



# Statutory Reports

## DIRECTORS' REPORT

FY 2022 - 23

Dear Members,

Your Board of Directors have great pleasure in presenting the Seventeenth (17<sup>th</sup>) Annual Report of IIFL Home Finance Limited covering the business performance and operations of the Company, along with the Audited Standalone and Consolidated Financial Statements for the financial year ended on March 31, 2023.

### 1) Financial Summary

The Company's financial performance for the financial year ended on March 31, 2023 is presented below.

#### Consolidated Financial Results

The Company's consolidated financial performance for the year under review is summarised below:

(₹ in Crore)

Particulars	2022-23	2021-22
Gross Total Income	2,738.01	2,228.93
Less: Expenditure	1,737.49	1,479.18
Profit before Share of Profit of Associate and Tax	1,000.52	749.75
Profit from Associate	3.76	12.65
Profit before Tax	1,004.28	762.40
Less: Taxation	236.16	168.96
Net Profit after Tax	768.12	593.44

#### Standalone Financial Results

The Company's standalone financial performance for the year under review is summarised below:

(₹ in Crore)

Particulars	2022-23	2021-22
Gross Total Income	2,731.16	2,221.44
Less: Expenditure	1,708.26	1,475.48
Profit before Tax	1,022.90	745.96
Less: Taxation	232.57	167.97
Net Profit after Tax	790.33	577.99

The Standalone and Consolidated Financial statements for the year under review have been prepared in accordance with and other relevant provisions of the Companies Act, 2013.

The financial results and revenue from operations, including major developments that have been discussed in detail in the Management Discussion and Analysis Report attached to this Annual Report.

The standalone and the consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) applicable to the Company.

#### Financial Performance

##### Consolidated

On a consolidated basis, your Company has recorded an excellent performance with a turnover of ₹ 2,738.01 Crores as against ₹ 2,228.93 Crores in the previous year and a profit after tax of ₹ 768.12 Crores as against ₹ 593.44 Crores in the previous year.

#### Standalone

On a standalone basis, your Company recorded an exceptional performance with a turnover of ₹ 2,731.16 Crores as against ₹ 2,221.44 Crores in the previous year and a profit after tax of ₹ 790.33 Crores as against ₹ 577.99 Crores in the previous year.

Refer to the Management Discussion and Analysis report for more details.

### 2) Change in the Nature of Business

During the year, there has been no change in the nature of the business of the Company.

### 3) Review of Business

During the year under review, your Company's standalone total income amounted to ₹ 2,731.16 Crores. Profit before tax stood at ₹ 1,022.90 Crores Profit after tax stood at ₹ 790.33 Crores. During the year ended on March 31, 2023, Assets Under Management (AUM) of the Company grew by 21%





## DIRECTORS' REPORT (CONTD.)

y-o-y to ₹ 28,511.94 Crores. At the segment level, there is 23% growth in the loan book on of Home Loans and a marginal decline of 10% in the LAP segment. The total loan book has grown by 15% y-o-y to ₹ 18,055.45 Crores as on March 31, 2023.

### 4) Resource Mobilisation

#### Non-Convertible Debentures

During the year under review, the Company issued Secured Redeemable Non-Convertible Debentures aggregating to an amount of ₹ 280 Crores on a private placement basis. Further, the Company redeemed/bought Back Non-Convertible Debentures amounting to ₹ 139.93 Crores, issued on private placement basis.

The Company has been regular in making payments of principal and interest on NCDs. The Company has complied with the provisions of Chapter XI (Guidelines on Private Placement of Non-Convertible Debentures (NCDs)) of Master Directions- Housing Finance Companies (Reserve Bank of India), 2021, for the issuance of Non-Convertible Debentures on Private Placement basis. During the year under review, the Non-Convertible Debentures were paid / redeemed by the Company on or before their respective due dates. As of March 31, 2023, outstanding Secured Non-Convertible Debentures stands at ₹ 1,782.19 Crores and outstanding Unsecured Non-Convertible Debentures amounts to ₹ 346.52 Crores. During the year under review, there were no Non-Convertible Debentures that were not claimed by the investor or not paid by the Company after the date on which Non-Convertible Debentures became due for redemption.

#### Term Loans and Other Borrowings

During the year under review, the Company availed ₹ 1061.16 Crores of refinance facilities from NHB under various refinance schemes of NHB. Further, the Company raised funds by way of borrowing from term loans, issuance of Commercial paper, and other sources. As on March 31, 2023, total outstanding borrowings excluding NCDs stood at ₹ 11586.40 Crores.

#### Assignment of Loans

During the year under review, the Company securitised /assigned the receivables of housing loan portfolio aggregating to ₹ 1656.68 Crores and non-housing loan portfolio aggregating to ₹ 618.13 Crores. The Company was appointed as a servicer by the Assignee/Trustee to collect and receive payment of the receivables from the Securitised/Assigned Assets.

### 5) Dividend

During the year under review, considering the performance of the Company and the capital and liquidity buffer available with the Company, your Directors recommended an Interim Dividend of ₹ 40 per equity share of face value of ₹ 10 each. The dividend was paid to those shareholders whose names were registered in the Register of Members as on January 27, 2023 being the record date. Total outgo towards payment of Dividend was ₹ 105,37,85,520/-. Your Directors recommend that the said Interim Dividend be considered as final. The dividend payout ratio was well within the limits prescribed in and in compliance with the Circular No. RBI/2021-22/59 DOR.ACC. REC. No.23/21.02.067/2021-22 dated June 24, 2021 issued by RBI for payment of dividend by HFCs and NBFCs.

### 6) Transfer to Reserves

Pursuant to Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. During the year under review, the Company transferred ₹ 158.1 Crores (20% of Net Profit for the year) to Special Reserve. As on March 31, 2023, the said Reserves stood at ₹ 561.07 Crores. The balance in General Reserves stood at ₹ 143.86 Crores.

### 7) State of Company's Affairs

#### Authorised Share Capital

As on March 31, 2023, Authorised Share Capital of the Company was ₹ 1,720,000,000 (Rupees One Hundred and Seventy-Two Crore Only) divided into 1,52,000,000 (Fifteen Crores and Twenty Lakh) Equity Shares of ₹ 10 (Rupees ten only) each and ₹ 20,000,000 (Rupees Two Crores) Preference Shares of ₹ 10 (Rupees Ten only) each.

#### Paid-up Share Capital

During the year under review, your Board of Directors has decided to increase its capital base as in order to grow the business. As on March 31, 2023, the paid up share capital of the Company stands at ₹ 26,34,46,380 comprising of 2,63,44,638 equity shares of ₹ 10 each.

During the year, your Company has recorded an excellent performance and intends to keep up the growth prospects in coming future.

### 8) Public Deposits

The Company is registered with National Housing Bank as a non-deposit taking housing finance Company.

## DIRECTORS' REPORT (CONTD.)

During the year under review, your Company has not accepted/ renewed any public deposit. The provisions of Section 73 of the Companies Act 2013, read with applicable rules thereto and disclosure requirement under the para 44 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 are not applicable to the Company.

### 9) Employee Stock Option Schemes

Your Company has formulated Employee Stock Option Scheme ('Scheme'), which have been duly approved by the shareholders of the Company in their meeting held on August 04, 2022. The Schemes have been devised in accordance with the Companies Act, 2013 with amendments or any enactments thereof, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (to the extent applicable).

Presently, the Company has approved to create, issue, offer and allot options exercisable into Equity Shares not exceeding 5,37,746 (Five Lakh Thirty-Seven Thousand Seven Hundred Forty-Six Only) options, with each such option conferring a right upon the Employee (as defined in the Scheme) to apply for one equity share of the Company, in accordance with the terms and conditions of such grant.

### 10) Investor Education and Protection Fund

The interest on Non-Convertible Debentures remaining unclaimed for period of seven years from the date they become due for payment have been transferred to Investor Education and Protection Fund in accordance with the Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') and other relevant provisions of the Act. During the year, the Company has transferred ₹ 0.09 Crores to the Investor Education and Protection Fund "IEPF Rules". The concerned debenture holders can claim the interest from IEPF.

### 11) Internal Financial Control with Reference to Financial Statements

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

financial reporting are adequate and such controls are operating effectively as of March 31, 2023.

### 12) Vigil Mechanism

In Compliance with the provisions of Section 177(9) of the Companies Act, 2013, read with the Rules made thereunder, the Company has adopted a whistle blower Policy and has established the necessary vigil mechanism for employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics policy. The Policy also provides for adequate safeguard against victimisation of whistle blower who avails of such mechanism and also provides for the access to the Chairman of the Audit Committee. None of the whistle blower have been denied access to the Audit Committee. whistle blower Policy is uploaded on website of the Company at <https://www.iiflhomeloans.com/corporate-governance>.

### 13) Prevention of Sexual Harassment of Women at Workplace

The Company has zero tolerance towards sexual harassment at the workplace and has strong 'Policy for Prevention Of Sexual Harassment (POSH)' at workplace to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide a procedure for redressal of complaints pertaining to such harassment. In order to sensitise the employees about the policy, the Company has placed the policy on intranet portal of the Company for ease of access and unified dissemination of the policy to each and every employee of the Company.

The Company also has an Internal Complaints Committee (ICC) constituted in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with its allied Rules. The committee is responsible for conducting inquiries pertaining to complaints under the Act. Specialised training for ICC members is conducted every year and all the employees undergo POSH training module periodically.

During the year, ICC has received 'NIL' complaints of sexual harassment from the employees of the Company. The Company ensures to sensitize its employees on regular basis about prevention and prohibition of sexual harassment.

### 14) Credit Ratings

During the year under review, the Company's long term debt was rated BWR AA+ (Negative) by Brickworks



## DIRECTORS' REPORT (CONTD.)

Ratings, CRISIL AA (Stable) by CRISIL Rating Limited, [ICRA] AA (Stable) by ICRA Limited and CARE AA (Stable) by CARE Ratings Limited.

### 15) Anti-Corruption Mechanism

It is the Company's vision - "To become the most respected company in the financial services space in India." Accordingly, we have an Anti-Corruption framework which consists of Anti-Corruption, Gift and Whistle Blower/Vigilance policies applicable to all our employees. The Company has responsibility to be transparent in all our dealings towards both the stakeholders and to the communities with which we conduct business.

The Company has a zero tolerance approach towards bribery and other forms of unlawful activities. Our Anti-Corruption framework ensures that stakeholders do not engage in bribery or corruption in any form. In all our policies, we explicitly stipulate that neither the Company nor its representative will pay or procure payment of a bribe or unlawful fee to encourage the performance of a task or one which is intended or likely to compromise the integrity of another. The Company does not accept any payment, gift or inducement from a third party which is intended to compromise our own integrity.

E-learning training on anti-corruption is mandatory for all employees to ensure a clear understanding of Anti-Corruption Policy and ways to mitigate such risks.

### 16) Subsidiary Company

IIFL Sales Limited is a wholly-owned subsidiary of the Company. IIFL Sales Limited offers professional/consultancy services that include sourcing, marketing, promoting, publicising, advertising, brand building, selling and distributing, among the others. It also intends to provide all kinds of advisory/consultancy services and fees-based intermediation, syndication and liasoning services.

As per provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (Listing Regulations) IIFL Sales Limited does not fall under criteria of 'material subsidiary'. Further, the Company has framed as policy on Determination of Material Subsidiary and the same has been placed on the website of the Company.

### 17) Sale of Investment in IIFL Samasta Finance Limited

During the year under review, the Company sold 12,45,55,797 fully paid equity shares of ₹ 10/- (entire shareholding) each constituting of 25% equity shares

held by the Company in IIFL Samasta Finance Limited (Associate Company) to IIFL Finance Limited (the Holding Company) at a price of ₹ 20.80 per equity share aggregating to ₹ 259,07,60,578. Therefore, IIFL Samasta Finance Limited ceased to be an Associate Company of the Company on June 09, 2022.

### 18) Risk Management

Risk management is an indispensable part of the Company's strategy. The Company operates in an environment wherein various types of risks emanating from internal as well as external sources which, if not managed properly, could lead to disruption in business and impact the attainment of main objectives of the organisation.

In order to safeguard and facilitate proactive management of risk, the Company has Board approved Risk Management Policy in place and created a comprehensive 'Enterprise Risk Management Framework (ERM)' which is designed to identify, measure, monitor, control and mitigate various types of risk. The Company's Risk Management strategy is governed by the Board with the assistance from its Risk Management Committee that regulates and oversees enterprise-wide risk management, ensuring it to develop a sustainable business, creating the long-term value for its stakeholders

Risk Management Department identifies, analyse and takes measures to mitigate various risks faced by the Company. The department is guided by the Company's Risk Management Committee and the Senior Management to develop and implement Risk Assurance practices on a pan-organisation basis. The risk management framework institutionalised in the Company is supported by a 'Three Lines of Defense' approach. Business functions act as the first line of defense, control functions like Risk Management and Compliance act as second line of defense and the Internal Audit acts as the third line.

### 19) Directors and Key Managerial Personnel

#### Independent Directors

During the year under review, Mr. Venkataramanan Anantharaman (DIN: 01223191) was appointed as Independent Director in the Company w.e.f. February 21, 2023. In the opinion of the Board, Mr. Venkataramanan Anantharaman fulfils the conditions specified in the Act; he is independent of the management. The Board considers that his expertise and experience (including the proficiency) and his continued association would be of immense

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benefit to the Company. The detailed profile of Mr. Venkataramanan Anantharaman is provided in the Corporate Governance Report. Further, shareholders have approved his appointment in their meeting held on March 31, 2023.

#### Non-Executive Directors

In terms of provisions of Section 152 of the Companies Act, 2013, Mr. Rajamani Venkataraman (DIN: 00011919), Non-Executive Director is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for reappointment. The Board recommends the same for shareholders' approval.

Further, on the recommendation of Nomination & Remuneration Committee, the Board of Directors in their meeting held on August 22, 2022 have approved the appointment of Mr. Kabir Mathur as the Nominee Director in the Company. Further, shareholders have approved his appointment in their meeting held on August 22, 2022.

#### Key Managerial Personnel

Mr. Monu Ratra, Executive Director & CEO, Mr. Ajay Jaiswal, Company Secretary and Mr. Amit Gupta, Chief Financial Officer are the Key Managerial Personnel (KMPs) as per the provisions of the Companies Act, 2013 and Rules made thereunder. There was no change in the (KMPs).

### 20) Code of Conduct for directors and Senior Management Personnel

The Code of Conduct for Directors and Senior Management Personnel of the Company is in conformity with the requirements of the Listing Regulations and is placed on the website of the Company at [www.iiflhomeloans.com](http://www.iiflhomeloans.com).

All the Directors of the Company and Senior Management Personnel have affirmed compliance with Company's Code of Conduct for Directors and Senior Management during the year and a declaration to that effect, signed by the CEO of the Company is enclosed to this Annual Report.

### 21) Directors & Officers Insurance Policy

The Company has an appropriate Directors and Officers Liability Insurance Policy which provides indemnity in respect of liabilities incurred as a result of their office. The policy is renewed every year by the Company.

The coverage of the insurance extends to all directors of the Company, including the Independent Directors.

### 22) Number of Meetings of Board

During the period under review, nine (9) Board meetings were held and the gap between the said meetings did not exceed the limit of 120 days as prescribed under the provisions of Companies Act, 2013, and Rules made thereunder, Secretarial Standard-I Issued by Institute of Company Secretaries of India and provisions of SEBI Listing Regulations. The dates of Board meetings and details of attendance of each director have been disclosed in the Corporate Governance Report annexed with Board's Report as **Annexure-V**.

### 23) Committees of the Board

The Company believes that Board Committees are crucial to promote best Corporate Governance practices within the Company. Accordingly, the Company has constituted various Board Committees to improve the Board efficiency and to support in decision making. The constitution of these Committees is in acquiescence of provisions of the Companies Act, 2013, and relevant rules made thereunder, SEBI Listing Regulations, applicable regulations of National Housing Bank/Reserve Bank of India, Articles of Association and other guidelines issued from time to time. The details of the Board Committees of the Company including number & date of meetings of Committees held during the FY 2022-23 and attendance thereat are disclosed in the Corporate Governance Report annexed with Board's Report as **Annexure-V**.

### 24) Board Evaluation

In accordance with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations, 2015, The Board in coordination with and upon the recommendation of the Nomination and Remuneration Committee (NRC) has adopted a formal mechanism for evaluation of annual performance of the individual Directors, Board as a whole and Board Committees. The same was carried out by the Board of Directors for the FY 2022-23.

The Independent Directors of the Company, also, at their separate meeting held during the year, reviewed the performance of Non-Independent Directors, Chairperson and Board as a whole including evaluation of timeliness and flow of information in the Company and provided their suggestions for improvement.

In this regard, the Board of Directors considers that the Independent Directors on the Board of the Company has the required level of expertise, experience and integrity as is required for the position.



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### 25) Meeting of Independent Directors

In terms of Schedule IV of the Companies Act, 2013, the Independent Directors are required to hold at least one meeting in a financial year without the presence of Non- Independent Directors and Members of the Management, to review the matters as set out therein. During the Financial Year 2022-23, the Independent Directors met on 22<sup>nd</sup> March 2023, *inter alia*, to review the matters statutorily prescribed under the Companies Act, 2013 and Listing Regulations.

### 26) Familiarization Program for Independent Director

In accordance with the provisions of Regulation 25(7) and 62 of the Listing Regulations, the Company familiarises its independent directors at regular intervals, with their roles and responsibilities and the business strategies of the Company. Apart from the aforementioned, the Company also update the independent directors periodically with the recent changes in statutory provisions applicable on the Company and/or any change /addition in the business operations of the Company. The details of training and familiarization program conducted during the year are provided in the Corporate Governance Report and is also available on the website of the Company at [www.iiflhomeloans.com](http://www.iiflhomeloans.com).

### 27) Fit and Proper Criteria & Code of Conduct

The Reserve Bank of India (RBI) vide its Notification No. RBI/2020-21/73 DOR.FIN.HFC.CC. No. 120/03.10.136/2020-21 February 17, 2021 prescribed Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions) for housing finance Companies. The RBI HFC Directions, *inter alia*, requires all the Housing Finance Companies to put in place an Internal Guidelines on Corporate Governance and a Policy on 'fit and proper' criteria for Director/s at the time of appointment, and on a continuing basis, with the approval of the Board of Directors of the Company. The Company has Internal Guidelines on Corporate Governance and the same is placed on the website of the Company [www.iiflhomeloans.com](http://www.iiflhomeloans.com).

All the Directors of the Company for the period under review have affirmed compliance with the Code of conduct of the Company. The Declaration of the same is provided in the Corporate Governance Report.

### 28) Statement of Declaration by Independent Directors

In terms of provisions of sub-section (7) of Section 149 of the Companies Act, 2013 and Regulation

25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has received declarations by Independent Directors stating and confirming that they are not disqualified to act as Independent Directors on the Board of the Company and further the Board is also of the opinion that the Independent Directors fulfil all the conditions specified in the Companies Act, 2013, making them eligible to act as the Independent Director.

### 29) Auditors and Reports

The members of the Company at the 14<sup>th</sup> Annual General Meeting held on June 11, 2020 had approved the appointment of M/s. MP Chitale & Co., Chartered Accountants (Firm Registration Number: 101851W), as the Statutory Auditors of the Company for a period of 5 (five) years commencing from the 2020-21 till (and including) the 2024-25.

Pursuant to the requirement of the Reserve Bank of India ("RBI") has on April 27, 2021, issued the Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines"), and in order to fill vacancy caused by completion of tenure of M/s. MP Chitale & Co., Chartered Accountants, the Board of Directors, on the recommendation of the Audit Committee, subject to the approval of the shareholders at ensuring Annual General Meeting, approved the appointment of M/s. S. R. Batliboi & Associates LLP Chartered Accountants, LLP (Firm Registration Number: 101049W/E300004) as the Auditors of the Company for a period of 3 years starting from April 1, 2023 as the Statutory Auditors. The Board also placed on records its sincere appreciation on services rendered by M/s. MP Chitale & Co., Chartered Accountants as the Statutory Auditors of the Company during their tenure.

M/s. S. R. Batliboi & Associates LLP and M/s. Suresh Surana & Associates LLP, shall act as joint Statutory Auditors of the Company for the remainder of the term of M/s. Suresh Surana & Associates LLP, and that M/s. S. R. Batliboi & Associates LLP shall thereafter act as joint Statutory Auditors of the Company with such new joint Statutory Auditor(s) who will be appointed by the Company subject to approval of the Members of the Company from 2025-26 onwards.

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### Qualification/ Reservation/ Adverse remark / Disclaimer of Statutory Auditors on Financial Statements for FY 2022-23

The Statutory Auditors have not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report on the Financial Statements for FY 2022-23.

### 30) Reporting of Frauds by Auditors

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

### 31) Maintenance of Cost Records:

The Company being a Housing Finance Company is not required to maintain cost records as prescribed under section 148(1) of the Companies Act, 2013.

### 32) Regulatory Guidelines

The Company has duly complied with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, Capital Adequacy, concentration norms and ALM requirements, among others, as in force from time to time.

The Company has been maintaining capital adequacy as prescribed by RBI. The Capital adequacy was 47.28% (IND-AS) (as against 15% prescribed by the RBI) as on March 31, 2023.

### 33) Remuneration Policy

The Board of Directors of the Company approved the Nomination and Remuneration Policy on recommendation of the Nomination and Remuneration Committee. Objective of the Policy is to have adequate composition of the Board comprising of Executive, Non-Executive and Independent Directors and appointment and removal of Directors, Key Managerial Personnel (KMPs). The Policy also provides for remuneration to Directors, KMPs and senior management, involves balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goal. The Remuneration Policy is placed at website of the Company at <https://www.iiflhomeloans.com/corporate-governance>.

### 34) Material Changes and Commitments Affecting the Financial Position of the Company

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

### 35) Significant and Material Orders

During the year, there were no significant or material orders passed by the regulators, courts, or tribunals, impacting the going concern status and Company's operations in future.

### 36) Corporate Social Responsibility

The Corporate Social Responsibility ("CSR") Committee of the Board has formulated and recommended to the Board a CSR Policy indicating the CSR activities that can be undertaken by the Company. The Board approved the CSR Policy which is available on the website of the Company at <https://www.iiflhomeloans.com/corporate-governance>.

The CSR projects of the Company are guided by the same values that guide the business of IIFL Group Companies. It can be summarised in one acronym: HELP, which stands for Health, Education, Livelihood and Poverty Alleviation.

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

### 37) Particulars of Employee

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

Further, a statement showing the names and other particulars of employees drawing remuneration as per the limits set out in Rules 5(2) and 5(3) of the aforesaid Rules, forms part of this Report. However, in terms of the provisions of Section 136(1) of the



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Companies Act, 2013, read with the Rules, the Annual Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid information. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy will be sent.

### 38) Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit was conducted by M/s RMG & Associates, Practising Company Secretaries for the FY 2022-23. The Secretarial Audit does not contain any qualifications and the same is annexed as **Annexure III** to this Report.

### 39) Annual Secretarial Compliance Report

The Board of Directors of the Company has appointed M/s RMG & Associates, Practising Company Secretaries Firm to conduct an annual secretarial audit for FY 2022-23 on compliance with all applicable SEBI Regulations and circulars/guidelines issued thereunder. The Secretarial Auditors issued the Secretarial Compliance Report (the Report) pursuant to the provisions of Regulation 24A of the Listing Regulations read with the SEBI circular dated 8th February, 2019.

### 40) Corporate Governance

Pursuant to the requirements of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), Related Party Transaction Policy and a Report of the Directors on Corporate Governance form part of this report and are placed at **Annexure IV** and **Annexure V**, respectively.

### 41) Management Discussion and Analysis Report

In accordance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions), the Management Discussion and Analysis Report forms part of this report and is provided in this Report at **Annexure VI**.

### 42) Annual Return

As required under Section 92(3) of the Act and the Rules made thereunder and amended from time to time, the Annual Return of the Company in prescribed Form MGT-7 is available on the website of the Company, i.e., [www.iiflhomeloans.com](http://www.iiflhomeloans.com).

### 43) Secretarial Standards

The Board confirms that the Company complied with all applicable mandatory Secretarial Standards for FY 2022-23.

### 44) Name & Contact Details of Debenture Trustees

#### a. Vistra ITCL (India) Limited

(Formerly known as IL&FS Trust Company Limited)  
IL&FS Financial Center,  
Plot C-22, G Block, Bandra- Kurla Complex,  
Bandra (East), Mumbai-400 051  
Telephone: +91 22 6930 0000  
Fax: + 91 22 2850 0029  
E-mail: [mumbai@vistra.com](mailto:mumbai@vistra.com)

#### b. Catalyst Trusteeship Limited

(Erstwhile GDA Trusteeship Limited)  
Windsor, 6th Floor, Office No - 604,  
C.S.T. Road, Kalina, Santacruz (East),  
Mumbai - 400 098  
Telephone: +91 22 4922 0555  
Email: [dt.mumbai@ctltrustee.com](mailto:dt.mumbai@ctltrustee.com)

### 45) Directors' Responsibility Statement

The Board acknowledges its responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended as of March 31, 2023 and states that:

- In the preparation of the Annual Accounts, the applicable Accounting Standards were followed along with proper explanations relating to material departures;
- The Directors had selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period;

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- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the Annual Accounts on a going concern basis;
- The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively; and
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 46) Auditors Report

The Audit Report as issued by M/s MP Chitale & Co., Chartered Accountants and M/s Suresh Surana & Associates LLP, Chartered Accountants Statutory Auditors of the Company, forming part of the Company's Financial Statements, does not contain any qualifications, observations, or remarks made by the Statutory Auditors in their Report.

### 47) Particulars of Loans, Guarantees or Investments

As the Company is a Housing Finance Company, the disclosures regarding the particulars of the loans made, guarantees given and security provided are exempt under the provisions of Section 186(11) of the Companies Act, 2013. As such, the particulars of loans and guarantees have not been provided in this Report.

As regards investments made by the Company, the details of the same are provided under Note No. 8, which forms part of the Audited Financial Statements for the year ended on March 31, 2023.

### 48) Particulars of Contracts or Arrangements with Related Parties

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Company and were on an arm's length basis. No contracts/arrangements have been entered into by the Company with its Promoters, Directors, Key Managerial Personnel or other persons that may have a potential conflict with the interests of the Company. Since all related party transactions

entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company. The transactions with related parties are disclosed in the Notes to Accounts in the Standalone Financial Statements of the Company for the year ended on March 31, 2023.

Related Party Policy which has been approved by the Board of Directors, the same has been placed on the website of the Company <https://www.iiflhomeloans.com/corporate-governance>

### 49) Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

#### Conservation of Energy

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

- Gurugram head office got Gold Level LEED Rating under Operations and Maintenance Category (Version 4.1) from USGBC (U.S. Green Building Council)
- Solar panels of 25 kWp capacity have been installed on the rooftop of the Gurgaon head office to offset some of our energy consumption.
- Replacement of all existing lighting fixtures with LED lights equipped with motion sensors throughout the Gurgaon head office building.
- Education and awareness programmes for employees.
- Creating environmental awareness by way of distributing the information in electronic form

The Management frequently puts circulars on the corporate intranet, IWIN for the employees educating them on ways and means to conserve electricity and other natural resources and ensuring strict compliance with the same.

#### Technology

The Company remains committed to investing in technology to provide it with a competitive edge and business scalability. Digitisation and analytics through all business processes have been the Company's focus, enabling agility, flexibility and relevance. The major highlights of the current year are as follows:



## DIRECTORS' REPORT (CONTD.)

- The Company has introduced Jhatpat for all retail loans, expanding the business rule engine advantage for all loan cases.
- Jhatpat is now available on the Google Play Store, removing the dependency on using Company-linked devices by employees and reducing asset management issues.
- The Company has introduced a central technical team for property valuation. This will help collect data and implement a business rule engine for property verification in the future.
- The Company has begun the implementation of vernacular communication for our customers to have more transparency and understanding of their running loans.
- The Company has introduced digital dockets for all products with grid-based customisation of transactions and need-based documents that are mandatory for the customer to read and sign accordingly.

As the Company continues to expand its geographic reach and enhance the scale of operations, it intends to further develop and integrate technology to support growth and improve service quality.

### 50) Foreign Exchange Earnings & Outgo

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

Foreign exchange earnings: - NIL

Foreign exchange expenditure: - 0.76 Crores

### 51) Application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016:

No application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the reporting period.

### 52) Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof:

Not applicable during reporting period.

### 53) Annexure forming part of this Report of Directors

The Annexure referred to in this Report and other information which are required to be disclosed are annexed herewith and form a part of this Report of the Directors:

- Report on Corporate Social Responsibility - **Annexure I**
- The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 - **Annexure II**
- Secretarial Audit Report - **Annexure III**
- The Related Party Transaction Policy - **Annexure IV**
- Report on Corporate Governance- **Annexure V**
- Management Discussion & Analysis Report- **Annexure VI**

### 54) Acknowledgements

The Company's Directors place on record their sincere appreciation for the assistance and guidance provided by the regulators, stock exchanges, other statutory bodies, and the bankers for the assistance, cooperation, and encouragement extended.

IIFL Home Finance's Directors also gratefully acknowledge all stakeholders, including customers, dealers, vendors, banks and other business partners, for the excellent support received from them during the year. The Company's employees are instrumental in scaling new heights, year after year. Shareholders' commitment and contribution is deeply acknowledged. Your involvement as shareholder is also greatly valued. The Directors look forward to the continued support of the shareholders.

### For and on behalf of the Board of Directors

**Monu Ratra**  
Executive Director & CEO  
DIN: 07406284

Place: Gurugram  
Date: April 24, 2023

**R. Venkataraman**  
Director  
DIN: 00011919

Place: Mumbai

## ANNEXURE – I TO DIRECTORS' REPORT

### The Annual Report on Corporate Social Responsibility (CSR) Activities of IIFL Home Finance Limited for the Financial Year ended March 31, 2023

[Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

#### 1. Brief outline on CSR Policy of the Company:

IIFL Home Finance Limited ("the Company" or "IIFL Home Finance") ensures that its activities extend beyond business and include initiatives and endeavours for the benefit and development of the community and society. The Company strongly believes that Corporate Social Responsibility ("CSR") initiatives play a crucial role in promoting inclusive growth and equitable development.

The CSR Policy and activities of the Company are guided by the same values that guide its business of the Company. It can be summarised in one acronym-FIT, which stands for:

- Fairness** in all our transactions
- Integrity** and Honesty in letter, in spirit and in all our dealings with people
- Transparency** in all our dealings

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

The focus areas prioritised by IIFL Home Finance Limited in its CSR strategy are guided by the philosophy of HELP (Health, Education & Environment, Livelihood and Poverty Alleviation). The CSR activities of IIFL Home Finance are executed by India Infoline Foundation (generally referred to as "IIFL Foundation"), the Implementing Agency. In line with its philosophy, the Company had undertaken the following activities during FY 2022-23:

- The Building foundational literacy among females from marginalised communities in Rajasthan, through our 'Sakhion ki Baadi' programme, which has engaged with 33,965 students across 12 districts through 446 learning centres.
- Providing long-term intervention, following a holistic approach (nutrition, health, learning, and community strengthening, in a caring and protecting environment) through our "Chauras" programme, which has benefited 500 children through 10 centres in Uttar Pradesh, Rajasthan, Gujarat.

- Creating awareness on the adoption of sustainable construction practices and the adoption of sustainable affordable housing through "Kutumb" - a knowledge ecosystem that promotes green affordable building in India. Five kutumbs were organised in Gujarat, Andhra Pradesh, Telangana, New Delhi, Kolkata, Karnataka, and Pune. Bangladesh International Kutumb impacting over 800 participants
- Creating awareness on sustainable livelihood through the "DISHA" programme, which has engaged more than 1900 people in 30 villages in Gujarat.
- The Building foundational literacy among children of migrant workers and providing trainings to the construction workers, through our 'Pankh' programme, which has enrolled 332 children and provided training to 2814 construction workers.
- Developing 'Emergency Services' at Maharana Bhupal Govt. Hospital, Udaipur, Rajasthan, by setting up three Operation Theatres, an ICU & OPD, and medical equipment at the orthopaedic ward.
- Providing a comprehensive certification course giving a 360-degree view of the BFSI sector – savings, protection, investment and lending to women belonging to lower income households, allowing them an opportunity to excel in their careers with professional skills. The programme has engaged 200 women in New Delhi.
- Contributing 52 chairs to the District Bar Council of Gurgaon towards the enhancement of civil infrastructure.
- Contributing 14 electric wheelchairs to the Indian veterans
- Promoting a programme Smart Shaal for Academic Learning of Teachers and Students at Government schools in Sonbhadra & Chitrakoot, Uttar Pradesh. Through this programme we engage with 2.7 Lakhs students and 5582 teachers from 2791 Government schools.
- Growfund – Grant for building the capacity of 6 Non-Governmental Organisations (NGOs) from Tamil Nadu, Jharkhand, Karnataka, and Maharashtra.
- Setting up of Mini libraries at 500 Government schools across Mumbai, Pune, and Satara.
- Development of an in-patient ward at Bhakti Vedanta Hospital, dedicated to offer treatment at a low cost for patients. The facility offers Cancer radiation therapy, comprehensive eye care, and other multi-specialty services.

**ANNEXURE – I TO DIRECTORS' REPORT (CONTD.)****2. Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1	Mr. R Venkataraman	Chairperson	3	3
2	Mr. Kranti Sinha	Member	3	3
3	Mr. Monu Ratra	Member	3	3
4	Ms. Mohua Mukherjee	Member	3	3

**3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:**

<https://www.iiflhomeloans.com/corporate-governance>

**4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:**

Not Applicable

**5.**

Sl. No.	Particulars	Amount (in ₹)
a.	Average net profit of the Company as per sub-section (5) of section 135	6,54,52,99,416 /-
b.	Two percent of average net profit of the Company as per sub-section (5) of section 135	13,09,05,988 /-
c.	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	NIL
d.	Amount required to be set-off for the financial year, if any	NIL
e.	Total CSR obligation for the financial year [(b)+(c)-(d)]	13,10,00,000/- (Rounded Off)

a. Amount spent on CSR Projects (both ongoing project and other than ongoing project): 7,89,68,510/-

b. Amount spent in Administrative overheads: NIL

c. Amount spent on Impact Assessment, if applicable: Not Applicable

d. Total amount spent for the Financial Year [(a)+(b)+(c)]: 7,89,68,510

e. CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount unspent (in ₹)				
	Total amount transferred to unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount.	Date of transfer	Name of the fund	Amount	Date of transfer
7,89,68,510	2,14,11,359	17-04-2023	Not Applicable	Not Applicable	Not Applicable
	3,06,20,131	20-04-2023			

**f. Excess amount for set-off, if any:**

Not Applicable

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	-
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

**ANNEXURE – I TO DIRECTORS' REPORT (CONTD.)****6. Details of unspent Corporate Social Responsibility amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
1	FY 2021-22	3,03,00,000/-	NIL	3,03,00,000/-	NIL	-	NIL	-
2	FY 2020-21	-	-	-	-	-	-	-
3	FY 2019-20	-	-	-	-	-	-	-

**7. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

No

If Yes, enter the number of Capital assets created/ acquired – N/A

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1	-	-	-	-	-	-	-

**8. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135:**

The unspent amount was pertaining to the ongoing projects and the same would be required and utilised over the period of three years as stipulated under the Companies Act, 2013

**Responsibility statement of the CSR Committee:**

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

**For IIFL Home Finance Limited**

**R. Venkataraman**  
Chairman  
(DIN: 00011919)  
Place: Mumbai

**Monu Ratra**  
Executive Director & CEO  
(DIN: 0740628)  
Place: Gurugram

Date: April 24, 2023

**ANNEXURE – II TO DIRECTORS' REPORT**

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

Sr. No	Requirements	Disclosure	
1	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year.	Executive Chairman	NIL
		Executive Director & CEO	223.24%
		<b>Non- Executive Director</b>	
		Mr. S. Sridhar	3.33%#
		Mr. Kranti Sinha	2.78%#
		Mr. Nirmal Jain	NIL
		Mr. R. Venkataraman	NIL
		Mr. Kabir Mathur	Nil
		Ms. Mohua Mukherjee	2.78%#
		Mr. Arun Kumar Purwar	Nil
2	The percentage increase in remuneration of each director, CFO, CEO and CS in the financial year.	Executive Chairman	NIL
		Executive Director & CEO	10%
		<b>Non- Executive Director</b>	
		Mr. S. Sridhar	NIL
		Mr. Kranti Sinha	NIL
		Mr. Nirmal Jain	NIL
		Mr. R. Venkataraman	NIL
		Ms. Mohua Mukherjee#	NIL
		Mr. Arun Kumar Purwar	NIL
		Mr. Venkataramanan Anantharaman*	NIL
		Mr. Kabir Mathur**	Nil
		<b>KMPs other than Directors</b>	
		Chief Financial Officer	12%
Company Secretary	18%		
3	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of the employees in the financial year increased by 6%. The calculation of the % increase in median remuneration is done based on comparable employees. Due to this, the employees who were not eligible for any increment have been excluded.	
4	The number of permanent employees on the rolls of the Company.	The Company had 3793 employees on the rolls as on March 31, 2023.	
5	Average percentile increases already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof, and point out if there are any exceptional circumstances for an increase in the managerial remuneration.	Not applicable to the Company as all the employees are under managerial roles.	
6	Key parameters for any variable component of remuneration availed by the Directors.	The broad factors and guidelines considered for a performance bonus are: (a) Annual performance review by the Board. (b) Financial outcomes and profitability of the Company.	

**ANNEXURE – II TO DIRECTORS' REPORT (CONTD.)**

Sr. No	Requirements	Disclosure
7	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes, it is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

- \* Mr. Venkataramanan Anantharaman was appointed as Director of the Company w.e.f. February 21, 2023.
- \*\* Mr. Kabir Mathur was appointed as Director of the Company w.e.f. August 22, 2022.
- # The ratio of the remuneration of Mr. S. Sridhar, Mr. Kranti Sinha and Ms. Mohua Mukherjee to the median remuneration of the employees for the financial year has been calculated on the basis of commission to be paid for the FY 2022-23.
- In above calculation, remuneration, Fixed CTC and performance bonus has been considered for presenting data on comparable basis for Mr. Monu Ratra Executive Director & CEO, Mr. Ajay Jaiswal, Company Secretary and Mr. Amit Gupta, Chief Financial Officer, the remuneration is exclusive of the value of perquisites on ESOPs.

**For IIFL Home Finance Limited**

**R. Venkataraman**  
Chairman  
(DIN: 00011919)  
Place: Mumbai

**Monu Ratra**  
Executive Director & CEO  
(DIN: 0740628)  
Place: Gurugram

Date: April 24, 2023



**ANNEXURE – III TO DIRECTORS' REPORT****FORM NO. MR - 3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members

**IIFL Home Finance Limited**

(CIN: U65993MH2006PLC166475)

IIFL House, Sun Infotech Park, Road No. 16V,  
Plot No. B-23, MIDC, Thane Industrial Area,  
Wagle Estate, Thane, Maharashtra - 400604

We have conducted the Secretarial Audit in compliance with the applicable statutory provisions and in adherence to good corporate practices by **IIFL Home Finance Limited** (hereinafter referred to as '**the Company**'), having its Registered Office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, MIDC, Thane Industrial Area, Wagle Estate Thane, Maharashtra- 400604. The Secretarial Audit was conducted in a manner that provided us a reasonable foundation for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification, of the Company's books, papers, minutes books, forms, and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- I. The Companies Act, 2013 ('the Act') and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of compliances relating to Foreign Direct Investment. However, during the period under review, there were

no transactions for Overseas Direct Investment and External Commercial Borrowings.

- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review].**
  - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review].**
  - iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[During the period under review, the Company has introduced Employee Stock Option Plan. However, being a Debt listed Company, the regulations are not applicable since the shares of the Company are not listed on any stock exchange].**
  - v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
  - vi. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of the securities issued
  - vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review]**
  - viii. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review].**

**ANNEXURE – III TO DIRECTORS' REPORT (CONTD.)**

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

1. The National Housing Bank Act, 1987;
2. Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021.
3. Guidelines on 'Know Your Customer' and 'Anti Money Laundering Measures' for HFCs.
4. The IRDAI (Registration of Corporate Agents) Regulations, 2015.

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

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

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

1. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India. However, the stricter applicability of the Secretarial Standards is to be observed by the Company.
2. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR, 2015"). However, stricter compliances with respect to the disclosures and timelines is required to be adhered by the Company in true letter and spirit.
3. General Circular Nos.14/2020, 17/2020, 11/2022 dated April 08, 2020, April 13, 2020 and December 28, 2022 respectively issued by the Ministry of Corporate Affairs (MCA Circulars) for conduct of Extra-Ordinary General Meetings through Video Conferencing (VC) or other audio-visual means (OAVM).

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The following changes

took place in the composition of the Board of Directors during the period under review which were carried out in compliance with the provisions of the Act:

- i. Mr. Kabir Mathur (**DIN:08635072**) has been appointed as Nominee Director of the Company on August 22, 2022.
- ii. Mr. Venkataramanan Anantharaman (**DIN:01223191**) has been appointed as an Additional Director (Independent Director) of the Company in the Board Meeting held on February 21, 2023. Further appointment of Mr. Venkataramanan Anantharaman was confirmed by the Shareholders in the Extraordinary General Meeting ("**EGM**") held on March 31, 2023.

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

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

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** the company has generally complied with the provisions of Regulation 3(5) and 3(6) of SEBI (Prohibition of Insider Trading Regulations), 2015 with respect to maintenance of Structural Digital Database to the extent applicable.

As per the records, the Company has generally filed all the returns, documents and resolutions, forms, as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is generally in compliance with the Act. Further, due care has to be observed for filing of forms within stipulated timelines prescribed under the Act.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Circulars, Guidelines, Standards etc. mentioned above. Further, company should be more vigilant for compliance of Schedules prescribed under the SEBI LODR, 2015.

**We further report that** during the audit period the Company has following specific events/actions having a major bearing on the Company's affairs in pursuance of the above

**ANNEXURE – III TO DIRECTORS' REPORT (CONTD.)**

referred laws, rules, regulations, guidelines, standards etc. referred to above:-

- i. During the period under review, the board has accorded approval to sell the entire equity shares i.e. 12,45,55,797 of ₹ 10 each constituting 25% equity shares held by the company in the IIFL Samasta Finance Limited (Associate Company) aggregating to ₹ 259,07,60,578.
- ii. During the period under review, the board has accorded approval to adopt **IIFL HFL ESOP PLAN-2022** (herein after referred as "**ESOP Plan**") by creation and issuance 5,37,646 (Five Lakh Thirty Seven Thousand Six Hundred Forty Six only) Stock Options, each of which would upon exercise of the same in terms of Plan, be converted into one Equity Share of ₹ 10/- each of the Company. Further, the ESOP Plan was approved by the Shareholders at the Extraordinary General Meeting held on August 04, 2022. Furthermore, the ESOP Plan was later amended by the shareholders in Extraordinary General Meeting held on December 05, 2022 by revising the stock options shares to 5,37,746 (Five Lakh Thirty Seven Thousand Seven Hundred Forty Six only).
- iii. The company has altered Articles of Association of the Company by way of passing Special Resolution at the Extra Ordinary General Meeting held on August 22, 2022.
- iv. During the period under review, the company has entered into Share Subscription Agreement and in accordance with the agreement the board has accorded approval for the issuance of 53,76,457 Equity share of the company each having a face value of INR 10 at a premium of INR 4081.9140616 per equity share to Platinum Owl C 2018 RSC Limited (acting in its capacity as the trustee of Platinum Jasmine A 2018 Trust, on a private placement cum preferential allotment basis. Further, the members of the Company also approved the issue of equity shares of the company at the EGM held on August 16, 2022. Furthermore, the board in its meeting held on August 22, 2022 accorded approval for the allotment of 53,76,457 equity shares of the company. Apparently,

- due to above issuance, the company cease to exist as Wholly owned subsidiary of IIFL Finance Limited and continues to be subsidiary Company only.
- v. During the period under review, the board has accorded approval for increase in borrowing powers of the Company from ₹ 19,000 Crores (Rupees Nineteen Thousand Crores only) to ₹ 35,000 crores (Rupees Thirty Five Thousand Crores only). Further, the said limit was approved by the shareholders at the Extraordinary General Meeting held on March 31, 2023.
  - vi. The Board of Directors of the Company has provided their consent to offer, Secured/Unsecured/ Listed/ Unlisted/ Rated/ Unrated/ Non - Convertible/ Market Linked/ Subordinated Debt/ Perpetual Debentures/ Fixed Maturity Debentures, aggregating to ₹ 4,000 Crore on private placement basis during the financial year 2023-24, (i.e. April 1, 2023 to March 31, 2024) in one or more tranches.
  - vii. The Company has allotted 28,000 (Twenty Eight Thousand) Secured Redeemable Non-Convertible Debentures (SNCDs) of ₹ 1,00,000/- each (Rupees one lakh each) for cash at par aggregating to ₹ 280,00,00,000/- (Rupees Two Hundred and Eighty Crore only) on Private Placement Basis on March 31, 2023.
  - viii. The Company has declared interim dividend @ ₹ 40 per share on January 24, 2023 in compliance with the applicable provisions stated in the Act.

**For RMG & Associates**

Company Secretaries  
Peer Review No. 734/2020  
Firm Registration No. P2001DE016100

Place: New Delhi  
Date: 24.04.2023  
UDIN: F005123E000174369

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

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

**ANNEXURE – III TO DIRECTORS' REPORT (CONTD.)****Annexure - I****The Members****IIFL Home Finance Limited**

Our Secretarial Audit Report of even date, for the financial year ended March 31, 2023 is to be read along with this letter:

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operating effectively.
2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance

of laws, rules and regulations and happening of events etc.

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have conducted online verification & examination of records, as facilitated by the Company, for the purpose of issuing this Report.

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## ANNEXURE – IV TO DIRECTORS' REPORT

### Related Party Transaction Policy IIFL HOME FINANCE LIMITED

#### I. Objective

To ensure that all transactions with the related parties are properly identified, reviewed and approved pursuant to the applicable law. This policy applies to any transaction where the Company is a participant, and the Related Party has or will have a direct or indirect material interest in the transaction. This Policy may be amended at any time and is subjected to further guidance from the Audit Committee/ Board of Directors.

#### II. Guiding Act/Regulations/Rules

- The Companies Act, 2013 and rules made there under
- SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015("Listing Regulation") as amended from time to time
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#### III. Definitions

- Audit Committee or Committee** means Committee of the Board of Directors of the Company constituted under the provisions of the Companies Act, 2013.
- Board** means the Board of Directors of the Company.
- Control** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- Key Managerial Personnel** means key managerial personnel as defined under the Companies Act, 2013
- Material Related Party Transaction** mean transactions as defined under Regulation 23(1) and 23(1A) of Listing Regulations
- Material Modification** will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/ Board/Shareholders, as the case may be.
- Policy** means the Policy on Related Party Transactions
- Related Party shall have** the same meaning as defined under Regulation 2(1)(zb) of Listing Regulation and sub-section (76) of Section 2 of the Companies Act, 2013 and applicable Accounting Standard.

(ix) **Relative** has the same meaning as described in the Companies Act, 2013, which is defined as follows:

Pursuant to Section 2(76) of the Companies Act, 2013 a "related party", with reference to a Company, means-

- A director or his relative;
- A key managerial personnel or his relative;
- A firm, in which a director, manager or his relative is a partner;
- A private Company in which a director or manager is a member or director;
- A public Company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- Any Body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- Any person on whose advice, directions or instructions a director or manager is accustomed to act:  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- Any Company which is-
  - A holding, subsidiary or an associate Company of such Company; or
  - A subsidiary of a holding Company to which it is also a subsidiary;
- Such other person as may be prescribed;

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

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

#### IV. Related Party Transactions (RPT):

**Following shall mean related party transactions:**

- Related Party Transactions or RPTs** means transactions as given under Section 188 of the Companies Act, 2013 including Rules thereof and as defined in Regulation 2(1)(zc) of the Listing Regulations.

## ANNEXURE – IV TO DIRECTORS' REPORT (CONTD.)

- As per Section 177 of the Companies Act, 2013 and Rules framed thereunder the approval of Audit Committee is required for any transactions of the Company with related parties including any subsequent material modification thereof. Further, the Audit Committee may make omnibus approval for related party transactions proposed to be entered into, by the Company subject to such conditions, as may be required under the Companies Act, 2013 and Rules framed thereunder, Listing Regulation, RBI Directives and other applicable law.

**Note:** Any definition not mentioned above shall have the same meaning as defined under the Companies Act, 2013, Listing Regulations and applicable Accounting Standard.

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

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

##### A. Approval of the Audit Committee

- All proposed related party transactions / arrangements or any modifications thereof, with the details of related party, nature of transaction, reason for undertaking the transaction, confirmation on arms length & in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval.
  - All proposed related party transactions / arrangements or any and subsequent material modifications thereof, with the details of related party, nature of transaction, reason for undertaking the transaction, confirmation on arm's length & in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval.  
However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:
    - The Audit Committee lays down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the

Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

- while granting omnibus approval, the Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 Crore per transaction.

- Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
- With effect from April 1, 2023, Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall

**ANNEXURE – IV TO DIRECTORS' REPORT (CONTD.)**

require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the standalone turnover, as per the last audited financial statements of the subsidiary Company;

- viii. However, prior approval of the audit committee of the Company shall not be required for a Related Party Transaction to the subsidiary of the Company is itself listed entity, to which the provisions of Regulation 23, 15(2) and other specified provisions of Listing Regulations are applicable.

However Related Party Transaction of unlisted subsidiary of a listed subsidiary, prior approval of the Audit Committee of the listed subsidiary shall suffice.

- ix. All subsequent Material Modification(s) to Related Party Transaction(s) to which the subsidiary of the Company is a party but the Company is not a party, unless such transaction is 'exempt' under Listing Regulations, shall be placed before the Audit Committee of the Company for prior approval.

**B. Approval of the Board**

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

**C. Approval of Shareholders**

- i. All Material Related Party Transactions and any subsequent material modification as defined above shall require prior approval of the shareholders through ordinary resolution. However, prior approval of shareholders of the Company shall not be required for such cases as may be prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended or as notified by any regulatory authority.

- ii. Further, all Material Related Party Transaction(s) and subsequent Material Modification(s), to which the subsidiary of the Company is a party but the Company is not a party, unless such transaction is exempt under Listing Regulations, shall require prior approval of the shareholders of the Company.

Provided that if such subsidiary of the Company is itself a Listed Entity to which the provisions of Regulation 23, 15(2) and other specified provisions of Listing Regulations are applicable, then such Material Related Party Transaction(s) and subsequent Material Modification(s) need not be placed before the shareholders of the Company prior approval of shareholders of such Listed Subsidiary shall suffice.

**D. Materiality Threshold:**

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required, and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% and for the brand usage or royalty at 5% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

With effect from April 1, 2022, other than for brand usage or royalty, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

**E. Review of RPTs by Audit Committee**

Review of transactions with related parties pursuant to Indian Accounting Standard – 24, on quarterly basis.

**ANNEXURE – IV TO DIRECTORS' REPORT (CONTD.)****F. Disclosure**

- i. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- ii. The Company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time, and publish the same.

**VI. CRITERIA/DOCUMENTS/PROCESS FOR ALL TRANSACTIONS WITH RELATED PARTIES**

- a) For all the transactions, due documentation by way of contract/agreement/ bills/invoices/ should be in place.
- b) All the related party transactions shall be subject to the applicability, limits, enablement and other conditions as prescribed under the applicable Acts, Rules, Regulations and circulars and guidelines of Regulatory authorities including RBI, NHB, SEBI, MCA, Income Tax, and more
- c) In case of infrastructure and common sharing arrangement, the terms of arrangement including the nature and quality of services, consideration and other terms and conditions shall be as comparable with the terms if availed from the market/third parties.
- d) In case of purchase/ sale of fixed assets or other assets, the same shall be at market prices or per the valuer certificate.
- e) Related Party Transaction shall be approved after assessing all material terms and conditions of the transaction and ensure that the terms are comparable with the market rates/practices at the particular point of time and on arm's length-basis. The following information will be taken into account when assessing a Related Party Transaction:

- a. The terms of such transaction;
- b. The related person's interest in the transaction;
- c. The purpose and timing of the transaction;
- d. The nature of the Company's participation in the transaction;
- e. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs-basis
- f. Information concerning potential counterparties in the transaction;
- g. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction
- h. Any other relevant information regarding the transaction.
- f) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting, should be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into. If the said ratification is not done such contract or arrangement shall be voidable at the option of the Board;
- Any other regulatory changes in this regard will stand updated in the policy from time-to-time.

**For and on behalf of the Board of Directors**

**Monu Ratra**  
Executive Director & CEO  
DIN: 07406284

Place: Gurugram  
Date: April 24, 2023

**R. Venkataraman**  
Director  
DIN: 00011919

Place: Mumbai