



**IIFL FINANCE LIMITED**

**CIN:** L67100MH1995PLC093797

**Regd. Office:** IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane - 400 604

**Tel:** 022-4103 5000, **Fax:** 022-2580 6654

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**Subject: Intimation / communication in respect of deduction of Tax at Source (TDS) on interest payable on bonds issued by us with effect from April 01, 2023**

Dear Investor,

Greetings from IIFL Finance Limited !!

This is to inform you that the interest payment on your Debentures has been due to be paid on October 01, 2025 and this is to note that the Finance Minister in the budget 2023-2024, has removed the exemption from tax deduction at source (TDS) on interest payment on listed debentures which was available under Section 393 of the Act. Hence, as per the Finance Act 2025, from April 1, 2023, interest on listed bonds (debentures) will attract TDS.

With these changes, we are required to deduct Tax at Source (TDS) on the interest payable to bondholder as per prescribed rates. The TDS rate may vary depending upon the availability of valid PAN, residential status, category of Bondholder, etc. and is subject to provision of requisite documents /declarations received by us. The rate of TDS, applicability of exemption (if any) along with documents required for various categories of bondholders is enumerated below –

**A. Resident Bondholders:**

Sr. No.	Particulars	Rate	Documents required
1.	Valid PAN updated with RTA / Depository Participant	10%	Bondholders can update valid PAN with the Depository Participant by submitting the copy of PAN/ Email ID / Mobile Number before the record date so that TDS will be deducted at 10% (where applicable).
2.	No / Invalid PAN with RTA / Depository Participant	20%	NA
3.	Availability of lower/nil tax deduction certificate issued	Rate specified in Lower tax withholding certificate	<ul style="list-style-type: none"><li>Self-attested copy of PAN card</li><li>Copy of lower tax withholding certificate obtained from Income Tax Department</li></ul>

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	by Income Tax Department u/s 395 of the IT Act	obtained from Income Tax Department	
4.	An Person other than Firm & Company furnishin Form 121-	NIL	<ul style="list-style-type: none"> <li>• Self-attested copy of PAN card</li> <li>• Declaration in Form No. 121 (applicable to an all person other than Firm &amp; Company), fulfilling prescribed conditions.</li> <li>• This form can be submitted only in case the bondholder's tax on estimated total income for Tax Year 2026-27 is Nil</li> <li>• Refer <a href="https://iifl.taxosmart.com/apiFilesController/downloadFile/Form121">https://iifl.taxosmart.com/apiFilesController/downloadFile/Form121</a> for format of Form No. 121</li> </ul>
5.	Bondholder covered u/s 393 of the Act such as Government, RBI, Mutual Funds Specified Schedule VII), corporations established by Central Act and exempt from Income Tax.	NIL	<ul style="list-style-type: none"> <li>• Self-attested copy of PAN card</li> <li>• Self-declaration along with the registration certificate substantiating applicability of section 393 of the IT Act.</li> </ul>
6.	Category I and II Alternative Investment Fund (AIF)  Category III AIF	NIL  10%	<ul style="list-style-type: none"> <li>• Self-attested copy of PAN card</li> <li>• Self-declaration that the person is covered by Notification No. 51/2015 dated 25<sup>th</sup> June 2015 and established as Category I or Category II AIF under the SEBI regulations along with registration certificate issued by SEBI.</li> <li>• This rate will be applicable for Category III AIF</li> </ul>

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7.	Any other entity exempt from withholding tax under the provisions of section 393 of the IT Act (including those mentioned in Circular No. 18/2017 issued by CBDT)	NIL	<ul style="list-style-type: none"> <li>• Self-attested copy of PAN card</li> <li>• Self-declaration that the person is covered under the provisions of section 393 of the IT Act (except for individual Sikkimese resident)</li> <li>• Submit declaration in case of individual Sikkimese resident. Adequate documentary evidence, substantiating the type of the entity.</li> <li>• Copy of the lower tax withholding certificate obtained from Income Tax Department (except those covered by Circular 18/2017)</li> </ul>
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**B. Non-Resident Bondholders:**

Sr. No.	Category	Withholding tax rate	Declaration / documents required
1	Non-resident Bondholders (except those who Jurisdictional Area)	Section 393 - 30%* (plus applicable surcharge and cess)	To avail beneficial rate of tax treaty following tax documents would be required:  1. Self-attested copy of PAN card (if available)
		or	
		tax treaty rate whichever is beneficial	2. Copy of Tax Residency certificate issued by revenue authority of country of residence of Bondholder for the Calendar Year 2026/ financial year 2026-2027 (covering the period from April 1, 2026 to March 31, 2027)
			3. Self-attested copy of Form 41 submitted at Income Tax Portal if all the details required in this form are not mentioned in the TRC
			4. Self-declaration for non-existence of permanent establishment / fixed base / business connection in India, place of effective management, beneficial ownership and eligibility to avail tax treaty benefit [on bondholder's letterhead]
			(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the us, of the documents submitted by the non-resident Bondholders. In case the documents are found to be incomplete, we reserves the right to not consider the tax rate prescribed under the tax treaty).

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2	Non-Resident Bondholders who are tax residents of Notified Jurisdictional Area as defined u/s 176 of the Act	30%	NA
3	Sovereign Wealth funds and Pension funds notified by Central Government Schedule (VII) of the IT Act	NIL	<ul style="list-style-type: none"> <li>Copy of the notification issued by CBDT substantiating the applicability of Schedule (VII) of the IT Act issued by the Government of India.</li> </ul>
			<ul style="list-style-type: none"> <li>Self-Declaration, that the conditions specified in section Schedule (VII) have been duly complied with</li> </ul>
4	Wholly owned Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed under section Schedule (VII) of the IT Act	NIL	Self-Declaration, substantiating the fulfilment of conditions prescribed under section Schedule (VII) of the IT Act
5	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 395 of the IT Act 2025.	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	Copy of the lower tax withholding certificate obtained from Income Tax Department

**Notes:**

- a. The aforesaid requisite documents as applicable to your case can be uploaded on the link <https://iifl.taxosmart.com/Finance.jsp> on or before September 21, 2025 or any other date to be specified by us as Record Date when such date is finalized. Where copies of the documents are required, such copies should be self-attested by the bondholder or its authorized signatory. Please note that once the documents have been submitted the same are verified & confirmation/rejection of such documents will be communicated by us. Further, if the documents are submitted for a particular Financial Year, you are not required to submit the same again for the said Financial Year.
- b. Please note that all forms/ declarations submitted are valid for the Financial Year for which it has been issued. Hence, you are requested to submit appropriate forms for Financial Year 2026-27. The documents furnished by the bondholders (such as Form 121, TRC, Form 41, Self- Attested Declaration, etc.) shall be subject to review and examination by the us/ RTA before granting any

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beneficial rate or NIL Rate. We reserve the right to reject the documents in case of any discrepancies or the documents are found to be incomplete. In such cases, we reserves the rights to rely on its independent assessment and deduct tax at higher rates as per applicable provisions.

- c. Further as per Section 262 of the Income Tax Act, every person who has been allotted a PAN and who is eligible to obtain Aadhar, shall be required to link the PAN with Aadhar. In case of failure to comply to this, the PAN allotted shall be deemed to be invalid/ inoperative and he shall be liable to all consequences under the Act and tax shall be deducted at higher rates as prescribed under the Act.
- d. In case of tax deducted at a higher rate, the bondholder shall have the option to file return of income and claim appropriate refund from the Income Tax Authority. No claim shall lie against the us for the taxes deducted.
- e. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Bondholder, the bondholder will be responsible to indemnify us and also, provide us with all information / documents and co-operation in any tax proceedings.
- f. In case interest income is assessable in the hands of person other than member, then declaration <https://iifl.taxosmart.com/apiFilesController/downloadFile/203-IIFL-Finance> needs to be provided by member for the same as per Rule 203 of the Income Tax Rules, 1962.
- g. Upon request from the respective bondholder the TDS certificate shall be dispatched to him/her post payment of the interest. However bondholders may download the tax credit statement from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 168).
- h. Further, as per the sec 393 of the Income Tax Act, if the company pays the Interest Income of more than Rs. 10,000/- during the entire financial year to a particular PAN No, TDS has to be deducted on the entire amount paid to the Investor.

Since the Company can't forecast the Interest payment to a particular PAN across all ISIN for the entire financial year on the very first payment itself, thereby, we are deducting the TDS from every payment and depositing with the government, to be compliant with Tax Laws.

In case, the customer does not have sufficient Income on which tax is payable, he / she can submit Form 121 with us, which we will consider and not withhold any taxes

This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of interest payment on Bonds. Bondholders should consult their tax advisors for requisite action to be taken by them.

Thanking you and assuring you of our best services.

**Yours faithfully,  
IIFL Finance Limited  
Governance Team**

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