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**V. Sankar Aiyar & Co.**
CHARTERED ACCOUNTANTS
2-C, Court Chambers
35, New Marine Lines
Mumbai - 400 020

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of IIFL Securities Services IFSC Limited**

**Report on the Audit of the Ind AS Financial Statements**

**Opinion**

We have audited the standalone financial statements of IIFL Securities Services IFSC Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, loss and cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the financial statements.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose or preparation of the financial statements.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules,2014.

   e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   According to the information and explanations given to us and based on verification of records, the company has not paid or provided for managerial remuneration during the year.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company did not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **V. Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

**(G. SANKAR)**
Partner
(M.No.46050)

Place: Mumbai

Date: May 13, 2019

**V. Sankar Aiyar & Co.**
CHARTERED ACCOUNTANTS
Mumbai - 400 020

**Annexure A to Auditor's Report**

**Annexure referred to in our report of even date to the members of IIFL Securities Services IFSC Limited on the accounts for the year ended 31st March 2019**

(i) The company does not have any fixed assets. Therefore paragraph 3(i) of the Order is not applicable to the Company.

(ii) The company is not engaged in any trading or manufacturing activity and does not have any inventories. Therefore paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the company has not granted any loans, investments, guarantees and security to which provisions of section 185 and 186 of the Act apply. Therefore, paragraph 3(iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

(vi) According to the information and explanations given to us, in respect of the class of industry the company falls under, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act. Therefore, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) According to the information and explanations given to us the Company did not have any statutory dues including provident fund, employees state insurance, income tax , service tax, sales tax, value added tax, goods and services tax, cess and other statutory dues as applicable to the Company. Therefore paragraph 3(vii)(a) and 3(vii)(b) are not applicable to the Company.

(viii) According to the information and explanation given to us, the company did not have any borrowings from banks or financial institutions. The Company has not taken any loans or borrowings from Government and does not have any dues to debenture holders.

(ix) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, and based on the audit procedures performed and the representations obtained from the management, we report that no fraud by the company or on the Company by its officers or employees, having a material misstatement on the financial statements has been noticed or reported during the period under audit.

(xi) According to the information and explanations given to us and based on verification of records, the company has not paid or provided for managerial remuneration during the year. Therefore paragraph 3(xi) of the Order is not applicable to the Company

(xii) The Company is not a Nidhi Company and hence clause 3(xii) of the order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on verification of the records and approvals of the Audit Committee, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the company is not a Non Banking Finance Company and therefore is not required to be registered under Sec 45-IA of the Reserve Bank of India Act, 1934.

For **V. Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

**(G. SANKAR)**
Partner
(M.No.46050)

Place: Mumbai

Date: May 13, 2019

**Annexure B to Auditor's Report**

**Annexure referred to in our report of even date to the members of IIFL Securities Services IFSC Limited on the standalone accounts for the year ended 31st March 2019**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of IIFL Securities Services IFSC Limited ("the Company") as of March 31st, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. **Sankar Aiyar & Co.,**
Chartered Accountants
(FRN 109208W)

**(G. SANKAR)**
Partner
(M.No.46050)

Place: Mumbai
Date: May 13, 2019

**Note 1. Corporate Information:**
IIFL Securities IFSC Limited was incorporated on August 06, 2018 & is wholly own Subsidiary of IIFL Securitries Limited . IIFL Securities IFSC Limited is in the process of setting up IFSC Unit in GIFT SEZ, GIFT City to provide financial services as "Capital Market Intermediary" in accordance with the provisions contained in clause 8 of Chapter III of Securities and Exchange Board of India (International Financialservices Centres), Guidelines, 2015.

**Note 2. Significant Accounting Policies and Key Accounting Estimates and Judgements**
**2.1 Significant Accounting Policies:**
**a) Basis of Preparation of financial statements:**
These financial statements are the financial statements prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.
The financial statement where approved for issue by the board of directors at its meeting held on May 13, 2019.

**b) Property, plant and equipment:**
Measurement at recognition: An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabiilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenses related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.
Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

**Depreciation:**
Depreciation on each item of property, plant and equipment is provided using the Straight-Line Method based on the useful lives of the assets as estimated by the management and is charged to the Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Significant components of assets identified separately pursuant to the requirements under Schedule II of the Companies Act, 2013 are depreciated separately over their useful life.
Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of lease.
The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.
Derecognition: The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

**Capital work in progress and Capital advances:**
Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

**c) Intangible assets:**
**Measurement at recognition:**
Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets with finite useful life are carried at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets with indefinite useful lives, that are acquired separately, are carried at cost/fair value at the date of acquisition less accumulated impairment loss, if any.
**Amortization:**
Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss.
The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

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**Derecognition:**
The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

**d) Investment Property**
**Measurement at recognition:**
Investment Property are measured on initial recognition at cost. Transaction costs are included in the initial measurement. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs. Following initial recognition, After initial recognition, an entity shall measure all of its investment properties in accordance with Ind AS 16's requirements for cost model.
**Depreciation:**
Depreciation on each item of Investment property is provided using the Straight-Line Method based on the useful lives of the assets as estimated by the management and is charged to the Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support,etc.

**Derecognition:**
An investment property shall be derecognised (eliminated from the balance sheet) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss in the period of the retirement or disposal.

**e) Impairment:**
Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired. Assets that are subject to depreciation and amortization are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Impairment losses, If any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expenses.

Impairment losses are reversed in the consolidated Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

**e) Financial Instruments:**
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
**Financial assets**
**Initial recognition and measurement:**
The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.
All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

Trade receivables that do not contain a significant financing component are measured at transaction price.

**Subsequent measurement:**
For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:
i) The Company business model for managing the financial asset and
ii) The contractual cash flow characteristics of the financial asset.
Based on the above criteria, the Company classifies its financial assets into the following categories:
i) Financial assets measured at amortized cost
ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)
iii) Financial assets measured at fair value through profit or loss (FVTPL)
**i. Financial assets measured at amortized cost:**

A financial asset is measured at the amortized cost if both the following conditions are met:
a) The Company business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.
Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the

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This category generally applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative The amortized cost of a financial asset is also adjusted for loss allowance, if any.

**ii. Financial assets measured at FVTOCI:**

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are measured initially as well as at each reporting date at fair value. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

**iii. Financial assets measured at FVTPL:**

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiaries and associate , Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss. Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTPL. The Company has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in Statement of Profit & Loss. The Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

**Reclassifications:**

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

**Derecognition:**

A financial asset (or, where applicable, a part of a financial asset or part of a similar financial assets) is derecognized (i.e. removed from the Balance Sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;

ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Company neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes

On Derecognition of a financial asset ,the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

**Impairment of financial assets:**

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables and lease receivables

ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as i and ii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL area portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS FRN 109208W

UFL Securities Services IFSC Limited

**Financial Liabilities and equity:**

**Initial recognition and measurement:**

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

**Subsequent measurement:**

All financial liabilities are initially recognised at fair value net of transaction cost that are attributable to the separate liabilities. All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

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

**Equity instruments:**

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

**Derecognition:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

**i) Fair Value:**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantages market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 —inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred

**j) Foreign Currency Translation:**

These financial statements are presented in Indian Rupees, which is the Company's functional currency.

**Initial Recognition:**

Transactions in foreign currencies entered into by the Company are intially recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

**Measurement of foreign currency items at reporting date:**

Foreign currency monetary items are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

**k) Income Taxes:**

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

**Current tax:**

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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**Deferred tax:**

Deferred tax is provided using the balancesheet method on temporary differences between the tax bases of assets & liabilities & their carring amounts for financials reporting purposes as at the reporting date.Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction(other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the respective Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

**Presentation of current and deferred tax:**

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other

Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if theCompany has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

**l) Provisions and Contingencies:**

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. The Company in the normal course of its business, comes across client claims/ regulatory penalties/ inquiries, etc. and the same are duly clarified/ address from time to time. The penalties/ action if any are being considered for disclosure as contingent liability only after finality of the representation of appeals before the lower authorities.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets are disclosed only where an inflow of economic benefits is probable.

**m) Cash and Cash Equivalents :**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

**n) Revenue Recognition**

The Company has adopted Ind AS 115, Revenue from Contracts with Customers, with effect from 1 April 2018.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by Company; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract.
Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed.
Amounts retained by the customers until the satisfactory completion of the contracts are recognised as receivables.

**o) Employee Benefits**

**Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

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UFL Securities Services (P) Limited

**Post-Employment Benefits:**

**I. Defined contribution plans:**

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into state managed retirement benefit schemes and will have no legal or constructive obligation to pay further contributions, if any, if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Company contributions to defined contribution plans are recognised in the Statement of Profit and Loss in the financial year to which they relate. The Company and its Indian subsidiaries operate defined contribution plans pertaining to Employee State Insurance Scheme and Government administered Pension Fund Scheme for all applicable employees and the Company operates a Superannuation scheme for eligible employees.

Recognition and measurement of defined contribution plans: The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Group during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

**II. Defined benefit plans:**

ii) Gratuity scheme: The Company, operates a gratuity scheme for employees. The contribution is paid to a separate fund , towards meeting the Gratuity obligations.

**Recognition and measurement of defined benefit plans:**

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost if any and net interest on the defined benefit liability (asset) are recognized in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

Other Long Term Employee Benefits: Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date.

**p) Lease accounting :**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**Assets taken on lease:**

In respect of operating leases, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless:-

i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or
ii) The payments to the lessor are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

In respect of assets obtained on finance leases, assets are recognised at lower of the fair value at the date of acquisition and present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. The excess of lease payments over the recorded lease obligations are treated as 'finance charges' which are allocated to each lease term so as to produce a constant rate of charge on the remaining balance of the obligations.

**Assets given on lease:**

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Company net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company net investment outstanding in respect of the leases. In respect of assets given on operating lease, lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

**q) Borrowing Cost:**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

**r) Segment Reporting :**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

**s) Earning Per Shares:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

V. SANKAR AIYAR & CO. FRN 109208W CHARTERED ACCOUNTANTS

IIFL Securities Services IFSC Limited

**2.2 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Critical accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**a. Income taxes**

The Company tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

**b. Property, Plant and Equipment**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

**c. Defined Benefit Obligation**

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services.

The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Notes - 'Employee benefits'.

**d. Fair value measurement of Financial Instruments**

When the fair values of financials assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

V. SANKAR AIYAR & CO. FRN 109208W CHARTERED ACCOUNTANTS

IIFL Securities Services IFSC Limited

## IIFL Securities Services IFSC Limited

Balance Sheet as at March 31,2019

(₹ in Millions)

| Particulars | Notes No. | As at Mar 31, 2019 |
|---|---|---|
| **ASSETS** | | |
| **(1) Financial Assets** | | |
| (a) Cash and cash equivalents | 3 | 5.00 |
| **TOTAL ASSETS** | | **5.00** |
| **LIABILITIES AND EQUITY** | | |
| **LIABILITIES** | | |
| **(1) Financial Liabilities** | | |
| (a) Other financial liabilities | 4 | 0.12 |
| **(2) Non-financial liabilities** | | |
| **(3) EQUITY** | | |
| (a) Equity Share capital | 5 | 0.00 |
| (b) Other Equity | 6 | (0.12) |
| **TOTAL LIABILITIES AND EQUITY** | | **0.00** |
| **See accompaying notes forming part of Financial statements** | **1-10** | |

**For V. Sankar Aiyar & Co**
Chartered Accountants
Firm's Registration No. 109208W

**G. Sankar**
Partner
Membership No.- 046050

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

**Dharmesh Desai**
Director
(DIN: 08194525)

**Apoorva Tiwari**
Director
(DIN: 08001758)

Place : Mumbai
Dated: May 13, 2019

V. SANKAR AIYAR & CO. FRN 109208W CHARTERED ACCOUNTANTS

IIFL Securities Services IFSC Limited

# IIFL Securities Services IFSC Limited

## Statement of Profit and Loss for the period ended March 31,2019

(₹ in Millions)

| Particulars | Notes No. | For the year ended March 31,2019 |
|---|---|---|
| **Revenue from operations** | | |
| (I) Revenue from operations | | - |
| (II) Other Income | | - |
| **(III) Total Income (I+II)** | | - |
| **Expenses** | | |
| (IV) Others expenses | 7 | 0.12 |
| **(V) Total Expenses (IV)** | | **0.12** |
| (VI) Profit / (loss) before exceptional items and tax (III-V) | | (0.12) |
| (VII) Exceptional items | | - |
| (VIII) Profit/(loss) before tax (VI-VII) | | (0.12) |
| **(IX) Tax Expense:** | | |
| (1) Current Tax | | - |
| (2) Deferred Tax | | - |
| Profit / (loss) for the period from continuing operations | | (0.12) |
| **(X) Profit/(Loss) for the period** | | **(0.12)** |
| **(XI) Other Comprehensive Income** | | |
| (i) Items that will not be reclassified to profit or (loss) (specify items and amounts) | | - |
| (ii) Income tax relating to items that will not be reclassified to profit or (loss) | | - |
| **Other Comprehensive Income** | | - |
| **(XII) Total Comprehensive Income for the period** | | (0.12) |
| **(XIII) Earnings per equity share (for continuing operations)** | | |
| **Basic (₹)** | 8 | (0.32) |
| **Diluted (₹)** | 8 | (0.32) |
| **See accompaying notes forming part of Financial statements** | 1-10 | |

**For V. Sankar Aiyar & Co**
Chartered Accountants
Firm's Registration No. 109208W

**G. Sankar**
Partner
Membership No.- 046050

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

**Dharmesh Desai**
Director
(DIN: 08194525)

**Apoorva Tiwari**
Director
(DIN: 08001758)

Place : Mumbai
Dated: May 13, 2019

V. SANKAR AIYAR & CO. FRN 109208W CHARTERED ACCOUNTANTS

IIFL Securities Services IFSC Limited

IIFL Securities Services IFSC Limited
Cash Flows Statement for year ended March 31, 2019

(₹ in Millions)

| Particulars | As at March 31,2019 |
|---|---|
| **Cash flows from operating activities** | |
| **Net profit before taxation, and extraordinary item** | (0.12) |
| **Operating profit before working capital changes** | (0.12) |
| Increase / (Decrease) in Other liabilities | 0.12 |
| **Net cash from/(used in) operating activities (a)** | - |
| **Cash flows from investing activities** | |
| **Net cash from/(used in) investing activities (b)** | - |
| **Cash flows from financing activities** | |
| Proceeds from issuance of share capital | 5.00 |
| **Net cash from /(used in) financing activities (c)** | 5.00 |
| **Net increase/(decrease) in Cash and Bank Balances (a+b+c)** | 5.00 |
| Cash and cash equivalents at the begining of the peiord | - |
| Cash and cash equivalents at the end of the peiord | 5.00 |
| **Net increase/(decrease) in Cash and cash equivalents** | 5.00 |

As per our attached report of even date

**For V. Sankar Aiyar & Co**
Chartered Accountants
Firm's Registration No. 109208W

**G. Sankar**
Partner
Membership No.- 046050

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

**Dharmesh Desai**
Director
(DIN: 08194525)

**Apoorva Tiwari**
Director
(DIN: 08001758)

Place : Mumbai
Dated: May 13, 2019

V. SANKAR AIYAR & CO. FRN 109208W CHARTERED ACCOUNTANTS

IIFL Securities Services IFSC Limited

IIFL Securities Services IFSC Limited

Statement of Changes in Equity for the year ended March 31,2019

**A. Equity share capital**

| Particulars | As at March 31,2019 | |
|---|---|---|
| | No. of Shares | (₹ in Millions) |
| At the beginning of the year | - | - |
| Add:- Shares issued during the year | 500,000 | 5.00 |
| Closing at the end of year | 500,000 | 5.00 |

**B. Other equity**

(₹ in Millions)

| Particulars | Reserves and Surplus | Total |
|---|---|---|
| | Retained Earnings | |
| Addition during the year | (0.12) | (0.12) |
| **Balance at the end of the reporting period** | **(0.12)** | **(0.12)** |

As per our attached report of even date

**For V. Sankar Aiyar & Co**
Chartered Accountants
Firm's Registration No. 109208W

**G. Sankar**
Partner
Membership No.- 046050

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

**Dharmesh Desai**
Director
(DIN: 08194525)

**Apoorva Tiwari**
Director
(DIN: 08001758)

Place : Mumbai
Dated: May 13, 2019

V. SANKAR AIYAR & CO. FRN 109208W CHARTERED ACCOUNTANTS

IIFL Securities Services IFSC Limited

IIFL Securities Services IFSC Limited
Notes Forming Financial Statements for the year ended March 31,2019

**Note 3 :- Cash and cash equivalents:** (₹ in Millions)

| Particulars | As at March 31, 2019 |
|---|---|
| Cash on Hand | - |
| Cheque and draft in hand | - |
| **Balances with banks :** | |
| In Current Accounts | 5.00 |
| **Total Cash & Cash Equivalents** | **5.00** |

**Note 4:- Other financial liabilities** (₹ in Millions)

| Particulars | As at March 31, 2019 |
|---|---|
| Payable to related parties (Refer note no.- 10) | 0.12 |
| **Total** | **0.12** |

**Note 5 :- Equity Share Capital**

**a. The Authorised, Issued, Subscribed and Paid up Share Capital:**

| Particulars | As at March 31, 2019 |
|---|---|
| **Authorized Share Capital** | |
| At the beginning of the year | - |
| Add: Increase in authorised share capital | 2,000,000 |
| **Closing at the end of year** | **2,000,000** |

**b. Reconciliation of the shares outstanding at the beginning and at the end of the year:**

| Particulars | As at March 31, 2019 |
|---|---|
| **Equity Shares** | |
| At the beginning of the year | - |
| Add: Shares issued during the year | 500,000 |
| Closing at the end of year | 500,000 |

**c. Terms/Rights attached to Equity Shares**

The company has only one class of shares referred to as equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees

In the event of liquidation of company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

**d. Equity Shares held by Holding Company and its subsidiaries.**

| Particulars | As at March 31,2019 | |
|---|---|---|
| | No. of Shares | % of holding |
| **Equity Shares of ₹ 10 each fully paid** | | |
| IIFL Securities Limited | 500,000 | 100 |

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS FRN 109208W

IIFL Securities Services IFSC Limited

Note 6 :- Other Equity (₹ in Millions)

| Particulars | Retained Earnings | Total |
|---|---|---|
| Opening Balances | - | - |
| Total comprehensive income for the year | (0.12) | (0.12) |
| | | |
| **Balance as at March 31, 2019** | **(0.12)** | **(0.12)** |

Note 7:- Other Expenses (₹ in Millions)

| Particulars | For the year ended Mach 31,2019 |
|---|---|
| Custodian Charges | 0.05 |
| Legal and professional charges | 0.07 |
| **Total** | **0.12** |

Note 8:- Earning Per Shares

| Particulars | For the year ended Mach 31,2019 |
|---|---|
| **Basic & Diluted** | |
| Face value of equity shares | 10 |
| Total Comprehensive Income for the period (₹ in Millions) | (0.12) |
| Weighted Average no. of Shares Subscbed | 361,644 |
| **Basic & diluted EPS** | **(0.32)** |

**Note 9:-** This is the first year of incorporation of the Company,hence previous year figures are not presented.

**Note :- 10 Related Party Transactions**

**As Per Ind As 24, the disclosures of transaction with the related parties are given below :**

**(A)List of related parties where control exists and also related parties with whom transactions have taken place and relationships :**

| Nature of relationship | Name of party |
|---|---|
| **Parent Company** | IIFL Securities Limited. |
| **Fellow Subsidiaries Companies** | IIFL Commodities Limited (Formerly India Infoline Commodities Limited)<br>IIFL Management Services Limited (Formerly Known as India Infoline Insurance Services Limited)<br>IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)<br>IIFL Facilities Services Limited (Formerly Known as IIFL Realty Limited)<br><br>IIFL Wealth UK Limited<br>India Infoline Foundation<br>IIFL Assets Reconstruction Limited<br>IIFL Capital Inc. |
| **Other Related Parties** | India Infoline Finance Limited<br>IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited)<br>IIFL Private Wealth (Suisse) SA<br>IIFL Private Wealth Hong Kong Limited<br>IIFL Private Wealth Management (Dubai) Limited<br>IIFL (Asia) Pte. Limited<br>IIFL Securities Pte. Limited<br>IIFL Capital Pte. Limited<br>IIFL Wealth Management Limited<br>IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited)<br>IIFL Asset Management Limited<br>IIFL Investment Adviser and Trustee Services Limited<br>IIFL Alternate Asset Advisors Limited |

V. SANKAR AIYAR & CO. FRN 109208W CHARTERED ACCOUNTANTS

IIFL Securities Services Limited

| | |
|---|---|
| | India Infoline Media & Research Services Limited<br>IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited)<br>IIFL Asset Management (Mauritius) Limited (Formerly IIFL Private Wealth (Mauritius) Limited)<br>IIFL Inc.<br>IIFL Wealth Securities IFSC Limited<br>IIFL Alternate Advisiors Private Limited (Formerly Alternate Advisors Private Limited)<br>IIFL Wealth Advisors Private Limited (Formerly Wealth Advisors (India) Private Limited)<br>IIFL Capital (Canada) Limited<br>FIH Mauritius Investments Limited<br>India Infoline Employee Trust<br>India Infoline Foundation<br>Samasta Microfinance Limited<br>Ayusha Dairy Private Limited (amalgamated w.e.f. 06-08-2018 with Samasta Microfinance Limited)<br>Orpheous Trading Private Limited<br>5paisa Capital Limited<br>5paisa P2P Limited<br>5paisa Insurance Brokers Limited<br>MNJ Consultants Private Limited<br>Ardent Impex Private Limited<br>Nirmal Jain<br>Madhu Jain (wife of Mr. Nirmal Jain)<br>R.Venkataraman<br>Aditi Venkataraman (wife of Mr. R Venkataraman) |
| **Director & Key Management Personnel** | Apoorva Tiwari - Director<br>Dharmesh Desai -Director |

**(B) Significant Transactions with Related Parties for the period ended March 31, 2019**

(₹ in Millions)

| Nature of transaction | As at March 31,2019 |
|---|---|
| **Share Capital:-** | |
| IIFL Securities Limited | 5.00 |
| **Allocation/Reimbursement of expenses Paid:-** | |
| IIFL Securities Limited | 0.12 |
| **Sundry Payable:-** | |
| IIFL Securities Limited | 0.12 |

**For V. Sankar Aiyar & Co**
Chartered Accountants
Firm's Registration No. 109208W

**G. Sankar**
Partner
Membership No.- 046050

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

**Dharmesh Desai**
Director
(DIN: 08194525)

**Apoorva Tiwari**
Director
(DIN: 08001758)

Place : Mumbai
Dated: May 13, 2019

V. SANKAR AIYAR & CO. FRN 109208W CHARTERED ACCOUNTANTS

IIFL Securities Services IFSC Limited