its Net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 24. INTEREST INCOME

(₹ in million)

Particulars	2021-22		
	On Financial Assets measured at		
	FVTOCI	Amortized Cost	Total
Interest on Loans	2,098.64	16,468.32	18,566.96
Interest income from investments	-	9.01	9.01
Interest on deposits with Banks	-	191.84	191.84
Total	2,098.64	16,669.17	18,767.81

NOTE 25. FEES AND COMMISSION INCOME

(₹ in million)

Particulars	2021-22
Fees and Other Charges	616.93
Insurance Commission	152.63
Total	769.56

NOTE 26. NET GAIN ON FAIR VALUE CHANGES

(₹ in million)

Particulars	2021-22
Net gain on financial instruments at FVTPL	
On trading portfolio	
- Investments	63.16
Total Net gain on fair value changes	63.16
Fair Value changes:	
- Realized	63.16
Total Net gain on fair value changes	63.16

NOTE 27. NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTIZED COST CATEGORY

(₹ in million)

Particulars	2021-22
Foreclosure of loans	70.96
Bad debts recovery	38.28
Total	109.24

NOTE 28 NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER FVTOCI

(₹ in million)

Particulars	2021-22
Assignment of loans	1,045.58
Foreclosure of loans	113.18
Total	1,158.76

NOTE 29. OTHER INCOME

(₹ in million)

Particulars	2021-22
Profit on sale of Assets	15.39
Marketing, advertisement and support service fees	1,396.00
Interest on Income Tax Refund	6.75
Total	1,418.14



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 30. FINANCE COSTS

Particulars	(₹ in million)
	On Financial liabilities measured at Amortized Cost
	2021-22
Interest on inter-corporate deposits	202.32
Interest on borrowings (other than debt securities)	7,957.67
Interest on debt securities	1,464.36
Interest on subordinated liabilities	801.61
Other interest expense	
Interest on lease liabilities	15.39
Other borrowing cost	185.06
Total	10,626.41

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

Particulars	(₹ in million)
	2021-22
Revaluation Gain/(Loss) on Foreign currency loan	(113.16)
Recognized in Other Comprehensive Income	113.16

NOTE 31. IMPAIRMENT ON FINANCIAL INSTRUMENTS, INCLUDING WRITE-OFFS

Particulars	(₹ in million)		
	2021-22		
	On Financial Assets measured at		
	FVTOCI	Amortized Cost	Total
Loans	16.67	1,034.93	1,051.60
Bad debts written off	-	548.39	548.39
Total	16.67	1,583.32	1,599.99

NOTE 32. EMPLOYEE BENEFITS EXPENSES

Particulars	(₹ in million)
	2021-22
Salaries and wages	1,604.82
Contribution to provident and other funds (Refer Note 32.1)	64.15
Leave Encashment	17.31
Gratuity (Refer Note 32.2)	16.38
Staff welfare expenses#	39.16
Total	1,741.82

#The Group company i.e. IIFL Finance Limited and IIFL Securities Limited have granted stock options to its employees as well as employees of the Company. Pursuant to the scheme, the Company has reimbursed the group companies ₹ 11.30 million during the year on account of such costs and the same is forming part of Employee benefit expenses.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

32.1 Defined Contribution Plans:

The Group has recognized the following amounts as an expense and included in the Employee Benefits Expenses.

Particulars	(₹ in million)
	2021-22
Contribution to Provident fund	33.11
Contribution to ESIC	4.37
Contribution to Labor Welfare Fund	0.28
Group contribution to EPS	24.01
Group contribution to NPS	2.38
Total	64.15

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

Particulars	(₹ in million)
	2021-22
Type of Benefit	Gratuity
Country	India
Reporting Currency	INR
Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)
Funding Status	Funded
Starting Year	01-04-21
Date of Reporting	31-03-22
Period of Reporting	12 Months

Assumptions (Current Year)

Particulars	(₹ in million)
	2021-22
Expected Return on Plan Assets	6.98%
Rate of Discounting	6.98%
Rate of Salary Increase	9.00%
Rate of Employee Turnover	For service 4 years and below 28.00% p.a. For service 5 years and above 1.00% p.a.
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)

Table Showing Change in the Present Value of Projected Benefit Obligations

Particulars	(₹ in million)
	2021-22
Present Value of Benefit Obligation at the Beginning of the Year	82.05
Interest Cost	5.62
Current Service Cost	16.33
Past Service Cost	-
Liability Transferred In/Acquisitions	0.48
Liability Transferred Out/Divestment	(0.83)
Benefit Paid Directly by the Employer	(0.02)



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	2021-22
Benefit Paid From the Fund	(6.17)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	0.02
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(2.14)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(1.42)
Present Value of Benefit Obligation at the End of the Year	93.92

Table Showing Change in the Fair Value of Plan Assets

(₹ in million)

Particulars	2021-22
Fair Value of Plan Assets at the Beginning of the Year	87.96
Interest Income	6.02
Contributions by the Employer	9.57
Benefit Paid from the Fund	(6.17)
Return on Plan Assets, Excluding Interest Income	(2.43)
Fair Value of Plan Assets at the End of the Year	94.95

Amount Recognized in the Balance Sheet

(₹ in million)

Particulars	As at March 31, 2022
Present Value of Benefit Obligation at the end of the Year	93.92
Fair Value of Plan Assets at the end of the Year	94.95
Funded Status Surplus/(Deficit)	1.03
Net (Liability)/Asset Recognized in the Balance Sheet	1.03

Net Interest Cost

(₹ in million)

Particulars	2021-22
Present Value of Benefit Obligation at the Beginning of the Year	82.05
Fair Value of Plan Assets at the Beginning of the Year	(87.96)
Net Liability/(Asset) at the Beginning of the Year	(5.91)
Interest Cost	5.62
Interest Income	(6.02)
Net Interest Cost	(0.40)

Expenses Recognized in the Statement of Profit and Loss

(₹ in million)

Particulars	2021-22
Current Service Cost	16.33
Net Interest Cost	(0.40)
Past Service Cost	-
Expenses Recognized	15.93

One of our subsidiary Company i.e. IIFL Sales Limited has provided gratuity on a full liability basis.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Expenses Recognized in the Other Comprehensive Income (OCI)

	(₹ in million)
Particulars	2021-22
Actuarial (Gains)/Losses on Obligation For the Year	(3.54)
Return on Plan Assets, Excluding Interest Income	2.43
Net (Income)/Expense For the Year Recognized in OCI	(1.11)

Balance Sheet Reconciliation

	(₹ in million)
Particulars	As at March 31, 2022
Opening Net Liability	(5.91)
Expenses Recognized in Statement of Profit and Loss	15.93
Expenses Recognized in OCI	(1.11)
Net Liability/(Asset) Transfer In	0.48
Net (Liability)/Asset Transfer Out	(0.83)
Benefit Paid directly by the Employer	(0.02)
Employer's Contribution	(9.57)
Net Liability/(Asset) Recognized in the Balance Sheet	(1.04)

Category of Assets

	(₹ in million)
Particulars	As at March 31, 2022
Insurance fund	94.95
Total	94.95

Information of major categories of plan assets of gratuity fund are not available with the Company and hence not disclosed as per the requirements of Ind AS 19 "Employee Benefits".

Other Details

	(₹ in million)
Particulars	2021-22
Prescribed Contribution For Next Year (12 Months)	17.61

Net Interest Cost for Next Year

	(₹ in million)
Particulars	2021-22
Present Value of Benefit Obligation at the End of the Year	93.92
Fair Value of Plan Assets at the End of the Year	(94.95)
Net Liability/(Asset) at the End of the Year	(1.03)
Interest Cost	6.56
Interest Income	(6.63)
Net Interest Cost for Next Year	(0.07)

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

	(₹ in million)
Particulars	2021-22
Current Service Cost	18.64
Net Interest Cost	(0.07)
Expected Contributions by the Employees	-
Expenses Recognized	18.57



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Maturity Analysis of the Benefit Payments: From the Fund

Particulars	(₹ in million)
	2021-22
Projected Benefits Payable in Future Years From the Date of Reporting	
1st Following Year	0.79
2nd Following Year	0.95
3rd Following Year	1.07
4th Following Year	1.18
5th Following Year	1.46
Sum of Years 6 To 10	10.36
Sum of Years 11 and above	354.59

Sensitivity Analysis

Particulars	(₹ in million)
	2021-22
Projected Benefit Obligation on Current Assumptions	93.92
Delta Effect of +1% Change in Rate of Discounting	(14.69)
Delta Effect of -1% Change in Rate of Discounting	18.14
Delta Effect of +1% Change in Rate of Salary Increase	12.87
Delta Effect of -1% Change in Rate of Salary Increase	(11.54)
Delta Effect of +1% Change in Rate of Employee Turnover	(2.06)
Delta Effect of -1% Change in Rate of Employee Turnover	2.34

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

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

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

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

NOTE 33. OTHER EXPENSES

Particulars	(₹ in million)
	2021-22
Advertisement	43.48
Loan processing expenses	39.93
Marketing expenses	47.72
Bank charges	13.21
Communication	13.87
Electricity	15.74
Rating and custodian fees	11.36
Legal and professional fees	161.93
Commission and sitting fees	5.31
Miscellaneous expenses	6.29
Office expenses	74.33
Postage and courier	13.98
Printing and stationary	15.89
Rates and taxes	0.25



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

	(₹ in million)
Particulars	2021-22
Rent (Refer note 12A)	45.12
Repairs and maintenance	7.18
Payments to auditors*	6.65
Software charges	60.78
Security expenses	16.48
Travelling and conveyance	43.96
Corporate Social Responsibility (CSR) expenses (Refer note 38A)	105.68
Loss on sale of assets	0.31
Total	749.45

*Payments to auditors

	(₹ in million)
Particulars	2021-22
Audit Fees	3.42
Limited Reviews	1.14
Other matters and certification	1.77
Out of Pocket Expenses	0.32
Total as per Statement of Profit and Loss	6.65
Amount paid towards certification required under for its Public Issue of Non Convertible Debentures which has been amortized using Effective Interest Rate Method over the tenure of the debenture	7.55
Total	14.20

NOTE 34. INCOME TAXES

Amounts recognized in the Statement of Profit and Loss

	(₹ in million)
Particulars	2021-22
Current tax expense	
Current year	1,712.00
Tax of earlier years	13.30
Deferred tax expense	
Origination and reversal of temporary differences	(35.68)
Total	1,689.62

Reconciliation of total tax expense

	(₹ in million)
Particulars	2021-22
Profit before tax	7,497.46
Tax using the domestic tax rate	1,886.96
Tax effect of:	
Non-deductible expenses	28.41
Tax-exempt income (includes deduction u/s 80JJAA)	(241.63)
Tax on Dividend	-
Income taxed at different rates	-
" Recognition of previously unrecognized deductible temporary differences "	-
Adjustments for current tax for prior periods	13.30
De-Recognition of previously recognized deductible temporary differences	2.59
Total income tax expense	1,689.63

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 35. EARNINGS PER SHARE:

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

Particulars	(₹ in million)	
		2021-22
Nominal value of equity shares in ₹ fully paid up		10
BASIC		
Profit after tax as per Statement of Profit and Loss	A	5,934.35
Weighted Average Number of Equity Shares Outstanding	B	20,968,181
Basic EPS (In ₹) (i)	A/B	283.02
DILUTED		
Weighted Average Number of Equity shares for computation of diluted EPS	C	20,968,181
Diluted EPS (In ₹) (i)	A/C	283.02

NOTE 36. CAPITAL/OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE

- a. Commitments: As at the balance sheet date there were undrawn credit commitments of ₹ 16,895.64 million representing the loan amounts sanctioned but not disbursed.
- b. Contingent Liabilities:
 - i. Claim against the Group not acknowledged as debt ₹ 1.58 million.
 - ii. Credit enhancement and Guarantee given for securitization and assignment transactions amounting to ₹ 1,956.72 million and ₹ 233.40 million respectively.

NOTE 37. DISCLOSURE AS PER IND AS -108 "OPERATING SEGMENTS"

The Group's main business is financing by way of loans for the purchase or construction of residential houses, Loans against property and construction of real estate and certain other purposes, in India. All other activities of the Group revolve around the main business. As such, there are no separate reportable segments, as per the Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'.

NOTE 38A. CORPORATE SOCIAL RESPONSIBILITY

The Group was required to spend ₹ 105.00 million towards Corporate Social Responsibility (CSR) activities for the current financial year.

Particulars	(₹ in million)		
	2021-2022		Total
	Amount Spent	Amount Unspent/ Provision	
(a) Amount of expenditure incurred	75.38	30.30	105.68
(b) Shortfall at the end of the year*	-	30.30	30.30
(c) Total of previous years shortfall	-	-	-
(d) Nature of CSR activities:			
(i) Construction/acquisition of any asset -	-	-	-
(ii) On purpose other than (i) above	75.38	30.30	105.68

*The Company during the year had contributed towards the ongoing projects to IIFL Foundation and which remained unspent as on March 31, 2022 resulting in shortfall. The unspent amount has been transferred to a separate Bank account on April 08, 2022 and will be spent during the 2022-23

One of our subsidiary company i.e. IIFL Sales Limited has been incorporated in current Financial Year therefore CSR is not applicable on the same.

- (i) The aforementioned amount spent during the year has been contributed to India Infoline Foundation and others.
- (ii) Nature of CSR activities: Promoting Education and Healthcare and eradicating poverty



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 38B. ADDITIONAL REGULATORY INFORMATION UNDER MCA NOTIFICATION DATED MARCH 24, 2021

- a. Details of Benami Property held:** There are no proceedings which have been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- b. Additional information where borrowings are from banks or financial institutions:**
- The revised quarterly returns and statements of current assets filed by the Group with banks or financial institutions for the quarter ended June 21, Sept 21 and Dec 21 are in agreement with the books of accounts. Further for quarter ended Mar 22 the Group has filed the provisional return and statement which will be revised subsequently based on audited numbers;
 - The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the balance sheet date.
- c. Willful Defaulter:** The Company has not been declared as Willful Defaulter by any Bank or Financial Institution or other Lender.
- d. Relationship with Struck off Companies :** During the year, the Group does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.
- e. Registration of charges or satisfaction with Registrar of Companies (ROC):** In case of borrowings, there are no charges or satisfaction pending for registration with ROC beyond the statutory period.
- f. Compliance with number of layers of companies:** The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- g. Ratios:**

Particulars	(₹ in million)
	As at March 31, 2022
Capital to risk-weighted assets ratio (CRAR) (%)	30.48
Tier I CRAR (%)	21.10
Tier II CRAR (%)	9.38
Liquidity Coverage Ratio (%)	1079

The above ratios are disclosed based on standalone financial statements of IIFL Home Finance Limited.

Note: LCR computation is based on Management estimation of future inflows and outflows and not subjected to audit by auditors.

- h. Compliance with approved Scheme(s) of Arrangements:** NA
- i. Utilization of Borrowed funds and share premium:**
- During the financial year ended March 31, 2022, other than the transactions undertaken in the normal course of business and in accordance with extant regulatory guidelines as applicable.
- No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - No funds (which are material either individually or in the aggregate) have been received by the Group from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- j. Undisclosed Income:** The Group does not have any transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961). Also, there are nil previously unrecorded



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

income and related assets.

- k. Details of Crypto Currency or Virtual Currency:** The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- l. Capital work in progress (CWIP) and Intangible asset:** The Group does not have any CWIP and Intangible asset under development.

NOTE 39 FINANCIAL INSTRUMENTS

Note 39 A. Financial Risk Management

The Group's activities expose it to credit risk, liquidity risk and market risk comprising of interest rate risk, currency risk and price risk.

Risk management is integral to Group's strategy. The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing.

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

Financial Risk Management Structure

The Group has established multi-level risk governance for monitoring and control of product and entity level risks. The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Risk Management Committee ("RMC") which is responsible for monitoring the overall risk process within the Group. The RMC is empowered to develop an independent risk strategy comprising of principles, frameworks, policies and limits and ensuring its effective implementation. Independent function of Risk management is in place headed by the Chief Risk Officer ("CRO") who reports to the Chief Executive Officer ("CEO") with oversight of RMC of the Board. The Risk department primarily operationalizes risk management framework approved by RMC.

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

The Group has a risk framework constituting various lines of defense – the first line of defense consisting of the Management of the Group being responsible for seamless integration of risk principles across all businesses. Additionally, it ensures managerial and supervisory controls to ensure compliance and highlight inadequate processes and unexpected events.

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

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

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

The Group's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Information pertaining to different type of risks are identified, analyzed and tested on timely basis. The same is presented to Risk Management Committee at periodic intervals.

39 A.1 Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables.

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

counterparties. The Group ensures effective monitoring of credit facilities through a portfolio quality review framework. As per this process, a asset is reviewed at a frequency determined based on the risk it carries at the review date. For effective risk management, the Group monitors its portfolio, based on product, underlying security and credit risk characteristics.

39 A.1(I) Credit Risk Grading of loans and loss allowances

The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. An independent risk and policy team reviews adherence to policies and processes and carries out audit on periodic basis.

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

The Group applies general approach to provide for credit losses prescribed by Ind AS 109, which provides to recognize 12-months expected credit losses where credit risk has not increased significantly since initial recognition and to recognize lifetime expected credit losses for financial instruments for which there has been significant increase in credit risk since initial recognition, considering all reasonable present and forward looking information, including that of forward looking.

Owing to the prevailing situation, additional Management overlay on account of COVID-19 has been considered in the ECL calculations for arriving at the impairment provisions required under IND AS 109.

The Group categorizes loan assets into stages based on the Days Past Due status: -

Stage 1: [0-31 days Past Due] It represents exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination.

Stage 2: [32-90 days Past Due] The Group collectively assesses ECL on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the Group recognizes as a collective provision, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset).

Stage 3: [More than 90 days Past Due] The Group identifies, both collectively and individually, ECL on those exposures that are assessed as credit impaired based on whether one or more events, that have a detrimental impact on the estimated future cash flows of that asset have occurred.

Additionally, the Company evaluates risk based on staging which are as follows:

Risk Categorization	(₹ in million)
	As at March 31, 2022
Stage 1	145,111.56
Stage 2	9,631.04
Stage 3	3,887.02
Total	158,629.62

Financial Assets measured at Simplified Approach

"The Group follows 'simplified approach' for recognition of impairment loss allowance on Cash and Cash Equivalents, Bank Balances, Unsecured Inter Corporate Deposits to group companies and Other Financial Assets. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Management of the Group expects no defaults in the above mentioned financial assets and insignificant history of defaults has been observed by the Management in the previous years on such Financial Assets. Hence, no ECL has been recognized on the above mentioned Financial assets as at the reporting date."

39 A.1(II) Credit quality analysis

(a). The following tables sets out information about the credit quality of financial assets. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2022				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured at Simplified Approach	Total
Cash and cash equivalents	-	-	-	13,996.22	13,996.22
Bank Balance other than above	-	-	-	4,332.94	4,332.94
Receivables					
(i) Trade Receivables	366.02	3.85	-	-	369.87
Loans at FVTOCI	29,127.22	-	-	-	29,127.22
Loans at amortized cost	115,984.34	9,631.04	3,887.02	-	129,502.40
Other Financial assets	-	-	-	3,586.22	3,586.22

(b). The following tables show reconciliations from the opening to the closing balance of the Exposure At Default (EAD) and Expected Credit Loss (ECL) by class of financial instrument.

Loans and advances

(₹ in million)

Reconciliation of Exposure at Default	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others*
Opening EAD April 01, 2021	136,619.88	14,907.77	9,005.07	718.16	2,694.90	603.20	148,319.85	16,229.13
New Loans Disbursed during the year	82,605.56	-	409.07	-	104.45	-	83,119.08	-
Loan Derecognized	(37,966.31)	(452.33)	(809.75)	(110.70)	(983.57)	(210.74)	(39,759.63)	(773.77)
Movement in Stages	-	-	-	-	-	-	-	-
From Stage 1	(7,246.16)	(529.20)	5,967.97	426.81	1,278.20	102.39	-	-
From Stage 2	2,864.86	240.76	(3,334.37)	(277.19)	469.51	36.43	-	-
From Stage 3	320.07	51.16	52.77	4.83	(372.84)	(55.99)	-	-
Loans Repaid in part or full	(33,108.57)	3,014.42	(2,014.95)	(90.37)	(27.68)	247.63	(35,151.19)	3,171.68
Changes in contractual cash flow due to modification not resulting in de-recognition	-	2.02	-	(0.57)	-	1.13	-	2.58
Closing EAD March 31, 2022	144,089.33	17,234.60	9,275.81	670.97	3,162.97	724.05	156,528.11	18,629.62

*Includes amount w.r.t. sanctioned but un-disbursed considered for ECL of ₹ 16,527.55 million.

Loss Allowances

(₹ in million)

Reconciliation of Loss Allowances	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others	Principal Outstanding	Interest Accrued/ Others*
Opening ECL April 01, 2021	2,019.50	107.60	813.83	51.11	994.05	608.59	3,827.38	767.30
New Loans Disbursed during the year	660.01	50.51	46.77	2.81	37.16	6.51	743.94	59.83
Loan Derecognized	(252.42)	(7.91)	(56.74)	(3.29)	(375.06)	(211.82)	(684.22)	(223.02)
Movement in Stages	-	-	-	-	-	-	-	-
From Stage 1	(258.40)	(4.23)	206.08	3.46	52.32	0.77	-	-
From Stage 2	174.74	7.74	(231.34)	(12.56)	56.60	4.82	-	-
From Stage 3	112.93	51.18	18.35	4.89	(131.29)	(56.07)	-	-
Loans Repaid in part or full	(132.96)	(109.65)	525.67	26.75	555.67	377.15	948.38	294.25
Changes in contractual cash flow due to modification not resulting in de-recognition	-	-	-	-	-	-	-	-
Closing ECL March 31, 2022	2,323.40	95.24	1,322.62	73.17	1,189.45	729.95	4,835.47	898.36

*Includes ECL w.r.t. sanctioned but un-disbursed of ₹ 76.74 million.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

39 A.1(III) Concentrations of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on spreading its lending portfolio across products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Group does not have concentration risk.

62% of the Company's Loan outstanding is from Borrowers residing across 5 various states of India

39 A.1(IV) Contractual amount outstanding on financial assets that were written off during the reporting year

Particulars	(₹ in million)
	2021-22
Write off	548.39

39 A.1(V) Collateral held

The Company is in the business of extending secured loans backed by mortgage of property (residential or commercial). This also includes cross-collateralization on other property(ies) of the borrower. The Company assesses and monitors value of the collaterals periodically on the basis of the internal policy. In case required, the Company also requests for additional collateral(s).

In normal course of business, the Company does not physically repossess properties or collaterals. Once contractual loan repayments are more than 90 days past due, repossession of property(ies) may be initiated under the provisions of the SARFAESI Act, 2002. Repossessed property(ies) is disposed of in the manner prescribed in the SARFAESI Act, 2002, to recover outstanding debt.

39 A.1(VI) Modified financial assets

For financial assets, such as a loan to a customer, where the terms and conditions have been renegotiated to the extent that the modification does not result in cash flows that are substantially different (thereby not resulting into derecognition), the Company has disclosed modification gain or loss based on the change in cash flows discounted at the original EIR (Effective Interest Rate).

Particulars	(₹ in million)
	2021-22
Amortized Cost of Modified Assets at the time of modification	4,865.47
Modification (Gain)/Loss for the year	(2.59)

Particulars	(₹ in million)
	As at March 31, 2022
Carrying amount of Modified financial assets	6,277.89

The terms of the assets have been modified in accordance with NHB (Directions)/RBI (HFC) Directions and as per RBI Notification "Resolution Framework for COVID-19-related Stress".

39 A.2 Liquidity Risk

Liquidity risk refers to the risk that the Group may not be able to meet its short-term financial obligations. The Group manages liquidity risk by maintaining sufficient cash and by having access to funding through an adequate amount of credit lines. Further, The Group has defined Asset Liability Management (ALM) Framework with an organizational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity. The Group seeks to maintain flexibility in funding mix by way of sourcing the funds through money markets, debt markets and banks to meet its business and liquidity requirements.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(i) Maturities of financial liabilities

(₹ in million)

Contractual maturities of financial liabilities As at March 31, 2022	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	50.58	-	-	-	50.58	-	-
Trade Payables	509.40	509.40	-	-	-	-	-
Finance Lease Obligation*	332.94	19.20	18.87	37.42	136.16	60.87	60.42
Debt Securities	22,179.85	1,952.24	886.86	107.83	3,465.66	2,124.98	13,642.28
Borrowings (Other than Debt Securities)	109,449.35	5,644.01	6,805.72	13,086.27	39,529.95	20,702.55	23,680.85
Subordinated Liabilities	10,576.86	31.09	97.15	0.82	650.00	-	9,797.80
Other financial liabilities	9,444.46	9,444.46	-	-	-	-	-

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

39 A.3 Market Risk

Market Risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices resulting in a loss to earnings and capital.

Financial institutions may be exposed to Market Risk in variety of ways. Market risk exposure may be explicit in portfolios of securities/equities and instruments that are actively traded. Conversely it may be implicit such as interest rate risk due to mismatch of loans and deposits. Besides, market risk may also arise from activities categorized as off-balance sheet item. Therefore market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates, forex rates, equity and commodity prices.

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

39 A.3(I) Interest rate risk

Interest rate risk is the risk where changes in market interest rates might adversely affect the entity's financial condition. The rise or fall in interest rates impact the Group's Net Interest Income.

Total Borrowings of the Group are as follows:

(₹ in million)

Particulars	As at March 31, 2022
Floating rate borrowings	82,103.00
Fixed rate borrowings	60,103.06
Total borrowings	142,206.06

As at the end of the reporting year, the Group had the following floating rate borrowings and cross currency interest rate swap contracts outstanding:

(₹ in million)

Particulars	As at March 31, 2022		
	Weighted average interest rate	Balance	% of total loans
Bank loans and bank overdrafts and Securitization Liability	8.19%	81,812.26	57.53%
Non Convertible Debentures	7.37%	290.74	0.20%
Net exposure to cash flow interest rate risk		82,103.00	57.75%

An analysis by maturities is provided in note 39 A 2(i) above. The percentage of total loans shows the proportion of loans that are currently at floating rates in relation to the total amount of borrowings.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2022		
	Weighted average interest rate	Balance	% of total loans
Cross Currency Interest Rate Swaps	9.36%	3,876.44	2.73%

The Group had following floating rate loans and advances outstanding:

(₹ in million)

Particulars	As at March 31, 2022		
	Weighted average interest rate	Balance	% of total loans
Loans*	11.44%	158,629.60	100.00%

*Since certain loans disbursed by Group carry a fix rate of interest only for an initial short tenure of the loan, all loans granted are considered to be floating rate loans

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

(₹ in million)

Particulars	Impact on profit after tax	Impact on other components of equity
	2021-22	2021-22
Interest rates – increase by 30 basis points (30 bps) *	(184.32)	-
Interest rates – decrease by 30 basis points (30 bps) *	184.32	-

* Holding all other variables constant

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

(₹ in million)

Particulars	Impact on profit after tax
	2021-22
Interest rates – increase by 30 basis points (30 bps) *	356.12
Interest rates – decrease by 30 basis points (30 bps) *	(356.12)

* Holding all other variables constant

39 A.3(II) Exposure to currency risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from banks and External Commercial Borrowings (ECB).

In order to minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as cross currency interest rate swaps are entered to hedge certain foreign currency risk exposures and variable interest rate exposures, the Group's central treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units

The Group follows a conservative policy of hedging its foreign currency exposure through Forwards and/or Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Group's profit before tax (PBT) and equity.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	Amount Outstanding	
	In ₹	In USD
Borrowing as on March 31, 2022	3,876.44	50.00

Since the Group has entered into derivative transaction to hedge this borrowing, the Group is not exposed to any currency risk on this borrowing.

39 A.3(III) Price Risk

"The Group's investments carry a risk of change in prices. To manage its price risk arising from investments, the Group periodically monitors the performance of the investee.

The Group's exposure to assets having price risk is insignificant.

39 A.3(IV) Competitions Risk

Group offers a range of mortgage products such as home loan, loans against property and construction of real estate. These are provided to a broad segment of customers including salaried and self-employed personnel and corporates. We face competition primarily from other HFCs. The major competitive factors among the peer group are an extensive branch network, greater funding capabilities, wider range of products and services, and advanced technology offerings.

39.B Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximize the shareholder value. The Group monitors capital using a capital adequacy ratio as prescribed by the NHB Directions/RBI Directions.

(₹ in million)

Particulars	As at March 31, 2022
Net Debt (₹ in million)	142,206.07
Total Equity (₹ in million)	27,036.90
Net Debt to Equity Ratio (times)	5.26

39.B.1 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer an liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

The Group evaluates the significance of financial instruments and material accuracy of the valuations incorporated in the financial statements as they involve a high degree of judgement and estimation uncertainty in determining the carrying values of financial assets and liabilities at the balance sheet date. Fair value of financial instruments is determined using valuation techniques and estimates which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Changes in the observability of significant valuation inputs can materially affect the fair values of financial instruments. In determining the valuation of financial instruments, the Group makes judgements on the amounts reserved to cater for model and valuation risks, which cover both Level 2 and Level 3 instruments, and the significant valuation judgements in respect of Level 3 instruments.

The following table shows an analysis of financial instruments:

(₹ in million)

Particulars	As at March 31, 2022		
	FVTPL	FVTOCI	Amortized cost
Financial assets			
Cash and cash equivalents	-	-	13,996.22
Bank Balance other than cash and cash equivalents	-	-	4,332.94



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Particulars	As at March 31, 2022		
	FVTPL	FVTOCI	Amortized cost
Receivables			
(i) Trade Receivables	-	-	369.10
Loans	-	28,854.00	124,048.21
Investments	1,440.00	-	95.91
Other Financial assets	-	-	3,578.17
Total financial assets	1,440.00	28,854.00	146,420.55
Financial liabilities			
Derivative financial instruments	-	50.58	-
Trade Payables	-	-	509.40
Finance Lease Obligation	-	-	256.37
Debt Securities	-	-	22,179.86
Borrowings (Other than Debt Securities)	-	-	109,449.34
Subordinated Liabilities	-	-	10,576.86
Other financial liabilities	-	-	9,444.46
Total financial liabilities	-	50.58	152,416.29

39.B.2 Financial instruments measured at fair value – Fair value hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Group recognizes transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

(₹ in million)

Financial assets and liabilities measured at fair value - recurring fair value measurements As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Loans - FVTOCI	-	-	28,854.00	28,854.00
Investments				
(i) Alternate Investment Fund	-	1,440.00	-	1,440.00
Total financial assets	-	1,440.00	28,854.00	30,294.00
Financial liabilities				
Foreign exchange forward contracts and Cross Currency Interest Rate Swaps	-	50.58	-	50.58
Total financial liabilities	-	50.58	-	50.58

Valuation technique used to determine fair value

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



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed	Fair value	Carrying value	Fair value hierarchy
As at March 31, 2022			
Financial Liabilities			
Debt Securities	21,401.78	22,179.86	Level 3
Subordinated Liabilities	10,466.09	10,576.86	Level 3
Total financial liabilities	31,867.87	32,756.72	

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

- (i) **Loans:** The cash flows at the fixed rate were discounted to present value at the applicable internal benchmark rates. This value, as estimated, was discounted to present value at the applicable rates to determine their fair value.
- (ii) **Equity instruments:** Equity instruments in non-listed entities are initially recognized at transaction price and re-measured (to the extent information is available) and valued on a case-by-case basis and classified as Level 3.
- (iii) **Debt Securities and Subordinated Liabilities:** The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated/proxy yields of identical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value.
- (iv) **Financial assets and liabilities:** For financial assets and financial liabilities that have a short-term nature and long term financial assets and liabilities having floating rate structure, carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, loans, investment in debt securities, trade payables, lease liabilities, borrowings (other than debt securities), other financial assets and liabilities.

39.B.3 Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value.

(₹ in million)

Particulars	Loans - FVTOCI
	As at March 31, 2022
Opening Balance	23,266.91
Sold during the year	(24,710.22)
Re-classified to amortized cost	(8,210.67)
Issuances	38,507.98
Closing Balance	28,854.00

40.1 Transferred financial assets that are derecognized in their entirety

During the year, the Company has sold some loans and advances measured at FVTOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognized. The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plans, the Company's business model remains to hold the assets for collecting contractual cash flows.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

The table below summarizes the carrying amount of the derecognized financial assets measured at FVTOCI and the gain/(loss) on derecognition:

	(₹ in million)
Loans and advances	2021-22
Carrying amount of derecognized financial assets	24,710.22
Gain from derecognition for the year	1,045.58

The table below summarizes the carrying amount of the continuing involvement in derecognized financial assets

	(₹ in million)
Loans and advances	As at March 31, 2022
Carrying amount of continuing involvement in derecognized financial assets	8,383.87

40.2 Transferred financial assets that are not derecognized in their entirety:

The Company uses securitizations as a source of finance. Such transaction resulted in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Such deals resulted in continued recognition of the securitized assets since the Company retains substantial risks and rewards. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognized in their entirety and associated liabilities.

	(₹ in million)
Securitizations	As at March 31, 2022
Carrying amount of transferred assets measured at amortized cost	4,169.52
Carrying amount of associated liabilities	4,172.92
Fair value of assets	4,169.52
Fair value of associated liabilities	4,172.92

40.3 Re-classification of financial assets to amortized cost category

	(₹ in million)
Particulars	As at March 31, 2022
Fair value of financial assets re-classified as amortized cost	7,935.67
Fair value of gain/loss would have been recognized in profit or loss or other comprehensive income	(6.40)

40.4 Re-classification of financial assets from Fair Value Through Other Comprehensive Income to Amortized Cost

	As at March 31, 2022
Particulars	
Date of reclassification	July 2021 to March 2022
Reclassification amount (₹ in million)	8,210.67

Note: The Company has reclassified the above assets due to change in business model in respect of the specified assets. These assets are now intended to be held to collect the contractual cashflow.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

41. RELATED PARTY DISCLOSURES AS PER IND AS – 24 "RELATED PARTY DISCLOSURE" FOR THE YEAR ENDED MARCH 31, 2022

Nature of relationship	Name of Party
Holding company	IIFL Finance Limited
Fellow Subsidiary and Associate	IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)
	IIFL Facilities Services Limited
	IIFL Securities Limited
	IIFL Wealth Management Limited
	IIFL Wealth Finance Limited
	IIFL Management Services Limited
Other Related Parties (Due to common Promoter)	Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)
	Livlong Protection and Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)
	IIFL Commodities Limited
	IIFL Wealth Distribution Services Limited
	5Paisa Capital Limited
	India Infoline Foundation
Key Management Personnel and other Directors	Mr. Nirmal Jain - Non-Executive Director
	Mr. R. Venkataraman - Non Executive Director
	Mr. S. Sridhar - Chairman and Independent Director
	Mr. AK Purwar - Independent Director
	Mr. Kranti Sinha - Independent Director
	Ms. Suvalaxmi Chakraborty - Independent Director (ceased w.e.f. June 15, 2021)
	Ms. Mohua Mukherjee- Independent Director (w.e.f. August 26, 2021)

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

41.A Significant transactions with related parties:

Nature of Transaction	(₹ in million)				
	Holding Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Interest Expense					
IIFL Finance Limited	201.61	-	-	-	201.61
IIFL Securities Limited	-	-	3.31	-	3.31
IIFL Facilities Services Limited	-	-	0.70	-	0.70
IIFL Management Services Limited	-	-	1.60	-	1.60
Service Fees Income for Mortgage Portfolio					
IIFL Finance Limited	15.59	-	-	-	15.59
Corporate Social Responsibility Expense (CSR)					
India Infoline Foundation	-	-	70.70	-	70.70
Arranger fees Expense					
IIFL Finance Limited	0.43	-	-	-	0.43
IIFL Securities Limited	-	-	6.40	-	6.40
IIFL Wealth Distribution Services Limited	-	-	1.60	-	1.60
Commission/Brokerage Expense					
IIFL Securities Limited	-	-	232.52	-	232.52
Remuneration and Compensation to KMP					



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Nature of Transaction	Holding Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Mr. Monu Ratra - Short Term Benefit	-	-	-	49.33	49.33
Mr. Monu Ratra - Post Employment Benefit	-	-	-	0.16	0.16
Sitting Fees paid to Directors					
Mr. Kranti Sinha	-	-	-	0.68	0.68
Mr. S. Sridhar	-	-	-	0.77	0.77
Ms. Suvalaxmi Chakraborty	-	-	-	0.15	0.15
Mr. AK Purwar	-	-	-	0.31	0.31
Ms. Mohua Mukherjee	-	-	-	0.19	0.19
Commission to Directors					
Mr. Kranti Sinha	-	-	-	1.00	1.00
Mr. S. Sridhar	-	-	-	1.20	1.20
Ms. Mohua Mukherjee	-	-	-	0.60	0.60
Interim Dividend Payment					
IIFL Finance Limited	629.05	-	-	-	629.05
ICD Taken					
IIFL Finance Limited	32,844.00	-	-	-	32,844.00
IIFL Facilities Services Limited	-	-	450.00	-	450.00
ICD Returned					
IIFL Finance Limited	32,844.00	-	-	-	32,844.00
IIFL Facilities Services Limited	-	-	450.00	-	450.00
ICD/Loan Given					
IIFL Finance Limited	4,210.00	-	-	-	4,210.00
ICD/Loan received back					
IIFL Finance Limited	4,210.00	-	-	-	4,210.00
Purchase of Investment					
IIFL Finance Limited	1,440.00	-	-	-	1,440.00
Equity Shares Allotment					
IIFL Samasta Finance Limited	-	750.00	-	-	750.00
Allocation of expenses paid					
IIFL Securities Limited	-	-	44.67	-	44.67
IIFL Management Services Limited	-	-	0.85	-	0.85
IIFL Finance Limited	49.65	-	-	-	49.65
IIFL Facilities Services Limited	-	-	7.37	-	7.37
Reimbursement paid					
IIFL Securities Limited	-	-	3.17	-	3.17
IIFL Facilities Services Limited	-	-	0.01	-	0.01
IIFL Finance Limited	5.83	-	-	-	5.83
IIFL Management Services Limited	-	-	0.00	-	0.00
Livlong Insurance Brokers Limited	-	-	0.09	-	0.09
5Paisa Capital Limited	-	-	0.87	-	0.87
IIFL Wealth Management Limited	-	-	0.00	-	0.00
ESOP					
IIFL Securities Limited	-	-	0.02	-	0.02
IIFL Finance Limited	11.34	-	-	-	11.34
Allocation of expenses received					
IIFL Management Services Limited	-	-	0.00	-	0.00
IIFL Securities Limited	-	-	3.99	-	3.99
5Paisa Capital Limited	-	-	0.00	-	0.00
IIFL Finance Limited	9.10	-	-	-	9.10



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in million)

Nature of Transaction	Holding Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Reimbursement received					
IIFL Securities Limited	-	-	2.82	-	2.82
IIFL Finance Limited	2.63	-	-	-	2.63
IIFL Management Services Limited	-	-	0.04	-	0.04
IIFL Facilities Services Limited	-	-	0.00	-	0.00
5Paisa Capital Limited	-	-	0.33	-	0.33
Livlong Insurance Brokers Limited	-	-	0.20	-	0.20
Livlong Protection and Wellness Solutions Limited	-	-	0.08	-	0.08
Payment of Assignment Transactions					
IIFL Finance Limited	901.44	-	-	-	901.44

41 B. Closing balance:

(₹ in million)

Nature of Transaction	Holding Company	Fellow Subsidiaries and Associate	Other related parties	Key Managerial Personnel	Total
Payable to Group/Holding Company					
IIFL Facilities Services Limited	-	-	0.73	-	0.73
IIFL Securities Limited	-	-	0.04	-	0.04
IIFL Finance Limited	2.40	-	-	-	2.40
5paisa Capital Limited	-	-	0.06	-	0.06
IIFL Wealth Distribution Services Limited	-	-	1.81	-	1.81
Receivable from Group/Holding Company					
IIFL Management Services Limited	-	-	0.05	-	0.05
Livlong Insurance Brokers Limited	-	-	0.18	-	0.18
Livlong Protection and Wellness Solutions Limited	-	-	0.09	-	0.09
India Infoline Foundation	-	-	30.30	-	30.30
Debt Securities Outstanding					
IIFL Securities Limited	-	-	80.00	-	80.00
IIFL Management Services Limited	-	-	40.00	-	40.00
Provision for Post Employment Benefits					
Mr. Monu Ratra	-	-	-	2.53	2.53
Commission Payable					
Mr. Kranti Sinha	-	-	-	1.00	1.00
Mr. S. Sridhar	-	-	-	1.20	1.20
Ms. Mohua Mukherjee	-	-	-	0.60	0.60
Corporate Guarantee					
IIFL Finance Limited	8,454.96	-	-	-	8,454.96

41 C. Disclosure of Loan and advances pursuant to Regulation 53(f) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015:

(₹ in million)

Name of Related Party	Outstanding as on	Maximum Outstanding during the year
	March 31, 2022	
IIFL Finance Limited	-	-

Note: Amount given as ICDs to IIFL Finance Limited is in the nature of intraday transaction hence maximum outstanding is zero.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 42. CURRENT AND NON CURRENT CLASSIFICATION - STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022

		(₹ in million)		
Sr. no.	Particulars	Current	Non Current	Total
	ASSETS			
1	Financial Assets			
(a)	Cash and cash equivalents	13,996.22	-	13,996.22
(b)	Bank balance other than (a) above	2,842.37	1,490.57	4,332.94
(c)	Receivables	-		
	(l) Trade receivables	369.10	-	369.10
(d)	Loans	35,211.36	117,690.85	152,902.21
(e)	Investments	3.35	4,030.77	4,034.12
(f)	Other financial assets	22.97	3,555.20	3,578.17
2	Non-financial Assets			
(a)	Current tax assets (net)	-	55.06	55.06
(b)	Deferred tax assets (net)	-	641.97	641.97
(c)	Investment Property	-	66.30	66.30
(d)	Property, plant and equipment	-	65.74	65.74
(e)	Right of use assets	-	235.39	235.39
(f)	Other intangible assets	-	1.82	1.82
(g)	Other non-financial assets	47.09	0.65	47.74
(h)	Assets held for sale	96.99	-	96.99
	Total Assets	52,589.45	127,834.32	180,423.77
	LIABILITIES AND EQUITY			
1	Financial Liabilities			
(a)	Derivative financial instruments	-	50.58	50.58
(b)	Payables			
	(l) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	509.40	-	509.40
(c)	Finance Lease Obligation	62.41	193.96	256.37
(d)	Debt securities	2,946.93	19,232.93	22,179.86
(e)	Borrowings (other than debt securities)	25,536.01	83,913.33	109,449.34
(f)	Subordinated liabilities	129.06	10,447.80	10,576.86
(g)	Other financial liabilities	9,444.46	-	9,444.46
2	Non-financial Liabilities			
(a)	Current tax liabilities (net)	262.54	-	262.54
(b)	Provisions	96.19	46.47	142.66
(c)	Other non-financial liabilities	514.80	-	514.80
3	Equity			
(a)	Equity share capital	-	209.68	209.68
(b)	Other equity	-	26,827.22	26,827.22
(c)	Non-controlling interest	-	-	-
	Total liabilities and equity	39,501.80	140,921.97	180,423.77

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

43. Additional information pursuant to para 2 of schedule III on general instructions for the preparations of Consolidated Financial Statements

(₹ in million)

Name of entity in the Group	Net Assets i.e Total Assets less Total Liabilities		Share in profit or loss		Share in other comprehensive		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in million)	As % of consolidated profit or loss	Amount (₹ in million)	As % of consolidated other comprehensive income	Amount (₹ in million)	As % of consolidated total comprehensive income	Amount (₹ in million)
IIFL Home Finance Limited	90.67%	24,514.71	97.40%	5,779.96	101.05%	199.04	97.52%	5,979.00
Indian Subsidiaries								
IIFL Sales Limited	0.09%	23.98	0.47%	27.88	0.00%	-	0.45%	27.88
Non-controlling Interests in all subsidiaries	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Indian Associates (Investment as per the equity method)								
IIFL Samasta Finance Limited (formerly Samasta Microfinance Limited)	9.24%	2,498.21	2.13%	126.51	-1.05%	(2.07)	2.03%	124.44
Total	100.00%	27,036.90	100.00%	5,934.35	100.00%	196.97	100.00%	6,131.32

44. The Group has prepared and presented Consolidated Financial Statements for the first time in 2021-22. Hence, previous year comparatives are not available and not presented. Further, amounts appearing in cash flow statement for 2021-22 are compiled based on unaudited opening cash and cash equivalents as at April 01, 2021, which is neither audited nor reviewed by statutory auditors.

45. These financial statements were authorized for issue by the Company's Board of Directors on April 25, 2022.

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

R. Venkataraman

Director
(DIN: 00011919)
Place: Mumbai

Monu Ratra

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

Ajay Jaiswal

Company Secretary
(F6327)
Place: Gurugram

Amit Gupta

Chief Financial Officer
Place: Gurugram

Date: April 25, 2022



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures as on
March 31, 2022

Part "A": Subsidiaries

Sr no.	Particulars	(₹ in million)
		IIFL Sales Limited
1	Share capital	0.50
2	Reserves and surplus/Other Equity	27.88
3	Total assets	127.67
4	Total Liabilities	99.29
5	Investments	-
6	Total Turnover	74.98
7	Profit before taxation	37.83
8	Provision for taxation	9.95
9	Profit after taxation	27.88
10	Proposed Dividend	-
11	% of shareholding	100%

Reporting period for the subsidiary is same as holding company

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr no.	Particulars	IIFL Samasta Finance Limited
1	Latest audited Balance Sheet Date	March 31, 2022
2	Shares of Associate/Joint Ventures held by the Company on the year end	
	Number	124,555,797
	Amount of Investment in Associates/Joint Venture (₹ in million)	2,296.23
	Extend of Holding %	25%
3	Description of how there is significant influence	% holding more than 20%
4	Reason why the associate/joint venture is not consolidated	NA
5	Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in million)	9,992.83
6	Profit/Loss for the year (₹ in million)	497.76
7	Considered in Consolidation (₹ in million)	124.44
8	Not Considered in Consolidation (₹ in million)	373.32

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

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

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

Ajay Jaiswal
Company Secretary
(F6327)
Place: Gurugram

Amit Gupta
Chief Financial Officer
Place: Gurugram

Date: April 25, 2022