



# Board of Directors

## Mr. Srinivasan Sridhar (Chairman and Independent Director)

He is the Chairman and an Independent Director on our Board of Directors. He holds a Bachelor's degree in science from Bangalore University and a master's degree of science in physics from the Indian Institute of Technology, Delhi. He has previously worked in the banking and finance industry and has held several positions in retail, corporate, and export / import banking, including as the chairman of the National Housing Bank and Central Bank of India. While he was chairman and managing director of the National Housing Bank, he was responsible for a number of initiatives, such as the NHB Residex, Rural Housing Fund, and Reverse Mortgage for senior citizens. Prior to this, he was associated with the Export Import Bank of India as executive director. He is a certified associate of the Indian Institute of Bankers and was conferred with honorary fellowship of the Indian Institute of Banking and Finance in recognition of his contribution in the field of banking and finance.

## Mr. Nirmal Jain (Non-Executive Director)

He is a Non-Executive Director on our Board of Directors and was one of the first Directors of the Company. He holds a PGDM (Post Graduate Diploma in Management) from the Indian Institute of Management (IIM), Ahmedabad and is a rank holder Chartered Accountant and a Cost Accountant. He started his career in 1989 with Hindustan Unilever Limited. He founded IIFL group in 1995. It started as an independent equity research company in India. Over the last 26 years, he has led the expansion of the group, while remaining focused on financial services. The group through four listed entities, has leading presence in India's Wealth and Asset management, consumer lending, securities trading and discount Broking spaces. With an impeccable track record of governance and growth, the group has attracted marquee investors and won accolades internationally. He is currently also the chairman of IIFL Finance Limited, the promoter of our Promoter.

## Mr. Rajamani Venkataraman (Non-Executive Director)

He is a Non-Executive Director on our Board of Directors. He holds Post Graduate Diploma in Management from Indian Institute of Management (IIM), Bengaluru and Bachelor in Electronics and Electrical Communications Engineering from IIT Kharagpur. He joined the Company's Board in July 1999. He has been contributing immensely to the establishment of various businesses and spearheading key initiatives of the group over the past 22 years. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of US and Barclays – BZW. He worked as an Assistant Vice President with G E Capital Services India Limited in their private equity division. He has a varied experience of more than 29 years in the financial services sector. He is currently also the managing director and one of the promoters of our Promoter.

## Mr. Kranti Sinha (Independent Director)

He is an Independent Director on our Board of Directors. He has significant experience in the insurance and housing finance industries. In the past, he served as the director and chief executive of LIC Housing Finance Limited, while concurrently serving as the managing director of LICHL Care Homes Limited. He was also the deputy president of the Governing Council of the Insurance Institute of India and was a member of the Governing Council of the National Insurance Academy.

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

He is an Executive Director on our Board of Directors and is the Chief Executive Officer of the Company. He holds a Bachelor's degree in architecture from Guru Nanak Dev University and a master's degree in Post Graduate Diploma in Management from Lal Bahadur Shastri Institute of Management, Delhi. He has significant experience in the financial services industry. Prior to joining the Company, he worked with Indiabulls Housing Finance Limited as national business manager where he was responsible for setting up, and managing, the retail home loan business along with the home equity business. He has also previously worked with ICICI Bank Limited and HDFC Bank Limited.

## Mr. Arun Kumar Purwar (Independent Director)

He works as Chairman of Eroute Technologies Private Limited, a fintech Co. He also works as an Independent Director in Companies across diverse sectors like power, telecom, steel, engineering consultancy, pharma and financial services. He also acts as an advisor to Mizuho Securities, Japan. He was Chairman of the State Bank of India ("SBI") from 2002 to 2006 and Chairman of the Indian Bank Association during 2005 to 2006. He has previously held positions such as Managing Director of State Bank of Patiala and has been associated in the setting up of SBI Life. Post his retirement from SBI, he was associated with a leading industry house in setting up the first healthcare focused private equity fund as well as a non-banking finance company focused on funding real estate projects as well as educational institutions. He has won several awards including the CEO of the year award from the Institute of Technology and Management (2004), "Outstanding Achiever of the Year" award from the Indian Banks' Association (2004) and "Finance Man of the Year" Award by the Bombay Management Association in 2006.

## Ms. Mohua Mukherjee (Independent Director)

She is an Independent Director on our Board of Directors. She is a professional with over three decades of experience in development economics and has worked with World Bank in Washington DC and has led policy dialogue and formulated investment projects in relation to the UN's Millennium Development Goals and later the Sustainable Development Goals. She has led the India Solar Energy Team of the World Bank and designed the USD 640 million blended finance Solar Rooftops project with the State Bank of India. She has also worked for Citibank and ABN Amro in Kenya. She is currently a World Bank consultant and she is Advisor to the India Smart Grid Forum. She has a Bachelor's and Master's Degree in Economics, with distinction, and a Master of Business Administration degree in International Finance, all from Boston University. She also has a certificate in Public Private Partnerships from the Harvard Kennedy School.

## Mr. Kabir Mathur (Nominee Director)

He is Head of Asia Pacific within the Private Equities Department of Abu Dhabi Investment Authority (ADIA). He is responsible for leading all aspects of AIDA's private equity activities in the Asia Pacific region and is a member of the Private Equity Executive Committee. Prior to joining ADIA in 2018, Mr. Mathur worked at Kohlberg Kravis Roberts & Co (KKR) where he was responsible for sourcing, executing and managing private equity investments in Asia. Mr. Mathur joined KKR in 2008, having previously worked at TPG Capital, also in their Asian private equity business. Mr. Mathur began his career in the Investment Banking division of Citigroup/Salomon Smith Barney. Mr. Mathur graduated from the London School of Economics and Political Science with a BSc (Hons.) in Economics.

## Mr. Venkataraman Anantharaman (Independent Director)

He is experienced in financial services sector having led corporate and investment banking teams in leading international institutions, including Standard Chartered Bank, Credit Suisse, Deutsche Bank, and Bank of America. Advisory experience in sectors including technology, consumer & retail, financial services, risk management. Engineering from Jadavpur University, MBA from XLRI, FT Non Executive Director Diploma and ESG Competent Boards Certificate and Designation.



# 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

## DIRECTORS' REPORT (CONTD.)

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.



## DIRECTORS' REPORT (CONTD.)

### 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.

## DIRECTORS' REPORT (CONTD.)

### 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



## DIRECTORS' REPORT (CONTD.)

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;

## DIRECTORS' REPORT (CONTD.)

- 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.

**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



## 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
- Ind AS - 24

#### 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

**ANNEXURE – V TO DIRECTORS' REPORT****Report on Corporate Governance**

This Corporate Governance Report relating to the year ended on March 31, 2023 was prepared in compliance with the applicable provisions of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof and RBI Circular No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23, dated April 19, 2022, and forms a part of the Director's Report to the Members of IIFL Home Finance Limited (the Company).

**Company's Philosophy**

The Company consistently focusses on following the highest standards of governance. The Company envisions becoming the most respected in the financial services space. It firmly believes that the highest degree of corporate governance is the key to achieve it and emphasises implementing robust, resilient, and best corporate practices in every facet of its operations and activities. The Company sees corporate governance standards beyond the compliance of regulatory norms. Transparency, fairness, integrity, effective internal control at each level of operations in each business transaction, and adequate and prompt disclosure to respective stakeholders are the key ingredients of corporate governance.

The ultimate responsibility to oversee corporate governance lies with the Board of Directors, and the changing environment of stakeholder stewardship has a greater influence on the quality of the board and its composition and skills. The Company has an adequate mix of Board members. The majority of them are Independent Directors with backgrounds in financial services. The entire Board has demonstrated skill sets and relevant experience

that bring rich experience in financial services to the Company. The Board constituted various committees of Directors and/or officers that are mandated under the Companies Act, applicable regulations of the Securities and Exchange Board of India, and the National Housing Bank/Reserve Bank of India through its various Policy Circulars/Directions and those were warranted for smooth operations of the Company. The Board of Directors, along with its Committees provides leadership and guidance to the Company's management and directs, supervises, and controls its activities. The responsibility of the Board as a whole, and the Terms of Reference Committees are provided in this Report.

**1) Board of Directors****Composition of the Board of Directors**

The Company has an adequate mix of Board with a majority of Independent Directors (including one woman as an Independent Director) in line with the provisions of the Companies Act, 2013 (the Act) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The Board provides leadership, strategic guidance and discharges its fiduciary duties by safeguarding the interests of the Company and its stakeholders.

As on March 31, 2023, the Board of the Company consisted of nine directors. The Chairman of the Board is a Non-Executive Independent Director and majority of the Board comprises Non-Executive and Independent Directors. None of the Directors of the Company are related to each other. The composition of the Board is as follows:

Category	Name of Director
Independent Director	Mr. Srinivasan Sridhar
	Mr. Kranti Sinha
	Mr. Arun Kumar Purwar
	Ms. Mohua Mukherjee
	Mr. Mr. Venkataramanan Anantharaman **
Non-Executive other than Independent Director	Mr. Nirmal Jain
	Mr. Rajamani Venkataraman
Nominee Director	Mr. Kabir Mathur*
Executive Director & CEO	Mr. Monu Ratra

\* Mr. Kabir Mathur was appointed as Nominee Director on behalf of Platinum Owl C 2018 RSC Limited (wholly owned subsidiary of Abu Dhabi Investment Authority) on August 22, 2022.

\*\* Mr. Venkataramanan Anantharaman was appointed as Additional Director (Independent) of the Company with effect from February 21, 2023, and shareholders of the Company at their Extraordinary General Meeting confirmed his appointment as Independent Director on March 31, 2023.

**ANNEXURE – V TO DIRECTORS' REPORT (CONTD.)****2) Matrix Chart of Core Skills / Expertise / Competencies of the Board Members**

The Board comprises talented and dedicated directors with a diverse mix of expertise, experience, skills, and backgrounds. For the purpose of Board composition, diversity includes, but is not limited to, educational and functional background, industry experience, geography, age, insider status, gender, and ethnicity.

The skills and backgrounds collectively represented on the Board reflect the diverse nature of the business environment in which the Company operates.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a matrix chart setting out the core skills, expertise, and competence of the Board is mentioned below:

Sr. No.	Skills/expertise/competence	Mr. S. Sridhar	Mr. Kranti Sinha	Mr. Arun Kumar Purwar	Ms. Mohua Mukherjee	Mr. Nirmal Jain	Mr. R Venkataraman	Mr. Monu Ratra	Mr. Kabir Mathur	Mr. Venkataramanan Anantharaman
1	Knowledge of Sector	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Accounting and Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Corporate Governance & Compliances	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Marketing Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Strategy Development and Implementation	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Information Technology	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Stakeholders Relationship	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Risk Management System	✓	✓	✓	✓	✓	✓	✓	✓	✓
9	CEO / Senior Management Experience / Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓

**Brief profile of Directors is as follows.**

**Mr. Srinivasan Sridhar** is an eminent personality in the Banking and Finance industry and has held several senior positions in retail, corporate, and export/import banking in his career of over 46 years, culminating as the Chairman of NHB and the Central Bank of India. In his stint as Chairman and Managing Director of the NHB, he was responsible for a number of new initiatives, such as the NHB Residex, Rural Housing Fund, and Reverse Mortgage for senior citizens. Prior to this, he was associated with the Export Import Bank of India as Executive Director as well as the State Bank of India in the early part of his career.

List of Directorship in other listed Company	Name of Company	Category of Directorship
	Go Fashion (India) Limited	Independent Director and Chairman
	Strides Pharma Science Limited	Independent Director
	Jubilant Pharmova Limited	Independent Director
	Shriram Finance Limited	Independent Director

**Mr. Kranti Sinha** is an Independent Director of our Company. He is a renowned person in the insurance and housing finance industry. He served as the Director and Chief Executive of LIC Housing Finance Limited and concurrently as the Managing Director of the LICHFL Care Homes Limited. He was also the Deputy President of the Governing Council of Insurance Institute of India and was a member of the Governing Council of the National Insurance Academy.

List of Directorship in other Listed Company	Name of Company	Category of Directorship
-	-	-

**Mr. Arun Kumar Purwar** works as Chairman of Eroute Technologies Private Limited, a fintech company. He also works as an Independent Director in Companies across diverse sectors like power, telecom, steel, engineering consultancy, pharma and financial services. He also acts as an advisor to Mizuho Securities, Japan. He was Chairman of the State Bank of India "SBI"

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

from 2002 to 2006 and Chairman of the Indian Bank Association from 2005 to 2006. He has previously held positions such as Managing Director of State Bank of Patiala and was associated with the setting up of SBI Life. After his retirement from SBI, he was associated with a leading industry house in setting up the first healthcare-focussed private equity fund as well as a non-banking finance company focussed on funding real estate projects as well as educational institutions.

List of Directorship in other listed Company	Name of Company	Category of Directorship
	IIFL Finance Limited	Independent Director and Chairman
	Balaji Telefilms Limited	Independent Director
	Alkem Laboratories Limited	Independent Director

**Mohua Mukherjee** is an Independent Director on our Board of Directors. She is a professional with over three decades of experience in development economics and has worked with the World Bank in Washington DC, and has led policy dialogue and formulated investment projects in relation to the UN's Millennium Development Goals and later the Sustainable Development Goals. She has led the India Solar Energy Team of the World Bank and designed the USD 640 million blended finance Solar Rooftops project with the State Bank of India. She has also worked for Citibank and ABN Amro in Kenya. She is currently a World Bank consultant, and an Advisor to the India Smart Grid Forum. She has a Bachelor's and Master's Degree in Economics, with distinction, and a Master of Business Administration degree in International Finance, all from Boston University. She also has a certificate in Public-Private Partnerships from the Harvard Kennedy School.

List of Directorship in other listed Company	Name of Company	Category of Directorship
-	-	-

**Mr. Nirmal Jain** is the founder and Managing Director of IIFL Finance Limited. He holds a Bachelor's Degree in Commerce from the University of Mumbai. He is a fellow member of the Institute of Chartered Accountants of India (held the 2<sup>nd</sup> rank) and also a Cost Accountant. He holds a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. He started his career in 1989 with Hindustan Lever Limited, the Indian arm of Unilever, where he handled a variety of responsibilities, including export and trading in agro-commodities. In 1995, he founded India Infoline Limited (earlier known as Probit Research and Services Private Limited). He is currently the Managing Director of IIFL Finance Limited.

List of Directorship in other listed Company	Name of Company	Category of Directorship
	IIFL Finance Limited	Executive Director and Managing Director
	360 ONE WAM Limited (Erstwhile IIFL Wealth Management Limited)	Non Executive Director

**Mr. Rajamani Venkataraman** is the Co-Promoter and Joint Managing Director of IIFL Finance Limited. He holds a B.Tech degree from the Indian Institute of Technology, Kharagpur, and is an MBA from the Indian Institute of Management, Bangalore. He joined the IIFL Group in July 1999 and has been on the Board of Directors of the Company since its inception. He was instrumental in establishing various lines of business over the past 20 years. He previously held senior managerial positions at ICICI Limited, including ICICI Securities, its investment banking joint venture with JP Morgan, and Barclays BZW. He worked as an Assistant Vice President with GE Capital Services India in its private equity division. He has a varied experience of more than 26 years in the Financial Services sector.

List of Directorship in other listed Company	Name of Company	Category of Directorship
	IIFL Finance Limited	Executive Director and Joint Managing Director
	360 ONE WAM Limited (Erstwhile IIFL Wealth Management Limited)]	Non-Executive Director
	IIFL Securities Limited	Chairman and Managing Director

**Mr. Kabir Mathur** is Head of Asia-Pacific within the Private Equities Department of the Abu Dhabi Investment Authority (ADIA). He has previously worked at TPG Capital, also in their Asian private equity business. Mr. Mathur began his career in the Investment Banking division of Citigroup/Salomon Smith Barney. Mr. Mathur graduated from the London School of Economics and Political Science with a BSc (Hons.) in Economics.

List of Directorship in other listed Company	Name of Company	Category of Directorship
	MPHASIS Limited	Non-Executive Director

**Mr. Venkataramanan Anantharaman** has over 30 years of experience in the financial services sector, having led corporate and investment banking teams at leading international institutions, including Standard Chartered Bank, Credit Suisse, Deutsche Bank, and Bank of America. He has worked in India and Singapore with global and regional business leadership and governance

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responsibilities and has managed diverse teams. His past leadership positions include Global Head of the Global Industries Group at Standard Chartered Bank, Head of Investment Banking India at Credit Suisse, and Head of Investment Banking India at Deutsche Bank/Bankers Trust. He brings strong board-level advisory experience in sectors including technology, consumer & retail, and financial services across M&A, equity and debt capital markets, and risk management.

List of Directorship in other listed Company	Name of Company	Category of Directorship
	The Indian Hotels Company Limited	Independent Director

**Mr. Monu Ratra** is a Graduate of Architecture and an MBA with over 22 years of work experience in the Financial services industry. Mr. Ratra was instrumental in the substantial growth of IIFL Home Finance Limited's loan book during the past three years. Under his leadership, IIFL Home Finance Limited has aspired to become a key player in the affordable Housing segment and to serve the needs of Housing Finance, especially those who are underserved or untouched. Prior to joining IIFL Group, he was associated with Indiabulls Housing Finance Limited as the National Business Manager, where he was responsible for setting up and building the Retail home loan business along with their Home Equity business. Mr. Ratra has also served HDFC Limited and ICICI Bank.

List of Directorship in other listed Company	Name of Company	Category of Directorship
-	-	-

**3) Board Meetings and Directorship / Committee Membership(s) of Directors**

During the year under review, nine (09) Board Meetings were held on the following dates: April 4, 2022; April 25, 2022; June 9, 2022; July 25, 2022; August 13, 2022; August 22, 2022; September 28, 2022; October 21, 2022; January 24, 2023. As mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof, none of the Directors on the Board of the Company is a member of more than ten (10) specified Committees and none is a Chairman of more than five (5) specified Committees in which they are Directors across all the Indian Public Limited Companies except Companies incorporated under Section 8 of the Companies Act, 2013. None of the Independent Directors serves as an Independent Director in more than seven (7) listed

entities (Equity Listed). None of the Directors holds directorship in more than seven (7) listed entities (Equity Listed). None of the Whole Time Director/ Managing Director serves as an Independent Director in more than three (3) listed entities. Further none of our Independent Directors serve as Non-Independent Director of any Company, on the Board of which any Non-Independent Director is an Independent Director.

The Company has received the necessary disclosures from all the Directors regarding Committee positions held by them in other companies. The table below gives the details of the names of the members of the Board, their category, their attendance at the Board Meetings held during the year under review and at the last Annual General Meeting (AGM), their Directorships, Committee Memberships, and Chairmanships in Indian Companies as on March 31, 2023:

Name of the Director (DIN)	Date of original appointment	Category	Number of Board meetings	Attendance at last AGM	Directorships in Listed Companies (including IIFL Home Finance Limited)	Membership of Committees (including IIFL Home Finance Limited)	
						Member	Chairman
Mr. Srinivasan Sridhar (DIN: 00004272)	October 01, 2013	Chairman and Independent Director	9	Yes	4	7	5
Mr. Kranti Sinha (DIN: 00001643)	October 01, 2013	Independent Director	9	Yes	-	2	1
Mr. Arun Kumar Purwar (DIN: 00026383)	August 22, 2019	Independent Director	9	No	3	3	2
Ms. Mohua Mukherjee (DIN: 08714909)	August 26, 2021	Independent Director	9	No	-	-	-
Mr. Nirmal Jain (DIN:00010535)	December 26, 2006	Non-Executive Director	8	No	2	-	-

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Name of the Director (DIN)	Date of original appointment	Category	Number of Board meetings	Attendance at last AGM	Directorships in Listed Companies (including IIFL Home Finance Limited)	Membership of Committees (including IIFL Home Finance Limited)	
						Member	Chairman
Mr. Rajamani Venkataraman (DIN: 00011919)	December 26, 2006	Non-Executive Director	6	Yes	3	3	1
Mr. Monu Ratra (DIN: 00026383)	January 28, 2016	Executive Director & CEO	9	Yes	-	1	-
Mr. Kabir Mathur (DIN: 08635072)	August 22, 2022	Nominee Director	3	NA	1	1	-
Mr. Venkataramanan Anantharaman (DIN: 01223191)	February 21, 2023	Independent Director	-	NA	1	5	3

- The Committees considered for the above purpose are those prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, viz., the Audit Committee and Stakeholders Relationship Committee.
- The membership count also includes the count in which the Director is Chairman.

**4) Board Level Performance Evaluation**

The Nomination and Remuneration Committee has laid down the criteria for the performance evaluation of Executive Directors, Non-Executive Directors, including Independent Directors ("IDs") and the Board as a whole.

The criteria for performance evaluation are as follows:

**For Chairperson**

The criteria for evaluation of the Chairman, inter alia, includes his/her ability to conduct meetings, ability to elicit inputs from all members, ability to present and openly discuss challenging matters, attendance at meetings, assistance to the Board in formulating policies and setting standards, accessibility, ability to analyse strategic situations, ability to project a positive image of the Company, compliance with regulatory requirements, impartial in conducting discussions, being sufficiently committed to the Board, and ability to keep shareholders' interests in mind during discussions and decisions.

**For Executive Directors**

The criteria for evaluation of Executive Directors, inter alia, includes their ability to elicit inputs from all members, their ability to present and openly discuss challenging matters, attendance and participation at meetings, integrating quality and re-engineering,

capitalise on opportunities created by economic and technological changes, assistance to the Board in formulating policies and setting standards and following them, accessibility, ability to analyse strategic situations, ability to project a positive image of the Company, compliance with regulatory requirements, and handling critical situations concerning the group.

**For Non-Executive Directors (including Independent Directors)**

The criteria for evaluation of Non-Executive Directors, inter alia, includes attendance at the meetings, study of the agenda and active participation, contribution to discussions on strategy, participation constructively and actively in Committees of the Board, exercise of skills and diligence with due and reasonable care and to bring independent judgment to the Board, ability to bring in best practices from his/her experience, and adherence to the code of conduct.

**For Board as a Whole**

The criteria for evaluation of the Board, inter alia, includes composition and diversity, an induction programme, teamwork, performance culture, risk management and financial controls, integrity, credibility, trustworthiness, active and effective participation by members, a proper mix of competencies to conduct affairs and possessing enough experience to efficiently manage matters.

**5) Separate Meetings of the Independent Directors**

In compliance with the provisions of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held on March 22, 2023, inter alia, to review the following:

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

- Performance of Non-Independent Directors and the Board as a whole;
- Performance of the Chairperson of the Company; taking into account the views of executive directors and non-executive directors;
- Assessed the quality, quantity, and timeliness of the flow of information between the Company's Management and the Board, which is necessary for the Board to effectively and reasonably perform their duties;

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

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

**Familiarisation Programme for Independent Directors**

In accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid out a Familiarisation Programme for Independent Directors to familiarise them with the workings of the Company, their roles, rights and responsibilities vis-à-vis the Company, the industry in which the Company operates its business model, among others. Further, the Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings on business, operations, and performance updates of the Company. Quarterly updates on relevant statutory and regulatory changes applicable to the Company are discussed at the Board meetings. The details of such familiarisation programmes of the Company may be accessed on the website of the Company, i.e. <https://www.iiflhomeloans.com/corporate-governance>.

**Meetings of the Board of Directors**

- Frequency: The Board meets at least once a quarter to review the quarterly results and other items on the Agenda. There are a minimum of four meetings of Board in a calendar year, with a maximum gap of 120 days between two consecutive meetings. Whenever necessary,

additional meetings are held. In cases of business exigencies or matters of urgency, resolutions are passed by circulation, as permitted by law, and are noted in the subsequent Board Meeting.

- Board Meeting Location: The location of the Board/Committee Meetings is informed well in advance to all the Directors. Each Director is expected to attend the Board/Committee Meetings. A video conference facility is made available to facilitate Directors travelling/residing abroad or at other locations to participate in the Board/Committee Meetings. The Ministry of Corporate Affairs (MCA) has granted relaxation with regard to the requirement of the physical presence of the Directors at the Board meeting, and therefore all the Board meetings were held through video conferencing or other audio-visual means.
- Notice and Agenda Distributed in Advance: The Company's Board/Committee members are presented with detailed notes along with the agenda papers, which are circulated well in advance of the Meeting. The Company has implemented an App-based e-Meeting system accessible through secured iPads provided to the Directors and key officials. The agenda, presentation, notes, and minutes are made available to the Board and Committee Members.
- The Company Secretary in consultation with the Chairperson of the Board/Committees sets the Agenda for the Board/Committee Meetings. All material information is incorporated in the Agenda to facilitate meaningful and focussed discussions at the Meeting. Wherever it is not practical to attach any document to the Agenda, the same is tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.
- Other Matters: The senior management team of the Company is advised to schedule its work plans in advance, particularly with regard to matters requiring discussions/decisions with the Board/Committee Members.
- Presentations by the Management: The Board/Committee is given presentations, wherever practicable, covering finance, sales, marketing,





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major business segments and operations of the Company, global business environment, including business opportunities, business strategy, risk management practices and operating performance before taking on record the financial results of the Company.

- Access to Employees: The Directors are provided free access to officers and employees of the Company. Whenever any need arises, the Board/Committee Members are at liberty to summon personnel whose presence and expertise would help the Board have a full understanding of the issues being considered.

### Information Supplied to the Board/Committees

Among others, information supplied to the Board/Committees includes:

Business plan and updates thereof, quarterly, half-yearly, and annual results of the Company as per the format prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- Minutes of the Meetings of the Board and all other Committees of the Board
- Information on the recruitment and remuneration of senior officers just below the Board level, including the appointment or removal, if any, of the Chief Financial Officer and Company Secretary
- Show cause, demand, prosecution notices, and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, or any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, if any
- Any issue that involves possible public or product liability claims of substantial nature, including any judgement or order that may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payments towards royalty, goodwill, brand equity, or intellectual property, if any
- Any significant development on human resources/industrial relations front, as and when it occurs

- Sale of material nature of investments and assets that are not in the normal course of business Quarterly details of foreign exchange exposures and the steps taken by the Management to limit the risks of adverse exchange rate movement, if material
- Non-compliance of any regulatory, statutory nature, or listing requirements and shareholders' service, such as non-payment of dividend, delay in share transfer, if any, and other steps taken by the Company to rectify instances of non-compliance, if any

### Minutes of the Meetings

The draft Minutes of the proceedings of the Meetings are circulated among the Members of the Board/Committees. Comments and suggestions, if any, received from the Directors are incorporated in the Minutes, in consultation with the Chairman. The Minutes are confirmed by the Members and signed by the Chairman of such a meeting at any time before the next meeting is held or by the Chairman of the next Board / Committee Meetings. All Minutes of the Committee Meetings are placed before the Board Meeting for perusal and noting.

### Post-Meeting Follow-up Mechanism

The Company has an effective post-meeting follow-up review and reporting process for the decisions taken by the Board and Committee(s) thereof. The important decisions taken at the Board/Committee(s) Meetings that call for actions to be taken are promptly initiated and wherever required, communicated to the concerned departments/divisions. The action taken report is placed at the immediately succeeding Meeting of the Board/Committee(s) for information and review by the Board/Committee(s).

### Confirmation of Independence

The Board is of the opinion that the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the Management.

### Board Committees

In terms of the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI Master Directions, the Board of Directors has constituted various Committees. The composition of the various Committees, along with their Terms of Reference is as follows:

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### Audit Committee

The composition of the Audit Committee as on March 31, 2023, and the number of meetings held and attended by the members of the Committee during the financial year 2022-23 are summarised below:

Name	Designation	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Srinivasan Sridhar	Chairman	Independent Director	5	5
Mr. Kranti Sinha	Member	Independent Director	5	5
Mr. Rajamani Venkataraman *	Member	Non-Executive Director	3	1
Mr. Kabir Mathur**	Member	Independent Director	2	1

\* Mr. Rajamani Venkataraman ceased to be a member of the Audit Committee with effect from September 20, 2022.

\*\* Mr. Kabir Mathur, Nominee Director, inducted into the Audit Committee with effect from September 20, 2022.

Audit Committee meetings are attended by the Executive Director & Chief Executive Officer and the Chief Financial Officer of the Company and representatives of the Statutory Auditors and the Internal Auditors, if required. The Company Secretary acts as the Secretary of the Audit Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on July 20, 2022.

During the year, there were no instances where the Board did not accept the recommendations of the Audit Committee.

The role and terms of reference of the Audit Committee, inter alia, includes the following:

- Recommendation for appointment, remuneration, and terms of appointment of auditors of the Company
- Review and monitor the auditor's independence, performance, and effectiveness of the audit process
- Examination of the Financial statement and the Auditors' report thereon
- Approval or any subsequent modification of transactions of the Company with related parties
- Scrutiny of inter-corporate loans and investments
- Valuation of undertakings or assets of the Company, wherever it is necessary
- Evaluation of internal financial controls and risk management systems
- Monitoring the end use of funds raised through public offers and related matters
- Appointment of an internal auditor
- The Audit Committee has such powers and performs such functions as may be required

under the Companies Act, 2013 and such other applicable Regulations as may be notified by the Securities and Exchange Board of India, the National Housing Bank/Reserve Bank of India, and other regulators from time to time

During the year under review, the Audit Committee met five times, i.e., on April 25, 2022, June 27, 2022, July 25, 2022, October 21, 2022, and January 24, 2023.

### Nomination and Remuneration Committee

In terms of the provisions of Section 178 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Board constituted a Nomination and Remuneration Committee of the Directors.

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

- Identify persons who are qualified to become Directors and who may be appointed in Senior Management and recommend to the Board their appointment and removal
- Carry out an evaluation of every Director's performance
- Formulate the criteria for determining the qualifications, positive attributes, and independence of a Director
- Recommend a policy to the Board, relating to the remuneration of the Directors, Key Managerial Personnel, and other employees. To devise policy on:
  - Remuneration, including any compensation related payments of the Directors, Key Managerial Personnel and other employees, and recommend the same to the Board of the Company

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- b. Board diversity is laying out an optimum mix of Executive, Independent and Non-Independent Directors keeping in mind the needs of the Company
- v. The Nomination and Remuneration Committee has such powers and performs such functions as may be required under the Companies Act, 2013 and such other applicable Regulations as may be notified by the Securities and Exchange Board of India, the National Housing Bank/ Reserve Bank of India, and other regulators from time to time.
- During the year under review, the Nomination and Remuneration Committee met three times: on April 25, 2022, May 16, 2022, and August 22, 2022.
- The composition of the Nomination and Remuneration Committee as on March 31, 2023, and the number of meetings held and attended by the members of the Committee during FY2022-23 are summarised below:

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. Srinivasan Sridhar	Chairman	Independent Director	3	3
Mr. Kranti Sinha	Member	Independent Director	3	3
Mr. Rajamani Venkataraman *	Member	Non-Executive Director	3	2
Mr. Kabir Mathur**	Member	Nominee Director	-	-

\* Mr. Rajamani Venkataraman ceased to be a member of the Nomination and Remuneration Committee with effect from September 20, 2022.

\*\* Mr. Kabir Mathur, Nominee Director, inducted into the Nomination and Remuneration Committee with effect from September 20, 2022.

**Stakeholders Relationship Committee**

Since the Company had issued Non-Convertible Debentures to the public, the number of debenture holders were beyond a thousand. Therefore, the Board of Directors, at its meeting held on July 24, 2021, constituted a Stakeholders Relationship Committee of the Board. In terms of the provisions of section 178 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder.

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

following:

- Review of investors' complaints and their redressal
- Review and approval of the queries/requests received from the investors/shareholders
- As may be prescribed by the Board from time to time or prescribed under any statutory or regulatory provisions

During the year under review, the Stakeholders Relationship Committee met once on March 31, 2023.

The composition of the Stakeholders Relationship Committee as on March 31, 2023 and the number of meetings held and attended by the members of the Committee during FY 2022-23 are summarised below:

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. Kranti Sinha	Chairman	Independent Director	1	1
Mr. Rajamani Venkataraman	Member	Non-Executive Director	1	1
Mr. Monu Ratra	Member	Executive Director & CEO	1	-

The Chairman of the Stakeholders Relationship Committee attended the last Annual General Meeting of the Company held on July 20, 2022.

The Company Secretary of the Company acts as Secretary of the Committee.

During the year 2022-23, the Company received sixty three complaints from Non-Convertible Debenture holders (investors), including complaints received through SEBI's SCORES portal. The complaints were redressed to the satisfaction of the investors/debentureholders.

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The details of the complaints are given below:

Sr. No.	Particulars	No. of Complaints
1	Investor complaints pending at the beginning of the year	-
2	Investor complaints received during the year	63
3	Investor complaints disposed off during the year	63
4	Investor complaints remaining unresolved at the end of the year	-

**Corporate Social Responsibility (CSR) Committee**

In terms of the provisions of Section 135 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Board has constituted a CSR Committee.

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

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

- Consider any matters relating to the social, charitable, community, and educational activities, expenditures, and related publications of the Company and its subsidiary companies that it determines to be desirable. In addition, the CSR Committee shall examine any other matters referred to it by the Board

- Maintain the Company's CSR policy framework (e.g., environment, human rights, and responsible business conduct) in line with best practice and the appropriate international standards and guidelines
- Receive reports and review activities from executive and specialist groups managing CSR matters across the Company's operations
- consider and propose an annual budget for CSR activities to the Board

During the year under review, the CSR Committee met thrice on July 22, 2022, March 10, 2023, and March 24, 2023.

The composition of the CSR Committee as on March 31, 2023 and number of the meetings held and attended by the members of the Committee during FY 2022-2023 are summarised below:

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. Rajamani Venkataraman	Chairman	Non-Executive Director	3	3
Mr. Kranti Sinha	Member	Independent Director	3	3
Mr. Monu Ratra	Member	Executive Director & CEO	3	3
Ms. Mohua Mukherjee	Member	Independent Director	3	3

**Risk Management Committee**

The Board of Directors constituted Risk Management Committee comprising Directors and senior officials of the Company. The composition of the Risk Management Committee is provided below:

The terms of reference of the Risk Management Committee are in line with guidelines prescribed by NHB/RBI and SEBI, which, inter alia, includes the following:

- To identify the various types of risks involved in the business, both financial and non financial risk, internal and external, operational, sustainability, and ESG-related risk
- To define the methodology to measure/quantify the risks

- To control and mitigate the variety of risks involved in business
- To specify the risk tolerance of the Company
- To ensure regulatory and statutory compliance with risk management and prudential norms,
- To improve the asset quality of the Company by using risk management tools
- To maximise the profit of the Company,
- To maximise the return on equity with an acceptable level of risk, for the purpose of protecting, preserving, and increasing the net worth of the Company
- To ensure business continuity and to avoid accidents and disasters. To ensure that appropriate methodology, processes, and

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- systems are in place to monitor and evaluate risks associated with the business of the Company
- j. To keep the Board of Directors informed about the nature and content of its discussions, recommendations, and actions to be taken
- k. The appointment, removal, and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee
- l. Periodically review the Risk Management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity

- m. To strengthen internal control and prevent unauthorised and improper access to data, thereby ensuring the appropriate protection of information assets, i.e., risk related to cyber security
- n. To monitor and oversee implementation of the Risk Management policy, including evaluating the adequacy of risk management systems.

During the year under review, the Committee met four times on April 25, 2022, July 25, 2022, October 21, 2022, and February 15, 2023.

The Risk Management Committee as on March 31, 2023, and the number of meetings held and attended by the members of the Committee during FY2022-23, are summarised below:

Name	Designation	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Monu Ratra	Member	Executive Director & CEO	4	4
Mr. Srinivasan Sridhar	Member	Independent Director	4	4
Mr. Kranti Sinha	Member	Independent Director	4	4
Ms. Mohua Mukherjee	Member	Independent Director	4	4
Mr. Rajamani Venkataraman *	Member	Non-Executive Director	2	2
Mr. Kabir Mathur*	Member	Nominee Director	2	-
Ms. Abhishikta Munjal	Member	Chief Risk Officer	4	4
Mr. Govind Modani	Member	Treasury Head	4	4

\*\*Mr. Rajamani Venkataraman and Mr. Kabir Mathur were inducted into the Risk Management Committee with effect from September 20, 2022.

**Asset Liability Management Committee (ALCO)**

In accordance with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, read with the Liquidity Risk Management Framework issued by RBI (earlier under Policy Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010), the Board of Directors constituted the Asset Liability Committee (ALCO).

During the year under review, the Committee met on April 25, 2022, July 25, 2022, October 21, 2022 and February 15, 2023.

The composition of the ALCO and the number of meetings held and attended by the members of the ALCO during the financial year 2022-2023 are summarised below:

Name	Designation	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Monu Ratra	Member	Executive Director & CEO	4	4
Mr. Srinivasan Sridhar *	Member	Independent Director	1	1
Mr. Nirmal Jain**	Member	Non- Executive Director	2	2
Mr. Rajamani Venkataraman	Member	Non-Executive Director	4	3
Mr. Kabir Mathur***	Member	Nominee Director	2	-

\*Mr. Srinivasan Sridhar was inducted to the ALCO with effect from January 24, 2023.

\*\*Mr. Nirmal Jain ceased to be a member of ALCO with effect from September 20, 2022.

\*\*\*Mr. Karbir Mathur was inducted into the ALCO with effect from September 20, 2022.

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The terms of reference of the ALCO are in line with the guidelines prescribed by the RBI which, inter alia, include the following:

- Liquidity risk management
- Management of market risks
- Funding and capital planning
- Profit planning and growth projection
- Forecasting and analysing 'what if scenarios' and preparation of contingency plans

**IT Strategy Committee**

In accordance with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (earlier under the Policy Circular No. NHB/ND/DRS/Policy Circular No. 90/2017-18, dated June 15, 2018), the Board of Directors constituted IT Strategy Committee. The composition of the Committee as on March 31, 2023 is provided below:

- Mr. Srinivasan Sridhar, (Independent Director) Chairman
- Mr. Arun Kumar Purwar, (Independent Director) Member
- Mr. Monu Ratra, Member
- Mr. Abhishikta Munjal, Member
- Mr. Rachit Gehani, Member
- Mr. Shankar Ramrakhiani, Member

- Mr. Aditya Sisodia, Member
- Mr. Mitesh Vora, Member

The terms of reference of the Committee are in line with guidelines prescribed by RBI, which, inter alia, include the following:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place
- Ascertaining that management has implemented processes and practices ensuring that IT delivers value to the business
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for the grand use of IT resources
- Ensuring a proper balance of IT investments for sustaining the required growth and becoming aware about exposure towards IT risks and controls

During the year under review, the Committee met on August 18, 2022, and February 10, 2023.

The number of the meetings held and attended by the members of the IT Strategy Committee during the financial year 2022-2023 are summarised below:

Name	Designation	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Srinivasan Sridhar	Chairman	Independent Director	2	2
Mr. Arun Kumar Purwar	Member	Independent Director	2	2
Mr. Monu Ratra	Member	Executive Director & CEO	2	2
Ms. Abhishikta Munjal	Member	Chief Risk Officer	2	2
Mr. Shankar Ramrakhiani	Member	Chief Information Security Officer	2	2
Mr. Rachit Gehani	Member	(CIO) and Digital Strategy Head	2	2
Mr. Aditya Sisodia	Member	Head Application Development	2	0
Mr. Mitesh Vora	Member	Head IT Infrastructure & Cyber Security	2	2

**Remuneration of Directors**

Details of Remuneration paid to Directors during FY 2022-23 and details of the number of shares and Convertible instruments held by Directors as on March 31, 2023 are as follows:

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Name of Director	Designation	Salary and Perquisite	Commission/Bonus	Sitting fee	Contribution to PF and other funds, gratuity	Stock options	Number of equity shares and non-convertible instruments held
Mr. Srinivasan Sridhar	Independent Director	-	₹ 12,00,000	₹ 10,60,000	-	-	-
Mr. Kranti Sinha	Independent Director	-	₹ 10,00,000	₹ 9,40,000	-	-	-
Mr. Rajamani Venkataraman	Non-Executive Director	-	-	-	-	-	-
Mr. Nirmal Jain	Non-Executive Director	-	-	-	-	-	-
Mr. Arun Kumar Purwar	Independent Director	-	-	₹ 5,70,000	-	-	-
Mr. Monu Ratra	Executive Director & CEO	₹ 2,63,55,920	₹ 2,00,00,000	-	-	-	100*
Ms. Mohua Mukherjee	Independent Director	-	₹ 10,00,000	₹ 6,00,000	-	-	-
Mr. Kabir Mathur	Nominee Director	-	-	-	-	-	-
Mr. Venkataramana Anantharaman	Independent Director	-	-	₹ 30,000	-	-	-

Note: i. Remuneration of Fixed CTC and performance bonus has been considered for presenting data on comparable basis for Mr. Monu Ratra Executive Director & CEO, the remuneration is exclusive of the value of perquisites on ESOPs.

ii. The remuneration of Mr. Srinivasan Sridhar, Mr. Kranti Sinha and Ms. Mohua Mukherjee has been presented on the basis of commission to be paid for the FY 2022-23.

iii. No severance fees was paid to any of the Director during FY 2022-23.

\* Monu Ratra holds shares as a nominee of IIFL Finance Limited.

**Remuneration to Non-Executive/Independent Directors**

The Non-Executive Independent Directors are paid remuneration by way of sitting fees, commission, and other expenses (travel, boarding and lodging incurred for attending the Board/Committee meetings). The Non-Executive Non-Independent Directors are not paid any sitting fees.

Before October 01, 2021, the Company was paying sitting fees of ₹ 30,000 (Rupees Thirty Thousand only) per meeting to the Non-Executive Independent Directors. The sitting fees were paid for attending meetings of the Board and the Committee, excluding

the Corporate Social Responsibility Committee meetings, for which there were no sitting fees payable. Additionally, the Company also provided reimbursement for actual travel and out-of-pocket expenses directly related to the Director's attendance, if any, incurred by them.

Apart from the above, the Non-Executive and Independent Directors are eligible for commission as approved by the shareholders of the Company at the Annual General Meeting held on August 2, 2019. The amount of commission is based on the overall financial performance of the Company and Board of Directors. In addition to the aforementioned, no other remuneration is paid to the Non-Executive/Independent Directors.

There are no pecuniary relationships or transactions between the Non-Executive Directors and the Company. The Company has obtained a Directors and Officers Liability Insurance policy, covering all its Directors and Officers in respect of any legal action that might be initiated against them.

**Periodic review of compliances of all applicable laws**

The Company follows a system whereby all the Acts, Rules and Regulations applicable to it are identified, and compliance with such Acts, Rules and Regulations is monitored by dedicated teams on a regular basis.

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

Verification of compliance with the major Acts/Regulations is carried out by suitable external auditors, and their reports and implementation of their observations are reported to the Board/Audit Committee. In addition, the audit and verification plan and actual status thereof are reviewed by the Board/Audit Committee periodically. A consolidated

compliance certificate based on the compliance status received from the Company in respect of various laws, Rules and Regulations applicable to the Company is placed before the Board on a regular basis and reviewed by the Board. Necessary reports are also submitted to the various regulatory authorities as per the requirements from time to time.

**General Body Meetings**

Date of AGM	Location	Time	Whether any Special Resolution was Passed
July 20, 2022	IIFL House, Sun Infotech Park, Road No. 16V, Plot No., B-23, MIDC Thane Industrial Area, Wagle Estate, Thane – 400604	4.30 p.m.	No
June 23, 2021	IIFL House, Sun Infotech Park, Road No. 16V, Plot No., B-23, MIDC Thane Industrial Area, Wagle Estate, Thane – 400604	4.30 p.m.	No
June 11, 2020	IIFL House, Sun Infotech Park, Road No. 16V, Plot No., B-23, MIDC Thane Industrial Area, Wagle Estate, Thane – 400604	04:30 p.m.	No

**Postal Ballot**

During the year under review, no resolution was passed through the Postal Ballot.

**Means of communication to the Stakeholders**

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company [www.iiflhomeloans.com](http://www.iiflhomeloans.com). The Annual Report, quarterly financial results, corporate actions and copies of press releases, if any, among others, are regularly submitted to the Stock Exchanges and uploaded on the website of the Company, including Quarterly / Annual Financial Results in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the disclosures made to the Stock Exchanges are also available on the website of the Company i.e. <https://www.iiflhomeloans.com/investor-relations>. The quarterly and annual results of your Company are published in widely circulated English newspaper(s).

**General Shareholder Information**

1	Annual General Meeting	For the details please refer to the Notice of ensuing Annual General Meeting
2	Finance Year (2022-23)	From April 1 to March 31 Results for the quarter ended on June 30, 2022 – within 45 days from the end of the quarter Results for the quarter ended on September 30, 2022 – within 45 days from the end of the quarter Results for the quarter ended on December 31, 2022 – within 45 days from the end of the quarter Results for the quarter and year ended on March 31, 2023 – within 60 days from the end of the quarter
3	Dividend payment date (Interim dividend)	During the financial year 2022-23, your Company had declared ₹ 40 per equity share and payment was made on January 30, 2023
4	Name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);	Publicly issued Non-Convertible Debentures (NCDs) are listed on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE), and privately placed NCDs are listed on NSE. The Listing fees as applicable have been duly paid to stock exchanges
5	Stock Code	Not applicable
6	Market price data- high, low during each month in last financial year	Not applicable; as Equity Shares of the Company are not listed on any Stock Exchange

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

	performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc	Not applicable; as Equity Shares of the Company are not listed on any Stock Exchange
7	In case the securities are suspended from trading, the directors report shall explain the reason thereof	Not Applicable
8	Registrar to an issue and share transfer agents	Link Intime India Private Limited C-101, 1st Floor, 247 Park , Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra - 400083. Telephone: 022-49186000 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> <a href="mailto:bonds.helpdesk@linkintime.co.in">bonds.helpdesk@linkintime.co.in</a>
9	Share transfer system	Equity shares- in house NCDs are in dematerialised form transfer and transmission of security is outsourced to Registrar and transfer agent
10	Distribution of shareholding	Not Applicable
11	Dematerialisation of Shares and liquidity	All shares are in dematerialized form.
12	Outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity	Not Applicable
13	Commodity price risk or foreign exchange risk and hedging activities	Not Applicable
14	Plant locations	Not Applicable
15	Address for Correspondence	Mr. Ajay Jaiswal, Company Secretary & Compliance Officer Plot No. 98, IIFL Towers, Udyog Vihar, Phase IV, Gurugaon, Haryana - 122015
16	List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad	The details are provided in the Directors' report

**Shareholding Pattern****Categories of Equity Shareholders as on March 31, 2023**

Name of Shareholder	Category of Shareholder	Number of Shares	% of Shareholding
IIFL Finance Limited	Promoter	2,09,67,681	79.59
Platinum Owl C 2018 RSC Limited, acting in its capacity as the trustee of Platinum Jasmine A 2018 Trust	Non Promoter	5376457	20.41
Mr. Govind Modani*	Individual	100	-
Mr. Narendra Jain*	Individual	100	-
Mr. Monu Ratra*	Individual	100	-
Mr. Amit Kumar Gupta*	Individual	100	-
Ms. Sneha Patwardhan*	Individual	100	-
<b>Total</b>		<b>2,63,44,638</b>	<b>-</b>

\*Individual shareholders are holding shares as nominees of IIFL Finance Limited (the holding Company).

**ANNEXURE – V TO DIRECTORS' REPORT (CONTD.)****Other Disclosures****(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large**

The Company has put in place a Related Party Transactions Policy (RPT) which was approved by the Board of Directors. The Policy provides for identification of RPTs, necessary approvals by the Audit Committee/Board/Shareholders, reporting and disclosure requirements in compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All transactions executed by the Company during the financial year with related parties were on arm's length basis and in the ordinary course of business. All such RPT were placed before the Audit Committee for approval, wherever applicable. The policy on the materiality of RPTs (part of the Related Party Transaction Policy) and dealing with RPTs as approved by the Board may be accessed on the website of the Company i.e. <https://www.iiflhomeloans.com/investor-relations/corporate-governance>. You may refer to Note no. 41 of the Standalone Financial Statement which contains related party disclosures.

**(b) Details of Non-Compliance**

No strictures/penalties were imposed on your Company by the Stock Exchanges or by the Securities and Exchange Board of India, or by any statutory authority on any matter related to the securities markets during the last three financial years.

**(c) Details of establishment of vigil mechanism/whistle-blower policy, and affirmation that no personnel was denied access to the Audit committee**

In Compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 violations of the Company's Code of Conduct or ethics policy. The Policy provides adequate safeguard against the victimisation of whistle-blowers, who avails such mechanism and also provides for the access to the Chairman of Audit Committee. None of the whistle-blowers have been denied access to the Audit Committee. The said Policy, as approved by the Board, may be accessed on the website of the Company, i.e. <https://www.iiflhomeloans.com/investor-relations/corporate-governance>.

**(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements;**

The Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed for High-Value Debt-Listed Companies in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable to the Company. The status of compliance with the Non- mandatory recommendation in the SEBI Regulations is as follows:

- ✓ The Internal Auditor has direct access to the Audit Committee
- ✓ The Company follows a robust process of communicating with the shareholders, which has been explained earlier in the report under 'Means of Communication'

**(e) Web-link where policy for determining 'material' subsidiaries is disclosed at [https://storage.googleapis.com/iifl-hfc-storage/files/policies/Policy-on-determining-Material-Subsidiary\\_1.pdf](https://storage.googleapis.com/iifl-hfc-storage/files/policies/Policy-on-determining-Material-Subsidiary_1.pdf).****(f) Web-link where policy on dealing with related party transactions is disclosed at <https://storage.googleapis.com/iifl-hfc-storage/files/policies/Related%20Party%20Transaction%20Policy-track%20-%20Clean.pdf>****(g) Disclosure of commodity price risks and commodity hedging activities: Not Applicable****(h) Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) : Not Applicable****(i) A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority forms part of this report.****(j) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof: No such instance was reported.****(k) Total Fees to Statutory Auditor**

Total fees (exclusive of GST and other taxes as applicable) for all services paid by the listed entity and its subsidiary, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follows:

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

Particulars	Amount (₹ in Millions)
Audit Fee	3.65
Limited Review	1.36
Other matters and certification	2.48
Out of Pocket Expenses	0.68
Others, if any	
<b>Total</b>	<b>8.17</b>

**(l) Prevention of Sexual Harassment**

The Company recognises its responsibility and continues to provide a safe working environment for women, free from sexual harassment and discrimination. In Compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has put in place a Policy on the prevention of Sexual Harassment of Women at Workplace and has constituted an Internal Complaints Committee. During the year under review, there were neither any complaints received nor any outstanding as on April 1, 2022 and March 31, 2023.

- Number of complaints filed during the financial year: Nil
- Number of complaints disposed of during the financial year: Nil
- Number of complaints pending as on end of the financial year: Nil

Number of workshops or awareness programmes against sexual harassment carried out: The Company regularly sensitises its employees on the prevention of sexual harassment through online training.

**(m) Disclosure by listed entity and its subsidiaries of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:**

Except for transactions mentioned under related party transactions, no loans and advances are granted to firms/companies in which Directors are interested.

- Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed: Company is complied with the requirements
- Among discretionary requirements, as specified in Part E of Schedule II of Listing Regulations and other acts, rules, regulations, and guidelines as applicable, the Company has adopted the following:
  - The Company has adopted a regime of financial statements with an unmodified audit opinion
  - The Company has appointed separate posts for

the Chairman and the CEO, such that Chairman is a Non-Executive Director and not related to the CEO

- The internal auditor directly reports to the Audit Committee of the Company.
- The disclosures of the compliance with corporate governance requirements specified in regulations 17 to 27 and clauses (a) to (i) of Regulation 62 (1A) of the SEBI Listing Regulations shall be made in the section on corporate governance of the annual report.

The Company is in compliance with all the mandatory requirements specified in Regulation 17 to 27 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, which have become applicable to the Company as a High Value Debt Listed Entity ('HVDLE') on a 'comply or explain' basis until March 31, 2023.

**Declaration signed by the Chief Executive Officer stating that the members of the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Board of Directors and Senior Management.**

The confirmation from the Chief Executive Officer regarding compliance with the Code by all the Board Members and Senior Management forms part of the Report. The Code of Conduct is displayed on the website of the Company, i.e. www.iiflhomeloans.com

**Compliance certificate from either the auditors or practising company secretaries regarding compliance with conditions of corporate governance shall be annexed to the Directors' report.**

The certificate received from the Secretarial Auditors of the Company, M/s. RMG Associates, Practising Company Secretary confirming the compliance of conditions of corporate governance is annexed to this Report in terms of the provisions of Part E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Disclosures with respect to demat suspense account/unclaimed suspense account:** Not Applicable**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 – V TO DIRECTORS' REPORT (CONTD.)****Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015****To****The Board of Directors****IIFL Home Finance Limited**

Compliance Certificate as required under Regulation 17(8) of SEBI, Part B of Schedule II (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I, Monu Ratra, Chief Executive Officer and Executive Director, and Amit Gupta, Chief Financial Officer, hereby certify that:

- We have reviewed the Financial statements and the Cash Flow statement for the year under review and that to the best of their knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- To the best of their knowledge and belief, there were no transactions entered into by the listed entity during the year which are fraudulent, illegal, or violative of the listed entity's code of conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the listed entity pertaining to financial reporting. We have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- We have indicated to the auditors and the Audit committee
  - Significant changes in internal control over financial reporting during the year
  - Significant changes in accounting policies during the year have been disclosed in the notes to the financial statements
  - Instances of significant fraud of which they have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the listed entity's internal control system over financial reporting

**Monu Ratra**  
Executive Director & CEO  
Date: April 24, 2023

**Amit Gupta**  
Chief Financial Officer

**DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and Senior Management Personnel and the same is available on the Company's website. I confirm that the Company has, with respect to the financial year ended on March 31, 2023, received from the Board Members and Senior Management Personnel of the Company, declaration of compliance with the Code of Conduct as applicable to them.

**For IIFL Home Finance Limited****Monu Ratra**

Executive Directors &amp; CEO

DIN: 07406284

Place: Gurugram

Date: April 24, 2023

**CERTIFICATE ON CORPORATE GOVERNANCE**

[Pursuant to Regulation 34(3) read with Schedule V Para E of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**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 examined the compliance of conditions of Corporate Governance by **IIFL Home Finance Limited** (hereinafter referred to as "**the Company**"), having its Registered Office situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane, Maharashtra- 400604 and Corporate Office situated at Plot No. 98, Udyog Vihar Phase-IV, Gurgaon, Haryana- 122015, for the financial year ended on **March 31, 2023**, as stipulated in the relevant regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred to as "**SEBI (LODR), 2015**").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations. However, stricter compliances with respect to disclosures and timelines is required to be adhered by the Company in true letter and spirit.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For RMG & Associates**  
**Company Secretaries**  
**Firm Registration No. P2001DE016100**  
**Peer Review No. : 734/2020**

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

Date: 24.04.2023  
Place: New Delhi  
**UDIN: F005123E000174261**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

[Pursuant to Notice No. 20220107-16 read with Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**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 examined the relevant registers, records, forms, returns and disclosures received from the Directors of **IIFL Home Finance Limited (CIN: U65993MH2006PLC166475)** (hereinafter referred to as "**the Company**") having its Registered Office situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane, Maharashtra - 400604 produced before us by the Company for the purpose of issuing this certificate, in pursuance of the provisions of Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

In our opinion and to the best of our information and to the extent of accessibility of the data or information as available and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary by us and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company, as stated below, for the Financial Year ended on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India ('SEBI'), Ministry of Corporate Affairs ('MCA') or any such other statutory authority.

S. No.	DIN	Full Name	Designation as of March 31, 2023
1.	07406284	Mr. Monu Ratra	Whole-time Director
2.	00004272	Mr. Srinivasan Sridhar	Director
3.	00001643	Mr. Kranti Sinha	Director
4.	00010535	Mr. Nirmal Bhanwarlal Jain	Director
5.	00011919	Ms. Venkataraman Rajamani	Director
6.	00026383	Mr. Arun Kumar Purwar	Director
7.	08714909	Mr. Mohua Mukherjee	Director
8.	08635072	Mr. Kabir Mathur*	Nominee Director
9.	01223191	Mr. Anantharaman Venkataramanan**	Director

\* Mr. Kabir Mathur was appointed w.e.f. August 22, 2022

\*\* Mr. Anantharaman Venkataramanan was appointed w.e.f. February 21, 2023

Ensuring the eligibility for the appointment/re-appointment/continuity of a Director on the Board of the Company is the ultimate responsibility of the management of the Company. Our responsibility is to express an opinion on the basis of the disclosures/information provided by the management of the Company. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For RMG & Associates**  
**Company Secretaries**  
**Peer Review No. 734/2020**  
**Firm Registration No. P2001DE016100**

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

Place: New Delhi  
Date: 24.04.2023  
**UDIN: F005123E000174336**



## ANNEXURE – VI TO DIRECTORS' REPORT

### Management Discussion and Analysis

#### GLOBAL ECONOMIC OVERVIEW

Resiliently manoeuvring through year-long macroeconomic turmoil, the global economy has ended up posting better growth prospects in 2022. Macroeconomic hurdles like incremental inflation, the cost of living, trade wars, and prolonged geopolitical conflict subdued the world economy's growth momentum in the first instance. However, the faster rebound of economic activities around the world has paved the way for the economy's trajectory towards a positive state. On the inflationary side, the silver lining of optimism has also fuelled growth momentum. The faster rebound in economic activities is majorly supported by calibrated monetary policies, adhered to by Governments around the globe, that helped build way more resilience across nations.

According to the International Monetary Fund (IMF), the global growth rate was estimated to slow down from 3.4% in 2022 to 2.8% in 2023. Global inflation will decrease, although more slowly than initially anticipated, from 8.7% in 2022 to 7.0% in 2023 and 4.9% in 2024.

#### Global Economic Growth

	Year-on-Year		
	Estimate	Projections	
	2022	2023	2024
World	3.4%	2.8%	3.0%
Advanced Economies	2.7%	1.3%	1.4%
Emerging Markets and Developing Economies	4.0%	3.9%	4.2%

(Source: IMF, WEO April, 2023)

The projected downturn in inflationary pressure is attributed to declining international fuel and non-fuel commodity prices, owing to weaker global demand and tighter monetary policy effect. However, the surge in demand across nations are stoking inflationary pressure in the economy and fuelling a stronger rebound.

#### Outlook

According to several projections, there will be a widespread decrease in medium-term growth estimates in the future. Some of this deceleration can be attributed to the natural convergence of previously fast-growing economies like China and Korea. However, the recent sluggishness may also be caused by more concerning factors such as the lingering effects of the Covid-19 pandemic, a slow pace of structural reforms, rising trade tensions, declining direct investment, and slower adoption of innovation and technology in fragmented regions.

A world that is split and polarised is unlikely to achieve advancement for everyone or successfully confront global issues such as climate change or pandemic preparedness. Therefore, it is essential for nations to work together to promote economic growth, address inequalities, and invest in innovation and technology. Policymakers must take a long-term view and prioritise structural reforms that promote competitiveness, productivity, and sustainability, while also ensuring that the benefits of growth are shared widely. Moreover, it is essential for countries to find ways to cooperate on global issues, such as climate change and pandemic preparedness, to build a more prosperous and resilient world for future generations.

#### INDIAN ECONOMIC OVERVIEW

India has been the world's fastest-growing major economy for the past two years, despite facing several headwinds, including strong pressures from global recession, inflation, public debt, and the squeezing of real household incomes. The Indian economy's growth for the year under review has been driven primarily by private consumption and capital formation, which have also contributed to generating employment. The recovery of Micro, Small, and Medium Enterprises (MSMEs) is progressing well, as evidenced by the amounts of Goods and Services Tax (GST) they pay, while the Emergency Credit Linked Guarantee Scheme (ECLGS) is helping to ease their debt servicing concerns. Additionally, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has been providing jobs directly in rural areas, while indirectly creating opportunities for rural households to diversify their sources of income. Schemes like PM-Kisan and PM Garib Kalyan Yojana have ensured food security in the country and have been recognised by the United Nations Development Programme (UNDP) for their impact.

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

India's economy has once again demonstrated its resilience and strength by achieving remarkable growth in FY 2022-23. According to the projection of the National Statistical Organisation (NSO), real Gross Domestic Product (GDP) growth is expected to reach 7% by the end of the current fiscal year. The Indian economy's growth is primarily driven by a robust recovery in economic activity, particularly in private sector consumption, and the Government's increased focus on infrastructure development. The growth momentum has remained steady, despite global challenges and tighter domestic monetary policies.

#### Indian Economic Growth



(Source: MoSPI)

The rebound in private consumption has been possible due to the near-universal Covid-19 vaccination coverage overseen by the Government. The vaccination drive has helped people feel more confident about going out and spending money on contact-based services like restaurants, hotels, shopping malls, and cinemas. The world's second-largest vaccination drive, which has involved over 2 billion doses, has also helped lift consumer sentiment, which may further prolong the rebound in consumption.

The capital expenditure (capex) of the Central Government, which witnessed a steady increase in FY 2022-23, was another growth driver of the Indian economy in the current year. Private capex is also expected to increase, as corporations strengthen their balance sheets and generate more credit financing. Furthermore, the improved financial health of well-capitalised public sector banks has enabled them to increase credit supply, which has resulted in remarkable credit growth for the Micro, Small, and Medium Enterprises (MSME) sector. This growth is further supported by the extended Emergency Credit Linked Guarantee Scheme (ECLGS) of the Union Government.

#### Outlook

S&P Global Ratings has forecasted a moderating GDP growth rate of 6% for India in the upcoming FY 2023-24. However, this does not take away anything from the fact that the country has scripted a remarkable recovery from the Covid-19 pandemic. Moreover, for FY 2023-24, growth drivers like robust domestic demand and increased capital investment are anticipated to further boost the pace of economic activities across the country. Although there may be potential challenges from global spillovers, high inflation, and aggressive monetary policies, the Indian economy's fundamentals remain strong.

India's financial system is well-prepared to support the country's economic progress, and the upcoming year is expected to see a rebound in private sector investment. Additionally, India's large foreign exchange reserves, exceeding its external debt, provide further strength to the economy. Participating in a steady and measured withdrawal of liquidity by central banks worldwide, including in India, is anticipated to support growth without causing disruption. Overall, while the growth rate for FY 2023-24 may be slower than FY 2022-23, the underlying strength of the Indian economy and its financial system establish a





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

solid foundation for ongoing progress.

### INDUSTRY OVERVIEW

#### Indian Housing Finance Industry

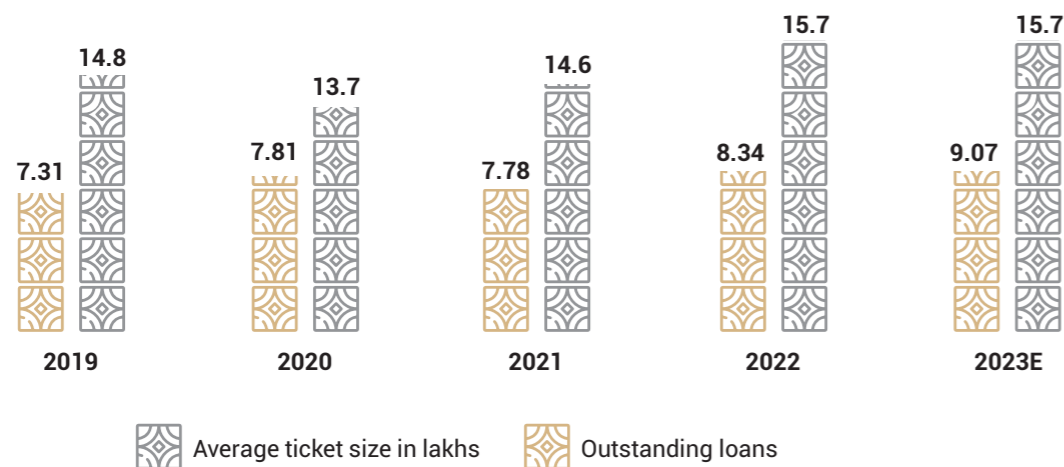
India's massive home loan market is poised to grow at a steady pace. This consistent growth is primarily driven by multiple tailwinds like a large population base, a burgeoning middle-class group, and a rising pace of urbanisation. As of September 2022, the country's home loan valuation in terms of credit was ₹ 26 Tn, consisting ~17% of system-wide credit. The industry is likely to register a CAGR of 15-16% for the period between FY 2022-23 to FY 2027-28. This growth is expected to continue, with the housing loan segment projected to contribute about 13% to India's GDP. This growth can be attributed to factors such as affordable housing, attractive tax incentives, and an increase in household income. Alongside this growth, the housing finance industry has undergone significant structural changes, with a focus on credit quality and collection efficiency.

The recent efforts of NBFCs/HFCs to strengthen their balance sheets have yielded positive results, as reflected in their performance. In the last 3.5 years, non-banking financial companies have raised more than ₹ 70,000 Crores, out of which HFCs have raised approximately ₹ 25,000 Crores. This increase in funding has significantly improved their gearing, enabling them to meet the credit demands of borrowers, while maintaining their financial stability.

Furthermore, the asset quality of HFCs in the home loan segment has been impressive, and restructuring levels have been low. This resilience in asset quality has been particularly noteworthy during the challenging economic environment, created by the Covid-19 pandemic.

Looking ahead, the future looks bright for HFCs in the Indian housing finance industry, with a growth rate of 10-12% in AUM in FY 2022-23, followed by a 13-15% increase in FY 2023-24. Various factors, such as the revival of the Indian economy and the continuous demand for accessible and affordable housing finance, are driving the growth projections for the housing finance industry. The total outstanding loan amount of HFCs is estimated to reach ₹ 9.07 Lakh Crore in 2023, signifying a positive growth potential of the Indian housing finance sector.

Outstanding Loans for HFCs in Housing Loans (₹ Lakh crore)



(Source: KPMG Report November 2022)

#### Urbanisation to Fuel the Housing Demand

As per the UN World Urbanisation Prospects 2018 report, India's urban population is expected to reach 46% by 2025, with 814 million people living in cities by 2050. This surge is driven by the demand for infrastructure development, higher education, and a transition away from agriculture.

Furthermore, the increasing demand for housing and infrastructure has resulted in significant growth in the Indian real estate market. In 2022, around 312,666 residential units were sold across eight major cities, marking a 34% increase from the previous year. With the population of metropolitan areas expected to grow, there will be a need for more residential and non-residential buildings, including offices, healthcare facilities, and hotels. Hence, the impact of the surge in the housing and construction sector is anticipated to create a multiplier effect on the Indian economy.

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The shortage of urban housing is a pressing issue across India, with the demand-supply gap being a major contributing factor. According to estimates, this shortage is expected to increase to 3.41 Crore units by 2022. With the cost of housing options in urban areas becoming increasingly expensive, there has been a rise in demand for affordable housing alternatives, particularly among low and middle-income families.

#### Asset Quality

The asset quality of housing finance companies (HFCs) in India was significantly affected by the Covid-19 pandemic, with this unprecedented event creating a profound impact on the industry. The nationwide lockdowns and economic disruptions caused by the pandemic led to increased stress on borrowers and a rise in loan defaults. However, the Reserve Bank of India (RBI) introduced various relief measures to provide a much-needed breather to borrowers and HFCs, alike. The Gross Non-Performing Assets (GNPA) ratio of HFCs witnessed a decrease in FY 2022-23, as the Indian economy continued to recover and stressed instances were resolved.

The reduction in the GNPA ratio is a positive sign for the housing finance industry, indicating that the relief measures introduced by the RBI have been effective in stabilising the sector. As the economy continues to recover, the asset quality of HFCs is expected to improve further, leading to sustained growth in the housing finance sector.

#### Government Initiatives - Creating Opportunities for Housing Sector

In a bid to foster growth and development in the housing sector, the Indian Government has implemented several initiatives aimed at supporting the industry. These strategic measures intend to provide affordable housing for all and boost the overall real estate market in the country. Buoyed by these measures, the demand for affordable housing has charted an upward trend in the past few years.

#### Pradhan Mantri Awas Yojana (PMAY)

The Pradhan Mantri Awas Yojana (PMAY) Scheme has already facilitated the construction of 64 Lakh houses, as of November 2022. Thus, providing affordable housing to millions of people across the country.

To further strengthen this initiative, the Government has increased the allocation for PMAY by a significant 66% in the Union Budget 2023-24. This measure further highlights the Government's steadfast commitment towards achieving the 'Housing for All' mission. The increased allocation of ₹ 79,000 Crores is expected to support the construction of more affordable houses and provide additional financial assistance to eligible beneficiaries, thereby making safe and decent living spaces more accessible for all in India.

- **Credit Linked Subsidy Scheme (CLSS)**  
The Credit Linked Subsidy Scheme (CLSS) provides financial assistance to homebuyers, especially the underprivileged group, to realise their dream of owning a home.
- **Beneficiary Led Construction (BLC)**  
Under the BLC scheme, beneficiaries from the economically weaker section are provided with financial assistance to construct new homes or enhance their existing homes.
- **Affordable Housing in Partnership (AHP)**  
Through the AHP scheme, the Government provides financial assistance to public and private sector entities to develop affordable housing projects.
- **In-Situ Slum Redevelopment (ISSR)**  
In-Situ Slum Redevelopment (ISSR) leverages the locked potential of land under slums to provide houses to eligible slum dwellers and bring them to formal urban settlement.

#### Increasing Digitisation in Financial Lending Space

An ambitious proposal for introducing structural reform in the real estate sector was introduced by Finance Minister, Smt. Nirmala Sitharaman. Her proposal includes the introduction of a "one-nation, one-registration" system, which aims to revolutionise the process of land transactions and sale deed registrations throughout the country. This innovative idea intends to make land transactions and registrations more accessible from anywhere in the country.

To bolster this effort, the Government is encouraging states to adopt a unique land parcel identification number that is expected to play a crucial role in digitising land records. In addition, this move will facilitate the seamless transfer of land and related documents, contributing to the ultimate objective of enabling 'anywhere registration' of these critical records.



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The introduction of this proposed structural reform in the real estate sector is expected to bring about significant positive changes in the industry. The streamlining of land registration and documentation processes will enhance transparency, promote efficiency, and reduce the potential for fraud and disputes. It will also create a more conducive environment for investment in the sector, which will be instrumental in driving economic growth and development.

### COMPANY OVERVIEW

IIFL Home Finance (also referred to as 'Our Company', or 'IIFL HFL', or 'We') is a subsidiary of IIFL Finance Limited, with a 79.59% shareholding. During the year, the Abu Dhabi Investment Authority acquired 20.41% stake from IIFL Finance. Our Company was established in 2006, and was subsequently registered with the National Housing Bank in 2009 to operate as a Housing Finance Company (HFC). As a company, we firmly believe in upholding the ethical standards of our parent company, and our core values of fairness, integrity, and transparency guide our business operations and interactions with our stakeholders.

IIFL HFL has established itself as a leading player in the Indian housing finance market. We provide small-ticket home loans to financially underserved individuals, particularly EWS and LIG segments with minimal or no credit history and informal income documentation. Our loans are specifically designed to assist customers in the purchase of residential properties, the construction of homes, the improvement of existing homes, and the purchase of plots. We primarily serve first-time homebuyers, women buyers, salaried professionals, and employees in the informal sector. Additionally, we offer our home loan products to Uniform and Defence service professionals at concessional rates and charges. Our extensive network of 386 branches across India ensures accessibility to our services for customers nationwide.

At the core of our business strategy, we prioritise financial inclusion, women's empowerment, and sustainable construction. We have aligned our services to cater to women owners and co-owners in the lower-income segment, supporting their home financing needs to help them create better lives for themselves and their families.

Additionally, IIFL HFL plays an essential role in supporting the micro and small enterprise sector by offering mortgage-backed loans to fulfil various business requirements, such as working capital and other business needs.

Our Company's asset-light model is a crucial part of our strategy for sustainable earnings growth. We prioritise stringent underwriting principles, robust risk management, and a risk remediation framework to maintain the highest standards of integrity and transparency in our business operations. By leveraging these practices, we are confident in our ability to continue providing excellent service to our customers, while achieving our growth objectives.

Our commitment to sustainable and affordable housing continues to drive our efforts to create positive change in the industry. To further this goal, we continued to reach out to relevant stakeholders in the affordable housing industry in the country through our flagship platform, Kutumb. We also extended our expertise and support to our construction finance projects through the ESG Progressive Evaluation of select projects/under-construction sites with respect to environmental, social, and governance criteria. This also includes their ongoing compliance with regulatory and environmental requirements.

We have developed and shared our Sustainable Finance Framework. This framework demonstrates our approach to finance/re-finance assets through the issuance of green, social, and sustainability (GSS) bonds & loans that will aid in tackling environmental and social challenges, including climate change.

### BUSINESS OVERVIEW AND STRATEGY

IIFL HFL provides customised home loan products designed to cater to the needs of those at the bottom of the economic pyramid. As a digitally-enabled financial services provider, we are committed to unlocking affordable and sustainable housing, and enabling all-inclusive growth. Our loan processes are fully digitalised and paperless, with minimal documentation and loan approvals within 25 minutes.

Using our hybrid 'Phygital' model, we are rapidly expanding our customer base by leveraging our vast physical network and state-of-the-art digital infrastructure. We maintain an asset-light approach, and focus on the RBI's co-lending model to build our loan book, while minimising risk and maintaining a leaner balance sheet.

In FY 2022-23, IIFL HFL experienced a 21% growth in overall Assets Under Management (AUM). At the end of the year, we reached ₹ 285.12 billion in AUM and had a balance sheet of ₹ 217.85 billion. Our home loan contribution to the total AUM increased from 75% to 76%, with a focus on low-ticket size home loans to non-metro customers in Tier-1 suburbs, and Tier-II and Tier-III cities.

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Our Company is aligned with the Government's 'Housing for All' mission, and has served over 73,000 customers who have benefitted from the CLSS scheme, disbursing over ₹ 17.5 billion as of March 31, 2023. We have launched special norms for customers across states, such as Andhra Pradesh, Tamil Nadu, Gujarat, Maharashtra, Madhya Pradesh, and Punjab, to support the Beneficiary-Led Construction (BLC) Scheme of the Ministry of Housing and Urban Affairs. Our Company is empanelled with various state bodies, allowing us to expand, and promote a sustainable and affordable housing vision. These include associations with the Andhra Pradesh State Housing Corporation, Uttar Pradesh State Urban Development Authority, Madhya Pradesh Urban Administration and Development Department (UADD), Tamil Nadu Urban Housing Development Board, Rajiv Gandhi Rural Housing Corporation Limited, Karnataka, Delhi Development Authority (DDA) and Punjab State Urban Livelihood Mission (PSULM), among others. These are the State Level Nodal Agencies (SLNAs) for the Pradhan Mantri Awas Yojna PMAY(U) for the respective states.

### SEGMENT OVERVIEW

#### Home Loans

IIFL HFL offers home loans to a range of customers, including salaried individuals, self-employed individuals, professionals, and entrepreneurs, to finance their home purchase, home construction, home renovation, and plot purchases. Our focus is to provide financial assistance to the underserved segments of society with vast potential due to a lack of credit history and informal income documentation.

Our pan-India instant home loan solution called 'Jhatpat' enables customers to secure a loan quickly and hassle-free. We provide digital processing for home loans, and our top-up home loans are completely paperless with no human touchpoint. Our Company's tablet-based web application automates underwriting using pre-defined business rule engines, resulting in a quick 25-minute loan approval turnaround time and consistent decision-making.

As a result of our digital retail loan competencies and market dynamics, IIFL HFL attained a 23% growth in AUM in 2022-23, with the total AUM of home loan reaching ₹ 218 million. During the year, 74% of the total disbursements were home loans. Moving forward, we will continue to focus on first-time buyers, women borrowers/co-borrowers, small-sized ticket loans, and borrowers from the informal segment.

#### Secured Business Loans

IIFL HFL specialises in providing mortgage-backed small-ticket loans secured by residential or commercial properties to small and medium-sized enterprises (SMEs). These loans are primarily sanctioned for working capital requirements and other business purposes. The current economic revival has created extensive growth potential in the SME segments, and our Company is well-prepared to support their financial needs.

We have maintained our focus on this segment, and we continue to expand our lending portfolio to meet the capital requirements of SMEs. IIFL HFL's expertise in this area has helped us establish a reputation as a reliable source of financing for SMEs. During the year, our secured business loans segment, attained an AUM growth of 10%, reaching ₹ 59.05 billion. With our Company's dedicated team of professionals and robust underwriting processes, we are well-positioned to serve the diverse financial needs of the SME segment.

#### Affordable Housing Project Finance

During the year, our Affordable Housing Project Finance segment reached ₹ 8.07 billion in AUM, with a significant growth of 48%. IIFL HFL provides customised project financing solutions to developers for residential and mixed-use projects' construction and development. Our Company prioritises sustainability by identifying and funding environmentally & socially sustainable projects with Green Building Certification. Therefore, this segment aligns with our overall retail portfolio and is impact-driven.

Moreover, these projects are funded under our project finance vertical, and can also support our home loan vertical. This approach enhances our Company's portfolio diversification and strengthens our market position. Looking forward, we will continue to identify and fund sustainable projects to support economic growth, while promoting environmental and social sustainability.



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### STRENGTHS

#### Enabled by Technology

At IIFL HFL, our customer-centric approach, enabled by technology, has been instrumental in driving our growth and success. With over 386 touchpoints and a 'Phygital' edge, our Company's expansion into new markets leverages advanced digital technologies for process efficiency and preserving customer sentiment. Our focus on technology enables innovation, cost reduction, and error-free processing. With a customer-first approach, at IIFL HFL, we prioritise sensitivity, knowledge, and convenience, offering customised solutions and transparency. Our Company has one of the fastest home loan processing systems, reducing the risk of errors and discrepancies and increasing customer satisfaction and loyalty.

#### Prudent Credit Underwriting and Efficient Loan Processing

A sound credit underwriting process and efficient loan processing are crucial for the progress and advancement of a housing finance company. At IIFL HFL, we have devised extensive credit evaluation systems created in-house to adopt a low-risk strategy. Additionally, our Company has incorporated intelligent technologies like artificial intelligence and machine learning for credit assessment, underwriting and monitoring. This has resulted in seamless loan processing from start to finish, minimising errors and reducing turnaround times. Our effective credit policy and process have enabled us to cater to a wide range of customers with varying credit profiles. This makes us a preferred choice for customers looking for hassle-free home financing solutions.

#### Robust Risk Management

At IIFL HFL, we have a robust risk management framework in place to ensure we are equipped to handle risks that arise from lending activities. Our Company's risk management policies are designed to identify and mitigate risks effectively, while ensuring compliance with regulatory guidelines. The risk management framework involves a combination of technology and human intervention to guarantee that risks are monitored and managed effectively.

#### Strong Corporate Governance

At IIFL HFL, we operate with a strong corporate governance framework, ensuring transparency and accountability in all our business operations. Our Company has a well-defined governance structure, including Board of Directors, Audit Committee, Risk Management Committee and Internal Audit function. The governance framework ensures that we operate with integrity and adhere to the highest ethical standards, while also delivering value to our stakeholders.

#### Opportunities

**Secular Demand Trends:** India's housing demand (largely from end-users) is expected to witness ~15-16% CAGR during FY 2022-23 to FY 2027-28 on the back of improving affordability, increasing penetration beyond Tier-I locations, and the rising pace of urbanisation. Despite the affordability gains witnessed earlier, they have been reversed during FY 2022-23 due to a 250-basis points repo rate hike, implemented to counteract inflationary pressures. However, cooling off the inflation is again going to help boost the secular trends to gain sustenance in the longer-term expansionary stage of the cycle.

**Low Mortgage Penetration, Urban Population Growth, and Shifting Consumer Preference:** The low level of mortgage penetration in India from formal lending sources can be attributed to low penetration and a lack of formal documentation, which has prompted the marginalised section of society to rely on informal sources of borrowing at high interest rates. This has created significant potential for growth in the housing finance sector. As a significant proportion of housing construction is financed through personal funds and informal borrowing channels, housing finance companies can increase their market share by expanding mortgage penetration.

The Indian urban population is predicted to witness a significant rise within the next decade, particularly among individuals aged between 25 to 45 years, who are of the working age group. This presents an opportunity for the home finance industry to focus on this segment by offering products and services that cater to their needs and preferences. The younger generation's preference for investing in real estate, rather than traditional investment options like fixed deposits or gold, has transformed the customer graph of the home finance industry. By recognising and targeting the evolving preferences of this particular demography, home finance companies can tap into a lucrative market segment and expand their business.

**Government Stimuli:** The Indian Government has remained dedicated to launching schemes that not only promote the growth of the housing sector but also help Indian citizens achieve their dream of owning a 'home'. Programmes, such as 'Pradhan Mantri Awas Yojana – Urban,' 'Housing for All,' and the 'Affordable Rental Housing Complexes Scheme (ARHCS)' are prime examples of Government's initiatives that are aiding the underprivileged population, including migrant workers, urban poor, and rural households, in realising their aspirations of owning a house.

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**Women in the Housing Sector:** An opportunity arises in the home finance sector as more women in India are choosing to invest in residential properties over other asset classes like gold, stocks, SIPs, and luxury fashion. This shift in investment mindset is significant because the housing sector is primarily driven by end-users. The Government's efforts to promote women's homeownership through incentives, such as lower stamp duty, increased tax deductions, and PMAY home loan subsidies for women borrowers/co-borrowers have encouraged more women to invest in their own homes. As the trend continues, it is expected that the number of women homeowners in India will increase, leading to further growth in the home finance sector.

#### Threats

**Banks to Dominate Prime Home Loans:** Banks are expected to continue to dominate the home loan segment, holding a significant market share of around 67%. This may adversely affect the NBFC HFCs, as banks have an advantage in maintaining stable spreads due to their stronger liability franchises, unlike the former.

**Delay in Project Approvals and Construction:** The delay in project approval and construction poses a threat to the housing finance industry, causing a slowdown in the supply of new properties, leading to a reduced demand for home loans and impact the growth and profitability of housing finance companies. Furthermore, cost overruns due to project delays can adversely affect the financial health of developers and lead to loan defaults. Such delays can also damage the trust of homebuyers and investors, resulting in a slowdown in sales and investments in the real estate sector.

**Collateral Fraud and Lack of Proper Title:** The real estate sector faces common risks such as collateral fraud and discrepancies in titles. Discrepancies in titles are particularly common for investments in the outskirts of large cities, but can be minimised with greater availability of information and thorough due diligence by the technical team. In order to address these risks and provide reassurance to investors, additional measures are implemented that can potentially impact underwriting processes.

#### DIGITAL INTERVENTION

In the last five years, our company have made significant strides in digitising our processes, resulting in enhanced customer experiences and increased efficiency. Our Company's retail business is fully onboarded through our Jhatpat Loan Process, which takes only 25 minutes, allowing us to disburse Home Loans within 24 hours and non-Home Loans in just three days. Our central credit team processes a high volume of files per credit underwriter each month, and our branch teams are highly productive as well.

Driven by our digital infrastructure, we have been able to open numerous branches within the past year with a quick go-to-market setup. Sustainability is also a top priority, and we have saved nearly two million sheets of paper through our new digital process. To enhance profitability, we have lowered our cost per file by 11% and reduced our cost-to-income ratio to 21.7% by digitising our data in FY 2022-23.

We believe that attention to detail is crucial to achieving excellence, and we have focussed on customising touchpoints and communication for our customers and employees alike. Our Jhatpat Loan Process app, available on the Google Play Store for our employees, features in-app notifications and WhatsApp reminders for actionable items. Our real-time dashboards allow for better decision-making across all departments, and we continuously improve our platform to implement business rule engines based on available data.

Overall, our digitisation efforts have created a symbiotic relationship between physical intervention and digital tracking, providing seamless experiences for both our customers and employees, while maintaining attention to detail and customised communication.



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### Partnering with the Government

As part of our partnership with the Government, we have been working closely with various Government schemes aimed at promoting affordable housing. These schemes are designed to make housing more accessible and affordable to a wider range of people across the country, particularly those in low-income groups. Our participation in these schemes has helped us reach a larger number of customers and has contributed to our overall growth as an HFC in India. Under this initiative, we have sanctioned and disbursed loans to more than 12,500 customers in the Financial Year 2022-23 under the Affordable Housing in Partnership (AHP) and Beneficiary-Led Construction (BLC) vertices of the Pradhan Mantri Awas Yojna.

### Pradhan Mantri Awas Yojna

The Pradhan Mantri Awas Yojana is a prestigious initiative of the Government of India, with the objective of providing affordable housing solutions to the economically weaker sections of society. As a responsible financial institution, we have taken a keen interest in supporting this noble cause. We are proud to announce that we have facilitated credit-linked subsidy to over 73,000 customers under the Pradhan Mantri Awas Yojana. This initiative has resulted in a total subsidy amount of over ₹ 17.5 billion. By providing access to such subsidies, our Company has enabled many households to own their own homes, which is a significant milestone in their journey towards financial independence and security. We are committed to continuing our efforts to support the Pradhan Mantri Awas Yojana and other such initiatives of the Government of India.

### Going Ahead

The growth of the home loan market is primarily driven by the rising demand from Tier-III and Tier-IV cities, increasing disposable incomes, and Government initiatives like the Pradhan Mantri Awas Yojana (PMAY) interest rate subvention schemes and fiscal incentives. Furthermore, the ongoing recovery observed in most sectors is expected to continue, further positively impacting home loan disbursements for the remaining period of the fiscal year.

Our Company's commitment to providing finance in line with the Government's philosophy of 'Sabka Saath Sabka Vikaas'. This is anticipated to strengthen our position as a socially responsible lender. Our Company has a positive outlook as we continue to focus on providing affordable home loans to underprivileged sections aligned with the Government's 'Housing for All' initiative. Our secured business loan segment is also expected to significantly contribute to our growth, as it caters to the financing needs of micro-enterprises and small businesses. Furthermore, with its increased presence in Tier 3 and 4 cities, IIFL HFL is well-positioned to tap into the growing demand for home loans in these areas.

The Abu Dhabi Investment Authority (ADIA) investment of ₹ 2,200 Crore for a 20.41% stake in our Company is expected to fuel our expansion strategy in new markets and meet the growing demand for housing loans in India's affordable housing finance market. This equity investment, which is one of the largest in this segment in India, aims to support our next phase of growth.

### FINANCIAL OVERVIEW

During FY 2022-23, our Company experienced a consistent increase in the business' assets under management and loan books in various segments. There was also a notable shift towards a more detailed loan portfolio, with an average ticket size of ₹ 1.3 million in the last quarter. This growth was primarily driven by robust credit demand. Although there was a slight increase in the cost of funds due to a rise in interest rates, our Company was able to effectively pass on some of this impact to our customers. Furthermore, we saw an improvement in the business' asset quality and were able to maintain adequate provisioning across asset classes.

- AUM increased by 21%, reaching ₹ 285.12 billion in 2022-23 from ₹ 236.17 billion in FY 2021-22
- Outstanding loan books in the home loan segment grew by 18% compared to FY 2021-22
- The secured business loan and real estate project segments witnessed growth of 4% and 48%, respectively from FY 2021-22
- The loan book increased from ₹ 156.69 billion as on March 31, 2022 to ₹ 180.55 billion as on March 31, 2023, exhibiting a growth of 15%
- Standalone Operating profit (excluding allowances and write-offs) grew by 29% compared to the same period last year
- Standalone Profit After Tax (PAT) for the year stood at ₹ 7,903.31 million in FY 2022-23, a growth of 37% year on year

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- Return on Assets (ROA) of 3.97% and a Return on Equity (ROE) of 18.16% as compared to 3.52% and 24.26%, respectively, in FY 2021-22
- Gross Stage 3 Assets under Indian Accounting Standards (IND AS) stood at 2.15%, compared to 3.10% in the previous year
- The specific provision coverage ratio stood at 27.92% as compared to 25.46% in FY 2021-22. The overall provision coverage ratio, including regular asset provisions and management overlays, stood at 126.46% of the Gross Stage 3 Assets as compared to 103.09% during the same period last year
- Loan losses and provisions, as a percentage of the average loan book for the year ended on March 31, 2023, stood at 0.84% as compared to 1.02% for the year ended on March 31, 2022
- Return on Net Worth stood at 18.16% which is lower as compare to previous year due to capital infusion during the FY 2022-23.

### Loans and Investments

IIFL HFL has secured ₹ 10611.6 million loan from the National Housing Bank to help lower-income groups in India acquire funding for affordable green housing. The funding is in the form of a refinance facility. Additionally, our Company raised ₹ 2800 million through the issuance of NCD's, which were utilised for funding housing loans for lower-income groups and housing finance business requirements.

### RISK AND CONCERNS

#### Risk Management

At IIFL HFL, we consider risk to be an inevitable part of our business's functioning. Therefore, our Company's focus lies on mitigating and preparing against these risks. We employ a comprehensive risk management approach led by our enterprise-wide framework. It focusses on identifying and analysing risks in a timely manner, to take proactive measures to control any plausible impact.

Our enterprise-wide framework is based on the 'Three Lines of Defence' strategy:

- First line of Defence: The Management
- Second line of Defence: Functional Teams, such as Risk Management and Compliance
- Third line Defence: Internal Audit

Our Risk Management framework is governed by the Board and assisted by a Risk Management Committee. Together, their aim is to achieve an optimal balance of risk and return, ultimately leading to sustainable value creation for our stakeholders.

#### A. Credit Risk

The Company have employed various measures to mitigate credit risk and improve our credit decision-making capabilities. This is achieved through an effective credit risk architecture, supported by policies and procedures. In addition, advanced analytics and machine learning tools are integrated into the portfolio to assess the creditworthiness of borrowers through a digital platform, enabling real-time data analysis and risk detection within an optimal time range. To ensure compliance with established norms, an independent internal audit team oversees credit files. Moreover, our Company has implemented a stress testing system that conducts event-based sensitivity analysis, facilitating the identification of accounts that may be at risk due to expected market movements.

#### B. Operational Risk

An effective operational risk management policy is essential in addressing loopholes and enhancing the sufficiency of functional controls. To achieve this, at IIFL HFL, we have implemented robust internal control systems and regularly monitor our procedures to maintain high standards across business processes. We have clear demarcations for duties, access, authorisation, and reconciliation procedures, coupled with staff education and assessment processes, such as internal audit and risk containment units. This approach helps us to maintain clear communication, monitor changes, and control business transaction risks. Additionally, by digitising our credit operations, we reduce our dependence on manual work and minimise human errors through automation, and facilitating precision in operations.

#### C. Liquidity Risk

Our Company strives to maintain an effective Liquidity Risk Management framework to ensure the availability of necessary funds at an optimal cost to fulfil financial liabilities and support business growth. The Asset and Liability Management



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Committee at IIFL HFL monitors and addresses liquidity risk, using a well-defined Asset Liability Management (ALM) framework. Continual review of ALM enables us to remain flexible and upgrade our systems from time to time. This allows us to effectively manage the maturity profiles of financial assets and liabilities, including debt financing and cash and cash equivalents. Additionally, we maintain sufficient cash and have access to funding through adequate credit lines.

### D. Interest Rate Risk

At IIFL, HFL, we manage interest rate risk by balancing short-term and long-term loans, and adopting funding strategies to ensure diversified resource-raising options. This allows us to optimise our borrowing profile, reduce costs, and maximise the stability of funds.

### E. Foreign Exchange Risk

IIFL HFL has a conservative policy for hedging in terms of foreign currency exposure. This is led by Forward contracts and/or Cross Currency Interest Rate Swaps. It helps us to set fixed, determinate outflows in our functional currency, minimising the impact on our PBT and equity in case foreign currency rates fluctuate.

### F. Regulatory Risk

Our Company closely monitors decisions made by relevant regulatory bodies and any policy changes. By regularly reviewing and monitoring all regulatory directives, we try to identify the need for prompt changes to adapt our systems and practices to any changes in the regulatory framework.

### G. IT and Data Risk

The IT Risk mitigation strategy overseen by the IT Strategy Committee aims to ensure alignment between IT and business strategy. This is achieved through the formulation and review of IT strategies and related policy documents. The strategy involves identifying potential security threats and ensuring IIFL HFL's IT infrastructure is up-to-date and compliant with applicable regulations. By implementing proactive measures to address IT risks, we prioritise the safety and security of our operations and protect the data of our customers.

### H. Climate Risk

IIFL HFL recognises the impact of climate change on business and strives to address it by exploring methods to analyse resilience to both physical and transitional risks arising from climate change. This involves obtaining detailed data and testing tools for climate risk assessment, and reviewing and monitoring the impact of climate change on the business. Our Company has also obtained LEED certification for its Gurgaon Head Office building to demonstrate its commitment to sustainability, reduce energy consumption and greenhouse gas emissions. Additionally, digitising and paperless operations have enabled us to reduce our carbon footprint by minimising paper usage, energy consumption, and waste generation. We engage with stakeholders on sustainability and climate-related issues to help build resilience and reputation in the face of climate risks. Furthermore, IIFL HFL has published a Sustainability Report in FY 2021-22 to increase transparency and disclosures regarding sustainability.

### Service Quality Initiatives and Grievance Redressal

At IIFL HFL, our core values are centered around fairness, integrity, and transparency, with a strong focus on customer satisfaction. We strive to create value for our customers by providing them with a seamless service experience. To ensure maximum convenience, our Company offers a wide range of channels for our customers to reach us, including our branches, call centres, mobile app, web portal, website, chat bot, and WhatsApp.

Our continuous efforts are directed towards strengthening our customer service experience through various initiatives. One such initiative is our Customer Service Category-based automation of workflows. This has helped in resolving tickets across channels with a DIY process for categories covering approximately 75% of ticket volume. Additionally, Our Company has a Grievance Redressal Policy (GRP) that is duly approved by our Board and displayed on our website and branches, along with the Most Important Terms and Conditions (MITC) and Fair Practice Code (FPC) in nine languages. This practice helps instill a sense of confidence and trust in our customers, as they are able to have a clear understanding of the product and the associated terms and conditions. It ensures that our customers make informed decisions, leading to greater satisfaction and long-term loyalty.

Our Customer Service team, along with other departments and stakeholders, conducts regular reviews across processes and channels to ensure quality of service. The effectiveness of the quality of service provided is also reviewed at different levels, including the Board.

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

To further enhance customer satisfaction and loyalty, at IIFL HFL, we are working on a four-step customer service strategy that focusses on accessibility, speed, measurement, and improvement. We are committed to creating a customer-centric environment that is driven by our core values and a passion for excellence.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

IIFL HFL has established a risk management framework that is suitable for its size, complexity, and operations. Our Company emphasises digitisation of internal control systems to reduce costs, maintain effective segregation of duties, ensure accurate financial information recording, safeguard assets, prevent and detect fraud and errors, and compliance with applicable laws and regulations.

At IIFL HFL, we have adopted the 'Three Lines of Defence' risk governance model to manage risks across different products and processes. The Internal Audit function operates independently under the guidance of the Audit Committee and collaborates closely with the Risk Management and Compliance Department.

The Internal Audit function performs audits based on the Annual Risk-Based Audit Plan and evaluates activities based on their inherent and control risks. It assesses the operating effectiveness of controls in accordance with the laws and regulations and recommends improvements through a regular review of business control functions, processes, and practices.

IIFL HFL's Information Security Management Systems are certified with ISO/IEC 27001:2013. The Board and Audit Committee review our Company's risk management framework and the adequacy of internal controls. The Audit Committee also reviews any major instances of fraud and takes necessary actions to prevent recurrence.

### HUMAN RESOURCE MANAGEMENT

At IIFL HFL, our employees are a crucial factor in driving our success, and we prioritise effective human resource management by attracting and nurturing a talented pool of individuals. This is achieved through a seamless recruitment process, comprehensive employee training, and the creation of a conducive work environment.

Our Company leverages digital capabilities to equip our employees with the necessary skills to excel in their roles, allowing us to remain agile, responsive, and ambitious in an ever-evolving business landscape. At IIFL HFL, we are committed to upholding the principles of F.I.T., i.e., Fairness, Integrity, and Transparency, in all our business processes. We encourage our employees to proactively participate in business decisions and effectively deliver on their performance targets while maintaining clear communication.

At IIFL HFL, we have adopted a Performance Assessment and Review System (PARS) framework, which offers a transparent and measurable approach to evaluating employee performance. To ensure employee's goals are aligned with the organisation's objectives, Individual Performance Metrics (IPMs) are established at the beginning of each financial year.

Our efforts to foster a supportive workplace by effectively managing our human resources are reflected in our certification as a 'Great Place to Work' for the fifth year in a row. As on March 31, 2023, our workforce strength stands at 3793.

### CAUTIONARY STATEMENT

This document contains forward-looking statements and information. Such statements are based on the Company's current expectations and certain assumptions. Therefore, they are subject to certain risks and uncertainties. Should one or more of these risks or uncertainties materialise, or if underlying assumptions prove incorrect, actual results may vary. The Company does not intend to assume any obligation to update or revise these forward-looking statements in light of developments that differ from those anticipated.

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

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

**R. Venkataraman**  
Director  
DIN: 00011919  
Place: Mumbai

Date: April 24, 2023