



FINANCIAL PLANNING FOR A
BETTER LIFE

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Investor Information

▶ BSE code	: 542773
▶ NSE symbol	: IIFLSEC
▶ Bloomberg code	: IIFLSEC:IN
▶ Dividend declared	: ₹ 2.0 per share

Disclaimer: This document contains statements about expected future events and financials of IIFL Securities Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management's Discussion and Analysis of this Annual Report.

FY20 was a year marked by unprecedented volatility. Our stable performance despite adverse external environment demonstrates our solid fundamentals and resilience.

As we embark into the new year marred by the effects of a global pandemic, our advisory and financial planning services will be more relevant than ever before, to help customers overcome negative sentiments as well as plan appropriately with expert advice to navigate through a volatile economy.

We remain committed to sustaining performance, with a clear focus on adapting to the evolving conditions, providing the best advice and the most comprehensive array of products to our clients and ensuring growth.



Highlights of the Year

₹ **7,900**

million

Total Revenue

₹ **2,321***

million

Profit after Tax
after exceptional items

₹ **235**

billion

Assets Under Management

₹ **2.0**

Dividend per Share

29%

Return on Equity
after exceptional items

₹ **7.3**

Earnings per Share



2,074

Happy Employees

29

Institutional Research Analysts

540

Relationship Managers

1,452

Partners

200+

Stocks covered across 20+ sectors
accounting for over 80% of India's
market capitalisation

**'Great Place
to Work'**

IIFL awarded the certification
for the year 2019-20

2,500+

Touch Points

500+

City Locations

224,000+

Active Customers

IIFL Securities Limited at a Glance

One of the key capital market players in the Indian financial services space, IIFL Securities is a one stop shop for investors. The Company offers retail and institutional broking, financial products distribution, investment banking and advisory services.

IIFL Securities is well-placed as a prominent name in the industry backed by end-to end technology platforms, experienced management and vast network of branches across the country. With complete investment planning and quality offerings, the Company continuously strives to deliver more value to its customers.



VISION

To be the most respected financial services company in India. Not necessarily the largest or most profitable.



VALUES

FAIRNESS
Fairness in our transactions with all stakeholders including employees, customers and vendors, bereft of fear or favour.

INTEGRITY
Integrity and honesty of utmost nature, in letter, in spirit and in all our dealings with people, internal or external.

TRANSPARENCY
Transparency in all our dealings with stakeholders, media, investors and the public at large.



Our Diversified Business Offerings



Retail Broking

Offerings

- ▶ Equity (Cash and Derivatives), Commodities and Currency Broking, Equity Research
- ▶ Advisory Services including Financial Planning, Equity Portfolio Advisory, Access to Alternate Investments, Retirement Planning and Estate Planning

Clients

Retail and Mass Affluent Investors

Competencies

- ▶ Diversified offerings
- ▶ State-of-the-art mobile brokerage platform
- ▶ Nationwide network
- ▶ Multi-channel platforms
- ▶ Open architecture model

Key Highlights

- ▶ Serving over **2.4 million** customers
- ▶ **2500+ points** of presence across India
- ▶ **₹ 235 billion** Assets Under Management
- ▶ User-friendly **mobile applications**
- ▶ **Marquee web trading platform**
- ▶ **+3.4 million** IIFL Markets App Downloads



Institutional Broking

Offerings

- ▶ Broking Services
- ▶ Research and Corporate Access Services

Clients

Domestic and Foreign Institutional Investors, Sovereign Wealth Funds, Banks, Private Equity Funds and Corporates

Competencies

- ▶ Proficient research team
- ▶ Extensive domain knowledge
- ▶ Execution capabilities in block placement

Key Highlights

- ▶ **83** Member team
- ▶ **Mumbai, New York and London** Global offices
- ▶ **200+ stocks** Under research coverage
- ▶ Leading franchise with **675+ institutional clients**
- ▶ Market leader in block placements – **over USD 4.5 billion** blocks executed in FY20



Investment Banking

Offerings

- ▶ Initial Public Offerings, Qualified Institutional Placement, Rights Issues, Preferential Issues, Follow-on Public Offer, Corporate Advisory including M&A, Share Buybacks, Tender Offers, Delistings
- ▶ Advisory Services including Private Equity Placements and Mergers & Acquisitions

Clients

Domestic and Foreign Institutional Investors, Private Equity Funds, Banks and Corporates

Competencies

- ▶ Tailored solutions
- ▶ Extensive distribution capabilities
- ▶ Strong execution skills
- ▶ Industry expertise

Key Highlights

- ▶ **16 transactions** completed in FY20
- ▶ Rapidly growing franchise – **ranked #1** in the league tables in FY19 and FY20 for private sector IPOs both in terms of number of IPOs and amount raised
- ▶ **Strong pipeline and product diversity** with presence in ECM, Private Equity and DCM



Financial Product Distribution

Offerings

- ▶ Third-party Financial Products Distribution including Mutual Funds, Insurance, PMS, AIF, Fixed Deposits, Loans and Pension Products

Clients

Retail and Mass Affluent Investors

Competencies

- ▶ Multiple products
- ▶ Open architecture
- ▶ Deep understanding of customer behaviour
- ▶ Research
- ▶ Expert advice
- ▶ Physical and digital reach

Key Highlights

- ▶ **Open architecture model**
- ▶ **FPD income ~20%** of total income
- ▶ **30% CAGR** in SIP transactions over last 3 years
- ▶ **49%** Insurance premium growth in FY20

Investment banking transactions in FY 2019-20

Select marquee deals

Ujjivan Small Finance Bank



₹10,000 million
IPO + Pre IPO
Dec 2019

RBL Bank



₹ 27,002 million
QIP + Pref Allotment
Dec 2019

CSB Bank



₹ 4,097 million
IPO
Nov 2019

Spandana Sphoorty



₹ 12,009 million
IPO
Aug 2019


Polycab India



₹ 13,453 million
IPO
Apr 2019

Select private equity advisory transactions

Berar Finance



₹ 700 million
Private Equity
Feb 2020

EtechAces Marketing and Consulting



₹ 1,750 million
Secondary Placement
Dec 2019

LoanTap



₹ 800 million
Private Equity
Sep 2019

Select other transactions (debt advisory, buybacks and placements)

IIFL Finance



₹ 2,442 million
Public Issue of NCD
Aug 2019

Indian Energy Exchange



₹ 690 million
Buyback
Apr 2019

Shree Digvijay Cement Company

On-market stake sale post open offer
Apr 2019

Research offerings

Strong research and content has been the foundation of IIFL group, beginning with Probit Research and later by launching www.indiainfoline.com. We believe that extensive research is critical to better financial planning and investments. Our deep research insights and capital market understanding continuously help grow our other business segments as well.

200+

stocks

under research coverage
accounting for over 80% of India's
market capitalisation

Sector-wise break up of stocks under coverage



- Agriculture
- Auto
- Banking & Finance
- Building Material
- Capital Goods
- Cement
- Chemicals
- Consumer Discretionary & Electricals
- FMCG
- Infrastructure
- IT
- Insurance & General Insurance
- Media
- Metals
- Mid-cap
- Oil & Gas
- Pharmaceutical & Healthcare
- Real Estate
- Telecom
- Utilities, Gas & Logistics
- Others

Note: Data as on March 31, 2020

Market Cap break up of stocks under coverage

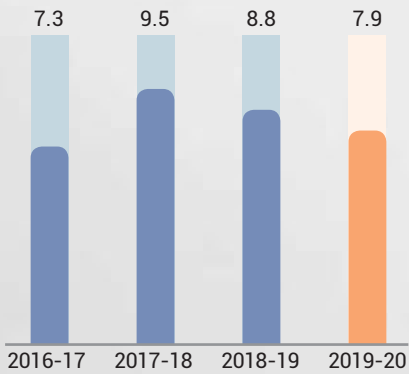
Market Cap	No. of Companies
Above USD 10 billion	30
Between USD 5 billion and USD 10 billion	20
Between USD 3 billion and USD 5 billion	34
Between USD 1 billion and USD 3 billion	65
Between USD 500 million and USD 1 billion	27
Below USD 500 million	55
Total	231



Financial Performance

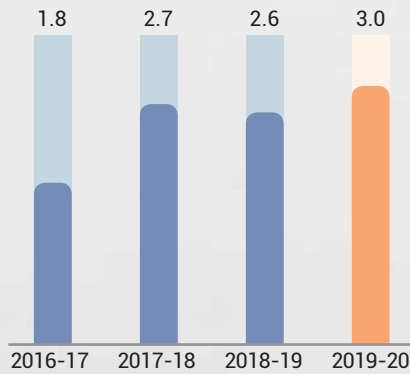
Total Revenue

(₹ billion)



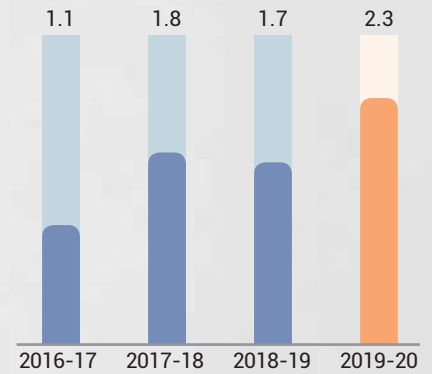
Profit Before Tax

(₹ billion)



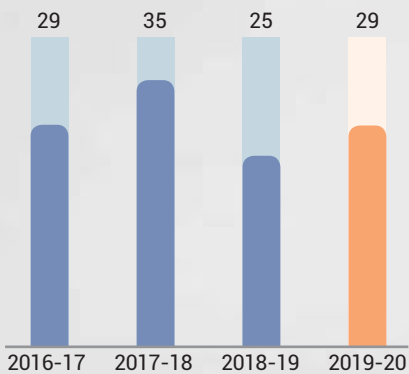
Profit After Tax

(₹ billion)



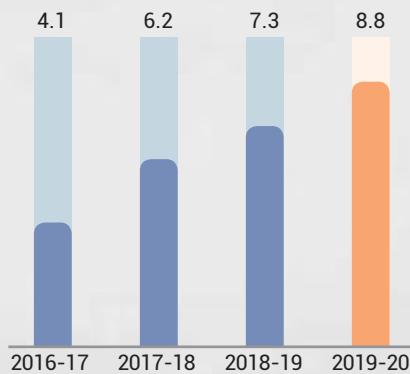
Return on Equity

(%)



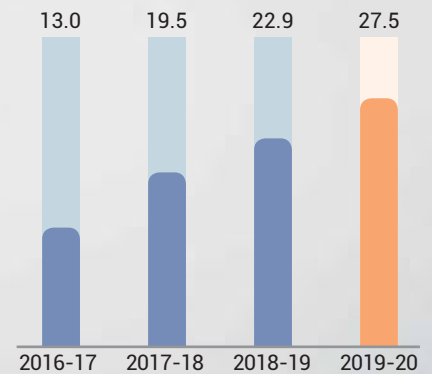
Net Worth

(₹ billion)



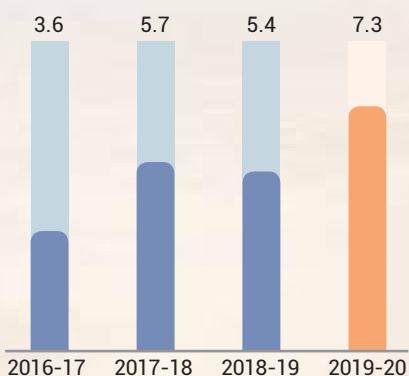
Book Value per Share

(₹)



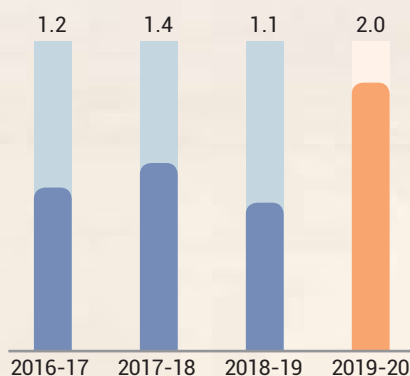
Earnings per Share

(₹)



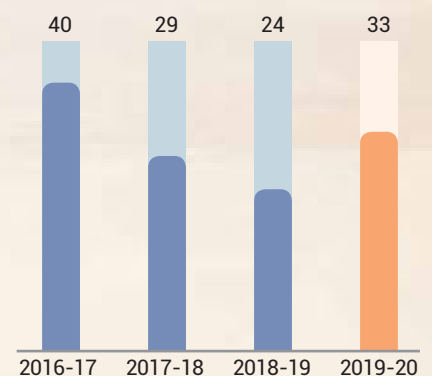
Dividend per Share

(₹)



Dividend Payout Ratio

(%)



Dividend for FY17, FY18 and FY19 is paid to erstwhile Holding company by IIFL Securities and its subsidiaries

Dividend Payout Ratio is including Dividend Distribution Tax



Our Value-creating Business Model

As a diversified financial services company with roots in retail and institutional sector, it is our continuous endeavour to fulfil customer expectations.

Resources



Financial capital

Our prudent management of finances and allocation of funds to help capitalise long-term opportunities and ensure sustainable economic growth



Human capital

Our employees and their domain knowledge helps innovate and develop better products and services, in a responsible way



Physical capital

Our physical facilities, such as branches, touch points and technology systems that allows us to deliver high-value product streams



Intellectual capital

Our investment in intellectual capital to ensure development of new technologies, products and services that generate competitive advantages for the business

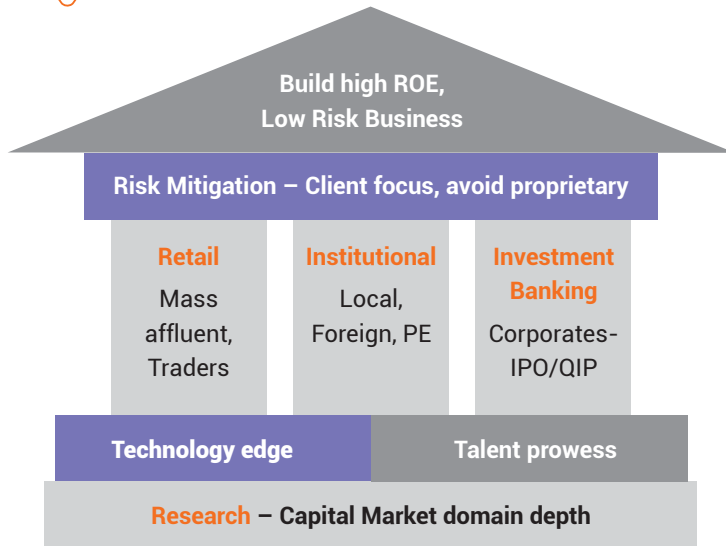


Social and relationship capital

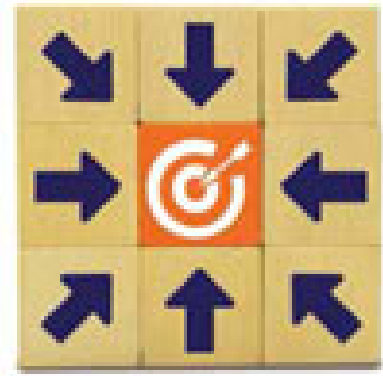
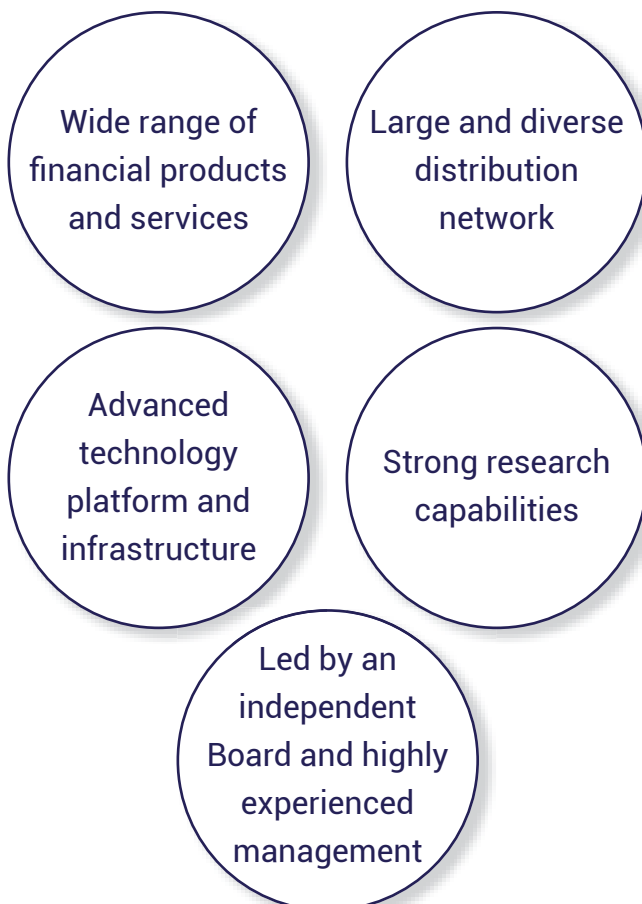
Our ethical and transparent relationship with key stakeholders and the ability to create value and enhance individual and community well-being

We leverage our resources to expand our customer base and provide best-in-class products and services

Business segments and strategy



Strengths



Value creation

- ▶ Build access to financial services for wide range of customers – relevant offerings for retail and corporate clients
- ▶ Help customers achieve financial goals with expert financial planning services and one-stop shop for financial products
- ▶ Facilitate sound decisions with industry-leading research and advice
- ▶ Create employment opportunities

Chairman's Message



Our future growth strategies are based on our aim to emerge as a leader in both, the retail and institutional segments of capital markets. Aligned with this aim, we will continue to pursue digital transformation and seamless servicing in order to make IIFL Securities stronger and more agile.



Dear Shareholders,

The financial year 2019-20 started with healthy growth while posting a positive outlook for the coming quarters. India, one of the fastest growing economies, was on track, bolstered by a fostering private investment and careful management of public finances. However, as the year progressed, whether it was GDP growth rates or consumer confidence, most economic parameters nosedived due to internal and external developments. By the end of the year, the world was hit by the Covid-19 pandemic, forcing a temporary shutdown of economic activities globally as well as in India.

The impact of the Covid-19 pandemic on global economy is expected to snowball over the next few months. As I write this, nearly 75% of the Indian economy has been in lockdown mode from March to May and GDP growth forecast for 2020 is significantly affected. The government is trying to support and reboot economic activity and all round development through a series of measures, which are expected to fructify over the year.

Capital markets and banking were declared as essential services and accordingly all our operations and servicing of clients were smoothly carried out without any interruptions as the activities of trading, settlement, DP, stock exchanges and depositories functions are fully automated and seamless. Our employees adapted quickly to working from home and ensured smooth functioning of business and operations as well as safety for themselves and their families. The Company continued operating in normal course and there were no adverse impacts on liquidity, revenues or operational parameters during the quarter and year ended March 31, 2020.

To extend our commitment towards the society, the Company undertook collective efforts to support the fight against COVID-19 pandemic directly as well as through various initiatives dedicated for the cause. The Company contributed ₹ 5.0 million to the PM Cares Fund, the founders and employees of IIFL contributed a further ₹ 4.0 million as part of a one-day salary donation drive and on a regional front, the Company also directed ₹ 500,000 towards various hospitals for sourcing and distribution of safety kits, masks and other essentials.

Company Performance

The Company, in its maiden year of functioning as a listed entity, posted a total income of ₹ 7.9 billion during the financial year 2019-20, while the profit after tax stood at ₹ 2.3 billion (including exceptional items), maintaining performance in line with markets and industry. The Company continued to provide insightful research by covering over 200 stocks. The Institutional Equities business remained a leader in block placements with over USD 4.5 billion of blocks executed in FY20 and our Investment Banking team completed 16 transactions across various products during the year.

Outlook

History has demonstrated that mankind emerges stronger after every crisis. Team IIFL has also demonstrated the same over last twenty years of its Securities business and is well prepared to navigate the volatile external environment and continue to provide best-in-class service to its clients.

Our future growth strategies are based on our aim to emerge as a leader in both, the retail and institutional

segments of capital markets. Aligned with this aim, we will continue to pursue digital transformation and seamless servicing in order to make IIFL Securities stronger and more agile. The Company's recently launched AAA platform is a step further in this direction. The comprehensive mobile office solution gives RM's and Partners convenience of use and helps cater to a larger audience across Tier II/III locations. Our robust and seamless platform for all investment needs will bring us closer to our customers and enable us to sustain growth in partnership with all of our stakeholders.

On behalf of all of us at IIFL Securities, I would like to extend my appreciation to all stakeholders, Regulators, Exchanges, Depositories, Bankers and Customers for their unwavering support. I thank the IIFL management and its staff for their accomplishments and dedication during the year, our shareholders for their confidence in the Company, and my fellow Directors for their valuable insight and support.

Regards,

Kranti Sinha
Chairman



Managing Director's Message



Financial Planning for a Better Life

Dear Shareholders,

'The world is difficult to anticipate. The correct lesson to learn from surprises is that the world is surprising.'

-Dr. Daniel Kahneman

The first few months of calendar year 2020 have been unprecedented in many ways. None could have imagined a negative price for crude, a world where there are no flights and airports empty, and mega cities under a lockdown. Global economic activity is almost at a standstill and there is huge uncertainty around post-lockdown recovery. How the post Covid-19 world will eventually look like is unknown. The only comfort is the resilience of human spirit. Collectively, mankind has survived world wars, depressions, pandemics, terrorist attacks and still marched ahead.

Our business operations continued without disruption during the lockdown, thanks to our preparedness and investments in technology infrastructure and mobility platforms. Almost 100% of our employees migrated successfully to work from home (WFH) mode. Our business continuity plan made certain that not just front-end operations but even back office operations including settlement and risk management activities were seamlessly carried out from our employees' homes. Client servicing was carried out to a large extent through our Chatbot 'Ask IIFL'. Our mobile trading platforms IIFL Markets and Partner utility AAA Advisor Anytime Anywhere ensured uninterrupted service and were extensively used by Relationship Managers, partners and clients.

'You must have a solid foundation if you're going to have a strong superstructure.'

- Gordon B. Hinckley

The foundation of IIFL group has been built on Research depth, Technology edge and Talent prowess. Founded as Probit Research, IIFL came to be known for original research, which was sharpened further when we scaled up our institutional equities business. Over the years, we have invested in proprietary technology for front office, back office and risk management. We have developed and maintained key components of



In these extraordinary times, we continue to stay focused on fortifying our foundation for future growth. We aim to build a high ROE business with prudent risk management framework and leverage our comprehensive offering of financial products and services for retail and corporate clients.



the platform in-house ever since we started internet-trading two decades ago. The depth of our management team and best in industry talent pool has guided the Company through various market cycles.

Our business lines comprising Retail and Institutional broking, Investment Banking and Financial Products Distribution, are centred around capital markets. We have an edge in the industry owing to our best-in-class research, technological capabilities and comprehensive product offering. An open architecture model for distribution and an industry-leading talent pool provide us a deep understanding of customers' needs. We will continue to invest in the three pillars - Research, Technology and Talent - which are core to our business.

'Most people don't plan to fail, they fail to plan.'

- John L. Beckley

The need for financial planning

The Covid crisis has led to unprecedented volatility in capital markets. The biggest learning from the sharp market meltdown has been the importance of sound financial planning backed by expert advice. These are times, which bring back focus to asset allocation and discipline. Portfolio returns are determined more by asset allocation than by individual stock selection even as most investors especially in retail may choose to believe otherwise. Retail customers have historically been underserved in this aspect and there continues to be a shortage of qualified advisors servicing retail clients. IIFL's unique financial planning solution - Financial Plan 360 (FP 360), aims to bridge this gap with comprehensive personal finance management solutions. The financial plan includes building wealth by investment planning, protecting wealth by insurance and emergency fund arrangements, managing wealth by efficiently handling taxes, expenses and liabilities as well as smooth handover of wealth to the next generation through wills and estate planning solutions. A customised model portfolio is designed, which is in complete alignment to client's financial goals, investments objectives and risk profile; captured through a system-driven process. Our open architecture model has enabled us to become a one-stop-shop for investment products; our widespread reach ensures ease of access to customers; and a large pool of experts and research depth gives us an edge in the space. IIFL's business offering and focus is to provide complete investment solutions.

'Mobile is becoming not only the new digital hub, but also the bridge to the physical world. That's why mobile will affect more than just your digital operations – it will transform your entire business.'

- Thomas Husson, Vice President and Principal Analyst at Forrester Research

Technology and mobility focus

In the post-Covid era, most work processes will undergo a transformation. Digitised business operations will be the new normal. Work from Home using a Tab or PC will become standard and going to office may be counted as exceptional. We can't crystal gaze and predict when the situation will change. All we know for sure is that things will change. We have to be prepared for the change. Technology and mobility solutions help us to adapt to change faster. We have experienced how client onboarding journey has changed over the last few weeks. Major changes will need to be implemented in way-to-do-business. Technological capability will be more crucial than ever before. Our sound base in tech infrastructure and the edge gained in digital platforms have already put us ahead in the evolving scenario. Our industry-leading online platform Trader Terminal, marquee mobile applications IIFL Markets and IIFL Mutual Funds and our Tab-based digital office solution 'AAA' are popular and well appreciated by customers. We will leverage the same in the future for higher client acquisition, better service offerings and greater customer satisfaction

Outlook

In these extraordinary times, we continue to stay focused on fortifying our foundation for future growth. We aim to build a high ROE business with in-built, prudent risk management framework. We will leverage our comprehensive offering of financial products and services for retail and corporate clients along with need-of-the hour financial planning solutions backed by advanced technology and strong distribution reach to achieve our goal and our client's financial goals.

I would like to express my appreciation to all our shareholders, customers and other stakeholders for your unwavering encouragement and support as IIFL Securities continues to transform and grow.

Regards,

Venkataraman Rajamani
Managing Director



Management Bytes



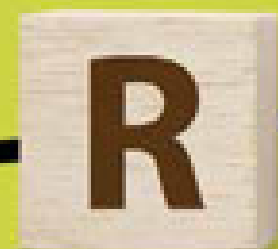
“ We continue to ramp up our client acquisition numbers, get incremental flows in long term allocations & build a larger distribution footprint. Our Mobile app and advisory platform are market leading technological offerings contributing two-thirds of our revenue and will play a key role in our growth.

- Mr. Arindam Chanda
Chief Executive Officer

”

“ Over the past few years, IIFL has established itself as the market leader in ECM space. Superior client focus, unbiased advise and solid execution have resulted in high repeat business. Our efforts to diversify product offerings bore results last year as we closed a number of deals in the advisory space. This should help us in the current year as the public markets witness unprecedented volatility on the back of Covid-19.

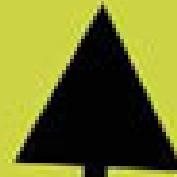
- Mr. Nipun Goel
President, Investment Banking

”



Our focus on the institutional equities side to build a strong research franchise and robust sales & trading capabilities paid off this year. Our research rankings improved overall and our block placements was the highest ever. The feather in our cap was the USD 700 million block placement that we completed in a large cap stock. Trading environment will likely remain volatile in the next few months and our endeavour is to increase our market share to help sustain the momentum in revenue growth.

- Mr. H. Nemkumar
President, Institutional Equities



Financial Planning for a Better Life

Introducing FP360

Every person has certain financial goals based on his or her stage in life, and these keep evolving over time. What does not change, is the importance of planning for the future and achieving dreams.

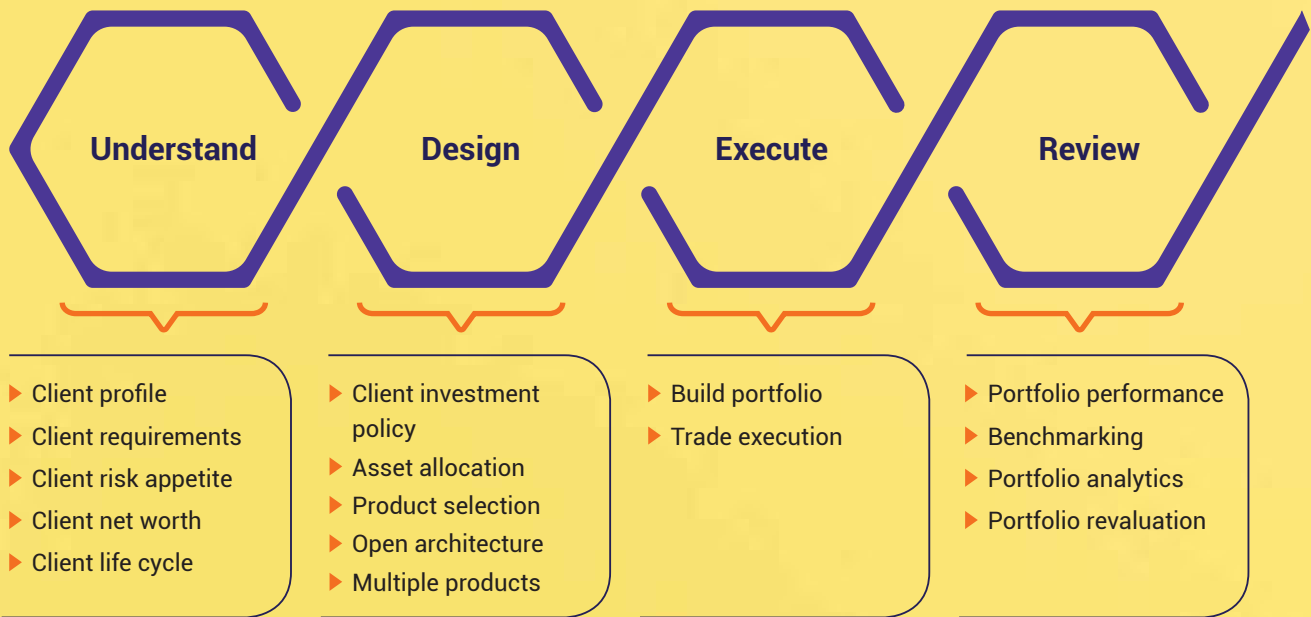
We, at IIFL, have an unwavering commitment towards a long-term value creation for them. We deeply understand the needs of our clients. Lack of time, skills or inclination to manage investments give rise to the role of financial planners – a team of experts who help curate the right combination of assets for each client and keep track of their investments.

FP360 is IIFL's unique solution to fulfil our clients' need for financial planning advice. It is a perfect combination of human expertise and technology driven platform to ensure that financial plans are aligned to individual goals, time horizons, investment capacity and appetite for risk.

Through unique model portfolio based approach and system driven process, a custom model portfolio is designed in line with client's financial goals, investment objectives and risk profile. Along with restructuring exercise, the portfolio is continuously reviewed and rebalanced to fulfil the financial objectives of the client in changing market conditions. The plan helps in building wealth by investment planning, protecting wealth by insurance and emergency fund arrangements, managing wealth by managing taxes, expenses and liabilities as well as passing wealth to the next generation through wills and estate planning solutions.



Financial Planning process



Asset classes catered



EQUITY

- ▶ Direct Stocks
- ▶ Mutual Funds
- ▶ AIF, PMS



BONDS & DEBENTURES

- ▶ Tax free bonds
- ▶ Debt funds
- ▶ Market Linked Debentures
- ▶ Direct Bonds



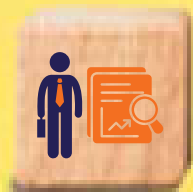
INSURANCE

- ▶ Life insurance
- ▶ Medical insurance
- ▶ Vehicle and asset insurance
- ▶ Pension plans



LOANS

- ▶ Home loans
- ▶ Personal loans
- ▶ Business loans
- ▶ Auto loans



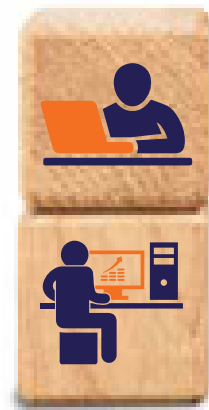
OTHERS

- ▶ PPF
- ▶ Post office schemes
- ▶ Retirement solutions
- ▶ Succession planning

Technology: The Key Enabler

We consistently invest to bolster our technological edge to provide our customers a wide range of services, which are fast, convenient and secured. This further enables us to scale up faster with robust operational efficiency, better productivity and cost optimisation.

Our digital capabilities ensured business continuity without disruption during the Covid-19 lockdown; our well established digital platforms including IIFL Markets & AAA ensured RMs, partners and customers functioned seamlessly.

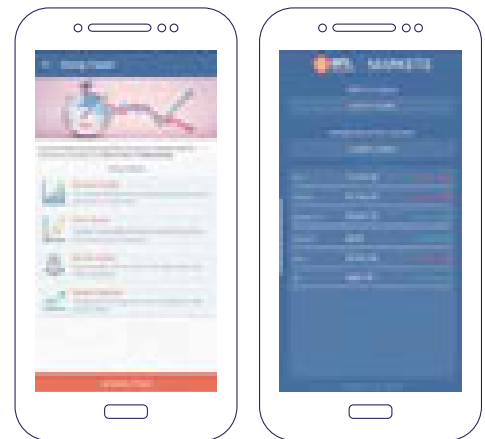


IIFL MARKETS – India's leading mobile trading app

Building on the successes of the previous years, the Company continues to improve its digital offerings in its retail broking business. The Company's mobile trading app 'IIFL Markets' remains the highest rated on Android and iOS among peers, with about 3 million users.

Features:

- ▶ 1000+ market and stock related news notifications
- ▶ Advanced research in partnership with MarketSmith
- ▶ Financial Health Checkup through 360 degree view of client's assets as well as liabilities
- ▶ NSE and BSE Commodity trading on app
- ▶ InvestorQ - An independent forum for all queries related to finance
- ▶ Fast and real-time loaded charts with high-level of customisation



60,000+

Monthly queries resolved through Chatbot

3.4 million

Downloads

4.3

Rating on play store

131%

Increase in app downloads in FY20

'AAA' – Advisor Anytime Anywhere

AAA is a mobile office solution providing execution, reporting, monitoring and learning capabilities in a single tab-based platform with zero investment and freedom to operate at anytime from anywhere

The platform offers a comprehensive, mobile office for partners.

AAA enhances our capability to reach investors in smaller towns and cities where other channels are not available or effective



Features

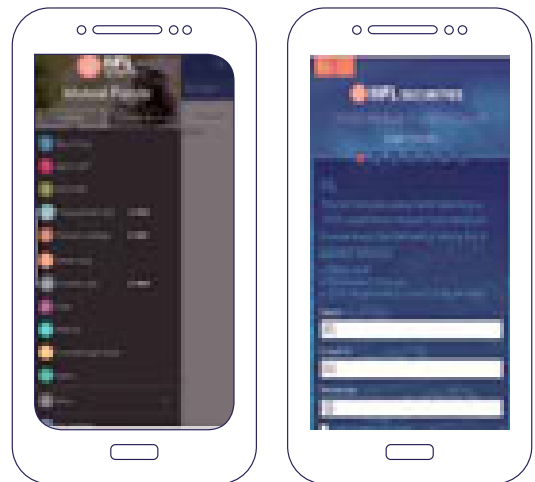
- ▶ End-to-end trade execution for a wide array of financial products
- ▶ Easy business performance monitoring for advisors
- ▶ Effective financial planning through tools like IIFL View with robust research reports
- ▶ Learning opportunity through IIFL Academy
- ▶ Detailed client reports, real time updation of trade book and comprehensive 360° client MIS report

IIFL Mutual Funds app

An intuitive, user friendly and feature rich application by IIFL Securities, designed and aligned with customers mind. It provides the power of planning at finger-tips to mutual fund investors. Besides, it also guides customers to invest, track and monitor various types of mutual funds, get valuable recommendations and latest updates.

Features:

- ▶ Single view of all MF holdings within industry
- ▶ First in industry – Video based In-Person Verification (Video IPV) during on-boarding
- ▶ NFO SIP - SIP in new fund offers
- ▶ Quick, seamless, and fully digital SIP one-time mandate registration through net-banking and debit cards
- ▶ Online transfer of MF holdings to IIFL Securities from other distributor(s)



900,000

Downloads

4.3

Rating on play store

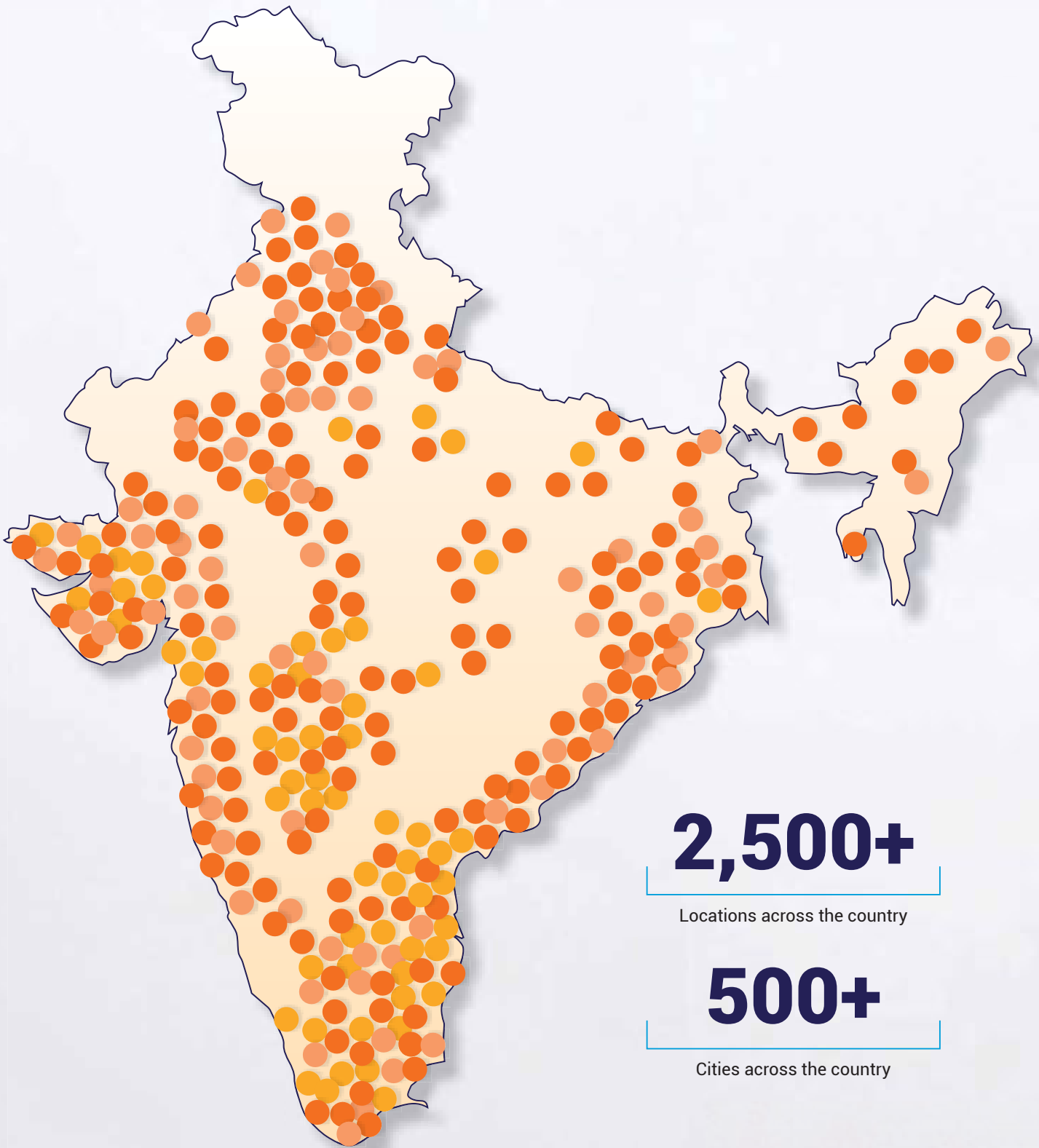


Our Extensive Distribution Strength

We have a strong distribution network comprising branches, franchises and partners. Our digital presence across marquee mobile apps and the mobile office solution AAA has helped us further reach under-served customers across Tier II and III locations.

Our wide reach has helped build our brand and trust among customers, and gives us means to effectively serve our customers.





This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features / states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

Growing Together. Sharing Happiness.

The Company believes in driving a high-performance culture. Our progressive working environment ensures that every employee is aligned to our strategic goals and that we do not operate in silos.

'Great Place to Work'

IIFL awarded the certification for the year 2019-20

Drawing inspirations – Women at work

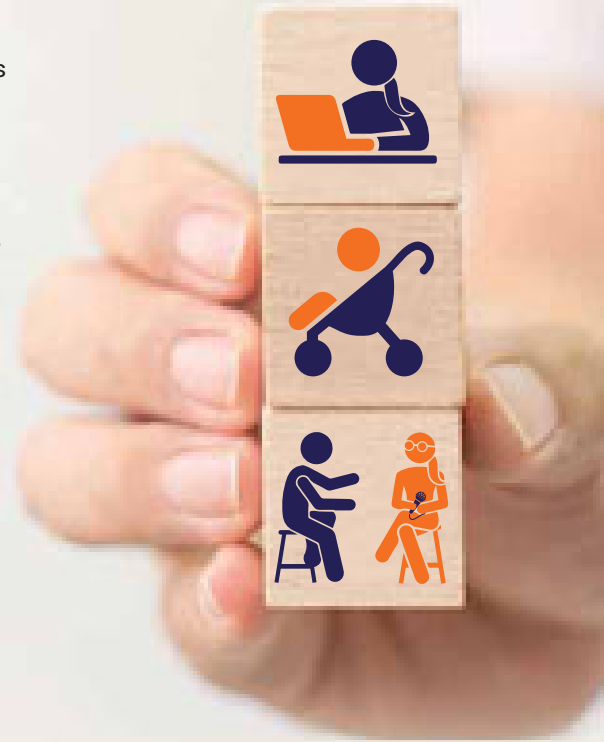
We constantly strive on delivering equal value, respect and support to our women workforce, thereby unleashing their full potential.

Following are the initiatives undertaken during FY2019-20:

'IIFL WoMentoring Program': aimed at encouraging our talented team members to advance in their career at IIFL

Creche / Day Care Facility: to facilitate stress free return of women employees post maternity break

Speed Mentoring: to empower our women employees, encourage them to grow, seek career advice, gain insights, network and broaden their horizons



Employee engagement initiatives

At IIFL Securities, we believe that highly engaged employees are more productive and pursue the Company's vision with vigour and enthusiasm every single day. Throughout the year we organised various events and celebrated togetherness.

Leadership Connect

Regular interactions with Leaders through initiatives like 'Ask Venkat' and 'Facetime' with Business Heads, enable IIFL to strengthen connect with all employees across the organisation.



Health & Wellness

IIFL conducted various health camps and workshops like Stress Management, Yoga, Zumba, Breast Cancer Awareness throughout the year. IIFL also launched 'GoFit', a health and wellness initiative in partnership with Healthify Me app. This program covers all essential pillars of good health such as nutrition, physical, social and emotional wellness delivered digitally through the Healthify Me app.



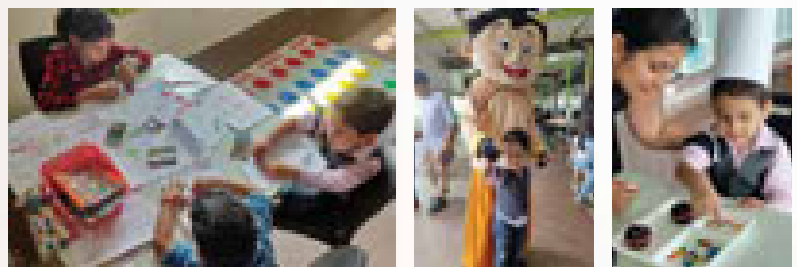
Sports Tournaments

Employees participated in sports such as cricket, football and other indoor sports which fostered team spirit and enthusiasm among all.



Significant Days

Special days like Mother's Day, Father's Day, Children's Day, Friendship Day, and Appreciation Week were celebrated across zones.



Women's Day Special

In keeping with the theme #EachforEqual, the Company planned several initiatives to encourage gender equality.



CSR: Employee Initiatives

IIFL-ites volunteered to support initiatives such as beach cleaning drive, tree plantation, donations to Sakhiyon ki Baadi, Impact Day celebration.



Enterprising India Investor Conference

IIFL's eleventh Enterprising India - Global Investors' Conference was held from the 11th to 13th of February, 2020 with the theme 'Finding Alpha'.

The Enterprising India Conference brings together some of the most notable industry experts, investors and corporate presenters. This year, we witnessed participation from 124 companies and more than 900 investors.

Additionally, we also featured 25 specialist speakers, including Dr. Jim Walker, renowned Economist; Mr. Bharat Puri, Managing Director, Pidilite Industries, Mr. Sudarshan Jain, Secretary General, Indian

Pharmaceutical Alliance, Mr. Bama Balakrishnan, CFO, Northern Arc Capital, Mr. Prashant Jain, Managing Director, GE Power India, Mr. Shekhar Gupta, Founder & Editor-in-Chief, The Print, Mr. Anuj Puri, Chairman & Founder, ANAROCK, Mr. Deepak Mehta, Chairman & Managing Director, Deepak Group, Mr. Satyam Kumar, Co-founder & CEO, LoanTap Financial Technologies, Mr. Madhur Deora, President, Paytm, Mr. Vikash Jain, Partner & Director, The Boston Consulting Group.

The conference was well attended by companies from all major sectors – Auto, Cement, Banking, FMCG, IT Services, Infrastructure, Oil & Gas and Media, among others.





Sector Conference



IIFL hosted Life Sciences & Chemicals Conference in Mumbai in June 2019, in which 21 corporates and over 190 clients participated.

Invest India Conference

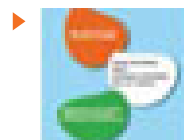
IIFL's third Invest India conference was held in London in November 2019, with participation from 15 corporates and 50+ clients.

IIFL Caravan

An investor conference with the theme 'CARAVAN' was organised across different locations.



The all-new on-the-road research expedition, was held in Ahmedabad on 8th & 9th April, 2019, which witnessed participation by 24 corporates, 50+ clients and 4 specialist speakers.



The second event was held in Delhi on 22nd & 23rd August, 2019, with participation by over 40 Corporates and 70+ clients.

Conference in Japan

IIFL also hosted its first Conference in Japan (in collaboration with Okasan Securities) in August 2019.



Awards and Recognition



The Best IPO award for Embassy Office REIT at The Asset Triple A Country Awards



'Going The Extra Mile' (for special initiatives & innovative approach adopted towards improving the penetration of the commodity derivatives market) from MCX



'Company of the year' by The CEO Magazine



Best Social Media Marketing Campaign at the BTVI Awards for Marketing Excellence

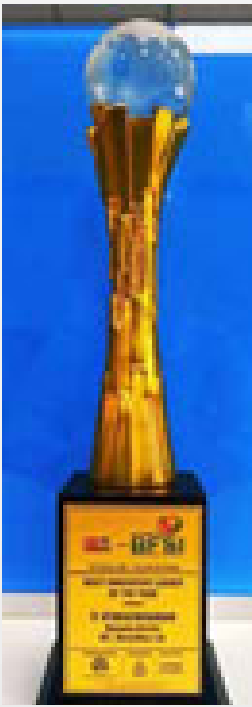


'Best Use of Digital Media/Platform in the share trading category' Award at INKSPELL for IIFL Markets App



Received the 'Great Place to Work' Certification





'Leadership in Customer Service in Financial Services Sector' at The 7th Edition of World Quality Congress & Awards



The Mobby's Award for Best Financial Website at the World Marketing Congress awards



'Leader in Go Green Initiative' Award at the NSDL Start Performer Awards 2019



'Most Innovative Leader of the Year' awarded to Mr. R. Venkataraman at the World BFSI congress awards



Board of Directors



KRANTI SINHA

Independent Director and Chairman

Kranti Sinha is an Independent Director and Chairman on the Board of the Company. He holds a Master's degree in Arts from Agra University and started his career as a Class I Officer with Life Insurance Corporation of India ('LIC'). He served as Director and Chief Executive Officer of LIC Housing Finance Limited from August 1998 to December 2002 and concurrently as the Managing Director of LICHFL Care Homes Limited (a wholly-owned subsidiary of LIC Housing Finance Limited). He retired from the permanent cadre of the executive director of LIC. He also served as the deputy president of the Governing Council of Insurance Institute of India and as a member of the Governing Council of National Insurance Academy, Pune apart from various other such bodies.



VENKATARAMAN RAJAMANI

Managing Director

Venkataraman Rajamani, is the Co-Promoter and Managing Director of the Company. He holds Post Graduate Diploma in Management from Indian Institute of Management (IIM), Bangalore and Bachelor in Electronics and Electrical Communications Engineering from IIT Kharagpur. He has been contributing immensely in the establishment of various businesses and spearheading key initiatives of the IIFL Group over the past 21 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.



MOHAN RADHAKRISHNAN

Executive Director

Mohan Radhakrishnan is a Whole-time Director on the Board of the Company. He is a qualified Chartered Accountant. He has over 33 years of experience in financial services and capital market regulations and compliances. He is associated with the IIFL Group as the Chief Compliance Officer since the last 15 years and is involved in successful implementation of the new developmental initiatives and setting up of regulatory systems, governance and processes across the financial services activities of the IIFL Group. In the past, he was associated with SEBI as a general manager, where he served for a period of over 13 years. He had held various positions in the regulations, supervision, market surveillance and investigation functions at SEBI. During his tenure at SEBI, he also served as the member secretary of the "Group for Review of Portfolio Managers Regulations" in 2000, coordinator for the "Committee on Strengthening of Disclosures in the Offer Documents of Companies" in 2001, and member of the "Working Group to prepare Pilot Policy Statement on Takeover/ Merger and Transfer of Shares of Banks" set up by the RBI in 2003. Prior to joining SEBI, he was associated with Carborundum Universal Limited, in the corporate finance and taxation, for five years.

Committees

 Audit Committee

 Nomination and Remuneration Committee

 CSR Committee



NARENDRA JAIN
Executive Director

Narendra Jain is a Whole-time Director on the Board of the Company. He holds a Bachelor's degree in Commerce from University of Mumbai and is a qualified Chartered Accountant. He has over 25 years of experience in the financial services industry, specifically in areas such as operations, taxation, internet banking and finance. In the past, he was associated with ICICI Brokerage Service Limited, where he worked in areas like operations, risk, compliance and design and development of systems and processes. He was also associated with Hindustan Petroleum Corporation Limited wherein he was involved in areas such as indirect taxation and marketing analytics.



SHAMIK DAS SHARMA
Non-Executive Independent Director

Shamik Das Sharma is a Non-Executive Independent Director on the Board of the Company. He has done Masters in Science (M.S.) with specialisation in Computer Science from the University of Maryland, College Park, USA and also he has done B. Tech in Computer Science and Engineering from Indian Institute of Technology (IIT), Kharagpur. He has experience of more than 20 years as a Computer Scientist and also has more than 10 years of experience as Vice President and CxO roles at various private companies. He is one of India's leading Product and Technology experts. He has over two decades of experience in crafting technical products, taking them to market, building strong teams and instituting a tech-oriented culture in organizations. He has worked with small and large companies across a diverse set of domains, in the Bay area and Bangalore, as a founder, senior-executive and an investor. He is currently leading technology at Cure.Fit, a health-tech startup and previously was the CPO/CTO at Myntra.



REKHA WARRIAR
Non-Executive Independent Director

Rekha Warriar is an Independent Director on the Board of the Company. She holds a Masters degree in Applied Mathematics from the University of Bombay and a Masters in Public Policy from Princeton University, USA. She has over 30 years of experience with the Reserve Bank of India in various departments like Foreign Exchange, Financial Stability, Internal Debt Management, Rural Development etc. She has also served as a member of faculty in RBI's training colleges and as Associate Professor at the National Institute of Banking Management, Pune. She retired as a Regional Director (West Bengal and Sikkim), RBI in July 2017.



Corporate Social Responsibility

IIFL strongly believes in community development and undertakes multiple CSR initiatives focused around education, financial literacy and environment protection, among others.

During the last quarter, we made humble contributions to the PM Cares Fund and participated in local relief initiatives to contribute towards fighting the Covid-19 health crisis.

Covid-19 Relief Measures

- ▶ IIFL Securities contributed ₹ 5 million to the PM Cares Fund
- ▶ The founders and employees of IIFL contributed a further ₹ 4 million as part of a one-day salary donation drive
- ▶ IIFL Foundation supported efforts of the Government to curb Covid-19 by donating ₹ 2.7 million to Sion Hospital in Mumbai to set up a special ward for treatment of Corona positive patients. On a regional front, IIFL also directed ₹ 500,000 towards various hospitals for sourcing and distribution of Personal Protective Equipments (PPE), safety kits, N95 masks and other essential equipment



Education Initiatives

Sakhiyon Ki Baadi (SKB) is a community based learning centre for girls in the age group of 4 to 14 years to address the situation of illiteracy among girls in rural Rajasthan.

Financial Literacy

IIFL Foundation's 'Financial Literacy Program for Women' is an interactive five part training module that spans over three months, aiming to bridge the gender gap in financial literacy in India.





Health Initiatives

IIFL has zeroed in on healthcare as one of the thrust areas for its CSR initiatives. Some of the activities organised during the year include launch of 'Arogya' a health initiative for medical check-up of girls in 'Sakhion ki Badi' centers, medical camps, blood donation drive among others.



DIRECTORS' REPORT

Dear Shareholders

The Directors are pleased to present the Twenty-Fifth Annual Report of IIFL Securities Limited ('the Company') along with the audited financial statements for the financial year ended March 31, 2020.

1. Financial Performance

The table below summarises the financial performance of your Company for the financial year ended March 31, 2020:

Particulars	Standalone		Consolidated	
	FY2019-20	FY2018-19	FY2019-20	FY2018-19
Gross Income	6,437.43	7,058.05	7,899.46	8,755.65
Profit/(Loss) before Depreciation and Tax	2,467.30	2,279.05	2,550.75	2,999.79
Depreciation	(480.60)	(116.32)	(553.09)	(418.98)
Profit/(Loss) before Tax	1,986.70	2,162.73	1,997.66	2,580.81
Exceptional items	-	-	1,017.19	-
Provision for Tax	(431.09)	(713.34)	(529.87)	(866.48)
Impact of change in rate on opening deferred tax	(129.41)	-	(145.54)	-
Non-controlling interest	-	-	0.32	-
Profit/(Loss) after Tax	1,426.20	1,449.39	2,339.76	1,714.33
Balance brought forward from previous year	2,882.84	1,771.94	3,189.53	1,888.97
Appropriation towards dividend paid	(638.47)	(280.78)	(638.47)	(343.32)
Dividend Distribution Tax	(72.53)	(57.71)	(123.92)	(70.45)
Surplus carried forward	3,598.04	2,882.84	4,766.89	3,189.53
Earnings per share on equity shares of ₹ 2 each				
Basic (in ₹)	4.47	4.54	7.33	5.37
Diluted (in ₹)	4.46	4.54	7.31	5.37

Note: Previous period figures have been regrouped/rearranged, wherever necessary

The table below summarises the financial performance of the subsidiaries of the Company for the financial year ended March 31, 2020:

Name of the Company	Revenue	Profit after Tax
IIFL Facilities Services Limited	1,010.19	932.52
IIFL Insurance Brokers Limited	438.81	139.39
IIFL Management Services Limited	460.15	96.98
IIFL Capital Inc.	103.25	10.53
IIFL Wealth (UK) Limited	103.16	(0.48)
IIFL Commodities Limited	3.07	(2.10)
Other Subsidiaries	129.80	(96.15)

2. Review of the Operations and Business, and the state of Company affairs

During the year under review, your Company's consolidated revenue was ₹ 7,899.46 million as against ₹ 8,755.65 million in the previous financial year 2018-19, a decline of 10% from the previous FY. The Company has earned net profit of ₹ 2,339.44 million compared with the previous year net profit of ₹ 1,714.33 million – a growth of 36% over the previous FY.

I. Broking and Distribution:-

The Company's broking & distribution services continue to be a key player in both, the retail and institutional segments of the capital market, with over

2,500 points of presence covering the Company's branches and business partners over 500 cities in India.

IIFL offers a varied product/service suite—equities, commodities & currency broking, mutual fund distribution, depository participant services, portfolio management services, structured products, and Investment Banking – to its customers.

During the year, the average daily market turnover (including F&O) for the broking business was ₹ 200.69 billion (BSE + NSE), up 13% YoY, and the share of daily cash and total turnover stood at 3.3% and 1.4% respectively.

Directors' Report (Contd.)

Mutual Funds and Insurance gained good traction during the year. Insurance premiums recorded a 49% YoY growth in FY20 and Mutual Fund AUM stood at ₹ 28.3 billion at the end of the quarter. Distribution revenue for the year ended March 31, 2020 was ₹ 1,574 million, down 13% on YoY basis. Mutual Fund and Insurance provide a good long-term growth prospect.

The Company's mobile trading app 'IIFL Markets' remains the highest rated on Android and iOS among peers, with over 3.4 million downloads. Since its launch in February 2015, the brokerage earned and the number of retail clients trading on mobile is on a steady rise. Mobile trading constitutes about 50% of the total. IIFL's Mutual Fund App crossed 900K downloads and consistently maintained a 4.2 rating. Continuous enhancements continue to add value to users and help keep them engaged on the platform. IIFL also launched a mobile office solution called Advisor Anytime Anywhere (AAA), which empowers aspiring entrepreneurs in the capital markets and enhances their ability to reach investors in smaller towns and cities.

FY20 remained a volatile year, with recoveries being mostly short-lived. The COVID-19 pandemic disrupted the global economy in the last quarter of the fiscal, fuelling sell-offs and souring investor sentiment, which hampered growth. IIFL's sound foundations and technology infrastructure covering end-to-end servicing of customers have helped sustain performance, despite the adverse circumstances. IIFL is well prepared to navigate the volatile external environment and continue providing the best-in-class service to its clients.

II. Institutional Equities

Aggregate market volume in the institutional segment was almost 17% higher on a year-on-year basis. The Company's market share marginally inched up. In particular, the Company was able to increase its share in higher-margin block placements; the consequent improvement in business mix resulted in higher yields. During the year, your company produced a number of thematic and sector-related research reports. The Company's institutional equities research continued to be one of the best ranked on the Street.

III. Investment Banking

Fiscal 2020 has been a good year for the investment banking division. The investment banking division has completed 16 transactions in the year, including 5 IPOs, 1 QIP and 6 private equity advisory/pre IPO transactions. IIFL ranks #1 in terms of capital raising

through IPOs in the private sector, since the last 2 financial years (i.e. Fiscal 2019 and Fiscal 2020). The Investment Banking division continues to diversify its product offerings beyond the capital markets, into debt and private equity advisory transactions.

Some of the large capital market transactions completed by the Company's investment banking division during FY 2019-20 include:

- ₹ 27,002 million QIP and preferential allotment in RBL Bank;
- ₹ 13,453 million IPO of Polycab India;
- ₹ 12,009 million IPO of Spandana Sphoorty Financial;
- ₹ 10,000 million IPO and pre-IPO of Ujjivan Small Finance Bank;
- ₹ 4,097 million IPO of CSB Bank.

The team has also completed a number of private equity transactions during the fiscals. Some of the transactions include:

- ₹ 1,750 million secondary placement in Etech Aces Marketing and Consulting (Policy Bazaar);
- ₹ 800 million private equity advisory in Loan Tap Financial Technologies;
- ₹ 700 million private equity in Berar Finance.

The Company has a strong pipeline of investment banking transactions across a number of product categories, which are in different stages of execution. IIFL continues to invest in people, processes and technologies particularly in a difficult market environment, as it continues to diversify its product/service offerings. Clients continue to value the Company's focus & commitment and consider it as their trusted advisor, as reflected in the large volume of repeat business such as the Ujjivan Small Finance Bank and RBL Bank capital raise in the last fiscal year.

IV. Response to COVID -19 challenges

COVID-19 have been declared as a global pandemic, the Government of India has declared a complete lockdown since March 24, 2020 and the same is continuing with minor exemptions; essential services were allowed to operate with limited capacity. Capital markets and banking services have been declared as essential services and, accordingly, the Company has been continuing the operations with minimal permitted staff at branches. However, other employees were encouraged to work from home. All operations and servicing of clients were smoothly ensured without any interruptions as the activities of trading, settlement, DP, Stock Exchanges and depository functions have

Directors' Report (Contd.)

been fully-automated and seamless processes. Based on the facts and circumstances, the Company has been operating in the normal course and there have been no adverse impacts on the liquidity, revenues or operational parameters during the quarter and year ended March 31, 2020. The Company is closely monitoring any material changes on a continuous basis.

3. Macro-economic Overview

The Indian economy is expected to grow 4.2% in FY20 (Source: IMF, April 2020), down from the 6.1% in FY19, mainly on account of the lockdown due to the COVID-19 pandemic in the last month of the fiscal year as well as the pre-existing weak external demand. Prospects of a good Rabi harvest and stabilising high frequency data of the macro economy in Q3FY20 had raised hopes of a recovery after a deep slump. However, the shutdown due to the pandemic derailed this nascent recovery in Q4FY20. The weakness in global growth rules out the possibility of pick up in Indian exports, and the government will have to rely on internal consumption and investment, for driving growth. However, weak global growth should keep commodity prices in check which, in turn, will keep domestic inflation and current account deficit under control.

However, to counter the pandemic impact and provide relief to the affected sectors and peoples, the Government has introduced a slew of measures, including an economic & social benefits package as well as a series of measures to elevate the pain and gradual lifting of lockdown conditions. Similarly, the RBI too has introduced a slew of measures to infuse liquidity into the system through various means as well as rate cuts and relief to borrowers, etc. The uncertainties and difficulties caused by the ongoing COVID-19 pandemic, and to overcome the same, are expected to stretch longer. The above measures for relieving the pain to affected sectors are expected to ensure liquidity in financial markets and gradually help revive the economy in the latter part of FY21.

4. Industry Overview

From the perspective of raising money via IPOs, OFS and QIPs, FY20 was a good year for capital markets. FY20 witnessed raising of ₹ 916.7 billion through the public equity markets, 62% higher than the ₹ 564.9 billion raised in FY19. Money raised through QIPs also saw a healthy growth trend in FY20 compared with FY19. Companies mobilised ₹ 512.2 billion through qualified institutional placement. This is 388% higher

than the ₹ 104.9 billion raised in the previous year. Funds raised via IPOs rose by 38% YoY in FY20. From an equity inflow perspective, FY20 was the sixth successive year of net equity inflows. However, equity markets saw a sharp correction in March 2020.

Despite the weaknesses in credit and the lockdown on account of the COVID-19 pandemic, the Indian economy is estimated to have grown by 5% in FY20. The COVID-19 shutdown derailed the growth momentum for the Indian economy in the last quarter of FY20, just when it was beginning to improve in Q3FY20, after a prolonged slowdown. The global economy was, in any case, weakening even before the global spread of the epidemic. The pace of recovery in the global economy will be key to further capital flows into emerging markets in general, including India. That said, weak global growth should keep commodity prices in check which, in turn, will keep domestic inflation and current account deficit under control.

Compared with a year ago, the decline in mutual fund AUM in FY20 is in excess of ₹ 1,530 billion, or 5%, compared with ₹ 23,796 billion reported in March 2019. The COVID-19 impact dampened growth of the MF AUM in the last month of FY20. On the equity front, all categories registered inflows, reposing retail investors continued faith in equities despite the Nifty registering a five-year low in March 2020. The net inflows stood at ₹ 1,313 billion in FY20 (including the balanced fund category).

The uncertainty around the lockdown phase is likely to keep the markets volatile in the near term. So far, mutual fund collections have held up well; however, the recent correction is one of the steepest in the last twelve years and could test the patience of retail investors in FY21.

Market performance in FY21 will depend on stimulus packages announced by the government, the number of fresh COVID-19 cases post opening of the lockdown, and sentiment in international markets. A positive investment scenario supported by a robust macroeconomic performance in the second half of FY21, easing inflationary pressures, stable FDI inflows, and regulatory & structural reforms by the government will further improve business confidence and attract investors to the Indian capital market in FY21.

5. Key Initiatives/Developments

I. Investment Banking

Pursuant to Composite Scheme of Arrangement approved by the National Company Law Tribunal,

Directors' Report (Contd.)

Mumbai Bench ("NCLT") vide its order dated March 7, 2019 and the SEBI approval dated July 12, 2019, the Merchant Banking business of IIFL Finance Limited (erstwhile IIFL Holdings Limited) was transferred to IIFL Securities Limited as part of the Securities business undertaking.

II. Launch of Alternative Investment Fund

IIFL Securities Limited has received SEBI approval on February 5, 2020 for its maiden AIF, i.e. IIFL Securities Dynamic Fund – Category III Alternative Investment Fund ("Fund"). IIFL Securities Limited is a Sponsor to the Fund, IIFL Management Services Limited is the Investment Manager and IIFL Facilities Services Limited is the Trustee to the fund. The fund will seek to generate long term capital appreciation for the investors by investing across the multi cap asset class, including equity, debt and derivatives. This fund is expected to be launched at a suitable time.

III. Launched a mobile office solution, viz 'AAA' for Relationship Managers/Authorised Persons

AAA is a one-stop solution for entrepreneurs interested in the capital market, with an objective of facilitating those who want to follow the entrepreneurship route in the capital markets. It has been primarily designed for use by Relationship Managers/Authorised Persons of IIFL registered with the Exchanges. IIFL Securities Limited has developed a revolutionary Tablet-based product, "AAA", which will create a large base of trained professionals who will help drive financial inclusion to the wider population.

Backed by a robust technology and expertise, AAA helps its business partners/advisors manage their clients' investments, access quality research & training, and monitor their business performance, all on a single device. A tab-based platform, AAA comes with in-built comprehensive and relevant features in order to assist users.

IV. Launch of Financial Plan 360°

Financial Plan 360° is a unique flagship offering of IIFL Securities Limited, where we use a state-of-the-art technology driven platform to take a 360° approach to clients' finances, giving them comprehensive financial management solutions in line with their risk profile, investment objectives & financial goals that are captured through a system-driven process. The plan includes building wealth through investments, managing wealth by managing taxes, expenses and liabilities, protecting wealth via insurance & emergency funds as well as provisions for transferring wealth to the next generation through wills and estate planning.

We design a custom model portfolio that best suits clients' financial objectives & regularly review and balances the same. We do not receive any commission or brokerage, but charge a fee for our professional services which ensures unbiased advice to clients.

The other related services include goal-based financial planning, real-estate advisory, private equity & venture capital funds, access to knowledge seminars by industry experts, a dedicated relationship manager, access to an expert financial adviser as well as technology-driven processes for smooth client on-boarding, execution & implementation of plan and smart financial reporting, to track investments 24x7.

V. Enterprising India Investor Conference

IIFL's eleventh Enterprising India - Global Investors' Conference was held on 11-13 February, 2020. Against the backdrop of market volatility amid the continuing macro weakness, the theme for the conference was "Finding Alpha".

The Enterprising India Conference brings together some of the most notable industry experts, investors and corporate presenters to share their insightful perspectives on a common platform. This year, we witnessed participation from more than 124 companies and over 800 investors. Additionally, we featured 25 specialist speakers, including Dr. Jim Walker, a renowned economist; Mr. Shekhar Gupta, Editor in Chief - The Print; Mr. Nikhil Ojha, Partner (Mumbai) - Bain & Company; Mr. Bharat Puri, MD of Pidilite Industries; Mr. Ashish Hemrajani, CEO - BookMyShow; Mr. Prashant Jain, MD - GE Power; Prof. Chinmay Tumbe of IIM-A; Mr. Ambareesh Murty, CEO - Pepperfry; Mr. Madhur Deora, President of Paytm; Mr. Anuj Puri, Chairman - Anarock; Mr. Sandeep Barasia, MD - Delhivery; and Mr. Vikash Jain, Director - BCG.

VI. Awards and Accolades

The Directors are happy to report that during the year, the Company was recognised and felicitated for its exemplary performance in various fields.

Some significant achievements are:

1. The CEO Magazine recognised IIFL Securities as 'Company of the Year 2019'.
2. Mr. R. Venkataraman, MD, IIFL Securities Limited, received the 'Most Innovative Leader of The Year' award at the ET Now World BFSI Congress.
3. IIFL received Country Deal Awards' Best India Deal for Embassy Office REIT's US \$ 690 million IPO at the Finance Asia Achievement Awards 2019.

Directors' Report (Contd.)

4. IIFL Securities received the award for 'Leadership in Customer Services in Financial Services Sector' at the 7th Edition of the World Quality Congress.
5. IIFL Securities received the 'Leader in Go Green Initiative' award at the NSDL Start Performer Awards 2019.
6. IIFL won an award at the prestigious IPRCCA Awards for its Financial Literacy campaign, GareebBanneKeTareeke.
7. IIFL Securities won the 'Best Digital Customer Experience Initiative' Award at the Customer Fest Show 2020 presented by Zendesk.
8. IIFL Securities won an award in the category 'Going the Extra Mile' (towards improving penetration of the commodity derivatives market) from MCX.
9. IIFL Securities received the 'Best Product Launch PR Campaign 2019' Award for AAA - Advisor Anytime Anywhere.
10. IIFL Markets App received the 'Best Use of Digital Media/Platform in the Share Trading Category' Award from INKSPELL.

VII. Corporate Social Responsibility (CSR) Initiative

In accordance with the provisions of Section 135 of the Companies Act, 2013 (the Act) and rules made thereunder, and relevant circulars issued from time to time by the Ministry of Corporate Affairs (MCA), the Company has adopted a Corporate Social Responsibility Policy (CSR Policy) indicating the CSR activities that can be undertaken by the Company. The Board-approved CSR Policy is available on the website of the Company, i.e. www.indiaonline.com.

India Infoline Foundation (generally referred to as the "IIFL Foundation"), a Section 8 Company under the Companies Act, 2013 and a Subsidiary of the Company, acts as the principal arm to undertake CSR initiatives on behalf of the Company & its subsidiaries.

The Company has identified focus areas for CSR initiatives, which include:

- Child Illiteracy Eradication Programme
- Financial Literacy
- Health Initiative
- Water Conservation
- Disaster Relief
- COVID-19

During FY20, your Company deployed 2% of its average net profits (computed as per the relevant provisions of the Companies Act, 2013) of the preceding years on CSR projects, fully utilising the required amount.

6. Composite Scheme of Arrangement of the IIFL Group

The Composite Scheme of Arrangement involving IIFL Finance Limited, the Company and other four entities of the IIFL Group, as approved by the Hon'ble NCLT, Mumbai vide its order dated March 7, 2019 and other necessary Regulatory approvals, the scheme was effected on April 1, 2018 and the Company allotted new equity shares in the ratio of 1:1 to the Shareholders of IIFL Finance Limited on June 6, 2019. The equity shares of the Company are successfully listed on the NSE and BSE on September 20, 2019.

7. Dividend

During FY20 under review, the Company declared and paid interim dividend of ₹ 2 per share (i.e. 100% of the face value of ₹ 2 per share); this led to an outgo of ₹ 638.47 million, excluding dividend distribution tax. The same is considered as final.

The dividend payout for the year under review is in accordance with the Company's policy to pay sustainable dividend linked to long-term growth objectives of the Company, to be met by internal cash accruals.

The Board of Directors of the Company has adopted a Dividend Distribution Policy and the same is available on the website of the Company, i.e. www.indiaonline.com.

8. Transfer of Unclaimed/Unpaid Amounts to the Investor Education and Protection Fund ('IEPF')

Pursuant to the Composite Scheme of Arrangement, the Company has allotted equity shares in the ratio of 1:1 to the equity shareholders of IIFL Finance Limited whose name appeared in the Register of Members on May 31, 2019, i.e. the record date. Consequently, the Company has allotted 26,244 number of equity shares in the IEPF account on June 6, 2019.

In terms of the provisions of Section 124 of the Companies Act, 2013 ('the Act') and the rules made thereunder, provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and other applicable provisions, all monies remaining unpaid or unclaimed for a period of seven years from the date of transfer to unpaid/unclaimed dividend account, are required to be transferred to the IEPF.

Directors' Report (Contd.)

Information relating to unclaimed dividend and the due dates by which it can be claimed by the shareholders are as under:

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid dividend
2019-20	February 7, 2020	March 14, 2027

9. Share Capital

In terms of the Composite Scheme of Arrangement approved by the NCLT, Mumbai on March 7, 2019, 18,718,281 Equity Shares of ₹ 10 each, held by IIFL Finance Limited in the Company, were extinguished and cancelled and, in lieu of the same, the Company allotted fresh 319,234,462 equity shares of ₹ 2 each, on June 6, 2019, to the eligible shareholders whose name appeared in the Register of Members on May 31, 2019, i.e. the record date.

Further, pursuant to the allotment of 3,75,000 equity shares of ₹ 2 each under IIFL Securities Employees Stock Option 2019-Demerger Scheme (ISL Demerger Scheme) of the Company to the eligible employees as defined under the ISL Demerger Scheme. As on March 31, 2020, the issued, subscribed and paid-up equity share capital of the Company stands at ₹ 63,92,18,924 (comprising 319,609,462 equity shares of ₹ 2 each).

10. Employees Stock Option Scheme (ESOS)

The Company has in force the following Schemes, which are prepared as per the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014:

- 1) IIFL Securities Employees Stock Option 2019 - Demerger Scheme ("ISL Demerger Scheme").
- 2) IIFL Securities Limited Employees Stock Option Scheme-2018 ("IIFL ESOS Scheme-2018").

Pursuant to the Composite Scheme of Arrangement, the Nomination and Remuneration Committee, at its meeting held on August 8, 2019, granted 904,686 stock options to the eligible employees of IIFL Finance Limited and, of the same, 375,000 options were exercised and allotted to the option holders under the ISL Demerger Scheme. As on March 31, 2020, 45,645 options were lapsed and the same are not available for further grant. The aggregate number of stock options outstanding as on March 31, 2020 is 484,041 under the ISL Demerger Scheme.

The Nomination and Remuneration Committee, vide its circular resolution dated October 30, 2019, granted 9,000,000 options to the eligible employees under

the IIFL ESOS Scheme - 2018. As on March 31, 2020, 87,800 options were lapsed under the IIFL ESOS Scheme -2018 and the same have been added back to the pool, and which are available for further grant. The aggregate number of stock options outstanding as on March 31, 2020 is 8,912,200 under the IIFL ESOS Scheme- 2018.

Particulars of options granted by the Company upto March 31, 2020 are given under:

Particulars	IIFL ESOS Scheme-2018	ISL Demerger Scheme
Options granted	9,000,000	904,686
Options forfeited/ lapsed	87,800	45,645
Options vested but not exercised	Nil	468,641
Options exercised	Nil	375,000
Options not vested	8,912,200	15,400
Total number of options outstanding	8,912,200	484,041
Number of shares allotted pursuant to exercise of options	Nil	375,000
Extinguishment of options	Nil	45,645
Amount realised by exercise of options (₹ million)	Nil	9.91

There is no material change in the ISL Demerger scheme and the IIFL ESOS Scheme – 2018, and the said options schemes are in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"). The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SBEB Regulations and the resolution passed by the members. The disclosures relating to ESOPs required to be made under the provisions of the Companies Act, 2013 and the rules made thereunder and the SEBI (Share Based Employee Benefits) Regulations, 2014 are provided on the website i.e. www.indiaonline.com and the same is available for inspection by the members at the Registered Office of the Company during business hours on working days and through electronic means. Members can request the same by sending an email to secretarial@iifl.com till the Annual General Meeting.

The relevant disclosures in terms of the IndAS 102, relating to share based payment, forms part of Note 32 of the notes to the Standalone Financial Statements and Note 45 of the notes to the Consolidated Financial Statements of the Company.

Directors' Report (Contd.)

11. Deposits

The Company did not accept/renew any deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made thereunder and, as such, no amount of principal or interest was outstanding, as on the Balance Sheet date. Further, the Company does not intend raising any public deposits, in terms of its declaration to the Reserve Bank of India.

12. Transfer to Reserves

The Company, during FY20 under review, has transferred an amount of ₹ 0.90 million to the General Reserve.

13. Subsidiary Companies

Prior to effecting of Composite Scheme of Arrangement, the Company had one Subsidiary, namely IIFL Securities Services IFSC Limited, and also, as on date of this report, the said Company is a Wholly-Owned Subsidiary of the Company. Below mentioned companies have become the subsidiaries or step-down subsidiaries of the Company, after the scheme of arrangement become effective, as mentioned in point 6 above, from April 1, 2018 and IIFL Finance Limited ceased to be the Holding Company of the Company from the said date:

Sr. No.	Name of the Subsidiary
1	IIFL Facilities Services Limited
2	IIFL Management Services Limited
3	IIFL Insurance Brokers Limited
4	IIFL Commodities Limited
5	IIFL Wealth (UK) Limited
6	IIFL Capital Inc.
7	IIFL Asset Reconstruction Limited
8	India Infoline Foundation (Section 8 Company)
9	Meenakshi Towers LLP
10	Shreyans Foundations LLP

Note: IIFL Facilities Services Limited, a Wholly-Owned Subsidiary of company, has acquired 99% stake in Shreyans Foundations LLP, which is holding 50% stake in Meenakshi Towers LLP, a joint venture between IIFL Management Services Limited (Wholly-Owned Subsidiary) and Shreyans Foundations LLP. Pursuant to this, Meenakshi Towers LLP has become subsidiary of the Company.

During FY20, i.e. on December 20, 2019, IIFL Management Services Limited ("IMSL") acquired 10,000 equity shares of ₹ 10 each, i.e. 100% stake of Geocentric Solutions Private Limited ("GSPL") from the

third party. On March 23, 2020, IMSL divested its entire stake for a consideration of ₹ 1,00,000 to the third parties. Pursuant to this, GSPL has ceased to be the step-down subsidiary of the Company from that date.

As per the provisions of Sections 134 and 136 of the Companies Act, 2013, read with applicable Rules, Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards, the Board of Directors had, at its meeting held on May 15, 2020, approved the consolidated financials of all the subsidiaries of the Company along with the Company's Standalone financial statements. Copies of the Balance Sheet, Profit & Loss Account, Report of the Board of Directors and Report of the Auditors of each of the subsidiary companies are not attached to the accounts of the Company for the Financial Year 2019-20. The Company will make these documents/details available upon request by any member of the Company. These documents/details will also be available for inspection for member of the Company at its registered office and at the registered offices of the related subsidiaries, during business hours on working days and through electronic means. Members can request the same by sending an email to secretarial@iifl.com till the Annual General Meeting. The Annual Report of all the subsidiaries will be uploaded on the website of the Company, i.e. www.indiainfo.com. As required by Companies Act, 2013, the Company's consolidated financial statements included in this Annual Report incorporate the accounts of its subsidiaries. A report on the performance and financial position of each of the subsidiaries, associates and joint-venture companies as per The Companies Act, 2013 is provided in the prescribed Form AOC-1 as 'Annexure A' of the Consolidated Financial Statement and, hence, not repeated here for the sake of brevity.

Pursuant to Regulations 16 and 24 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, IIFL Facilities Services Limited (formerly IIFL Real Estate Limited) is the 'material subsidiary' of the Company for Financial Year 2020-21.

The policy on determining the material subsidiary is available on the website of the Company i.e. www.indiainfo.com.

14. Management Discussion and Analysis Report

In accordance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report forms part of this report.

Directors' Report (Contd.)

15. Business Responsibility Report

Pursuant to Regulation 34(2) of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/10/2015 dated November 4, 2015, the Business Responsibility Report describing the initiatives taken by the Company, from an environmental, social and governance perspective, forms part of this annual report.

16. Directors and Key Managerial Personnel

➤ Directors

The Board comprises of Mr. Venkataraman Rajamani (DIN: 00011919) - Managing Director, Mr. Mohan Radhakrishnan (DIN: 00012070) and Mr. Narendra Jain (DIN: 01984467) as the Executive Directors of the Company. Mr. Kranti Sinha (DIN: 00001643), Ms. Rekha Warriar (DIN: 08152356) and Mr. Shamik Das Sharma (DIN: 07779526) are Independent Directors of the Company. Mr. Kranti Sinha (DIN: 00001643) is the Chairman of the Company.

The Board is of the opinion that the Independent Directors of the Company have the required integrity, expertise and experience (including proficiency).

➤ Change in Directors

During the financial year 2019-20:

a) Appointment

Mr. Mohan Radhakrishnan was re-appointed as a Whole-time Director for a tenure of five years w.e.f. April 01, 2019 at the Extra-Ordinary General Meeting of the Company held on February 26, 2019.

Ms. Rekha Warriar was appointed as an additional Director in the capacity of Independent Director for a period of five years, w.e.f. May 8, 2019. She was confirmed as an Independent Director at the Extra-Ordinary General Meeting of the Company held on May 17, 2019.

Pursuant to the Scheme becoming effective, Mr. Narendra Jain was re-designated as an Executive Director on May 13, 2019.

Mr. Venkataraman Rajamani was appointed as an Additional Executive Director w.e.f. May 13, 2019 and was designated as Managing Director, w.e.f. May 15, 2019, for a period of five years at the Extra-Ordinary General Meeting of the Company held on May 17, 2019.

Mr. Aniruddha Dange was re-designated as Non-Executive Director on July 1, 2019.

Mr. Shamik Das Sharma was appointed as an Additional Director in the capacity of Independent Director subject to the approval of the Shareholders for a period of five years, w.e.f. January 14, 2020.

b) Retirement by Rotation

In accordance with Section 152 of the Companies Act, 2013 ("Act") read with Article 157 of the Articles of Association of the Company, Mr. Mohan Radhakrishnan (DIN: 00012070) 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 the approval of Shareholders.

c) Resignation

During FY 2019-20, Ms. Geeta Mathur, due to her pre-occupation, resigned as an Independent Director of the Company, w.e.f. May 8, 2019. Mr. Aniruddha Dange, due to his pre-occupation, resigned as a Non-Executive Director, w.e.f. November 27, 2019. Ms. Mathur and Mr. Dange confirmed, vide their respective letter, that the resignation was due to pre-occupation.

The Directors of the Company place on record their sincere appreciation for the valuable contribution by Ms. Mathur and Mr. Dange during their tenure as Directors of the Company.

d) Key Managerial Personnel

Mr. Venkataraman Rajamani - Managing Director, Mr. Mohan Radhakrishnan and Mr. Narendra Jain - Whole-Time Directors of the Company, Mr. Arindam Chanda - Chief Executive Officer, Mr. Ronak Gandhi - Chief Financial Officer and Mr. Roshan Dave - Company Secretary & Compliance Officer are the Key Managerial Personnel, as per the provisions of the Companies Act, 2013 and rules made thereunder.

During FY20 under review, Mr. Venkataraman Rajamani was appointed as the Managing Director w.e.f. May 15, 2019. Mr. Narendra Jain was re-designated as Executive Director w.e.f. May 13, 2019. Mr. Aniruddha Dange was re-designated as Non-Executive Director w.e.f. July 1, 2019. Mr. Bhawani Jhanwar - Chief Financial Officer resigned, w.e.f. October 22, 2019 and in his place Mr. Ronak Gandhi was appointed as the Chief Financial Officer of the Company, w.e.f. October 22, 2019. Mr. Jayesh Upadhyay - Company Secretary and Compliance Officer resigned w.e.f. December 1, 2019 and in his

Directors' Report (Contd.)

place Mr. Roshan Dave was appointed as the Company Secretary and Compliance Officer of the Company, w.e.f. December 1, 2019.

These changes in the Key Managerial Personnel were due to internal re-structuring.

Remuneration and other details of the Key Managerial Personnel for the year ended March 31, 2020 are mentioned in the Extract to the Annual Return in Form MGT-9, which is attached as **Annexure - 2** and forms part of this report of the Directors.

17. Meetings of Directors and Committees/Board effectiveness:

➤ Meetings of the Board of Directors

The Board met ten (10) times during FY 2019-20, to discuss and approve various matters, including financials, implementation of approved Composite Scheme of Arrangement, appointment of Auditors, review of audit reports and other Board businesses. For further details please refer to the report on Corporate Governance.

➤ Committees of the Board

In accordance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board constituted the following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- Finance Committee

Audit Committee:

The Audit Committee comprises of Mr. Kranti Sinha as the Chairman, and Ms. Rekha Warriar, Mr. Shamik Das Sharma and Mr. Narendra Jain as Members of the Audit Committee. During FY20, the Audit Committee met six (6) times in compliance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and details thereof are mentioned under Corporate Governance.

The role, terms of reference, and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and those provided in the Corporate Governance Report.

During the period under review, the Board of Directors of the Company accepted all the recommendations of the Audit Committee.

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of Ms. Rekha Warriar as the Chairperson, and Mr. Kranti Sinha and Mr. Shamik Das Sharma as Members of the Nomination and Remuneration Committee. During FY20, the Nomination and Remuneration Committee met four (4) times in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and details thereof are mentioned under Corporate Governance.

The role, terms of reference, and powers of the Nomination & Remuneration Committee are in conformity with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same have been provided in the Corporate Governance Report.

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a Nomination & Remuneration policy in compliance with the aforesaid provisions, for selection and appointment of Directors, KMP, and senior management personnel of the Company. The Nomination & Remuneration policy is available on the website of the Company, i.e. www.indiaonline.com and is also provided in Corporate Governance Report.

Corporate Social Responsibility Committee

The Committee comprises of Mr. Kranti Sinha as the Chairman, and Mr. Mohan Radhakrishnan and Mr. Narendra Jain as members of the Committee. During FY20, the Corporate Social Responsibility Committee met one (1) time and details thereof are mentioned under Corporate Governance.

The Committee has approved the CSR Policy of the Company and the same is available on the website of the Company, i.e. www.indiaonline.com. The Annual Report on CSR activities, in accordance with Companies (Corporate Social Responsibility Policy) Rules 2014, is attached as **Annexure 1** of this report.

The details of Committee meeting held during FY20 and the terms of reference of the CSR Committee are provided in the Corporate Governance Report.

Stakeholders Relationship Committee

The Committee comprises of Ms. Rekha Warriar as the Chairperson, and Mr. Kranti Sinha and Mr. Narendra Jain as Members of the Committee. During FY20, the

Directors' Report (Contd.)

Stakeholders Relationship Committee met one (1) time, in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, and details thereof are mentioned under Corporate Governance.

The role and terms of reference of the Stakeholders Relationship Committee are in conformity with the requirements of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same has been provided in the Corporate Governance Report. During FY20, the Company received one complaint from shareholders and the same has been satisfactorily attended to.

Risk Management Committee

The Risk Management Committee comprises of Ms. Rekha Warriar as the Chairperson, and Mr. Shamik Das Sharma, Mr. Mohan Radhakrishnan, Mr. Narendra Jain and Mr. Arindam Chanda as Members of the committee. The objective of the Committee is to oversee the risk management governance structure, define and review the framework for identification, assessment, monitoring, mitigation and reporting of risks. During FY20, the Risk Management Committee held one (1) meeting and details thereof are mentioned under Corporate Governance.

The role and terms of reference of the Risk Management Committee are in conformity with the requirements of the Companies Act, 2013 and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same has been provided in the Corporate Governance Report.

Finance Committee

The Finance Committee comprises of Mr. Venkataraman Rajamani - Managing Director, Mr. Mohan Radhakrishnan- Executive Director, Mr. Narendra Jain- Executive Director, Mr. Arindam Chanda- Chief Executive Officer, and Mr. Ronak Gandhi - Chief Financial Officer. During FY20, the Finance Committee held two (2) meetings; details thereof are mentioned under Corporate Governance. The terms of reference of the Finance Committee have been provided in the Corporate Governance Report.

18. Board Effectiveness

➤ Familiarisation Programme for Independent Directors

In compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a

Familiarisation Programme for Independent Directors, to familiarise them with the working of the Company, their roles, rights and responsibilities, vis-à-vis the Company, the industry in which the Company operates, business model, etc. Details of the Familiarisation Programme are given in the Corporate Governance Report and are also available on the Company's website, i.e. www.indiaonline.com.

➤ Annual Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI Circular no SEBI/CFD/CMD/CIR/P/2017/004 dated January 5, 2017, the Board of Directors has carried out an annual performance evaluation of its own performance, the Directors individually, including Independent Directors, based on the criteria and framework adopted by the Board. The Board approved the evaluation results, as collated by the Nomination and Remuneration Committee ("NRC"). The evaluation process, manner and performance criteria (for Independent Directors) in which the evaluation has been carried out are explained in the Corporate Governance Report.

The Board considered and discussed the inputs received from the Directors. Also, the Independent Directors, at their meeting held on March 24, 2020, reviewed the following:

- Performance of Non-Independent Directors and the Board as a whole.
- Performance of the Chairperson of the Company.
- Assessment of the quality, quantity and timeliness of flow of information between the Company's management and the Board, which is necessary for the Board to effectively and reasonably perform its duties.

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

The evaluation process endorsed the Board Members' confidence in the ethical standards of the Company, the cohesiveness that exists among 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 discharge their responsibilities.

➤ Statement on declaration given by the Independent Directors

The terms and conditions of the appointment of Independent Directors are as per Schedule IV of the Act. The Company has received declarations from all the Independent Directors of the Company, confirming

Directors' Report (Contd.)

that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and rule 5 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as well as under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations"), and there has been no change in the circumstances or situation that exist or may be reasonably anticipated, that could impair or impact the ability of the Independent Directors to discharge their duties with an objective, independent judgment and without any external influence.

The above declarations were placed before the Board and, in the opinion of the Board, all Independent Directors fulfil the conditions specified under the Act and the SEBI Listing Regulations, and are Independent to the Management.

19. Risk Management

The Company has in place various policies and procedures covering the business, risk management, compliance, operations, employees, finance & accounting, and customer services that are approved by the Board. Further, the Company has in place the Risk Management systems policy for the Securities broking and Depository Participant business, as mandated by the SEBI, Stock Exchange and depository.

The directors, on a regular basis, (a) oversee and approve the Company's enterprise, wide risk management framework; and (b) oversee that all risks – such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and others – that the organisation faces have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing such risks.

The Company has in place specialised internal audits on the Broking, Depository Participant and Portfolio Management businesses, as per SEBI/Exchanges/Depositories' norms. The findings on Audit Reports are reviewed by the Audit Committee/Board at their periodical meetings and the reports are submitted to the Exchanges/Depositories. The Company's management monitors and reports the principal risks and concerns that can impact its ability to achieve its strategic objectives.

The Company's management systems, organisational structures, processes, standards and code of conduct together form the risk management governance system of the Company and management of associated risks.

20. Internal Financial Controls

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 and processes and confirmed that the Internal Financial Controls system regarding financial reporting are adequate and such controls are operating effectively.

During FY20, no material or serious observation has been highlighted for inefficiency or inadequacy of such controls. The details of adequacy of Internal Financial controls are given at length in the Management Discussion and Analysis report.

21. Contracts and arrangements with Related Parties:

The Company has put in place a policy for Related Party Transactions (RPT Policy), which has been 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 provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All contracts 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 Related Party Transactions were placed before the Audit Committee/Board for approval, wherever applicable. Also, the Company has obtained Shareholders' approval on the material related party transactions in the previous Annual General Meeting.

During FY20, the Company has entered contract/arrangement/transaction with related parties, which are considered material in accordance with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same was approved by the shareholders in the previous Annual General Meeting held on September 30, 2019. The policy for determining 'material' subsidiaries and the policy on materiality of Related Party Transactions and dealing with Related Party Transactions, as approved by the Board, may be accessed on the website of the Company, i.e. www.indiaonline.com. You may refer to note no. 35 and note no. 46 to the Standalone Financial Statement and Consolidated Financial Statement respectively, which contain related party disclosures. Since all related party transactions entered into by the

Directors' Report (Contd.)

Company were on an arm's length basis and in the ordinary course of business and the Company had not entered into any material related party contracts, the Form AOC-2 disclosure is not required to be provided.

22. Statutory Auditors

M/s V. Sankar Aiyar & Co, Chartered Accountants, Mumbai (Firm Registration Number: 109208W) were appointed as the Statutory Auditor of the Company at the Twenty Second Annual General Meeting held on July 21, 2017, to hold office from the conclusion of the said Meeting till the conclusion of the Twenty Seventh Annual General Meeting to be held in FY2022, subject to ratification of their appointment by the Members at every intervening Annual General Meeting held thereafter. However, the requirement of seeking ratification of the members for continuance of their appointment has been dispensed with, consequent upon the changes made in the provisions of the Companies Act, 2013 by the Companies (Amendment) Act, 2017, with effect from May 7, 2018. Hence, the resolution seeking ratification of the members for their appointment is not being placed at the ensuing Annual General Meeting.

23. Auditors Report

There are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors in their Audit Report for FY20. The notes to the Auditors Report on the financial accounts are self-explanatory and therefore do not call for any comments under Section 134 of the Companies Act, 2013. The Auditors' Report is enclosed with the financial statements in the Annual Report.

24. Secretarial Audit

Pursuant to the requirements of Section 204 of the Act read with Rule 9 of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the Listing Regulations, the Company had appointed M/s Nilesh Shah and Associates, Company Secretaries in Practice for conducting the Secretarial Audit for FY 2019-20. The Auditor had conducted the audit and their report thereon was placed before the Board. There are no qualifications or adverse observations in the Report and they noted the statement of fact, which is self-explanatory. The report of the Secretarial Audit is annexed herewith as **Annexure -3**.

25. Compliance with Secretarial Standards

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2), respectively, relating to Meetings of the Board and its Committees that have mandatory application.

26. Extract of Annual Return

The details forming part of the extract of the Annual Return of the Company in form MGT-9 is annexed herewith as **Annexure -2**. The extract of the Annual Return of the Company has been placed and can be accessed at the Company website, i.e. www.indiaonline.com.

27. 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 that have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

28. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The additional information on energy conservation, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is appended as **Annexure -4** and forms part of this Report.

29. Whistle Blower Policy/Vigil Mechanism

In Compliance to the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Whistle Blower Policy and established the necessary vigil mechanism for Directors, Employees and Stakeholders to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Company has disclosed the policy on the website of the Company, i.e. www.indiaonline.com.

During FY20, no cases under this mechanism were reported to the Company and/or to any of its subsidiaries.

Directors' Report (Contd.)

30. 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 prevention of Sexual Harassment of Women at the workplace.

During FY20, there were no complaints pending pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The following is reported, pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a) Number of complaints received in the year: Nil
- b) Number of complaints disposed of during the year: Nil
- c) Number of cases pending for more than ninety days: Nil
- d) Number of workshops or awareness programmes against sexual harassment carried out:
The Company has conducted online training for creating awareness against sexual harassment against women at the work place.
- e) Nature of action taken by the employer or district officer: Not applicable.

31. Particulars of Employees

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 – 5** of this report.

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rules 5(2) and 5(3) of the aforesaid Rules, forms part of this report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by the members at the Registered Office of the Company during business hours on working days and through electronic means. Members can request the same by sending an email to secretarial@iifl.com till the Annual General Meeting. If

any member is interested in obtaining a copy thereof, such member may write to the Company Secretary at secretarial@iifl.com.

32. Directors' Responsibility Statement:

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

33. Reporting of Frauds by Auditors

During FY20 under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of fraud committed in the Company, by its Officers or Employees, to the Audit Committee under Section 143(12) of the Companies Act, 2013, the details of which need to be mentioned in this Report.

34. RBI/FEMA Compliance

During FY20 under review, Pursuant to RBI's master circular No. 15/2015-16, dated July 1, 2015, the Statutory Auditors of the Company have certified the compliances with regard to Regulations of downstream investments.

Directors' Report (Contd.)

35. Corporate Governance

The Company is committed to maintaining the highest standards of Corporate Governance and adhere to Corporate Governance requirements set out by the SEBI. The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Statutory Auditors of the Company, confirming compliance with the conditions of Corporate Governance, is attached with the report on Corporate Governance.

36. Particulars of Loans, Guarantees or Investments

Particulars of loans given and investments made are given in the notes for the Standalone financial statements and Consolidated Financial Statements (refer note no. 6 & 7 of the Standalone and Consolidated financial statements for the year ended March 31, 2020, respectively).

37. Maintenance of Cost Records

The maintenance of cost records, for the services rendered by the Company, is not required pursuant to Section 148(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Cost records and Audit) Rules, 2014.

38. General

The Directors state that during FY20:

1. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
2. The Company has not issued any sweat equity shares during the year.

3. There is no change in the nature of business of the Company. There are no significant and material orders passed against the Company by the Regulators or Courts or Tribunals that would impact the going-concern status of the Company and its future operations.

39. Appreciation

The Directors place on record their sincere appreciation for the assistance and guidance provided by the Government, Regulators, Stock Exchanges, Depositories, other statutory bodies and the Company's Bankers for the assistance, cooperation and encouragement extended to the Company.

The Directors also gratefully acknowledge all stakeholders of the Company, viz customers, members, dealers, vendors, banks and other business partners, for the excellent support received from them during the year. Your involvement as shareholders is also greatly valued. The Directors look forward to your continuing support.

Recognising the challenging work environment, the Directors also place on record their appreciation for the dedication and commitment displayed by the employees of the Company and its subsidiaries as well as its associates across all levels.

For and on behalf of the Board

Venkataraman Rajamani

Managing Director
DIN: 00011919

Date: May 15, 2020
Place: Mumbai

Narendra Jain

Whole-Time Director
DIN: 01984467

ANNEXURE – 1 to the Directors' Report

The Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to Clause (o) of sub-section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. Outline of CSR Policy

The CSR Policy and projects of IIFL Securities Limited are steered by the same values that guide the business of the IIFL Securities & its subsidiaries. It can be summarized in one acronym – GIFTS, which stands for:

- Growth
- Integrity
- Fairness
- Transparency
- Service Orientation

By applying these values to the CSR projects, IIFL Securities Limited undertakes initiatives that create sustainable growth and empowers under privileged sections of society.

The focus areas prioritised by IIFL Securities Limited in its CSR strategy are given below:-

- Child Illiteracy Eradication Programme
- Financial Literacy
- Health Initiative
- Water Conservation
- Disaster Relief
- COVID 19

The CSR Project of IIFL Securities Limited is managed by India Infoline Foundation ("generally referred as IIFL Foundation"). The CSR Policy adopted by IIFL Securities Limited is available on the website of the Company: i.e. www.indiainfoline.com.

4. Details of CSR spent during the financial year

During FY 2019-20, IIFL Securities Limited spent a total of ₹ 34.83 millions on CSR projects. A breakdown of the manner in which this expenditure was made has been depicted in the table given below.

(₹ Million)

Sr. No.	Projects/ Activities	Sector	Locations	Amount Outlay (Budget) Projects or Programs wise	Amount Spent on the Projects or programs	Cumulative Expenditure upto Reporting Period	Amount Spent : Direct or through Implementing Agency
1	Eradicating child illiteracy	Education	Rajasthan	21.05	21.05 Direct	21.05	Through India Infoline Foundation.
2	Financial Literacy	Education	West Bengal, Odisha & Northern State	5.88	5.88 Direct	5.88	Through India Infoline Foundation.
3	Health Initiative- Arogya	Health	Rajasthan	1.21	1.21 Direct	1.21	Through India Infoline Foundation.
4	Water Conservation	Environment	Maharashtra	1.02	1.02 Direct	1.02	Through India Infoline Foundation.
5	Disaster Relief	Environment	Odisha	0.17	0.17 Direct	0.17	Through India Infoline Foundation.
6	COVID 19	Health	India	5.50	5.50 Direct	5.50	Through India Infoline Foundation.

ANNEXURE – 1 to the Directors' Report (Contd.)

5. Brief Description of the Project

Girl Child illiteracy eradication program:

It is a matter of great concern and shame that girls in large number continue to be out of school and remain illiterate. This problem is particularly severe in northern state of Rajasthan, India Infoline Foundation has vowed to change this in the next few years through starting community schools, which are multi grade multi-level schools started in the villages as per the convenience of the girls to enable them to get educated. IIFL Foundation has setup such 1218 school across 11 districts of Rajasthan for girls known as - Sakhiyon ki Baadi (SKB). This literacy initiative engages over 35,964 girls, primarily from eight tribal communities of Rajasthan and has completed 3 years. It has brought over 3000+ girls in the main fold education by their enrollment in government schools.

IIFL Foundation also runs mobile learning centers - 'Raathsaala', for promoting literacy among The Rebari Tribe from Sirohi district that migrate with their families and cattle for over eight months in a year. IIFL Foundation runs 'Chauras' – A learning centre cum crèche for children of migrant construction workers, operational near the construction site. IIFL Foundation has digitised learning by installation of 'Smart Boards' – an interactive digital learning tool, at nine Govt. Schools across Rajasthan.

Financial Literacy: IIFL Foundation has taken steps towards *empowerment of women* through Financial Literacy in East and North-East states of India. IIFL Foundation has established 8 Financial Literacy Centers (FLC) reaching out to over 1,08,991 beneficiaries. The initiative pays special attention towards participation & inclusion of women in financial planning of their household, by developing their interest in planning & management of savings, investments in financial products and availing financial inclusion schemes by government.

Arogya – Health Initiative: Arogya is a unique health initiative to conduct primary health assessment of 35,000+ girls across 11 districts in Rajasthan. The primary objective of this project is to improve the health status of children falling in the age bracket of 6-14 years, *especially the girls*. The secondary objective is to make available special care to the children found to be in need of medical attention.

Water Conservation: Agriculture is the prime occupation in rural India and is directly dependent on water and it's the groundwater supply that contributes more than 85% of rural India's needs for irrigation. IIFL Foundation partnered with Maharashtra State Government to rejuvenate Arvi River and its tributaries in Wardha district of Maharashtra by artificial recharge methodology to improve ground water conditions. The project covered an overall geographical area of 6,564

hectares, benefitting 16 villages across Wardha district.

Disaster Relief : Natural Disasters have an adverse longer term consequences for economic growth and development. India is vulnerable to natural disasters and has to face nature's fury atleast once or twice each year. IIFL Foundation always extend supports for the relief & rehabilitation required. In this year, Cyclone Fani gave a massive blow to communities in Odisha during 2019. The unprecedented natural calamity uprooted trees, destroyed houses, damaged several vehicles and knocked out power supply infrastructure in the affected areas. IIFL foundation connected with over 3000 beneficiaries with a relief kit that comprised of the food resources and essentials that would be helpful at such time of crisis.

COVID 19: Corona (Covid 19) pandemic has shaken countries across the world by bringing most of their operations to a lockdown. India has come together to fight the battle by initiating a lockdown and taking various economic and health measures to deal with the crisis. IIFL Foundation showed it's support to Prime Minister's efforts by contributing to the PM-Cares Fund and has also extended support to various hospitals by providing personal protective gears through the industry body FICCI. IIFL Group has also engaged it's over 18000 employees to volunteer and contribute during this period as per their wish.

6. Responsibility statement of the CSR Committee

Through this report, IIFL Securities Limited seeks to communicate its commitment towards CSR to the Ministry of Corporate Affairs. The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policies as laid down in this report. The Board of the Company and the CSR Committee is responsible for the integrity and the 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 the Section 135, the Company has also established a monitoring mechanism to track the progress of its CSR projects.

For and on behalf of the Board

Kranti Sinha
Independent Director
DIN: 00001643

Narendra Jain
Whole-Time Director
DIN: 01984467

Date: May 15, 2020
Place: Mumbai

ANNEXURE – 2 to the Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

i) CIN	L99999MH1996PLC132983
ii) Registration Date	March 21, 1996
iii) Name of the Company	IIFL Securities Limited (formerly known as India Infoline Limited)
iv) Category/ Sub-Category of the Company	Public Company Limited by shares
v) Address of the Registered office and contact details	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane– 400604 Tel No.: 022- 62727000 Fax No.: 022- 25806654
vi) Whether listed company	Yes
vii) Name, Address and Contact details of the Registrar and Transfer Agent, if any	For physical and de-materialised securities Link Intime India Private Limited C101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400083 Tel: +91 22 49186000 Fax: +91 22 2594 6969 E-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. Principal business activities of the Company

All business activities contributing 10% or more of the total turnover of the Company are given below:-

Name and Description of main products/ services	NIC Code of the Product/ service	% of total turnover of the Company
Securities Broking	66120	67
Advisory Income and Distribution of Financial Products	66190	13

* As per National Industrial Classification – Ministry of Statistics and Programme Implementation

III. Particulars of holding, subsidiary and associate companies

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held*	Applicable section
1.	*IIFL Finance Limited (formerly IIFL Holdings Limited)	IIFL House Sun Infotech Park, Road No. 16V, Plot No.B-23 Thane Industrial Area, Wagle Estate, Thane – 400604	L67100MH1995PLC093797	Holding Company	100	2(46)
2.	IIFL Securities Services IFSC Limited	Office no.404, 4th floor, Signature Building, Block-13-B, Zone-1, Gift City, Gandhinagar, Gujarat 382355	U65929GJ2018PLC103546	Subsidiary	100	2(87)

ANNEXURE – 2 to the Directors' Report (Contd.)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held*	Applicable section
3.	*IIFL Facilities Services Limited (formerly IIFL Real Estate Limited)	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604	U70102MH2007PLC176401	Subsidiary	100	2(87)
4.	*IIFL Insurance Brokers Limited (formerly India Infoline Insurance Brokers Limited)	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604	U66010MH2005PLC154486	Subsidiary	100	2(87)
5.	*IIFL Commodities Limited (formerly India Infoline Commodities Limited)	143 MGR Road, Perungudi, Chennai, Tamil Nadu, 600096	U51100TN2004PLC077573	Subsidiary	100	2(87)
6.	*India Infoline Foundation	IIFL Centre, Kamala City, SB Marg, Lower Parel, Mumbai-400013	U80901MH2015NPL253380	Subsidiary [Section 8 Company]	100	2(87)
7.	*IIFL Management Services Limited (formerly India Infoline Insurance Services Limited)	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604	U74140MH2000PLC129816	Subsidiary	100	2(87)
8.	*IIFL Asset Reconstruction Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604	U74120MH2015PLC260200	Subsidiary	100	2(87)
9.	*IIFL Wealth (UK) Limited	68 St Margarets Road, Edgware Middlesex, HA89UU	Not Applicable	Subsidiary	100	2(87)
10.	*IIFL Capital Inc.	1120 Avenue of the Americas, 34th Floor, New York, NY – 100036	Not Applicable	Subsidiary	100	2(87)
11.	*Meenakshi Towers LLP	5C, EGA Trade Centre, 809, PH Road Kilapuk, Chennai- 600010	AAB-2970	Subsidiary	99.50	2(87)
12.	*Shreyans Foundations LLP	5C, EGA Trade Centre, 809, PH Road Kilapuk, Chennai- 600010	AAB-1787	Step-down subsidiary	99	2(87)

Note:

*Pursuant to the Composite Scheme of Arrangement approved by NCLT vide its order dated March 07, 2019 and the scheme becoming effective from May 13, 2019 as mentioned in the point 6 of this Directors' Report, IIFL Finance Limited ceased to be holding Company and the above mentioned companies have become subsidiaries companies of the Company.

*IIFL Facilities Services Limited, a wholly owned subsidiary of company, has acquired 99% stake in Shreyans Foundations LLP which is holding 50% stake in Meenakshi Towers LLP, a joint venture between IIFL Management Services Limited (wholly owned subsidiary) and Shreyans Foundations LLP. Pursuant to this Meenakshi Towers LLP has become subsidiary of the Company.

ANNEXURE – 2 to the Directors' Report (Contd.)

IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters and Promoter Group									
(1) Indian									
a) Individual/HUF	0	0	0	0	8,94,23,714	0	8,94,23,714	27.98	27.98
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	1,87,18,261	0	1,87,18,261	99.99	57,19,500	0	57,19,500	1.79	(98.21)
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other (Nominees of IIFL Holdings Limited)	0	20	20	0.01	0	0	0	0	0
Sub-total (A) (1):-	1,87,18,261	20	1,87,18,281	100.00	9,51,43,214	0	9,51,43,214	29.77	(70.23)
(2) Foreign									
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Other- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A) (2)	1,87,18,261	20	1,87,18,281	100.00	9,51,43,214	0	9,51,43,214	29.77	(70.23)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	22,73,628	0	22,73,628	0.71	0.71
b) Venture Capital Funds	0	0	0	0	0	0	0	0	0
c) Alternative Investment Funds	0	0	0	0	1,01,23,625	0	1,01,23,625	3.17	3.17
d) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Foreign Portfolio Investor	0	0	0	0	5,13,92,709	0	5,13,92,709	16.08	16.08
f) Financial Institutions/ Banks	0	0	0	0	1,896	0	1,896	Negligible	Negligible
g) Insurance Companies	0	0	0	0	0	0	0	0	0
h) Provident Funds/ Pension Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	6,37,91,858	0	6,37,91,858	19.96	19.96
2. Central Govt/State Govt/President Of India	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
3. Non-Institutions									
a) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital up to ₹ 1 Lakh	0	0	0	0	1,90,92,290	50,596	1,91,42,886	5.99	5.99
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	0	0	0	0	2,95,09,147	0	2,95,09,147	9.23	9.23
b) NBFCs registered with RBI	0	0	0	0	1,200	0	1,200	Negligible	Negligible
c) Any Other									
IEPF	0	0	0	0	26,244	0	26,244	0.01	0.01

ANNEXURE – 2 to the Directors' Report (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Trusts	0	0	0	0	1,01,776	0	1,01,776	0.03	0.03
Foreign Nationals	0	0	0	0	2,45,607	0	2,45,607	0.08	0.08
Hindu Undivided Family	0	0	0	0	6,94,970	0	6,94,970	0.22	0.22
Foreign Companies	0	0	0	0	0	0	0	0	0
Non-Resident Indians (Non Repat)	0	0	0	0	60,17,685	0	60,17,685	1.88	1.88
Other Directors	0	0	0	0	0	0	0	0	0
Non-Resident Indians (Repat)	0	0	0	0	1,38,20,102	2,25,000	1,40,45,102	4.39	4.39
Officer Bearers	0	0	0	0	0	0	0	0	0
Clearing Member	0	0	0	0	2,51,426	0	2,51,426	0.08	0.08
Bodies Corporate	0	0	0	0	9,06,37,223	1,124	9,06,38,347	28.36	28.36
Sub-total (B)(3):-	0	0	0	0	16,03,97,670	2,76,720	16,06,74,390	50.27	50.27
Total Public Shareholding Public Group (B)=(B)(1)+(B)(2)+(B)(3)	0	0	0	0	22,41,90,028	2,76,720	22,44,66,248	70.23	70.23
C. Non Promoter- Non Public	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	1,87,18,261	20	1,87,18,281	100.00	31,93,32,742	2,76,720	31,96,09,462	100.00	0

Note:

Pursuant to the Composite Scheme of Arrangement approved by the NCLT Mumbai vide its order dated March 07, 2019, the shareholding of IIFL Finance Limited and its nominees were cancelled and in lieu of the same IIFL Securities Limited allotted shares to the Shareholders of IIFL Finance Limited in the ratio of 1:1 on June 06, 2019.

ii) Shareholding of Promoters

Shareholder's Name	Shareholding			Shareholding			% change in shareholding during the year
	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
Shareholding from (April 01, 2019) to (June 06, 2019)							
IIFL Finance Limited	1,87,18,281	100	Nil	Nil	Nil	Nil	Nil
Shareholding from (June 06, 2019) to (March 31, 2020)							
Mr. Nirmal Bhanwarlal Jain	4,64,02,000	14.5354	Nil	4,69,64,282	14.6943	Nil	0.1589
Ms. Madhu N Jain	1,20,75,000	3.7825	Nil	1,20,75,000	3.7780	Nil	Nil
Mr. Venkataraman Rajamani	1,09,84,432	3.4409	Nil	1,11,84,432	3.4994	Nil	0.0585
Mansukhlal Jain and Harshita Jain (in their capacity as Trustee of Nirmal Madhu Family Private Trust)	1,00,00,000	3.1325	Nil	1,00,00,000	3.1288	Nil	(0.0037)
Aditi Avinash Athavankar (in the capacity as Trustee of Kalki Family Private Trust)	90,00,000	2.8192	Nil	90,00,000	2.8159	Nil	(0.0053)
Ms. Aditi Athavankar	2,00,000	0.0626	Nil	2,00,000	0.0625	Nil	(0.001)
Orpheus Trading Private Limited	13,00,000	0.4072	Nil	30,19,500	0.9447	Nil	0.5375
Ardent Impex Private Limited	27,00,000	0.8458	Nil	27,00,000	0.8448	Nil	0.001
Total	9,26,61,432	29.0261	Nil	9,51,43,214	29.7686	Nil	0.7425

Note:

- Pursuant to the Composite Scheme of Arrangement approved by the NCLT Mumbai vide its order dated March 07, 2019, the shares held by IIFL Finance Limited and its nominees were cancelled and in lieu of the same IIFL Securities Limited allotted shares to the Shareholders of IIFL Finance Limited in the ratio of 1:1 on June 06, 2019.
- During the year the Promoter and the member of Promoter group have acquired shares via secondary market. The decrease in percentage in holding of Promoter and Promoter group is due to issue of 3,75,000 Equity shares to employees under existing ESOP Plan.

ANNEXURE – 2 to the Directors' Report (Contd.)

iii) Change in Promoters' Shareholding

Particulars	Shareholding		Cumulative Shareholding	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year (April 01, 2019)	1,87,18,281	100	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year, specifying the reasons for the increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):				
Cancellation of Equity Shares held by IIFL Finance Limited pursuant to the Composite Scheme of Arrangement (Date of cancellation of shares: June 06, 2019)	(1,87,18,281)	(100)	N.A.	N.A.
Allotment of equity shares pursuant to the Composite Scheme of Arrangement (Date of Allotment: June 06, 2019)	N.A.	N.A.	9,26,61,432	29.0261
Additional equity shares acquired on September 20, 2019 (Mr. Nirmal Jain -5,62,282 shares and Mr. Venkataraman Rajamani – 50,000 shares)	N.A.	N.A.	9,32,73,714	29.2179
Additional equity shares acquired on September 24, 2019 (Mr. Venkataraman Rajamani – 25,199 shares)	N.A.	N.A.	9,32,98,913	29.2258
Additional equity shares acquired on September 25, 2019 (Mr. Venkataraman Rajamani – 49,801 shares and Orpheus Trading Private Limited -5,00,000 shares)	N.A.	N.A.	9,38,48,714	29.3980
Additional equity shares acquired on September 26, 2019 (Mr. Venkataraman Rajamani – 50,000 shares)	N.A.	N.A.	9,38,98,714	29.4137
Additional equity shares acquired on September 27, 2019 (Mr. Venkataraman Rajamani – 25,000 shares)	N.A.	N.A.	9,39,23,714	29.4215
Additional equity shares acquired on September 30, 2019 (Orpheus Trading Private Limited – 10,00,000 shares)	N.A.	N.A.	9,49,23,714	29.7348
Additional equity shares acquired on November 28, 2019 (Orpheus Trading Private Limited – 2,19,500 shares)	N.A.	N.A.	9,51,43,214	29.8036
At the end of the year (March 31, 2020)	Nil	Nil	9,51,43,214	29.7686#

Note:

There was no change in the shareholding of Promoters or Promoter Group after November 28, 2019. However, the percentage in shareholding was diluted due to issue of 3,75,000 Equity shares to employees under existing ESOP Plan.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of shareholders	Shareholding		Cumulative Shareholding	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	FIH Mauritius Investments Limited				
	At the Beginning of the year	Nil	Nil	Nil	Nil
	Shares Allotted during the year (June 06, 2019)	8,46,41,445	26.4828	8,46,41,445	26.4828
	Sold during the year	Nil	Nil	Nil	Nil
	At the end of the year	8,46,41,445	26.4828	8,46,41,445	26.4828
2.	HWIC Asia Fund Class A Shares				
	At the Beginning of the year	Nil	Nil	Nil	Nil
	Shares Allotted during the year (June 06, 2019)	2,83,62,530	8.8741	2,83,62,530	8.8741
	Sold during the year	Nil	Nil	Nil	Nil
	At the end of the year	2,83,62,530	8.8741	2,83,62,530	8.8741

ANNEXURE – 2 to the Directors' Report (Contd.)

Sr. No.	Name of shareholders	Shareholding		Cumulative Shareholding	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3.	Mr. Parajia Bharat Himatlal				
	At the Beginning of the year	Nil	Nil	Nil	Nil
	Shares Allotted during the year (June 06, 2019)	1,52,00,000	4.7558	1,52,00,000	4.7558
	Sold during the year	Nil	Nil	Nil	Nil
	At the end of the year	1,52,00,000	4.7558	1,52,00,000	4.7558
4.	Bank Muscat India Fund				
	At the Beginning of the year	Nil	Nil	Nil	Nil
	Shares Allotted during the year (June 06, 2019)	1,25,98,222	3.9418	1,25,98,222	3.9418
	Sold during the year	Nil	Nil	Nil	Nil
	At the end of the year	1,25,98,222	3.9418	1,25,98,222	3.9418
5.	Abakkus Growth Fund-1				
	At the Beginning of the year	Nil	Nil	Nil	Nil
	Bought during the year	63,00,000	1.9712	63,00,000	1.9712
	Sold during the year	Nil	Nil	Nil	Nil
	At the end of the year	63,00,000	1.9712	63,00,000	1.9712
6.	Abakkus Emerging Opportunities Fund-1				
	At the Beginning of the year	Nil	Nil	Nil	Nil
	Bought during the year	35,00,048	1.0951	35,00,048	1.0951
	Sold during the year	Nil	Nil	Nil	Nil
	At the end of the year	35,00,048	1.0951	35,00,048	1.0951
7.	Mr. Satpal Khattar				
	At the Beginning of the year	Nil	Nil	Nil	Nil
	Share Allotted during the year (June 06, 2019)	62,16,528	1.945	62,16,528	1.945
	Sold during the year	(30,00,000)	(1.0064)	32,16,528	1.0064
	At the end of the year	32,16,528	1.0064	32,16,528	1.0064
8.	Mr. Prabodh Agrawal				
	At the Beginning of the year	Nil	Nil	Nil	Nil
	Shares Allotted during the year (June 06, 2019)	27,31,019	0.8554	27,31,019	0.8554
	Sold during the year	(2,55,929)	(0.080)	24,75,090	0.7744
	At the end of the year	28,25,090	0.8839	28,25,090	0.8839
9.	Mr. Rakesh Jhunjunwala				
	At the Beginning of the year	Nil	Nil	Nil	Nil
	Bought during the year	27,84,879	0.8713	27,84,879	0.8713
	Sold during the year	Nil	Nil	Nil	Nil
	At the end of the year	27,84,879	0.8713	27,84,879	0.8713
10.	Bennett, Coleman And Company Limited				
	At the Beginning of the year	Nil	Nil	Nil	Nil
	Bought during the year	27,40,000	0.8573	27,40,000	0.8573
	Sold during the year	Nil	Nil	Nil	Nil
	At the end of the year	27,40,000	0.8573	27,40,000	0.8573

ANNEXURE – 2 to the Directors' Report (Contd.)

v) Shareholding of Directors and Key Managerial Personnel

Name of Director / Key Managerial Personnel	Shareholding at the beginning (April 01, 2019)		Change in Shareholding (no. of shares)		Shareholding at the end of the year (March 31, 2020)	
	Number of Shares	% of total shares of the Company	Increase	Decrease	Number of Shares	% of total shares of the Company
Directors						
Mr. Kranti Sinha	Nil	Nil	1,15,000	Nil	1,15,000	0.036
Mr. Venkataraman Rajamani [†]	Nil	Nil	1,11,84,432	Nil	1,11,84,432	3.4994
Mr. Mohan Radhakrishnan	Nil	Nil	1,00,000	Nil	1,00,000	0.0313
Mr. Narendra Deshmal Jain	Nil	Nil	58,000	Nil	58,000	0.0181
Ms. Rekha Warriar	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Shamik Das Sharma	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Aniruddha Dange [#]	Nil	Nil	17,72,631	Nil	17,72,631	0.55
Ms. Geeta Mathur [*]	Nil	Nil	Nil	Nil	NA	NA
Key Managerial Personnel						
Mr. Arindam Chanda – CEO [@]	Nil	Nil	24,205	Nil	24,205	0.0076
Mr. Roshan Dave – CS ^{&§}	Nil	Nil	570	Nil	570	Negligible
Mr. Ronak Gandhi – CFO ^{&}	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Jayesh Upadhyay - CS ^{&@}	Nil	Nil	300	Nil	300	Negligible
Mr. Bhawani Jhanwar- CFO ^{&}	Nil	Nil	Nil	Nil	Nil	Nil

- Pursuant to Composite Scheme of Arrangement, Mr. Kranti Sinha, Mr. Venkataraman Rajamani (1,09,84,432 equity shares), Mr. Mohan Radhakrishnan, Mr. Narendra Jain and Mr. Aniruddha Dange were allotted the shares of the Company on June 06, 2019.
- [†]Pursuant to Composite Scheme of Arrangement Mr. Venkataraman Rajamani was allotted 1,09,84,432 equity shares representing 3.4409% of the share capital and he has also acquired 2,00,000 equity shares from the market post listing of equity shares of the Company.
- ^{*}Ms. Geeta Mathur, Independent Director, has resigned from the Board of Directors of the Company, w.e.f. May 8, 2019.
- [#]Mr. Aniruddha Dange Non-Executive Director of the Company resigned w.e.f. November 27, 2019.
- [&] Mr. Bhawani Jhanwar Chief Financial Officer resigned w.e.f October 22, 2019 and in his place Mr. Ronak Gandhi was appointed as Chief Financial Officer w.e.f. October 22, 2019. Mr. Jayesh Upadhyay resigned w.e.f. December 01, 2019 and in his place Mr. Roshan Dave was appointed as Company Secretary w.e.f. December 01, 2019.
- [@]Mr. Arindam Chanda, Mr. Jayesh Upadhyay and Mr. Roshan Dave (70 equity shares) were allotted shares pursuant to the Composite Scheme of Arrangement on June 06, 2019.
- [§]Mr. Roshan Dave acquired 500 equity shares of the Company from the market post listing of the shares of the Company.
- CEO- Chief Executive Officer, CFO- Chief Financial Officer, CS- Company Secretary.

ANNEXURE – 2 to the Directors' Report (Contd.)

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued, but not due for payment

(₹ million)

	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of year (April 01, 2019)				
(i) Principal amount	1,005.37	-	-	1,005.37
(ii) Int. due but not paid	-	-	-	-
(iii) Int. accrued but not due	-	-	-	-
Total (i+ii+iii)	1,005.37	-	-	1,005.37
Changes in Indebtedness during the year				
Addition	13,226.03	5,590.00	-	18,816.03
Reduction	(13,475.02)	(5,590.00)	-	(19,065.02)
Net Change	(248.99)	-	-	(248.99)
Indebtedness at the end of the financial year (March 31, 2020)				
(i) Principal amount	756.38	-	-	756.38
(ii) Int. due but not paid	-	-	-	-
(iii) Int. accrued but not due	-	-	-	-
Total (i+ii+iii)	756.38	-	-	756.38

VI. Remuneration of the Directors and Key Managerial Personnel

A. Remuneration to the Managing Director, Whole-Time Directors and/or Manager

(₹ million)

Particulars of Remuneration Name of MD/WTD/Manager	Name of MD/WTD/ Manager				Total Amount
	Mr. Mohan Radhakrishnan	Mr. Aniruddha Dange*	Mr. Narendra Jain#	Mr. Venkataraman Rajamani§	
Gross salary					
(a) Salary, as per provisions contained in Section 17(1) of the Income Tax Act, 1961	13.93	0.98	6.09	44.76	65.76
(b) Value of perquisites u/s 17(2) of the IT Act, 1961	-	-	0.04	0.04	0.08
(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
Stock Option (Quantity) [^]	75,000	-	77,000	-	1,52,000
Sweat	-	-	-	-	-
Commission - as a % of profit - others,	-	-	-	-	-
Others, please specify (Company's contribution to PF + Pension fund + National Pension Scheme)	0.58	0.05	-	0.28	0.91
Total (A)	14.51	1.03	6.13	45.08	66.75
Ceiling, as per the Act	₹ 193.20 million, being 10% of the net profit of the Company, calculated as per Section 198 of the Companies Act, 2013.				

Note:

*Mr. Aniruddha Dange has been re-designated as Non-Executive Director w.e.f. July 01, 2019 and resigned on November 27, 2019.

Mr. Narendra Jain was re-designated as Whole-Time Director w.e.f. May 13, 2019.

§ Mr. Venkataraman Rajamani was appointed as Managing Director w.e.f. May 15, 2019.

[^] The Stock options are in actual quantities and not in million.

ANNEXURE – 2 to the Directors' Report (Contd.)

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors					Total Amount
	Ms. Geeta Mathur [#]	Mr. Kranti Sinha ^{^%}	Mr. Narendra Jain [@]	Mr. Shamik Das Sharma ^{§%}	Ms. Rekha Warriar ^{#%}	
1. Independent Directors						
- Fees for attending board/ committee meetings	0.03	0.62	-	0.15	0.42	1.22
- Commission	-	1.00	-	0.25	0.92	2.17
- Others	-	-	-	-	-	-
Total (1)	0.03	1.62	-	0.40	1.34	3.39
2. Other Non-Executive Directors	-	-	-	-	-	-
- Fees for attending board/ committee	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-
Total (B)=(1+2)	0.03	1.62	-	0.40	1.34	3.39
Total Managerial Remuneration	₹ 68.92 million					
Overall Ceiling, as per the Act	₹ 212.52 million, being 11% of the net profit of the Company, calculated as per Section 198 of the Companies Act, 2013.					

Note:

The remuneration paid to Directors does not include the sitting fees paid to Independent Director.

[#] Ms. Geeta Mathur has resigned from the Board of Directors, w.e.f. May 8, 2019 and in her place Ms. Rekha Warriar was appointed as Independent Director.

[@]Mr. Narendra Jain was re-designated as Whole-Time Director w.e.f. May 13, 2019, in line with the Composite Scheme of Arrangement approved by the NCLT on March 07, 2019.

[§] Mr. Shamik Das Sharma was appointed as Independent Director w.e.f. January 14, 2020.

[^]The Company has made a provision of ₹ 15,000 towards the sitting fees in the FY 2018-19 to be paid to Mr. Kranti Sinha and the Company has been paid during the year.

[%]The Company has made a provision for payment of commission to Independent Director for the FY 2019-20 and the same is approved by Board. The commission shall be paid as per the parameter described in the notice of the ensuing AGM to the Independent Director and subject to the enablement and the limits approved by the shareholders in the ensuing AGM.

ANNEXURE – 2 to the Directors' Report (Contd.)

C. Remuneration to Key Managerial Personnel (KMP), other than MD/Manager/WTD

(₹ million)

Particulars of Name of KMP	Key Managerial Personnel					Total Amount
	Mr. Arindam Chanda- CEO	Mr. Bhawani Jhanwar - CFO [@]	Mr. Jayesh Upadhyay - CS [#]	Mr. Ronak Gandhi- CFO [@]	Mr. Roshan Dave-CS [#]	
Gross salary						
(a) Salary, as per provisions contained in Section 17(1) of the Income Tax Act, 1961	12.08	4.81	0.92	1.16	0.66	19.63
(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-	-
(c) Profits in lieu of salary	-	-	-	-	-	-
Stock Option (Quantity) [^]	1,00,000	50,000	10,000	20,000	20,000	2,00,000
Sweat	-	-	-	-	-	-
Commission, as a % of	-	-	-	-	-	-
Others, please specify (Company contribution towards PF, Pension Fund,	-	0.33	-	-	0.03	0.36
Total	12.08	5.14	0.92	1.16	0.69	19.99

Note:

[@] Mr. Bhawani Jhanwar resigned as Chief Financial Officer and in his place Mr. Ronak Gandhi was appointed as Chief Financial Officer w.e.f. October 22, 2019.

[#] Mr. Jayesh Upadhyay resigned as Company Secretary and in his place Mr. Roshan Dave was appointed as Company Secretary w.e.f. December 01, 2019.

[^]The Stock options are in actual quantities and not in million.

CEO- Chief Executive Officer, CFO- Chief Financial Officer, CS – Company Secretary.

VII. Penalties / Punishment/Compounding of offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty			Nil		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Venkataraman Rajamani
Managing Director
DIN: 00011919

Narendra Jain
Whole-Time Director
DIN: 01984467

Date: May 15, 2020
Place: Mumbai

ANNEXURE – 3 to the Directors' Report

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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 Securities Limited

(Formerly known as India Infoline Limited)

IIFL House, Sun Infotech Park,

Road No. 16V, Plot No. B-23,

Thane Industrial Area,

Wagle Estate, Thane – 400 604

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by **IIFL Securities Limited** [Formerly known as India Infoline Limited](hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis 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 with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended March 31, 2020, 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 further report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended March 31, 2020, according to the provisions of:

- (i) The Companies Act, 2013 and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent the same was applicable to the Company;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 to the extent applicable;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to the extent applicable;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent applicable;
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 to the extent applicable;
 - (f) 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.
- (vi) Considering activities, the Company is also subject to compliance of the following laws specifically applicable to the Company:
 - (a) The Securities and Exchange Board of India (Stock-Brokers and Sub-Brokers) Regulations, 1992;

ANNEXURE – 3 to the Directors' Report (Contd.)

- (b) The Securities and Exchange Board of India (Investment Advisors) Regulations, 2013;
- (c) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993;
- (d) The Securities and Exchange Board of India (Intermediaries) Regulations, 2008;
- (e) The Securities and Exchange Board of India (Research Analyst) Regulations, 2014;
- (f) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (g) The Securities and Exchange Board of India (Know Your Client) Regulations, 2011;
- (h) The Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992
- (i) Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2015.

We have verified systems and mechanism which is in place and followed by the Company to ensure Compliance of these specifically applicable Laws i.e. laws mentioned in clause vi (in addition to the above mentioned Laws (i to v) and applicable to the Company) and we have also relied on the representation made by the Company and its Officers in respect of systems and mechanism formed / followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the of the same.

We have also examined compliance with the applicable clauses of:

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013.

We further Report that, during the year, it was not mandatory on the part of the Company to comply with the following Regulations / Guidelines:

- (a) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, 2015;
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has complied with the provisions of the above mentioned Act/s including the applicable provisions of the Companies Act, 2013 and Rules, Regulations, Guidelines, Standards, etc. mentioned above and we have no observation of instances of non-Compliance in respect of the same. We further state that the Company is into Capital Market and is classified as NBFC as per the Companies Act, 2013. Due to non-availability of taxonomy for NBFC Ind-AS by the Ministry of Corporate Affairs (MCA), the Company is not able to file Form AOC-4 NBFC (Ind AS) for FY ended March 31, 2019 with MCA. It may further be noted that there is a delay in commencement of Trading in Securities within 60 days of receiving NCLT order approving Composite Scheme of Arrangement as required under provisions of Para 5 of Part III (A) of Annexure I (amended vide SEBI circular dated Jan 03, 2018) of the SEBI circular dated March 10, 2017. The Trading in Securities is delayed due to delay in regulatory approvals from SEBI and Exchanges. After all approvals the trading commenced on September 20, 2019 successfully at NSE and BSE.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

We also report that adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and short notice in case of urgency and a system exists for Board Members for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the representation made by the Company and its Officer, we herewith report that majority decision is carried through and proper system is in place which facilitates / ensure to capture and record, the dissenting member's views, if any, as part of the minutes.

ANNEXURE – 3 to the Directors' Report (Contd.)

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of Acts, Laws and Regulations applicable to the Company, we 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 during the audit period under review, the Company has evidenced following specific event/action:

The Composite Scheme of Arrangement under Section 230 to 232 of the Companies Act, 2013 amongst IIFL Finance Limited (Formerly IIFL Holdings Limited), India Infoline Media & Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited and their respective shareholders was sanctioned by Hon'ble National Company Law Tribunal Mumbai Bench vide its Order dated March 7, 2019 and the Scheme was made effective from May 13, 2019. The Appointed date for the said Scheme of Arrangement was April 1, 2018. Pursuant to Scheme becoming effective the Company:

- a. Pursuant to the Scheme, 18,718,281 Equity Shares of ₹ 10/- each, held by IIFL Finance Limited (erstwhile IIFL Holdings Limited) in the Company, were extinguished and cancelled and, in lieu of the same, the Equity Shareholders of IIFL Finance Limited whose name appeared in the Register of Members on Record Date May 31, 2019 were allotted One (1) Equity Share in the Company of ₹ 2/-, credited as fully paid-up for every one (1) Equity Share of ₹ 2/- fully paid-up and held by such equity Shareholders in IIFL Finance Limited (erstwhile IIFL Holdings Limited) and accordingly, 319,234,462 Equity Shares of ₹ 2/- each of the Company were issued and allotted to the Equity Shareholders of IIFL Finance Limited (erstwhile IIFL Holdings Limited) on June 6, 2019.
- b. Applied to BSE Limited and National Stock Exchange of India Limited for listing of the said shares and the equity shares of the Company were listed w.e.f. September 20, 2019.

Note: This Report is to be read along with attached Letter provided as "Annexure - A".

For Nilesh Shah & Associates

Nilesh Shah

Date: May 15, 2020

Place: Mumbai

UDIN: F004554B000247918

Company Secretaries

FCS : 4554

C.P. : 2631

ANNEXURE – A

To

The Members,

IIFL Securities Limited

(Formerly known as India Infoline Limited)

IIFL House, Sun Infotech Park,

Road No. 16V, Plot No. B-23,

Thane Industrial Area,

Wagle Estate, Thane – 400 604

Dear Sir / Madam,

Sub : Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records as was made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and we rely on Auditors Independent Assessment on the same.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
6. Due to COVID-19 outbreak and Lockdown situation, in respect of part of the Audit, especially for verification of compliance for the last two Quarter of the financial year i.e. October, 2019 to March, 2020, we have relied on the information, details, data, documents and explanation as provided by the Company and its officers and agents in electronic form without physically verifying their office and the documents shared to us were found to be adequate, to enable us to issue the report.
7. 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.

For Nilesh Shah & Associates

Nilesh Shah

Company Secretaries

FCS : 4554

C.P. : 2631

Date: May 15, 2020

Place: Mumbai

UDIN: F004554B000247918

ANNEXURE – 4 to the Directors' Report

Information relating to conservation of energy, technology absorption and innovation, and foreign exchange earnings/ outgo forming part of the Directors' Report in terms Section 134(3)(m) of the Companies Act, 2013.

Conservation of energy:

The Company is engaged in providing 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 which are:

- i) Installation of capacitors to save power;
- ii) Installed Thin Film Transistor (TFT) monitors that saves power;
- iii) Light Emitting Diode (LED) lights;
- iv) Automatic power shutdown of idle monitors;
- v) Creating environmental awareness by way of distributing the information in electronic form;
- vi) Minimising air-conditioning usage;
- vii) Shutting off all lights, when not in use; and
- viii) Education and awareness programmes for employees.

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

Technology absorption and innovation:

The Management understands the importance of technology in the business segments it operates and lays utmost emphasis on system development and use of best technology available in the industry. The management keeps itself abreast of technological advancements in the industry and ensures continued and sustained efforts towards absorption of technology, adaptation as well as development of the same to meet the business needs and objectives.

The Company remains committed to investing in technology to provide competitive edge and contribute in business that is scalable. Digital and analytics continue to be the key focus areas, to bring in agility, availability and relevance. Data and Cyber Security is also considered as a paramount importance for the organisation.

Highlights of the current year:

- We have been able to embrace cloud technologies by migrating from on-premise to public cloud technology providers. We have benefited in terms of scalability, flexibility and ease of management from this adoption.
- We utilised our investments in secure remote access technology which has enabled employees to safely work from home without any impact to business operations during the pandemic.
- The Company successfully completed the ISO 27001:2013 annual recertification in February 2020. Institutional Broking Business also achieved ISO 27001:2013 Certification for Lower Parel Office.
- The Organisation complied with various norms of regulatory bodies such as SEBI, MCX, NCDEX, BSE, NSE, RBI & NHB for Information Technology & Cyber Security requirements.
- As part of our continued investments in security we have been able to enhance the perimeter security posture, internet access ability and application security posture. Though we will continue to strengthen these areas by tightening our validation processes of application releases and infrastructure standups.
- We have tied up for Brand Protection to pull down illegal use of the IIFL brand in any of the digital worlds.
- We have implemented Chatbots to enhance the customer's experience in terms of resolving queries faster and in a more consistent fashion.
- Organisation has adopted DevOps methodology for application releases and this has benefited us in terms of quicker release cycles. These devops pipelines have additionally provided us increased confidence in our applications releases, while safeguarding the sanctity of the release.
- New rollouts such as free CIBIL reports, CAS processing, financial plan 360, Cross-Sell integration has helped our organisation achieve its Business objectives in terms of meeting customer demands and increased revenue. These products help us be present in a customer's life in more and more places, helping the customer consolidate his relationships.
- We have partnered with Refinitiv for providing stock research reports. This partnership has increased the number of companies covered significantly and provides much more detailed reports both in terms of consolidation of number of views and breadth of material.

ANNEXURE – 4 to the Directors' Report (Contd.)

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. Technology is a trusted ally in creating business value.

The Company committed significant investments, in terms of technology, systems and manpower, in the aforesaid initiative and is continuously developing the same.

Foreign Exchange Earnings/Outgo:

(₹ million)		
Particulars	FY 2019-20	FY 2018-19
Earning in Foreign Currency		
Investment Banking/Research Fees & other Advisory Fees	124.88	116.88
Total Earning	124.88	116.88
Expenses in Foreign Currency		
Fees and Commission	133.12	197.02
Advertisement expense	11.96	8.75
Legal and professional charges	3.15	2.24
Marketing and commission expenses	2.41	7.13
Membership & subscription	0.35	0.51
Office expenses	0.45	1.31
Postage and courier	0.30	0.73
Software charges	45.08	46.65
Travelling and conveyance	1.67	4.46
Total Expenses	198.49	268.80

Research and Development (R & D):

The Company is engaged in stock broking and portfolio management services, which entail internal research of investment products, sectors and markets. Apart from the above, the Company does not carry-out any research and development activities.

For and on behalf of the Board

Venkataraman Rajamani

Managing Director
DIN: 00011919

Narendra Jain

Whole-Time Director
DIN: 01984467

Date: May 15, 2020

Place: Mumbai

ANNEXURE – 5 to the 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.	Requirement	Disclosure	
1.	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	Executive Directors	
		Mr. Venkataraman Rajamani ^{^^}	103.93X
		Mr. Mohan Radhakrishnan	33.44 X
		Mr. Narendra Jain ^{@@}	14.13X
		Mr. Aniruddha Dange [#]	NA
		Non-Executive Director[@]	
		Mr. Kranti Sinha [%]	2.31X
		Ms. Rekha Warriar ^{^%}	2.11X
		Mr. Shamik Das Sharma ^{##%}	0.58X
		Ms. Geeta Mathur [*]	NA
Mr. Aniruddha Dange [#]	Nil		
2.	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	Executive Directors	
		Mr. Venkataraman Rajamani ^{^^}	NA
		Mr. Mohan Radhakrishnan	5%
		Mr. Narendra Jain ^{@@}	10%
		Mr. Aniruddha Dange [#]	NA
		Non-Executive Director	
		Mr. Kranti Sinha	NA
		Ms. Rekha Warriar [^]	NA
		Mr. Shamik Das Sharma ^{##}	NA
		Ms. Geeta Mathur [*]	NA
		Mr. Aniruddha Dange [#]	Nil
		CFO, CEO and CS	
		Mr. Arindam Chanda – CEO	Nil
		Mr. Ronak Gandhi –CFO ^{&}	NA
		Mr. Roshan Dave–CS ^{&}	NA
		Mr. Bhawani Jhanwar – CFO ^{&}	18%
Mr. Jayesh Upadhyay –CS ^{&}	15%		
3.	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 8.18%. The calculation of % increase in Median Remuneration is done based on comparable employees. For 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 1,793 employees on the rolls as on March 31, 2020.	
5.	Average percentile increase already made in the salaries of employees other than the 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 increase in the managerial remuneration	In Financial Year 2019-20, there is an average increase of 6% in the remuneration other than managerial personnel as compared to increase of 5% in the remuneration of managerial personnel.	
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is confirmed	

ANNEXURE – 5 to the Directors' Report (Contd.)

Note:

1. ^Mr. Venkataraman Rajamani appointed as an Additional Executive Director w.e.f. May 13, 2019 and thereafter re-designated as a Managing Director w.e.f. May 15, 2019.
2. @@ Mr. Narendra Jain was re-designated as Executive Director w.e.f. May 13, 2019, in line with the Composite Scheme of Arrangement approved by the NCLT on March 07, 2019.
3. @ Sitting fees paid to Independent Director does not form part of the aforesaid calculation.
4. %The Company has made a provision for payment of commission to Independent Director for the FY 2019-20 and the same is approved by Board. The commission shall be paid as per the parameter described in the notice of the ensuing AGM to the Independent Director and subject to the enablement and the limits approved by the shareholders in the ensuing AGM.
5. ^Ms. Rekha Warriar was appointed as an Independent Director, w.e.f. May 8, 2019.
6. ## Mr. Shamik Das Sharma was appointed as Independent Director w.e.f. January 14, 2020.
7. *Ms. Geeta Mathur, Independent Director, had resigned from the Board of Directors of the Company, w.e.f. May 8, 2019.
8. #Mr. Aniruddha Dange re-designated as a Non-Executive Director, w.e.f. July 1, 2019 and resigned on November 27, 2019.
9. & Mr. Bhawani Jhanwar Chief Financial Officer resigned w.e.f. October 22, 2019 and in his place Mr. Ronak Gandhi was appointed as Chief Financial Officer w.e.f. October 22, 2019. Mr. Jayesh Upadhyay resigned w.e.f. December 01, 2019 and in his place Mr. Roshan Dave was appointed as Company Secretary w.e.f. December 01, 2019.
10. CEO- Chief Executive Officer, CFO- Chief Financial Officer, CS- Company Secretary.
11. The ratio of the remuneration of each director to the median employee's remuneration is prepared based of comparable remuneration i.e. 2018-19 and 2019-20.

For and on behalf of the Board

Venkataraman Rajamani

Managing Director
DIN: 00011919

Date: May 15, 2020
Place: Mumbai

Narendra Jain

Whole-Time Director
DIN: 01984467

BUSINESS RESPONSIBILITY REPORT

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended from time to time), the top 1,000 listed entities {based on market capitalisation on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")} are required to include a Business Responsibility Report ("BRR") in the Annual Report.

Our Business Responsibility ("BR") Report includes our responses to questions on our practice and performance on key principles defined by Regulation 34(2)(f) of the Listing Regulations, covering topics related to the environment, governance and stakeholder relationships.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	PARTICULARS	REPLY
1	Corporate Identity Number (CIN) of the Company	L99999MH1996PLC132983
2	Name of the Company	IIFL Securities Limited (Formerly known as India Infoline Limited)
3	Registered address	IIFL House, Sun Infotech Park, Road No. Plot No.B-23, Thane Industrial Area, Wagle Estate Thane- 400 604
4	Website	www.indiainfoline.com
5	E-mail id	secretarial@iifl.com
6	Financial Year reported	April 2019- March 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code: 66120 and 66190 – The Company is engaged into Broking and Depository Participant services, investment banking and distribution of financial products.
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Broking and Depository Participant services, investment banking, and distribution of financial products. The Subsidiaries of the Company are engaged in insurance broking, and Office Infrastructure services for captive utilisation as well to external entities
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	USA and UK
	(b) Number of National Locations	IIFL Securities Limited has its Registered Office at Thane and Corporate Office in Mumbai in the state of Maharashtra. IIFL provides these services to Retail Investors, High Net worth Individuals as well as Institutional Investors. It operates through over 50 plus branches and various Authorised Persons spread across the country. Our clients are provided online trading facilities through Internet and offline trading through Branches and Customer Care. All operations are carried out online through active support of branches and Authorised Persons under regulatory environment and accordingly are in compliance with rules and regulations.
10	Markets served by the Company – Local/ State/National/International	IIFL serves its customers in national and international locations.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	PARTICULARS	REPLY
1	Paid up capital (₹)	639,218,924
2	Total turnover (₹ million)	Consolidated: 7,899.46 Standalone: 6,437.43
3	Total profit after taxes (₹ million)	Consolidated: 2,339.44 Standalone: 1,426.20
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	Please refer Annexure 1 of the Board's Report forming part of the Annual Report.
5	List of activities in which expenditure, in 4 above, has been incurred	Please refer Annexure 1 of the Board's Report forming part of the Annual Report.

Business Responsibility Report (Contd.)

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?

Yes, IIFL Securities Limited has 11 subsidiaries, including step down subsidiaries. For details please refer Annexure 2 to the Director's Report.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

The subsidiaries participated in the BR initiatives of the Company and in financial year 2019-20, Four subsidiaries participated in the CSR initiatives of the Company through our philanthropic arm, i.e. India Infoline Foundation.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No, other business partners of IIFL do not directly participate in the Company's BR initiatives. IIFL endeavours to encourage its franchisees/suppliers/distributors (wherever possible) to participate in the initiatives towards BR and to adopt practices that would help them conduct business in a fair manner.

SECTION D: BR INFORMATION

1. Details of Director(s) responsible for BR

a) Details of the Director(s) responsible for implementation of the BR policy(ies)

1	DIN Number	00011919
2	Name	Mr. Venkataraman Rajamani
3	Designation	Managing Director

b) Details of Head - BR

No.	Particulars	Details
1	DIN Number (if applicable)	00011919
2	Name	Mr. Venkataraman Rajamani
3	Designation	Managing Director
4	Telephone number	+91 22 6272 7000
5	E-mail id	secretarial@iifl.com

Principle wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles detailed below:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 - Businesses should promote the well-being of all employees

P4 - Businesses should respect the interests of, and be responsive towards, stakeholders, especially the disadvantaged, vulnerable or/and marginalised

P5 - Businesses should respect and promote human rights

P6 - Business should respect, protect, and make efforts to restore the environment

P7 - Businesses, when engaged in influencing the public and regulatory policy, should do so in a responsible manner

P8 - Businesses should support inclusive growth and equitable development

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

Business Responsibility Report (Contd.)

The principle-wise responses are as follows:

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy(ies) for...	Y	Y (Refer note 1)	Y	Y	Y	NA (Refer note 2)	Y (Refer note 3)	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	The policies adopted by the Company are in conformity with the applicable rules and regulations.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Policies have been approved by the Board/Committee of the Board/Senior Management of the Company and followed by the Company and its subsidiaries.								
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online.	As per regulatory requirement, the policies of the Company have been uploaded on the website of the Company i.e. www.indiainfoline.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the Company have an in-house structure to implement the policy/policies?	Yes, the Company has in house structure under the supervision of Management, where each of business function looks after the implementation of the policies and the same are headed by respective functional heads, who manage and review the policies on regular basis. Besides this, various Committees are formed to implement these policies.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Notes:

- IIFL Securities and its Subsidiaries (IIFL) is engaged in diversified financial services business including Stock broking, Depository services, Investment Banking, Distribution of Mutual Fund and investment products, Insurance Broking and office Infrastructure for captive use and to external parties. Hence, this principle has limited applicability. IIFL however, complies with all applicable regulations, in respect of its operations.
- The questions relating to 'Principle 6' (P6) are not substantially relevant to IIFL, given that IIFL operates in the financial services sector. IIFL complies with the applicable environmental norms, with respect to the areas of its operations. IIFL, along with its employees, makes continuous efforts to ensure that there is optimum utilisation of the available resources, with minimum or Nil wastage.
- IIFL is member of numerous associations, through which they provide various suggestions with respect to the development of the financial market.
- All policies are annually reviewed by the Board and amended in line with the extant applicable regulations from time to time; they are also reviewed by the auditor from time to time.

Business Responsibility Report (Contd.)

If the answer to the question at serial number 1, against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify): Keeping in view the Companies nature of business, i.e. financial services, such policy is not applicable to the Company.	-	-	-	-	-	-	-	-	-

2. Governance related to BR

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

This Report is reviewed by the Board of Directors on an annual basis.

- b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This Business Responsibility Report of the Company is a part of the Annual Report for the Financial Year 2019-20. The same will also be available on the website of the Company, i.e. www.indiaonline.com.

to bribery and corruption. The Code is applicable to directors and employees of the Company as well as to the directors and employees of the subsidiary companies.

Though IIFL polices currently do not apply to external stakeholders, such as suppliers, contractors and NGOs, IIFL emphasises adherence to ethical business practises while dealing with such stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

IIFL receives complaints / issues / enquiries from various stakeholders in the ordinary course of business which are handled by the customer service team and ensured that the same are resolved satisfactorily.

Customers/Other stakeholders of various businesses of IIFL

The complaints received from customers directly or through various regulators in the ordinary course of business and are handled by the Investor Grievances team and resolved within the prescribed timelines as required under various regulations.

With respect to employees

IIFL has a mechanism, as provided under the Whistle Blower Policy/Prevention of Sexual Harassment Policy, whereby employees can raise their concerns. A report on the concerns received, if any, and the manner in which they are dealt with is periodically reported to the Audit Committee. During the financial year, the Company did not receive any complaints under the Whistle Blower Policy/Prevention of Sexual Harassment Policy.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Business should conduct and govern themselves with ethics, transparency and accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?

IIFL conducts its business with utmost integrity. It considers ethics, transparency and accountability to be its most important operational priorities and these are ingrained into its practices across the organisation.

IIFL is committed to act professionally, fairly and with integrity in all its dealings. IIFL, through the Code of Conduct, has adopted a 'zero-tolerance' approach

Business Responsibility Report (Contd.)

Principle 2 - Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

IIFL is into Stock broking and Depository services, Investment Banking, Insurance distribution, Office infrastructure services for captive utilisation as well as to external entities.

The Clients of the Company are provided online trading facilities through Internet and offline trading through Branches and Customer Care. All operations are carried out online through active support of branches and Authorised Persons under regulatory environment and accordingly are in compliance with rules and regulations. Our operations are seamless and communication with clients happens through mailers and text messages, thus creating minimal impact on the environment

Considering the nature of the business of IIFL, the said Principle may not be strictly applicable. However, IIFL endeavours to serve social and economic opportunities through its products.

The India Infoline Foundation focusses on inclusive growth in the areas of elementary education, sustainable livelihoods, primary healthcare and financial inclusion. IIFL has a Corporate Social Responsibility Policy, which can be viewed on the website of the Company, i.e. www.indiainfoline.com. The initiatives of India Infoline Foundation for inclusive growth can also be viewed on the website of the Company, i.e. www.indiainfoline.com.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

Considering the nature of the business of IIFL and the products/initiatives referred to above, some of the questions below are not applicable.

- i. Reduction during sourcing/production/distribution that has been achieved since the previous year, throughout the value chain?
N.A.
- ii. Reduction during usage by consumers (energy, water) that has been achieved since the previous year?

Please refer to the response under Principle 6

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

IIFL is not involved in any manufacturing activity, the reporting on sustainable sourcing is not applicable. The raw material mainly required is the fund for which possible sources have been obtained at an appropriate time, for enabling IIFL to raise the required fund at competitive interest rates.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

IIFL wherever practically possible and feasible, has attempted to improve the capacity and capability of local & small vendors by obtaining the goods or services as required for day to day administration/operations.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.

IIFL is not involved in any manufacturing activity, the reporting on recycle mechanism is not applicable. However, solid waste management is done by using the recycled paper from disposed paper, tissue and cardboard waste. Further, the IT wastes are outsourced to the vendor, who disposes the wastes as per the appropriate waste-disposal mechanism.

Principle 3 - Business should promote the wellbeing of all employees

At IIFL, we believe that a motivated work force defines the growth potential of an organisation. Building and enhancing the talent pool has always been a top-priority initiative. Has been successful in attracting varied talent that brings sound expertise, new perspectives and enthusiasm to the job. We have adopted various, policies, procedures, manuals and conducted numerous training programmes through the year, for the protection and welfare of the employees.

IIFL promotes a work-life balance approach. For the welfare of its employees, the Company has taken a number of initiatives like paid leaves, insurance coverage, health check-ups, offsite meetings, etc.

Business Responsibility Report (Contd.)

1. **Please indicate the Total number of employees.**
The total number of employees, as on March 31, 2020, is 2,074.
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**
The total number of employees hired on temporary/contractual/casual basis, as on March 31, 2020, is 95.
3. **Please indicate the Number of permanent women employees.**
The total number of permanent women employees, as on March 31, 2020, is 409.
4. **Please indicate the Number of permanent employees with disabilities.**
There are no employees with disability working with the Company or its subsidiaries. However, IIFL provides equal opportunity to all and does not discriminate on the basis of disabilities.
5. **Do you have an employee association that is recognised by the management?**
There is no employee association. However, mechanisms are in place for employees to represent their issues, if any, and the same are resolved amicably.
6. **What percentage of your permanent employees is members of this recognised employee association?**
Not Applicable
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as of end of the financial year
1	Child labour/ forced labour/ involuntary labour	IIFL do not support/hire child labour, forced labour or involuntary labour	Not Applicable
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	None	None

8. **What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?**

IIFL is taking continuous efforts in providing various platforms to all its employees (permanent, casual, contractual, temporary) to upgrade their innate skills and learn new things.

Moneyversity app is one of the platform which provides online learning to the employees, wherein employee undergo various training modules and obtain certification through exams. Apart from this, IIFL also encourages its employees to obtain various certifications like NISM certifications, NCFM certifications required as per Regulatory guidelines.

a. Permanent Employees

All permanent employees (male and female) of IIFL have received training in the last year. Employees undergo the fire drill and fire safety training as well as other skill up-gradation training every year.

b. Permanent Women Employees

All permanent women employees of IIFL have received training in the last year. Employees undergo the fire drill and fire safety training every year.

c. Casual/Temporary/Contractual Employees

All the Casual/Temporary/Contractual employees have undergone the training.

d. Employees with Disabilities

IIFL did not have any employees with disabilities in employment during the financial year.

Principle 4 - Business should respect the interests of, and be responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalised

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

Yes IIFL engages with various stakeholders, viz employees, customers, clients, investors, shareholders, government and regulatory bodies, business associates, media, social organisation, etc., on a regular basis. The process of mapping of stakeholders is an on-going exercise and is conducted on a regular basis.

Business Responsibility Report (Contd.)

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes. IIFL CSR Committee identifies disadvantaged, vulnerable and marginalised stakeholders through its dedicated team and directs the CSR activities of the Company towards such stakeholders.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

IIFL under its CSR Policy and through the India Infoline Foundation undertakes the following activities: literacy centres for out-of-school girls in the tribal hamlets of Rajasthan, a crèche & learning centre for children of migrant construction workers, a financial literacy & inclusion centre for women in the eastern and north-eastern states, support to government schools for development of infrastructure & a digital learning platform, medical camps for the economically weaker sections in UP and Maharashtra, machinery support to government hospitals, disaster relief activity and water conservation initiative; the Company also supported a private school run for differently-abled students. Further, the IIFL Foundation contributed to the PM CARES Fund and extended help to hospitals, for combating the COVID-19 crisis in India.

For details, please refer the Report on CSR Activities, annexed to the Directors' Report as Annexure 1.

Principle 5 – Business should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Respecting and understanding Human Rights and addressing any potential human rights violation is a crucial responsibility for any organisation. IIFL has adopted several policies – viz Code of Conduct, Policy against Sexual Harassment, Whistle Blower Policy, etc. – which ensure there is no violation of human rights in its conduct, externally or internally.

IIFL adheres to all statutes that embody the principles of human rights such as non-discrimination, prevention of child labour, prevention of sexual harassment and equal employment opportunities. IIFL is committed to a work environment in which all individuals are treated with fairness, respect and dignity. Persons not directly connected to the Company, viz an outside

vendor, consultant, supplier or client, are also expected to comply to the principles of human rights in every respect.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

IIFL has not received any complaint governing this principle.

Principle 6 - Business should respect, protect and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?

As mentioned under the responses to Principle 2, given the nature of the business of IIFL this Principle is not largely relevant. However, the IIFL is in compliance with the applicable environmental regulations.

2. Does the Company have strategies/initiatives to address global environmental issues, such as climate change, global warming, etc.? Y/N? If yes, please give hyperlink for webpage, etc.

IIFL is engaged in the industry of providing services and not in the manufacture of any goods; hence, it is a non-pollutant. However, as an environmentally responsible and friendly corporate, IIFL has been striving towards imbibing green sustainable products, processes, policies and practices. IIFL emphasises on a cost-efficient environment friendly measures build awareness and mindfulness about the environment among employees. Our offices have been designed such that they are equipped with energy-efficient air conditioners, LED lights and other energy-conservation measures. IIFL has been reducing dependence on paper communications and encourages use of the electronic means of communication, which serves towards environmental protection and sustainable growth.

3. Does the Company identify and assess potential environmental risks? Y/N?

IIFL is not a manufacturing entity, the above question is not applicable.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

IIFL is not a manufacturing entity, the above question is not applicable.

Business Responsibility Report (Contd.)

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

As mentioned above, IIFL participates in several initiatives in the area of environment and sustainability. IIFL has also taken several measures to minimise the environmental impact due to business travel. Such measures include carpooling, company bus service, video/audio conferencing facilities at all major offices. Apart from these, it has also moved to the digitalisation platform, wherein it saves on paper and stationery.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by the CPCB/SPCB for the financial year being reported?

IIFL is not a manufacturing entity, the above question is not applicable.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

Principle 7 - Businesses, when engaged in influencing the public and regulatory policy, should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

IIFL is presently a member of the Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industry (CII), Association of National Exchanges Members of India (ANMI), Commodity Participants Association of India (CPAI), Association of Mutual Funds in India (AMFI), Association of Investment Bankers of India (AIBI) and Insurance Brokers Association of India (IBAI).

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

IIFL has taken up the issues through the aforesaid trade association, whenever there were issues or need particularly relating to trade policies, regulatory issues and development of financial services.

Principle 8 - Businesses should support inclusive growth and equitable development.

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Yes – Educating the illiterate or semi-literate and schooling the unschooled is the key programme under which IIFL works, via commencement of community schools in remote locations, for facilitating education opportunities for girls among tribal communities dwelling in remote locations. Such community schools engage girls who are out of school due to problems such as access, poverty as well as cultural and other issues. IIFL promotes financial literacy and skill-development programmes for women and the youth in rural areas. The initiative pays special attention to participation by and inclusion of women in the financial planning of their households, by developing their interest in planning & management of savings, investments and availing financial inclusion schemes by the government. Mega Medical Camps were organised to offer free cataract operations and dental treatments for the economically weaker sections from rural areas. Also, initiatives have been taken to conserve water through construction of dams and rejuvenation of rivers, making drought-prone areas water-positive, to aid farmers and agriculture practice. The Company has also extended aid by donation to the PM CARES Fund, to fight the ongoing COVID-19 crisis.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?

IIFL undertakes various CSR projects through its Subsidiary, i.e. India Infoline Foundation, a Company incorporated as per Section 25 of the Companies Act, 1956 (Implementing agency).

3. Have you done any impact assessment of your initiative?

Yes – Quarterly tracking is done to check the progress of the activities.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Please refer to the Annual Report on CSR Activities, annexed to the Directors' Report as Annexure 1.

Business Responsibility Report (Contd.)

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. All the community school programmes are implemented with active participation of the community, by constituting SICOM (school inspiration committee) comprising members of the community. Such members participate in decisions regarding the school such as location, teacher appointment and school timings. This ensures that the community owns the programme and works towards achieving the goals and objectives alongside the Company. Also, the community is encouraged to adopt the learning centres, thus promoting sustainability of the initiative. Through the financial literacy centres, women are encouraged to volunteer and share their learning with women from neighbouring areas and communities.

Principle 9 - Businesses should engage with and provide value to the customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending, as of the end of the financial year?

The percentage of customer complaints pending as of the end of the financial year is 1.43%.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

IIFL is engaged in the financial services sector, the above question is not applicable. However, all necessary disclosure requirements relating to the services offered by IIFL are complied with.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

IIFL regularly advertises its products and offerings as per Regulatory guidelines. IIFL receives enquiries or issues by the Regulators and the same are addressed promptly and ensured that the regulatory guidelines are adhered to.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

IIFL interacts with its clients for consumer survey/ consumer satisfaction trends. IIFL keeps track of responses/ comments on the social media network.

For and on behalf of the Board

Venkataraman Rajamani

Managing Director
DIN: 00011919

Narendra Jain

Whole Time Director
DIN: 01984467

Date: May 15, 2020

Place: Mumbai

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report relating to the year ended on March 31, 2020 has been issued in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof and forms a part of the Report of the Directors to the Members of the Company.

1. OUR COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

IIFL Securities Limited ('the Company') follows the highest standards of governance and disclosure. The Company firmly believes that adherence to business ethics and sincere commitment to corporate governance will help the Company achieve its vision of being one of the most respected financial services company's in the Capital Markets space in India. Since inception, the promoters have demonstrated an exemplary track record of governance and utmost integrity. The Company is in compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. With the implementation of a stringent employee code of conduct policy and adoption of a whistle-blower policy, the Company has moved ahead in its pursuit of excellence in corporate governance.

The Company also considers its stakeholders as partners in success, and the Company remains committed to maximising stakeholders' value. The Company's corporate governance philosophy is based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the Board Committees.

2. BOARD OF DIRECTORS

(a) Composition of the Board of Directors:

The Board of Directors ("Board") of the Company has an optimum combination of Executive and Non-Executive Directors (including one Independent Woman Director) and the Chairman of the Board is Non-Executive Independent Director. The Board provides leadership, strategic guidance and discharges its fiduciary duties of safeguarding the interest of the Company and its stakeholders.

None of the Directors of the Company are related to each other. The composition of the Board is as follows:

Category	Name of the Directors
Executive Directors	Mr. Venkataraman Rajamani (Managing Director) (Promoter)
	Mr. Mohan Radhakrishnan (Executive Director)
	Mr. Narendra Jain (Executive Director)
Non-Executive Directors	Mr. Kranti Sinha (Independent Director and Chairman)
	Ms. Rekha Warriar (Independent Director)
	Mr. Shamik Das Sharma (Independent Director)

Note:

- Ms. Geeta Mathur resigned as an Independent Director and in her place Ms. Rekha Warriar was appointed as an Independent Director w.e.f. May 8, 2019.
- Mr. Narendra Jain was re-designated as a Whole-Time Director w.e.f. May 13, 2019, pursuant to Composite Scheme of Arrangement.
- Mr. Venkataraman Rajamani appointed as an Additional Executive Director w.e.f. May 13, 2019 and thereafter re-designated as a Managing Director w.e.f. May 15, 2019.
- Mr. Aniruddha Dange, was re-designated as Non-Executive Director on July 01, 2019 and resigned w.e.f. November 27, 2019.
- Mr. Shamik Das Sharma was appointed as an Independent Director w.e.f. January 14, 2020.

(b) Brief profiles of the Directors are as follows:

• MR. KRANTI SINHA - Non-Executive - Independent Director and Chairman

Mr. Kranti Sinha is an Independent Director and Chairman on the Board of our Company. He holds a Master's degree in Arts from Agra University and started his career as a Class I Officer with Life Insurance Corporation of India ("LIC"). He served as Director and Chief Executive Officer of LIC Housing Finance Limited, from August 1998 to December 2002, and concurrently, as the Managing Director of LIC Home Finance Limited (a wholly-owned subsidiary of LIC Housing Finance Limited). He retired from the permanent cadre of the Executive Director of LIC. He also served as the Deputy President of the Governing Council of the Insurance Institute of India and as a member of the Governing Council of the National Insurance Academy, Pune, apart from various other such bodies.

List of Directorship held in other listed Companies	Name of the Company	Category of Directorship
	*IIFL Home Finance Limited	Independent Director
No. of shares held in the Company	115000	

Note: *IIFL Home Finance Limited is a debt listed Company.

Corporate Governance Report (Contd.)

- **MS. REKHA WARRIAR – Non-Executive - Independent Director**

Ms. Rekha Warriar is an Independent Director on the Board of the Company. She holds a Master's degree in Applied Mathematics from the University of Bombay and a Master's in Public Policy from Princeton University, USA. She has an experience of over 30 years with the Reserve Bank of India in various departments. She has headed the departments of financial stability and internal debt management. She has also worked as a member of faculty in RBI's training colleges and at the National Institute of Banking Management, Pune. She has vast experience in the areas of foreign exchange, rural planning & development, and urban bank supervision. She retired as a Regional Director (West Bengal and Sikkim), RBI in July 2017.

List of Directorship held in other listed Companies	Name of the Company	Category of Directorship
	*IIFL Wealth Finance Limited	Independent Director
	*IIFL Facilities Services Limited	Independent Director
	Indiabulls Ventures Limited	Independent Director
No. of shares held in the Company	Nil	

Note: *IIFL Wealth Finance Limited and IIFL Facilities Services Limited (listed until May 12, 2020) are the debt listed Company.

- **MR. VENKATARAMAN RAJAMANI – Managing Director**

Mr. Venkataraman Rajamani, is the Co-Promoter and Managing Director of the Company. He holds Post Graduate Diploma in Management from Indian Institute of Management (IIM), Bangalore and Bachelor in Electronics and Electrical Communications Engineering from IIT Kharagpur. He is also currently a promoter and the Managing Director of IIFL Finance Limited. He has been contributing immensely in the establishment of various businesses and spearheading key initiatives of the IIFL Group over the past 21 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.

List of Directorship held in other listed Companies	Name of the Company	Category of Directorship
	IIFL Finance Limited	Managing Director
	*IIFL Home Finance Limited	Non-Executive Director
	IIFL Wealth Management Limited	Non-Executive Director
No. of shares held in the Company	11184432	

Note: *IIFL Home Finance Limited is a debt listed Company.

- **MR. MOHAN RADHAKRISHNAN - Executive Director**

Mr. Mohan Radhakrishnan is a Executive Director on the Board of the Company. He is a qualified Chartered Accountant. He has over 33 years of experience in financial services and capital market regulations and compliances. He is associated with the IIFL Group as the Chief Compliance Officer since the last 15 years and is involved in successful implementation of the new developmental initiatives and setting up of regulatory systems, governance and processes across the financial services activities of the IIFL Group. In the past, he was associated with SEBI as a General Manager, where he served for a period of over 13 years. He had held various positions in the regulations, supervision, market surveillance and investigation functions at SEBI. During his tenure at SEBI, he also served as the Member Secretary of the "Group for Review of Portfolio Managers Regulations" in 2000, coordinator for the "Committee on Strengthening of Disclosures in the Offer Documents of Companies" in 2001, and member of the "Working Group to prepare Pilot Policy Statement on Takeover/ Merger and Transfer of Shares of Banks" set up by the RBI in 2003. Prior to joining SEBI, he was associated with Carborundum Universal Limited, in the corporate finance and taxation, for five years.

List of Directorship held in other listed Companies	Nil
No. of shares held in the Company	100000

Corporate Governance Report (Contd.)

- MR. NARENDRA JAIN –Executive Director**

Mr. Narendra Jain is a Executive Director on the Board of our Company. He holds a Bachelor's degree in Commerce from the University of Mumbai and is a qualified Rank Holder Chartered Accountant. He has over 25 years of experience in the financial services industry, specifically in areas such as operations, project management, taxation, internet banking and finance. He has handled various key positions in the IIFL Group as well as other support functions such as back office operations, depository participant operations; know your client operations, customer service, quality controls, and risk, audit, administration and branch operations. In the past, he was associated with ICICI Brokerage Service Limited, where he worked in areas like operations, risk, compliance and design and development of systems and processes. He was also associated with Hindustan Petroleum Corporation Limited, wherein he was involved in areas such as indirect taxation and marketing analytics.

List of Directorship held in other listed Companies	Nil
No. of shares held in the Company	58000

- Mr. SHAMIK DAS SHARMA – Non-Executive - Independent Director**

Mr. Shamik Das Sharma is an Independent Director on the Board of the Company. He holds a Bachelor's degree in technology in Computer Science and Engineering from the Indian Institute of Technology, Kharagpur. He has over two decades of experience in crafting technical products, taking them to market, building strong teams and instituting a tech-oriented culture in organisations. He started his career as a research scientist at HP Labs in the Bay area, and has over a dozen published research papers & seven patents. He then started his own security software firm, Confluent, in 2001, which was acquired by Oracle. He has held senior executive roles several other Bay area startups, in domains ranging from ad-tech, marketplaces, content publishing and gaming. He moved to India in 2012, as CPO/CTO of Myntra, and helped scale the business 30x and the tech team 10x during his tenure. He currently works on health-tech initiatives at Cure.Fit. As an angel investor, he has invested in over a dozen startups and strongly believes in technology and culture as the two key levers to build highly scalable businesses.

List of Directorship held in other listed Companies	Nil
No. of shares held in the Company	Nil

(c) Matrix chart of core skills/expertise /competencies of the Board members

The Board of Directors of the Company has adopted the policy on Board Diversity. It seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds. For purposes 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. Accordingly, a matrix chart setting out the core skills, experience, and competencies of the Board of Directors is mentioned below:

Technical skills/ experience/competencies	Mr. Kranti Sinha	Ms. Rekha Warriar	Mr.Venkataraman Rajamani	Mr. Mohan Radhakrishnan	Mr. Narendra Jain	Mr. Shamik Das Sharma
Knowledge of the Sector	√	√	√	√	√	√
Accounting and Finance	√	√	√	√	√	√
Corporate Governance and Compliances		√	√	√		
Marketing experience	√		√		√	
Strategy development and implementation	√	√	√	√	√	√
Information Technology			√	√	√	√
Stakeholders Relationship	√	√	√	√	√	
Risk Management System	√	√	√	√	√	√
CEO/Senior Management Experience /Leadership	√	√	√	√	√	√

The Board of the Company has the necessary skills/expertise/competence in all the above mentioned areas.

Corporate Governance Report (Contd.)

(d) Board Meetings and Directorship / Committee membership(s) of Directors:

During the financial year 2019-20, ten (10) Board Meetings were held on the following dates: April 10, 2019, April 30, 2019, May 08, 2019, May 13, 2019, June 06, 2019, June 25, 2019, August 08, 2019, October 22, 2019, January 29, 2020 and February 07, 2020.

As mandated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 across all the Indian Public Limited companies in which they are Directors. The Company has received 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 status, their attendance at the Board Meetings and the last AGM, their Directorships, Committee Memberships and Chairmanships in Indian Companies. It excludes Directorships of Private Limited Companies, Foreign Companies and Section 8 Companies:

Name of the Director and DIN	Date of appointment	Category	Number of board meeting attended during the year	Attendance at last AGM	Directorships in Listed entities (including IIFL Securities Limited)		Membership/ Chairpersonship of Committees (including IIFL Securities Limited) [§]	
					Director	Chairman ##	Member	Chairman @
Mr. Kranti Sinha (DIN: 00001643)	27/07/2015	Independent Director	9	Yes	1	1	2	1
Mr. Mohan Radhakrishnan (DIN: 00012070)	22/05/2006	Whole-Time Director	9	No	1	0	1	0
Mr. Narendra Jain** (DIN: 01984467)	13/05/2019	Whole-Time Director	8	Yes	1	0	2	0
Ms. Rekha Warriar [^] (DIN: 08152356)	08/05/2019	Independent Director	5	Yes	4	0	3	1
Mr. Venkataraman Rajamani** (DIN: 00011919)	15/05/2019	Managing Director	6	Yes	4	0	3	1
Mr. Shamik Das Sharma (DIN: 07779526)@@	14/01/2020	Independent Director	2	NA	1	0	1	0
Ms. Geeta Mathur [^] (DIN: 02139552)	22/01/2015	Independent Director	1	NA	NA	0	NA	NA
Mr. Aniruddha Dange [#] (DIN: 02599853)	01/07/2019	Non-Executive Director	3	No	NA	0	NA	NA

Note:

- *Ms. Geeta Mathur Independent Director, as stated in her resignation letter, due to her pre-occupation, she resigned from the Board of Directors of the Company w.e.f. May 8, 2019. She also confirmed there were no other material reasons for resignation other those mentioned in the letter.
- **Mr. Narendra Jain was re-designated as a Whole-Time Director w.e.f. May 13, 2019, pursuant to Composite Scheme of Arrangement.
- #Mr. Aniruddha Dange re-designated as a Non-Executive Director w.e.f. July 1, 2019 and due to pre-occupation he resigned from the Board of Directors of the Company w.e.f. November 27, 2019.
- [^]Ms. Rekha Warriar appointed as an Independent Director w.e.f. May 8, 2019.
- ^{^^}Mr. Venkataraman Rajamani appointed as an Additional Executive Director w.e.f. May 13, 2019 and thereafter re-designated as a Managing Director w.e.f. May 15, 2019.
- @@Mr. Shamik Das Sharma appointed as an Independent Director w.e.f. January 14, 2020. He was eligible to attend one Board Meeting i.e. on February 07, 2020.
- §The committees considered for the above purpose are those prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 viz Audit Committee and Stakeholders Relationship Committee.
- @This is in addition to the number of committees as a member in which the Director is designated as Committee Member.
- ##This is in addition to the number of directorship as a Director in which the Director is designated as a Director of the Company.

Corporate Governance Report (Contd.)

(e) Board Level Performance Evaluation:

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

The criteria for performance evaluation are as under:

For Chairman:

The criteria for evaluation of Chairman, *inter alia*, includes his ability to conduct meetings, ability to elicit inputs from all members, ability to table 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, and compliance with regulatory requirements.

For Executive Directors:

The criteria for evaluation of Executive Directors, *inter alia*, includes their ability to elicit inputs from all members, ability to table 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, 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 agenda and active participation, contribution to discussions on strategy, participate 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, adherence to the code of conduct.

For the Board as a whole:

The criteria for evaluation of the Board, *inter alia*, includes composition and diversity, induction programme, team work, performance culture, risk management and financial controls, integrity, credibility, trustworthiness, active and effective participation by members.

(f) Separate meetings of Independent Directors:

In compliance with the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held on March 24, 2020, *inter alia*, to discuss the following:

- To review the performance of Non-Independent Directors and the Board as a whole;
- To review the performance of the Chairperson of the Company;
- To assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Upon the conclusion of the meeting, the Independent Directors expressed their satisfaction over the performance of the other Directors and the Board as a whole. They also expressed their satisfaction over the quality, quantity and flow of information between the Company management and the Board / Committees of the Board from time to time.

(g) Familiarisation programme for Independent Directors:

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 and operations of the Company as well as the Group. Quarterly updates on relevant statutory changes are discussed at the Board meetings. The details of such familiarisation programmes of the Company may be accessed on the Company's website i.e. www.indiaonline.com.

(h) Meetings of the Board:

- Frequency: The Board meets at least once a quarter to review the quarterly results and other items of the Agenda. Whenever necessary, additional meetings are held. In case of business exigencies or matters of urgency, resolutions are passed by circulations, as permitted by law, which are confirmed in the next Board Meeting.
- Board Meeting Location: The location of the Board / Committee Meetings is informed well in advance to all the Directors. As enabled under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by ICSI and circulars issued by Regulators from time to time, the meeting of the Board and its committee(s)

Corporate Governance Report (Contd.)

is also held through Video Conferencing/ Other Audio Video Means, whenever required. Each Director is expected to attend the Board / Committee Meetings.

- Notice and Agenda distributed in advance: The Company's Board / Committees are presented with detailed notes, along with the agenda papers, which are being 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 Chairman of the Board / Committees sets the Agenda for the Board / Committee Meetings. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the Meeting. Where 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/ decision with the Board/ Committee Members.
- Presentations by Management: The Board / Committee is given presentations, wherever practicable, covering changes in Acts, Regulations, Regulatory circulars, Supervisory/Advisory Report issued by Regulators or Exchanges and action taken on the implementation covering all the activities of the Company, update and development on legal matters, finance, sales, marketing, major business segments and operations of the Company, global business environment including business opportunities, business strategy, risk management practices, and operating performance of the Company 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 the personnel whose presence and expertise

would help the Board to get a full understanding of the issues being considered.

(i) Information Supplied to the Board / Committees:

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

- Annual operating plans of the businesses and budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly results of the Company.
- Minutes of the Meetings of the Board and all other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal, if any, of Chief Financial Officer and Company Secretary.
- Status of important/material litigations etc.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which 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 payment towards royalty, goodwill, brand equity or intellectual property.
- Any significant development in human resources / industrial relations front, as and when it occurs.
- Sale of the material nature of investments, assets that are not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of an adverse exchange rate movement, if material.
- Compliance status of any regulatory, statutory nature or listing requirements and shareholders' service, if any, and others, and steps taken by the Company to rectify instances of non-compliances, if any.

Corporate Governance Report (Contd.)

(j) **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 of the Board. The Minutes are confirmed by the Members and signed by the Chairman at the next Board / Committee Meetings. All Minutes of the Committee Meetings are placed before the Board Meeting for perusal and noting.

(k) **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, which calls for actions to be taken, are promptly initiated and, wherever required, communicated to the concerned departments/ divisions. Such an updated report is placed at the immediately succeeding Meeting of the Board / Committee(s) for information and review by the Board/ Committee(s).

3. Committee of the Board

The Board has constituted the following Committees to take informed decisions in the best interests of the Company. These Committees monitor the activities falling within their terms of reference. Specific terms of reference laid out of these Committees and reviewed annually:

- A. Audit Committee
- B. Nomination and Remuneration Committee
- C. Corporate Social Responsibility Committee
- D. Stakeholders Relationship Committee
- E. Risk Management Committee
- F. Finance Committee

A. AUDIT COMMITTEE

Composition

The Audit Committee of the Company comprises of three Independent Directors (Mr. Kranti Sinha, Mr. Shamik Das Sharma and Ms. Rekha Warriar) and one Executive Director (Mr. Narendra Jain). Mr. Kranti Sinha, an Independent Director, is the Chairman of the Committee. All the members of the Audit Committee are financially literate and possess thorough knowledge of the financial services industry. The Audit Committee was latest reconstituted on February 07, 2020.

Broad terms of reference of the Audit Committee

The scope of the Audit Committee includes the references made under Regulation 18 read with part C of schedule II of the SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015 as well as Section 177 and other applicable provisions of the Companies Act, 2013, besides other terms that may be referred by the Board of Directors. The broad terms of reference of the Audit Committee are:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company;
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - i. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - ii. Matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - iii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iv. Major accounting entries involving estimates based on the exercise of judgment by the Management;
 - v. Significant adjustments made in the financial statements arising from the audit findings;
 - vi. Compliance with listing and other legal requirements relating to financial statements;
 - vii. Disclosure of any related party transactions; and
 - viii. Qualifications/ modified opinions in the draft audit report.
- d) Reviewing the quarterly financial statements with the management before submission to the Board for approval;
- e) Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making

Corporate Governance Report (Contd.)

- appropriate recommendations to the Board to take up steps in this matter;
- f) Review and monitor the auditor's independence and performance, and effectiveness of audit the process;
- g) Approval or any subsequent modification of transactions of the Company with related parties;
- h) Scrutiny of inter-corporate loans and investments;
- i) Valuation of undertakings or assets of the Company, wherever necessary;
- j) Evaluation of internal financial controls and risk management systems;
- k) Monitoring the end use of funds raised through public offers and related matters, if any;
- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m) Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit;
- n) Discussion with internal auditors of any significant findings and follow up thereon;
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- p) Discussion with statutory auditors before the commencement of the audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- q) The Audit Committee may call for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of the financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
- r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- s) To establish and review the functioning of the whistle blower mechanism;
- t) Approval of appointment of the Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- u) Related Party Transactions:
- i. all related party transactions shall require prior approval of the Audit Committee.
 1. the Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely:
 2. the criteria for granting the omnibus approval shall be specified, which shall be in line with the Company's policy on related party transactions and such approval shall be based on factors, namely repetitiveness of the transactions (in past or in future) and the justification for the need of omnibus approval;
 3. the Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
 4. such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
 - ii. the omnibus approval shall specify:
 1. the name(s) of the related party, nature of transaction, period of transaction, maximum value of transactions that shall be entered into and the value of transactions, in aggregate, which can be allowed under the omnibus route in a year;
 2. the extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 3. the indicative base price or current contracted price and the formula for variation in the price if any;
 4. such other conditions as the Audit Committee may deem fit.

Provided that where the need for related party transaction cannot be foreseen and the aforesaid details are not available, the Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 10 million per transaction;
 - iii. the Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company, pursuant to each of the omnibus approvals given;

Corporate Governance Report (Contd.)

- iv. such omnibus approvals shall be valid for a period not exceeding one (1) financial year and shall require fresh approvals after the expiry of such financial year;
 - v. however, such prior and omnibus approval shall not be required in case of transactions entered into between the company and its wholly owned subsidiary/ subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- v) Review of:
- i. management discussion and analysis of financial condition and results of operations;
 - ii. statement of significant related-party transactions (as defined by the Audit Committee), submitted by management;
 - iii. management letters / letters of internal control-weaknesses issued by the statutory auditors;
 - iv. internal audit reports relating to internal control weaknesses;
 - v. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
 - vi. statement of deviations including:
 - 1. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations;
 - 2. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations;
 - vii. The utilisation of loans and/or advances from/investment by the holding company in the subsidiary > ₹ 100 crore or 10% of asset size of the subsidiary, whichever is lower, including existing loans / advances / investments and all other terms of reference of the committee shall remain unchanged.
- w) The Audit Committee shall have authority to investigate into any matter in relation to the items specified above and, for this purpose, shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
- x) Regulatory matters/prescription's mandated by SEBI/IRDA/Exchange/DP/PFRDA etc. and the implementation thereon.
- y) Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the Listing Regulations or by any other regulatory authority.

Meeting and Attendance

During the financial year 2019-20, the Audit Committee of the Company met six (6) times on May 8, 2019, May 13, 2019, June 25, 2019, August 8, 2019, October 22, 2019 and February 07, 2020. The necessary quorum was present at the meetings. The gap between two Audit Committee Meetings was not more than 120 days.

The attendance of each member of the Committee at the Meeting held as on March 31, 2020 is given below:

Name of the members	Designation	Non-Executive/ Executive /Independent	No. of committee meetings held	Committee meeting attended
Mr. Kranti Sinha	Chairman	Independent Director	6	6
Mr. Narendra Jain	Member	Executive Director	6	5
Ms. Rekha Warriar [*]	Member	Independent Director	6	4
Ms. Geeta Mathur [*]	Chairperson	Independent Director	6	0
Mr. Shamik Das Sharma [#]	Member	Independent Director	6	1

Note:

1. ^{*}Ms. Geeta Mathur resigned from the Company and as a Chairperson and member of the Audit Committee w.e.f. May 8, 2019 and in her place Mr. Kranti Sinha was appointed as the Chairman w.e.f. May 08, 2019.
2. ^{*}Ms. Rekha Warriar was appointed as an Independent Director and member of the Audit Committee w.e.f. May 8, 2019.
3. [#]Mr. Shamik Das Sharma was appointed as a member of the Audit Committee w.e.f. February 07, 2020.

Audit Committee meetings are attended by the Chief Financial Officer of the Company and partners/representatives of Statutory Auditors and Internal Auditors, if required. The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 30, 2019.

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B. NOMINATION AND REMUNERATION COMMITTEE

Composition

The Nomination and Remuneration Committee comprises of three Independent Directors i.e. Ms. Rekha Warriar as the Chairperson, Mr. Kranti Sinha and Mr. Shamik Das Sharma as the member of the Committee. The Nomination and Remuneration Committee was latest reconstituted on January 14, 2020.

The Broad terms of reference of Nomination and Remuneration Committee

The terms of reference of Nomination and Remuneration Committee are as per the Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013. The board terms of reference of the Nomination and Remuneration Committee are as follows:

1. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees and while formulating this policy ensure that:
 - a) Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
 - b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - c) Remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of our Company and its goals and ensure that the policy is disclosed in the Board's report.
3. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
4. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
5. Devising a policy on diversity of the Board of Directors.

The Nomination and Remuneration Committee also administer the Company's employee stock option plans. The stock options granted by the Committee are disclosed in detail in the Directors' Report.

Attendance and Meeting

During the year under review, the Nomination and Remuneration Committee of the Company met four (4) times i.e. on May 8, 2019, August 08, 2019, October 22, 2019 and February 07, 2020. The necessary quorum was present at the meetings. The Chairperson of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on September 30, 2019.

The details of attendance of each member of the Committee at the Meeting held as on March 31, 2020 are given below:

Name of the members	Designation	Non-Executive/ Independent	No. of committee meetings held	Committee meeting attended
Ms. Rekha Warriar [^]	Chairperson	Independent Director	4	3
Mr. Narendra Jain [§]	Member	Executive Director	4	1
Mr. Kranti Sinha	Member	Independent Director	4	4
Mr. Shamik Das Sharma [#]	Member	Independent Director	4	1
Mr. Aniruddha Dange ^{**}	Member	Non-Executive Director	4	0
Ms. Geeta Mathur [*]	Chairperson	Independent Director	4	0

Note:

1. ^{*} Ms. Geeta Mathur has resigned from the Nomination and Remuneration Committee (Committee) as the Chairperson and Member w.e.f. May 8, 2019.
2. [^] Ms. Rekha Warriar appointed as a member and Chairperson of the Committee w.e.f. May 8, 2019.
3. [§]Mr. Narendra Jain was re-designated as Whole-Time Director and resigned as a member of the Committee w.e.f. May 13, 2019.
4. ^{**}Mr. Aniruddha Dange resigned from the Committee w.e.f. November 27, 2019.
5. [#] Mr. Shamik Das Sharma appointed as a member of w.e.f. January 14, 2020.

Corporate Governance Report (Contd.)

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

The Board of Directors of the Company has approved Nomination & Remuneration Policy of the Company, which sets out the guiding principles for appointment & remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The details of the Nomination & Remuneration policy and remuneration paid to the Directors are as follows:

a) **Nomination and Remuneration Policy:**

I. **OBJECTIVE:**

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been approved by the Nomination and Remuneration Committee (the Committee) and Board of Directors.

II. **DEFINITIONS:**

1. "Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
2. "Board" means Board of Directors of the Company.
3. "Key Managerial Personnel" (KMP) means:
 - Managing Director, or Chief Executive Officer or Manager;
 - Whole-time Director;
 - Chief Financial Officer;
 - Company Secretary; and such other officer as may be prescribed.
4. "Research Analysts" shall have the same meaning as defined under the SEBI (Research Analysts) Regulation, 2014, as amended from time to time.
5. "Senior Management" means the personnel of the Company who are members of its core management team, excluding the Board of Directors, comprising all members of management one level below the Executive Directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 / Listing agreement (wherever applicable) as may be amended from time to time shall have the meaning respectively assigned to them therein.

III. **ROLE OF THE COMMITTEE:**

1. Formulation of criteria for evaluation of the performance of independent directors and the Board of Directors;
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and while formulating this policy ensure that the:
 - i. level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and ensure that the policy is disclosed in the Board's report;
3. Identify persons who are qualified to become directors and who may be appointed as senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
4. Whether to extend or continue the terms of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
5. Devising a policy on diversity of the Board of Directors.

IV. **APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:**

1. Appointment Criteria and Qualifications:
 - (a) A person being appointed as Director, KMP or in a senior management role should possess adequate qualifications, expertise and experience for the position he/she is considered for.

Corporate Governance Report (Contd.)

(b) Independent Director:

i. Qualifications of Independent Director:

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.

ii. Positive attributes of Independent Directors:

An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

(c) Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel, subject to the provisions and compliance of the said Act, rules and regulations.

(d) Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

V. REMUNERATION:

A. Directors:

1. Executive Directors (Managing Director, Manager or Whole-Time Director):

i. At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.

ii. The remuneration shall be subject to the approval of the Members of the Company in the General Meeting, as per the requirement of the Companies Act, 2013.

iii. The remuneration of the Manager/ CEO/ Managing Director/ Whole-Time Director is broadly divided into fixed and incentive pay, reflecting short-term and long-term performance objectives appropriate to the working of the Company. In determining the remuneration (including the fixed increment and performance bonus), the Committee shall consider the following:

- the relationship of remuneration and performance benchmark;
- balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- responsibility required to be shouldered, the industry benchmarks and the current trends;
- The Company's performance vis-à-vis the annual budget achievement and individual performance.

2. Non-Executive Director:

a. The Non-Executive Independent Director may receive fees for attending the meeting of the Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lakhs per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b. A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.

c. The Committee may recommend to the Board the payment of commission, to reinforce the principles of collective responsibility of the Board.

Corporate Governance Report (Contd.)

- d. In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
 - e. The total commission payable to the Directors shall not exceed prescribed limits, as specified under Companies Act, 2013.
 - f. The commission shall be payable on *pro rata* basis to those Directors who occupy office for part of the year.
- B. KMP & Senior Managerial Personnel:**
- The remuneration to the KMP and Senior Management Personnel will be based on following guidelines:
- a. Maintaining a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the working of the Company;
 - b. Compensation should be reasonable and sufficient to attract, retain and motivate KMP and senior management;
 - c. Remuneration payable should comprise a fixed component and a performance linked variable, based on the extent of achievement of individual performance vis-à-vis overall performance of the Company;
 - d. Remuneration shall be also considered in the form of long -term incentive plans for key employees, based on their contribution, position, and length of service, in the nature of ESOPS/ESPS.
- C. Research Analysts:**
- a. The compensation of all individuals employed as Research Analysts shall be reviewed, documented and approved at least annually by the Committee
 - b. While approving the compensation of the Research Analysts, the Committee shall not consider:
 - i. Any specific brokerage services transaction which might have happened because of the services of the Research Analyst; and
 - ii. Any contribution made by the Research Analyst to brokerage services business other than that of preparing and / or providing research reports.

VI. EVALUATION:

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly). The Committee shall also formulate and provide criteria for evaluation of Independent Directors and the Board as a whole, if applicable.

VII. OTHER DETAILS:

Membership

The Committee shall consist of, minimum, 3 Non-Executive Directors, majority of them being Independent. The Chairman of the Committee shall be an Independent Director. The Chairman of the Company shall not be a Chairman of the Committee. The term of the Committee shall be continued, unless terminated by the Board of Directors.

Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Secretary

The Company Secretary of the Company shall act as Secretary of the Committee. In absence of the Company Secretary, the Committee may designate any other officials or any of the members of the Committee who shall act a Secretary of the Committee.

Corporate Governance Report (Contd.)
b) Details of Remuneration paid to Directors during the year 2019-20 and details of number of the shares and convertible instruments held by Directors as on March 31, 2020 is as under:

Name of the Director	Designation	Salary and perquisite (₹ million)	Commission (₹ million)	Sitting Fees (₹ million)	Contribution to PF and other funds (₹ million)	Stock options (quantity)	Number of shares held
Mr. Kranti Sinha ^{@@S%}	Independent Director	NA	1.00	0.62	NA	NA	115000
Mr. Mohan Radhakrishnan [@]	Whole-Time Director	13.93	NA	-	0.58	75,000	100000
Mr. Narendra Jain ^{**}	Whole-Time Director	6.13	NA	-	-	77,000	58000
Mr. Aniruddha Dange [#]	Non-Executive Director	0.98	NA	-	0.05	-	1772631
Ms. Geeta Mathur [^]	Independent Director	NA	NA	0.03	NA	NA	Nil
Ms. Rekha Warriar ^{^S%}	Independent Director	-	0.92	0.42	NA	NA	Nil
Mr. Venkataraman Rajamani ^{^^}	Managing Director	44.80	NA	NA	0.28	NA	11184432
Mr. Shamik Das Sharma ^{##S%}	Independent Director	-	0.25	0.15	NA	NA	Nil

Note:

- ^{*} Ms. Geeta Mathur, Independent Director resigned from the Board of Directors of the Company w.e.f. May 8, 2019.
- ^{**} Mr. Narendra Jain was re-designated as Whole-Time Director w.e.f. May 13, 2019. He was granted 2000 ESOP under IIFL Securities Employees Stock Option Scheme 2019- Demerger Scheme and he was also granted 75000 ESOP under IIFL Securities Limited Employees Stock Option Scheme-2018.
- [@]Mr. Mohan Radhakrishnan was granted 75000 ESOP under IIFL Securities Limited Employees Stock Option Scheme-2018.
- ^{@@}Mr. Kranti Sinha has also been paid ₹ 15,000 as the sitting fees for the previous financial year and for the same the Company had made adequate provisions in the books of accounts of the Company.
- [#]Mr. Aniruddha Dange was re-designated as a Non-Executive Director w.e.f. July 1, 2019 and resigned on November 27, 2019.
- [^]Ms. Rekha Warriar was appointed as an Independent Director w.e.f. May 8, 2019.
- ^{^^} Mr. Venkataraman Rajamani appointed as an Additional Executive Director w.e.f. May 13, 2019 and thereafter re-designated as a Managing Director w.e.f. May 15, 2019.
- ^{##}Mr. Shamik Das Sharma was appointed as Additional Non-Executive - Independent Director w.e.f. January 14, 2020.
- [%]The Company has made a provision for payment of commission to Independent Director for the FY 2019-20 and the same is approved by Board. The commission shall be paid as per the parameter described in the notice of the ensuing AGM to the Independent Director and subject to the enablement and the limits approved by the shareholders in the ensuing AGM.

The term of office of Mr. Venkataraman Rajamani as the Managing Director is of five years from the date of appointment i.e. May 15, 2019 and the term of office of Mr. Mohan Radhakrishnan as the Whole-Time Director is for five years from the date of his re-appointment i.e. April 01, 2019 and the term of office of Mr. Narendra Jain is of five years from the date of appointment i.e. May 13, 2019. The term of office of Mr. Kranti Sinha is of five years and will expire on July 27, 2020 and is eligible for second term subject to approval of shareholders. The term of office of Ms. Rekha Warriar is of five years from the date of her appointment i.e. May 08, 2019 and the term of office of Mr. Shamik Das Sharma the Independent Director is of five years from the date of his appointment i.e. January 14, 2020 subject to approval of the shareholders in the ensuing Annual General Meeting.

Their employment shall be deemed to be terminated on the occurrence of death, on expiration of tenure, permanent disability or on resignation.

c) Remuneration to Non-Executive/ Independent Directors:

During the year under review, the Independent Directors were paid ₹ 30,000 (Rupees Thirty Thousand only) towards sitting fees, for attending each of the Board Meetings, Audit Committee Meetings and Independent Directors' Meetings and also were paid ₹ 15,000 (Rupees Fifteen Thousand only) towards attending each of the other committee meetings plus the reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. The Company has not granted any Employee Stock Options to the Independent Directors. There are no pecuniary relationships or transaction of the Non-Executive Directors with the Company.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition

The Stakeholders Relationship Committee was constituted on May 8, 2019, the Members of the Committee comprises of two Independent Director i.e. (Ms. Rekha Warriar as the Chairperson and Mr. Kranti Sinha as the member) and one Executive Director i.e. Mr. Narendra Jain as the Member.

The Broad terms of reference of Stakeholders Relationship Committee

The broad terms of reference of the Stakeholders Relationship Committee are as under:

- i. To consider and resolve stakeholders and investors grievances;
- ii. It shall consider and resolve the grievances of the security holders of the Company, including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends;
- iii. To approve allotment of shares, debentures and other securities as per the authority conferred to the Stakeholders Relationship Committee by the Board of Directors, from time to time;
- iv. To approve/authorise the officers of the Company to approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name/address etc. in respect of shares, debentures and securities received by the Company;
- v. To review or address the complaints received by the Company from investors, SEBI, the Stock Exchanges, Ministry of Corporate Affairs, etc. and the action taken for redressal of the same and to suggest resolution of long pending complaints;

- vi. To approve and ratify the action taken by the authorised officers of the Company in compliance with investors, for issue of duplicate/replacement/consolidation/sub-division and other purposes for the shares, debentures and securities of the Company;
- vii. To monitor and expedite the status and process of dematerialisation and dematerialisation of shares, debentures and securities of the Company;
- viii. To give directions for monitoring the stock of blank stationery and for printing of stationery required by the secretarial department of the Company, from time to time, for issuance of share certificates, debenture certificates, allotment letters, warrants, pay orders, cheques and other related stationery;
- ix. To review the status of unpaid dividend, interest and undelivered share certificates and measures taken by the Company to resolve or reduce them;
- x. To ensure compliance of transfer of unpaid dividend and shares to IEPF on or before due date;
- xi. To monitor the progress of release of unpaid dividend and process of dissemination of these records, in accordance with the prescribed guidelines, rules and regulations;
- xii. To review the results of any investigation or audit conducted by any statutory authority.
- xiii. Review the effectiveness of the system for monitoring compliance with laws and regulations.
- xiv. Review the mechanism of handling investor's complaints and the status of any pending complaints, which remain unresolved or unattended.
- xv. Any significant or important matters affecting the interest of the Company.

During the year, the Company has received one complaint from the shareholder and the same has been successfully replied. The Company did not received any complaint on the SEBI SCORES Portal.

No pledge has been created over the equity shares held by the Promoters.

Attendance and Meeting

During the year under review, the Stakeholders Relationship Committee of the Company met one (1) time i.e. on March 24, 2020. The necessary quorum was present at the meeting. The Chairperson of the Stakeholders Relationship Committee was present at the last Annual General Meeting of the Company held on September 30, 2019.

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The details of attendance of each member of the Committee at the Meeting held as on March 31, 2020 are given below:

Name of the members	Designation	Non-Executive/ Executive/ Independent	No. of committee meetings held	Committee meeting attended
Ms. Rekha Warriar	Chairperson	Independent Director	1	1
Mr. Kranti Sinha	Member	Independent Director	1	1
Mr. Narendra Jain	Member	Executive Director	1	1

The name, designation and address of Compliance Officer of the Company is as under

Name and designation:	Mr. Roshan Dave, Company Secretary & Compliance Officer
Corporate Office Address:	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, Thane Industrial Estate, Wagle Estate, Thane – 400604
Contacts:	Tel: +91 22 6272 8812 E-mail: secretarial@iifl.com

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

D. Corporate Social Responsibility Committee

Composition

In terms of Section 135 of the Companies Act, 2013 rules made there under, the CSR Committee of the Board of Directors of the Company was constituted on January 22, 2015. The Members of the Committee comprises of three Directors i.e. Mr. Kranti Sinha- Independent Director, as the Chairman, Mr. Mohan Radhakrishnan- Executive Director and Mr. Narendra Jain- Executive Director as the Member of the Committee.

Broad terms of reference of the Corporate Social Responsibility Committee (CSR)

The terms of reference of Corporate Social Responsibility Committee (CSR) is mentioned below:

1. Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Act. The CSR policy of the Company may be accessed on the website of the Company i.e. www.indiaonline.com;
2. Making recommendation on the amount of the expenditure to be incurred on CSR activities;
3. Instituting a transparent monitoring mechanism for implementation of the CSR activities to be undertaken by the Company ; and
4. Such other functions as may be entrusted to it by the Board of Directors, from time to time

The update on the CSR activities undertaken by the Company through its philanthropic arm viz India Infoline Foundation is provided in "Annexure 1 "to the Directors's Report

The details of attendance of the member of the committee is given below:

Attendance and Meeting

During the year under review, the CSR Committee of the Company met one (1) time i.e. on March 24, 2020. The necessary quorum was present at the meetings.

The details of attendance of each member of the Committee at the Meeting held as on March 31, 2020 are given below:

Name of the members	Designation	Non-Executive/ Executive/ Independent	No. of committee meetings held	Committee meeting attended
Mr. Kranti Sinha	Chairman	Independent Director	1	1
Mr. Mohan Radhakrishnan	Member	Executive Director	1	1
Mr. Narendra Jain	Member	Executive Director	1	1

E. Risk Management Committee

Composition

In compliance with the Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee on February 07, 2020. The Members of the Committee comprises of five members i.e. Ms. Rekha Warriar- Independent Director as the Chairperson, Mr. Mohan Radhakrishnan - Executive Director, Mr. Narendra Jain- Executive Director, Mr. Shamik Das Sharma - Independent Director and Mr. Arindam Chanda – Chief Executive Officer as the Member of the Committee.

Corporate Governance Report (Contd.)

Broad terms of reference of the Risk Management Committee

The broad terms of reference of the Risk Management committee are as under:

- i. To review various risks including business, financial, regulatory, operational, IT, reputational etc. and evaluating the treatment including initiating mitigation actions.
- ii. To monitor and review the risk management plan of the Company and its regulated subsidiaries.
- iii. To oversee risk management process, systems and measures implemented to mitigate the same.
- iv. Assessing the risk profile of the Company and key areas of risk in particular.
- v. Any other matter as may be mandated/referred by the Authority/Board.

Attendance and Meeting

During the year under review, the Risk Management Committee of the Company met one (1) time i.e. on February 07, 2020. The necessary quorum was present at the meeting.

The details of attendance of each member of the Committee at the Meeting held as on March 31, 2020 are given below:

Name of the members	Designation	Non-Executive/ Executive/ Independent	No. of committee meetings held	Committee meeting attended
Ms. Rekha Warriar	Chairperson	Independent Director	1	1
Mr. Mohan Radhakrishnan	Member	Executive Director	1	1
Mr. Narendra Jain	Member	Executive Director	1	1
Mr. Shamik Das Sharma	Member	Independent Director	1	1
Mr. Arindam Chanda	Member	Chief Executive Officer	1	1

F. Finance Committee

Composition

The Finance Committee comprises of Mr. Venkataraman Rajamani– Managing Director, Mr. Mohan Radhakrishnan - Executive Director, Mr. Narendra Jain- Executive Director, Mr. Arindam Chanda- Chief Executive officer and Mr. Ronak Gandhi- Chief Financial Officer. The Finance Committee was latest reconstituted on February 07, 2020.

Broad terms of reference of the Finance Committee

The broad terms of reference of the Finance committee are as under:

- a) To borrow funds for and on behalf of the Company up to the maximum amount as determined by the Board of Directors of the Company from time to time.
- b) To invest funds of the Company from time to time in equity shares, preference shares, debt securities, bonds, whether listed or unlisted, secured or unsecured, fixed deposits, units of mutual fund, security receipts, securities, etc. taking into consideration all investment parameters up to the maximum amount as determined by the Board of Directors of the Company from time to time and also to enter into any agreements including but not limited to enter into Share Purchase Agreement, Share Subscription Agreement, Shareholders Agreements etc. as may be required to give effect to such transaction;
- c) To allot securities of the Company including equity shares, preference shares, debt securities, bonds, etc. from time to time;
- d) To borrow funds for meeting the short term requirements of funds of the Company by issuing Commercial Paper including redemption and buyback of Commercial Paper and also to list the same as per the SEBI Regulations.
- e) To avail intraday facilities from Banks/Financial Institution upto ₹ 3000 Crores (Rupees Three Thousand Crores).
- f) To offer assurances on behalf of Subsidiaries, in the form of guarantee, security, undertakings, letters (including without limitation, letter of comfort), deeds, declarations or any other instruments in connection with loan availed by them from Bank, Financial Institution, Non-Banking Financial Companies, other body corporates, etc. upto such limit, if applicable, as delegated / decided by the Board from time to time;
- g) Powers relating to issuance and allotment of Debentures:
 - i. To determine terms and conditions and number of debentures to be issued.
 - ii. Determining timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of over subscription, if any and early redemption thereof.

Corporate Governance Report (Contd.)

- iii. To approve and make changes to the Draft Prospectus, to approve the Final Prospectus, including any corrigendum, amendments supplements thereto, and the issue thereof.
 - iv. To approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilisation of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, extension of Issue and/or early closure of the Issue.
- h) Any other matter as may be referred.

Attendance and Meeting

During the year under review, the Finance Committee of the Company met two (2) times i.e. on July 22, 2019 and February 24, 2020. The necessary quorum was present at the meetings.

The details of attendance of each member of the Committee at the Meeting held as on March 31, 2020 are given below:

Name of the members	Designation	Non-Executive/ Executive/ Independent	No. of committee meetings held	Committee meeting attended
Mr. Venkataraman Rajamani [#]	Member	Managing Director	2	1
Mr. Mohan Radhakrishnan	Member	Executive Director	2	2
Mr. Narendra Jain	Member	Executive Director	2	2
Mr. Arindam Chanda [#]	Member	Chief Executive Officer	2	1
Mr. Ronak Gandhi [#]	Member	Chief Financial Officer	2	1
Mr. Bhawani Jhanwar [*]	Member	Chief Financial Officer	2	1

Note:

- 1) [#] Mr. Venkataraman Rajamani, Mr. Arindam Chanda and Mr. Ronak Gandhi were appointed as a member of the Finance Committee w.e.f. February 07, 2020.
- 2) ^{*}Mr. Bhawani Jhanwar resigned as Chief Financial Officer of the Company w.e.f October 22, 2019 and consequent to which he also resigned from the Finance Committee from that date.

4. PERIODIC REVIEW OF COMPLIANCES OF ALL APPLICABLE LAWS

The Company follows a system, whereby all the acts, rules and regulations applicable to the Company are identified and compliance with such acts, rules and regulations is monitored by a dedicated team on a regular basis. The Regulatory inspection reports/advisory/order etc. are periodically examined and the necessary implementation/rectifications to the system and processes are initiated. Wherever, representations for reconsideration or appeals are preferred, the same are necessitated through appropriate forums or authorities from time to time and the status of the same are reviewed closely. Further, verification of the compliances with major acts/regulations is carried out by suitable external auditors/lawyers/consultants 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 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.

5. GENERAL BODY MEETINGS

The following table gives the details of the last three Annual General Meetings of the Company:

Date of AGM	Location	Time	Whether any special resolutions passed
September 30, 2019	Hall Of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai-400 018	02.30 PM	Yes. 2 Special Resolutions were passed
July 30, 2018	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. b-23, Thane Industrial Area, Wagle Estate, Thane – 400604	04.00 PM	Yes. 2 Special Resolutions were passed
July 21, 2017	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. b-23, Thane Industrial Area, Wagle Estate, Thane – 400604	04.45 PM	Yes. 3 Special Resolutions were passed

Corporate Governance Report (Contd.)

National Company Law Tribunal Convened Meeting:

During the year under review there was no meeting held as per the order of the National Company Law Tribunal.

Postal Ballot:

During the year under review, there was no resolution passed through postal ballot.

6. DISCLOSURES

- i. Disclosure on materially significant related-party transactions that may have potential conflict with the interest of company at large:

The Company has put in place a policy for Related-Party Transactions (an RPT Policy), which has been 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 the 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 Related Party Transactions were placed before the Audit Committee for approval, wherever applicable. The Company has not entered into any material contracts or arrangements or transactions under sub-section (1) of Section 188 of the Act.

During FY20, the Company has entered contract/arrangement/transaction with related parties, which considered as material in accordance with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same was approved by the shareholders in the previous Annual General Meeting held on September 30, 2019. The policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website i.e. www.indiaonline.com. You may refer to note no. 35 and note no. 46 to the Standalone Financial Statement and Consolidated Financial Statement respectively. No materially significant related party transactions have been entered into during FY20 that may have potential conflict of interest.

- ii. Details of non-compliance, Strictures and Penalties for last three financial years:

There have been no instances of material non-compliances by the Company on any matter related to

the capital markets and no material penalties and/or strictures have been imposed on it by Stock Exchanges or SEBI or by any statutory authority on any matter related to the Securities markets during the last three financial year. However, during the ordinary course of business, the SEBI has levied the minor penalties and the same have been appealed before the relevant authorities and courts.

- iii. Whistle Blower Policy/ Vigil Mechanism:

In Compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a whistle-blower policy and 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 the whistle blower who avails of such mechanism and provides for the access to the Chairman of the Audit Committee. Whistleblower has given the access to the Audit Committee.

- iv. Compliance with Mandatory and Non-Mandatory Provision

The Company has adhered to all the mandatory requirements of Corporate Governance norms, as prescribed by Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to the Company.

The status on the Compliance with the Non-mandatory recommendation in the SEBI Regulations is as under:

- The Internal Audit report is submitted every quarter before the Audit Committee and even internal Auditor is present during the Audit Committee meeting.
- The Company will follow a robust process of communicating with the shareholders which has been explained earlier in the report under "Means of Communication".

- v. Web link for policy for determining the material subsidiaries

The policy for determining the material subsidiaries as approved by the Board may be accessed on the Company's website i.e. www.indiaonline.com.

Corporate Governance Report (Contd.)

vi. Disclosure of accounting treatment:

Accounting policy has been consistently applied except where a new Accounting Standards (AS) is initially adopted or a revision to existing AS required a change in accounting policy hitherto in use.

vii. The Board has accepted all the recommendations of the committees of the Board.

viii. Total fees for all services paid by the listed entity and its subsidiaries, 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:

Particulars	Amount (₹ Million)
Audit Fees	8.26
Certification Expenses	1.41
Out Of Pocket Expenses	0.45
Total	10.12

ix. Disclosure in relation to sexual harassment of Women at the Work place (Prevention, Prohibition and Redressal) Act, 2013:

- 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

x. Prevention of Insider Trading

In January 2015, SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 that came into effect from May 15, 2015. Pursuant thereof, the Company has formulated and adopted a code for prevention of Insider Trading, including the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, incorporating the requirements in accordance with the regulations, clarifications and circulars, and the same are updated as and when required. In line with the recent amendments in SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has updated its Code for Prevention

of Insider Trading, including Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, and the same is effective from April 1, 2019 and also is updated as per changes in regulations from time to time.

xi. Confirmation of Independence:

The Board does hereby confirm that in its opinion, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

7. MEANS OF COMMUNICATION TO THE STAKEHOLDERS

The primary source of information, to the shareholders, customers, analysts and other stakeholders of the Company and to the public at large, is through the Company website, i.e. www.indiainfoline.com. The Annual Report, quarterly results, shareholding pattern, material events, corporate actions, copies of press releases, schedule of analysts/investor meets, among others, will be regularly send to Stock Exchanges and uploaded on the Company's website. Quarterly/ annual financial results will be regularly submitted to the Stock Exchanges in, accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors has approved a policy for determining materiality of events for the purpose of making disclosure to the stock exchanges. The Executive Directors, Chief Executive Officer, Chief Compliance Officer, Chief Financial Officer, Company Secretary and Compliance Officer of the Company are empowered to decide on the materiality of the information for the purpose of making disclosure to Stock Exchanges.

All the disclosures made to the stock exchanges shall be made available on the Company's website i.e. www.indiainfoline.com.

The quarterly and annual results of the Company shall be published in the Free Press Journal and Navshakti, which shall be widely circulated.

Corporate Governance Report (Contd.)

8. GENERAL SHAREHOLDERS' INFORMATION

1.	Annual General Meeting	Tuesday, June 30, 2020 through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") at 2.00 P.M.																																																														
2.	Financial calendar (2020-21)	<p>April 01, 2020 to March 31, 2021</p> <p>Results for the quarter ended June 30, 2020 – within 45 days from the end of the quarter</p> <p>Results for the quarter ended September 30, 2020 – within 45 days from the end of the quarter</p> <p>Results for the quarter ended December 31, 2020 – within 45 days from the end of the quarter</p> <p>Results for the quarter and year ended March 31, 2021 – within 60 days from the end of the quarter</p>																																																														
3.	Book closure date	Wednesday, June 24, 2020 to Tuesday, June 30, 2020																																																														
4.	Dividend	During the year under review, the Company declared and paid interim dividend of ₹ 2 per share (i.e. 100% of the face value of ₹ 2 per share); this led to an outgo of ₹ 638.47 million, excluding Dividend Distribution Tax. The same is considered as final dividend.																																																														
5.	Listing of equity shares on stock exchanges at	<p>National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai-400 051</p> <p>BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001</p> <p>The Listing Fees for FY 2020-21 has been timely paid to the aforesaid Stock Exchanges.</p>																																																														
6.	Stock code	National Stock Exchange of India Limited – IIFLSEC BSE Limited – 542773																																																														
7.	Stock market data	<p>Table below gives the monthly high and low quotations of shares traded at BSE Limited and the National Stock Exchange of India Limited for the financial year 2019-20. The chart below plots the monthly closing price of IIFL Securities Limited versus the BSE - Sensex and NSE - S&P CNX Nifty for the year ended March 31, 2020.</p> <table border="1"> <thead> <tr> <th rowspan="2">Month</th> <th colspan="3">BSE</th> <th colspan="3">NSE</th> </tr> <tr> <th>High</th> <th>Low</th> <th>Volume</th> <th>High</th> <th>Low</th> <th>Volume</th> </tr> </thead> <tbody> <tr> <td>September, 2019</td> <td>47.7</td> <td>38.15</td> <td>26,21,571</td> <td>30.85</td> <td>22.00</td> <td>22,58,484</td> </tr> <tr> <td>October, 2019</td> <td>36.25</td> <td>19.10</td> <td>30,60,791</td> <td>31.70</td> <td>19.05</td> <td>81,68,002</td> </tr> <tr> <td>November, 2019</td> <td>30.50</td> <td>22.05</td> <td>1,17,85,573</td> <td>30.40</td> <td>22.10</td> <td>1,05,65,112</td> </tr> <tr> <td>December, 2019</td> <td>41.35</td> <td>26.40</td> <td>43,71,050</td> <td>41.35</td> <td>26.00</td> <td>1,37,72,893</td> </tr> <tr> <td>January, 2020</td> <td>60.05</td> <td>40.95</td> <td>67,41,029</td> <td>59.90</td> <td>41.00</td> <td>1,68,98,624</td> </tr> <tr> <td>February, 2020</td> <td>62.65</td> <td>48.00</td> <td>27,92,509</td> <td>62.60</td> <td>47.90</td> <td>1,35,86,059</td> </tr> <tr> <td>March, 2020</td> <td>51.00</td> <td>25.60</td> <td>13,41,013</td> <td>51.30</td> <td>26.10</td> <td>65,25,098</td> </tr> </tbody> </table> <p>Note -^a The shares of the Company were listed on NSE and BSE from September 20, 2019.</p>	Month	BSE			NSE			High	Low	Volume	High	Low	Volume	September, 2019	47.7	38.15	26,21,571	30.85	22.00	22,58,484	October, 2019	36.25	19.10	30,60,791	31.70	19.05	81,68,002	November, 2019	30.50	22.05	1,17,85,573	30.40	22.10	1,05,65,112	December, 2019	41.35	26.40	43,71,050	41.35	26.00	1,37,72,893	January, 2020	60.05	40.95	67,41,029	59.90	41.00	1,68,98,624	February, 2020	62.65	48.00	27,92,509	62.60	47.90	1,35,86,059	March, 2020	51.00	25.60	13,41,013	51.30	26.10	65,25,098
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8.	Demat ISIN numbers in NSDL and CDSL for equity shares	INE489L01022																																																														
9.	Registrar & Transfer Agent	<p>Link Intime India Private Limited C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai -400083. Tel: 022-49186000 Email: rnt.helpdesk@linkintime.co.in</p>																																																														
10.	Share transfer system	<p>The Company's shares are compulsorily traded in dematerialised form. In the case of transfers in physical form, which are lodged at the Registrar and Transfer Agent's Office, these are processed within a period of 30 days from the date of receipt.</p> <p>All share transfers and other share related issues are approved in the Stakeholders Relationship Committee Meeting, which is normally convened as and when required.</p>																																																														
11.	Dematerialisation of shares	As on March 31, 2020, 99.91% of the paid-up share capital of the Company is in dematerialised form. Trading in equity shares of the Company is permitted only in dematerialised form through CDSL and NSDL, as per notifications issued by the Securities and Exchange Board of India.																																																														

Corporate Governance Report (Contd.)

12.	Correspondence for dematerialisation, transfer of shares, non –receipt of dividend on shares and any other query relating to the shares of the Company	Link Intime Private Limited C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083. Contact Person: Ms. Sharmila Amin Tel: 022-49186000												
13.	Any query on Annual Report contact at corporate office	Mr. Roshan Dave, Company Secretary and Compliance Officer IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, Thane Industrial Estate, Wagle Estate, Thane – 400604 Email: secretarial@iifl.com												
14.	Outstanding GDRs/ ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs/ADRs/Warrants as on date. Pursuant to Composite Scheme of Arrangement, the Nomination and Remuneration Committee has granted 904,686 options to the eligible employee under IIFL Securities Employees Stock Options 2019- Demerger Scheme and as on March 31, 2020, the Company has outstanding unexercised 484,041 employee stock options under IIFL Securities Employees Stock Options 2019 – Demerger Scheme. The Nomination and Remuneration Committee has granted 9,000,000 stock options to the eligible employees and as on March 31, 2020, 8,912,200 unexercised outstanding stock options under IIFL Securities Limited Employees Stock Options Scheme-2018 which may be exercised by the grantees as per the vesting period. Each option granted is convertible into one equity share of the Company. Upon exercise of options by grantees, the paid-up share capital of the Company will accordingly increase.												
15.	Commodity price risk or foreign exchange risk and hedging activities;	The Company offers trading facilities in the commodity derivatives and currency derivatives segment to its clients. The Company, in the capacity of trading/ clearing member may be exposed to commodity price risk or foreign exchange risk on account of its clients' positions. These risks of clients' positions are mitigated by collecting upfront margins from clients and monitoring their positions by marking them to market.												
16.	Plant Locations	The Company is in the business of broking and DP services, investment banking and distribution of financial products; therefore, it does not have any manufacturing plants.												
17.	Credit Ratings obtained by the Company	<table border="1"> <thead> <tr> <th>Name of the credit rating agency</th> <th>Credit rating obtained in respect of various securities</th> <th>Amount (₹ Crore)</th> <th>Issue Date/ Reaffirmation</th> <th>Validity of Rating</th> <th>If Rating Downgraded (Specify reason)</th> </tr> </thead> <tbody> <tr> <td>CRISIL</td> <td>Commercial Paper</td> <td>1050</td> <td>August 20, 2019</td> <td>One year from the date of the report</td> <td>CRISIL A1+ (Reaffirmed)</td> </tr> </tbody> </table> <p>ICRA Limited has reaffirmed the rating on ₹ 1,000 crore Commercial Paper (CP) Programme and ₹ 650 crores of Short-Term Bank Lines at [ICRA] A1+ and has revised the rating of ₹ 100 crore LT - Equity Linked Debenture programme from PP-MLD[ICRA]AA (stable) to PP-MLD[ICRA]AA-(stable). As per the ICRA rating letter, the revision in rating of ₹ 100 crore LT - Equity Linked Debenture programme (instrument) is due to the demerger of the business, which results in a separate business for the larger lending book, and wealth management verticals of the erstwhile group. Since no instrument was outstanding all of the above mentioned ratings have been withdrawn. The Company has intimated the same to the exchanges and also uploaded the same on its website i.e. www.indiaonline.com.</p>	Name of the credit rating agency	Credit rating obtained in respect of various securities	Amount (₹ Crore)	Issue Date/ Reaffirmation	Validity of Rating	If Rating Downgraded (Specify reason)	CRISIL	Commercial Paper	1050	August 20, 2019	One year from the date of the report	CRISIL A1+ (Reaffirmed)
Name of the credit rating agency	Credit rating obtained in respect of various securities	Amount (₹ Crore)	Issue Date/ Reaffirmation	Validity of Rating	If Rating Downgraded (Specify reason)									
CRISIL	Commercial Paper	1050	August 20, 2019	One year from the date of the report	CRISIL A1+ (Reaffirmed)									

9. SHAREHOLDING PATTERN

Categories of Equity Shareholders as on March 31, 2020:

Category	Number of equity shares held	Percentage of holding
Promoters & Promoters Group	9,51,43,214	29.7686
Indian Public & others	6,58,42,715	20.601
Mutual Fund, Banks, Financial Institutions	22,75,524	0.712
Corporate Bodies	59,96,902	1.8763
Foreign Institutional Investors	5,13,92,709	16.0798
NRI's – repat/OCBs/Foreign Nationals/FC/QFI	9,89,32,154	30.9541
Investor Education And Protection Fund	26,244	0.0082
Grand Total	31,96,09,462	100

Corporate Governance Report (Contd.)

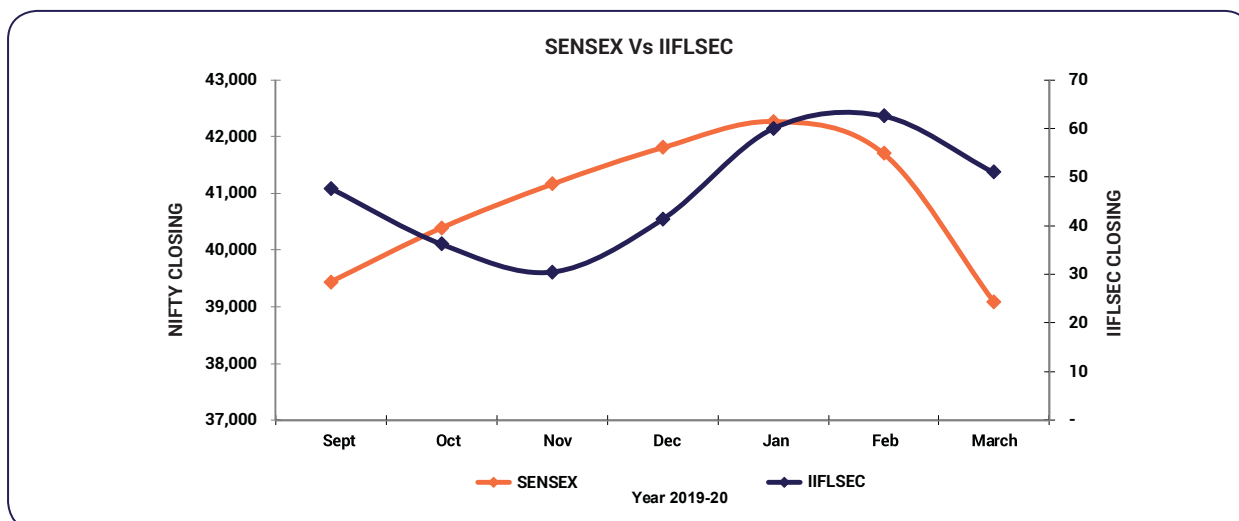
10. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2020:

The distribution of shareholders as on March 31, 2020 is as follows:

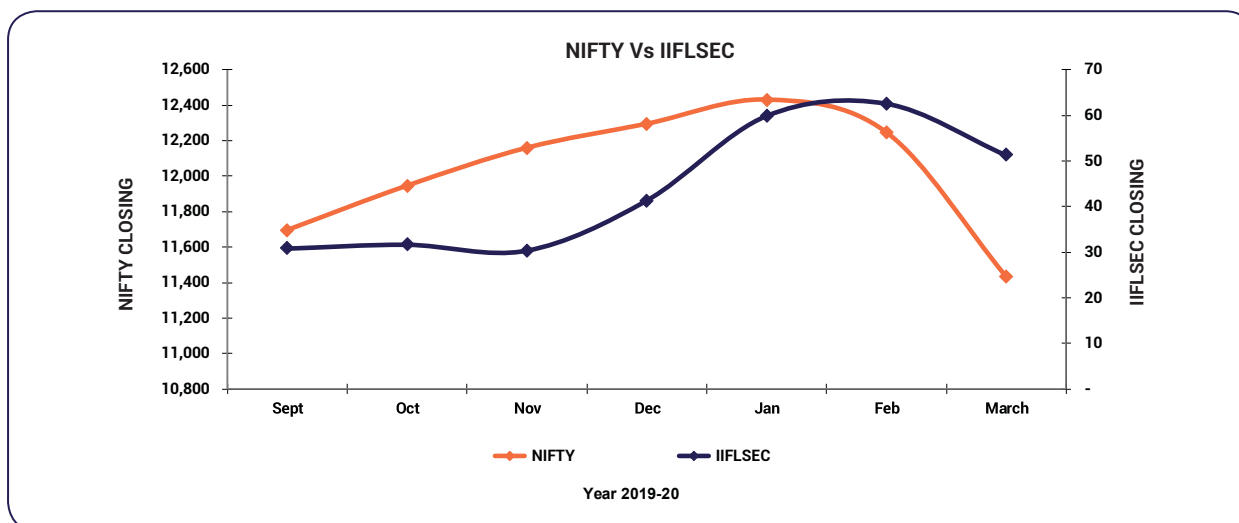
Sr. No.	Shares Range			Number Of Shareholders	% of total shareholders	Total shares for the range	% of issued capital
1	1	to	1000	37,111	86.0445	39,62,175	1.2397
2	1001	to	2000	2,382	5.5228	18,56,947	0.5810
3	2001	to	4000	1,421	3.2947	21,37,648	0.6688
4	4001	to	6000	633	1.4677	15,97,499	0.4998
5	6001	to	8000	315	0.7304	11,19,679	0.3503
6	8001	to	10000	248	0.575	11,49,707	0.3597
7	10001	to	20000	473	1.0967	34,11,462	1.0674
8	20,001 and more			547	1.2683	30,43,74,345	95.2332
Total				43,130	100	31,96,09,462	100

11. IIFL Securities Limited share price versus the BSE SENSEX and the NSE S&P CNX Nifty:

IIFL Securities Limited share price versus the BSE SENSEX



IIFL Securities Limited share price versus the NSE S&P CNX Nifty



12. PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES AND PREFERENTIAL ISSUE, AMONG OTHERS

The Company did not raise money through any public issue, right issue or preferential issue during FY 2019-20.

Corporate Governance Report (Contd.)

13. SUBSIDIARY COMPANIES

During the year under review the Company had following wholly owned subsidiaries and step-down subsidiaries amongst which IIFL Facilities Services Limited is the Material Subsidiary of the Company as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sr. No.	Name of Subsidiaries
1.	IIFL Facilities Services Limited
2.	IIFL Management Services Limited
3.	IIFL Insurance Brokers Limited
4.	IIFL Commodities Limited
5.	IIFL Securities Services IFSC Limited
6.	IIFL Asset Reconstruction Limited
7.	IIFL Wealth (UK) Limited
8.	IIFL Capital Inc.
9.	Shreyans Foundations LLP
10.	Meenakshi Towers LLP
11.	India Infoline Foundation

Note: Further, IIFL Facilities Services Limited, a Wholly-Owned Subsidiary of company, has acquired 99% stake in Shreyans Foundations LLP which also hold 50% stake in Meenakshi Towers LLP, a joint venture between IIFL Management Services Limited (wholly owned Subsidiary) and Shreyans Foundations LLP. Pursuant to this Meenakshi Towers LLP has become subsidiary of the Company.

During the year i.e. on December 20, 2019, IIFL Management Services Limited ("IMSL") acquired 10,000 equity shares of ₹ 10 each i.e. 100% stake of Geocentric Solutions Private Limited ("GSPL") from the third parties. On March 23, 2020, IMSL divested its stake for a consideration of ₹ 1,00,000 to the third parties. Pursuant to this, GSPL has ceased to be step down subsidiary of the Company from that date.

Ms. Rekha Warriar, Independent Director on the Board of the Company is also an Independent Director on the Board of IIFL Facilities Services Limited, the material subsidiary.

The Audit Committee reviews the financial statements including particulars of investments made by all the unlisted subsidiary companies.

Your Company has a system of placing the minutes of the Board/Audit Committee and statements of all the significant transactions/developments of all the unlisted subsidiary companies at the Meeting of Board of Directors of Holding Company.

The policy for determining 'material' subsidiaries as approved by the Board may be accessed on the website of the Company i.e. www.indiainfoline.com.

14. CEO/CFO CERTIFICATE

The Certificate required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly signed by the CEO and CFO, was submitted to the Board and the same is annexed to this Report.

15. CODE OF CONDUCT

Confirmation from the Managing Director 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.indiainfoline.com.

16. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

The Company has obtained the certificate from M/s. Nilesh Shah & Associates, Company Secretary in practice as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that none of the Directors on 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. The certificate will be available for inspection for the members at the Registered Office of the Company during business hours on working days and through electronic means. Members can request the same by sending an email to secretarial@iifl.com till the Annual General Meeting.

For and on behalf of the Board

Venkataraman Rajamani
Managing Director
DIN: 00011919

Narendra Jain
Whole-Time Director
DIN: 01984467

Date: May 15, 2020

Place: Mumbai

ANNEXURE

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 Securities Limited

We Certify that

- (a) We have reviewed the financial statements and the cash flow statement of IIFL Securities Limited for the year ended March 31, 2020 and, that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting. We have not come across any deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the Auditors and the Audit Committee:
 - i. Significant changes in internal control during the year;
 - ii. Accounting policy has been consistently applied during the year except where a newly Accounting Standard (AS) is initially adopted or a revision to existing AS required a change in accounting policy hitherto in use.
 - iii. that there are no instances of significant fraud of which we have become aware.

Arindam Chanda
Chief Executive Officer

Ronak Gandhi
Chief Financial Officer

Date: May 15, 2020
Place: Mumbai

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 the senior management and the same is available on the Company's website i.e. www.indiainfoline.com. I confirm that the Company has, in respect of the financial year ended March 31, 2020, received from the senior management personnel of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct, as applicable to them.

For IIFL Securities Limited

Date: May 15, 2020
Place: Mumbai

Venkataraman Rajamani
Managing Director
DIN: 00011919

INDEPENDENT AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of

IIFL Securities Limited (formerly known as India Infoline Limited)

Mumbai

We have examined the compliance of conditions of Corporate Governance by IIFL Securities Limited (formerly known as India Infoline Limited) (the "Company") for the year ended on March 31, 2020, as per the regulations 17 to 27, clauses (b) to (i) of Sub-Regulation (2) of regulation 46 and para C, D and E of Schedule V of chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Pursuant to effecting of the Composite Scheme of Arrangement involving IIFL Finance Limited (Formerly IIFL Holdings Limited), the Company and other four entities of IIFL Group, as approved by the Hon'ble NCLT, Mumbai vide its order dated March 07, 2019 and other necessary Regulatory approvals, the scheme was effected w.e.f. April 01, 2018 and the Company allotted new equity shares in the ratio of 1:1 to the shareholders of IIFL Finance Limited as on June 06, 2019. The equity shares of the Company are listed on NSE and BSE from September 20, 2019.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said clauses. 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, and based on the representations made by the Management, as above, we certify that the Company has complied with, in all material respect, the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

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

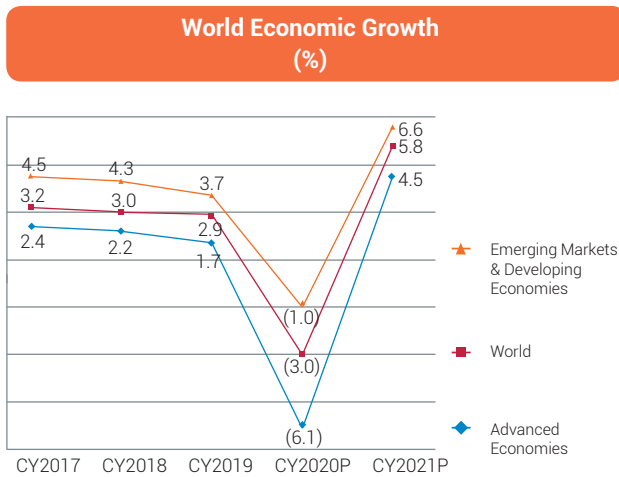
(G. SANKAR)
(M.No.46050)
UDIN: 20046050AAAACP7833

Place: Mumbai
Date: May 15, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY OVERVIEW

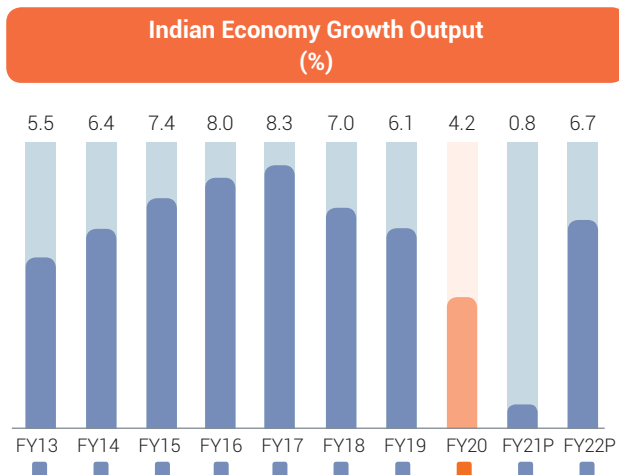
With substantial weaknesses in global trade and investment, global economic growth slowed down in CY2019, compared with CY2018. Global growth output grew 2.9% in CY2019, down from 3.0% in CY2018, and is the lowest rate of growth since the global financial crisis (Source: World Bank, Jan 2020 Report). It weakened mainly on account of increasing trade barriers owing to the US-China trade war and political tensions in the Middle East. With the onset of the COVID-19 pandemic, global economic growth is expected to weaken even further. Most advanced economies are now expected to report contraction of GDP over the next few quarters. The world economy is expected to go under recession in CY2020, with expected de-growth of 3.0% (Source: IMF).



Source: World bank, IMF

INDIAN ECONOMY OVERVIEW

Indian economy grew by 4.2% in FY20 (Source: MoSPI). In FY20, growth expansion was subdued in agriculture, manufacturing and government expenditure, accompanied by a slowdown in the commercial vehicle sector. Commercial vehicle sales in India declined 23% YoY in H1FY20.



Source: MoSPI, Fitch

The lockdown announced in March 2020 due to COVID-19 pandemic has impaired economic growth of the fourth quarter of FY20. The full impact of the lockdown extension is expected to be visible in the growth output of first half of FY21. Prior to COVID-19 impact, in H1FY20, the government of India had undertaken various measures to boost growth such as such as corporate tax rate cuts, bank recapitalisation, infrastructure spending plans, support for the auto sector and others. Though these measures did not address the pre-existing weakness in consumption demand, they brought an impetus to growth in H2FY20 till February 2020. Now with the pandemic causing nationwide lockdown and thereby reduced consumption, the impact is expected to continue in FY21. The Indian economy is expected to grow by 0.8% in FY21 (Source: Fitch). The weakness in global growth rules out the possibility of pick up in Indian exports and the government will have to rely on internal consumption and investment to revive the economy in the second half of FY21. That said, weak global growth should keep commodity prices in check which in turn will keep domestic inflation and current account deficit under control.

INDUSTRY OVERVIEW

Capital Market

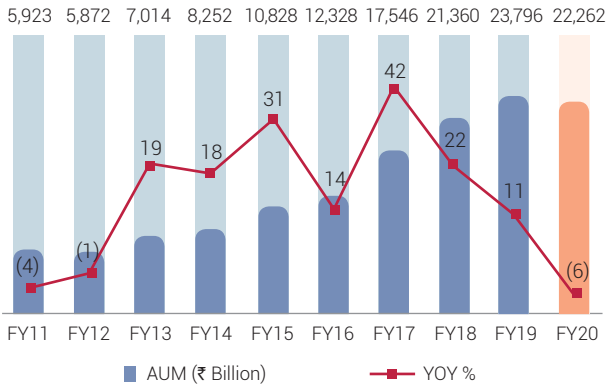
FY20 saw ₹ 916.7 billion being raised through the public equity markets, 62% higher than the ₹ 564.9 billion raised in FY19 (Source: PRIME Database). Money raised through QIPs also saw a healthy growth trend in FY20 as against FY19. Companies mobilised ₹ 512.2 billion through qualified institutional placement. This is 388% higher than the ₹ 104.9 billion raised in the previous year (Source: PRIME Database). Banks, NBFCs and telecommunication firms dominated the QIP space, accounting for 79% (₹ 402.6 billion) of the overall amount. Funds raised via IPO rose by 38% YoY in FY20. IPOs of very high-quality companies, which had differentiated business models or are sector leaders, were successful. A budget with focus on demand stimulation and improvement in government spending measures to tackle the COVID-19 impact, and uncertainties existing globally are expected to keep the capital market muted during FY21.

Mutual Fund

The Indian Mutual Fund industry, which was on a continuous growth trajectory in its total Assets Under Management (AUM) since FY13, fell in FY20. Compared with a year ago, the decline is in excess of ₹ 1,530 billion, or 6%, compared with ₹ 23,796 billion reported in March 2019. The COVID-19 impact dampened the growth of the MF AUM in the last month of FY20. The AMFI data on inflow and outflow for the month of March suggests a fall of 18% in AUM, from ₹ 27,220 billion in February to ₹ 22,262 billion in March – the highest monthly fall in AUM in FY20.

Management Discussion and Analysis (Contd.)

Total Mutual Fund AUM (₹ Billion)

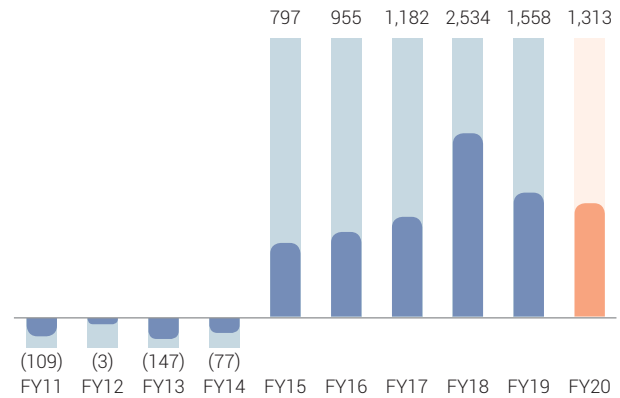


Data Source: AMFI, IIFL

However, from an equity inflow perspective, FY20 was the sixth successive year of net equity inflows. On the equity side, all categories registered inflows reposing retail

investors continued faith in equities. The net inflows were at ₹ 1,313 billion in FY20 (including balanced fund category also)

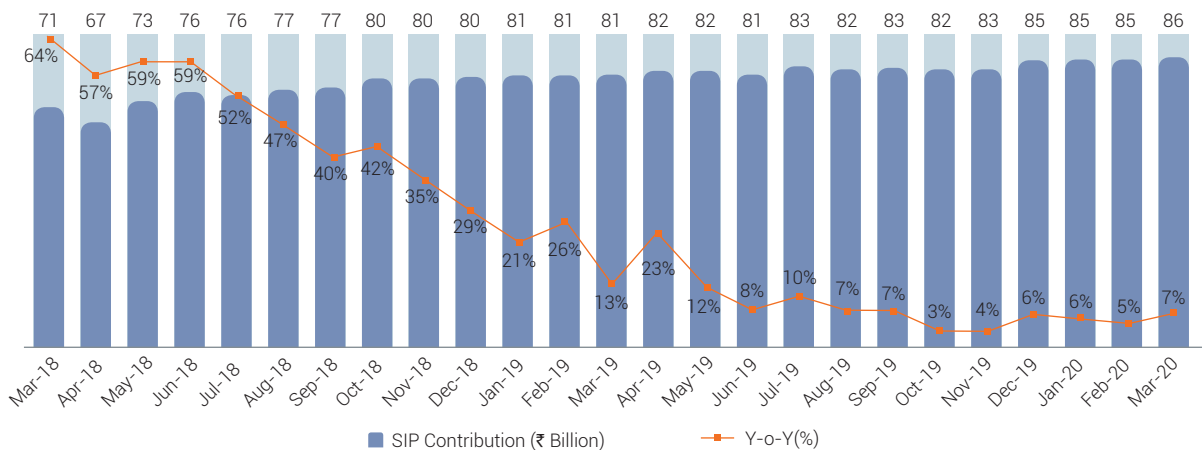
Net mutual Fund Equity Collections (₹ Billion)



Source: CEIC, IIFL Research

SIP has been gaining popularity among Indian MF investors, as it helps in rupee cost averaging and also in investing in a disciplined manner without worrying about market volatility and timing the market. Despite the concerns over the impact of coronavirus pandemic and extreme volatility in the broader market, SIP option for investing in mutual funds remained popular in FY20 as well, as the industry saw SIP contribution of ₹ 1 trillion through this route in FY20, up 8% from the preceding fiscal.

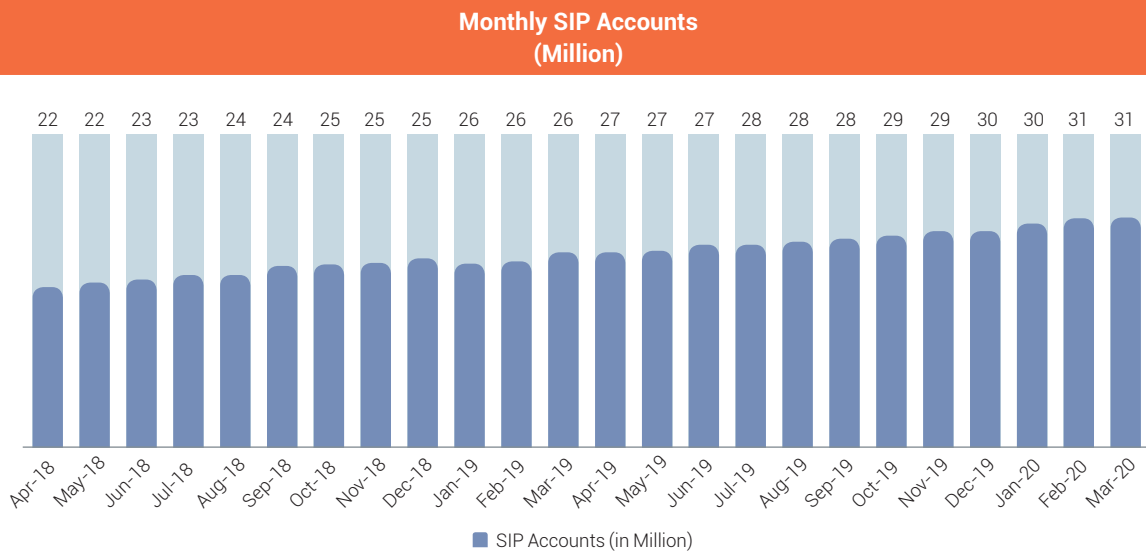
Monthly SIP contribution (₹ Billion)



Source: AMFI

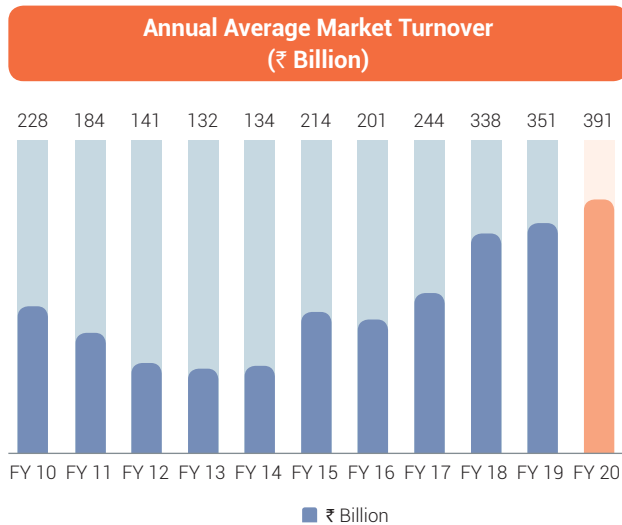
Management Discussion and Analysis (Contd.)

Also the number of SIP accounts has shown a healthy growth of 19% Y-o-Y as on March 2020 (31.2 million).



Source: AMFI

On the trading front, annual average cash market turnover went up by 11% Y-o-Y to ₹ 391 billion/day in FY20.



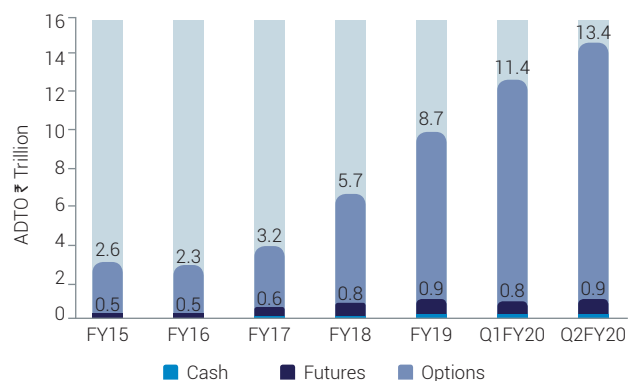
Source: IRDA

Stock Broking

In the last six years, Indian markets have witnessed a spurt in volumes at ~34.4% CAGR from FY13 to FY19. Following global trend of higher tilt towards options, derivatives witnessed robust traction at 35.4% CAGR from ₹ 1554 billion in FY13 to ₹ 9,590 billion in FY19, while equity (Cash) ADTO grew only by ~18.1% CAGR in FY13-19 (Source: ICICI Research). While, the volatility in the markets is expected to encourage trading turnover, the recent corrections in valuations on account of the COVID-19 impact, coupled

with the cautious investor stance, would have a bearing on industry revenues in FY21. On account of the COVID-19 impact, brokerage companies are expected to report a marginal reduction in revenue and profitability across businesses. The outlook over a longer period would be contingent on the extent of the outbreak, resultant impact on the economy, the expectations of turn-around coupled with policy measures as undertaken by the government from time to time and investor sentiment. While the proportion of cash segment has remained steady at 3% of total volumes, options as a product has been gaining prominence with the share in total volume rising from 79% in FY15 to 88% in FY19 and 92% in Q2 FY20 (Source: NSE, ICICI research).

Options forming ~92% of market volume

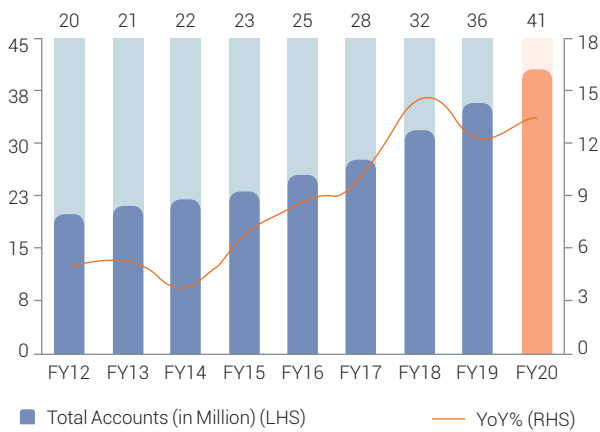


Source: NSE, ICICI Direct Research

Management Discussion and Analysis (Contd.)

Business of brokers grows in direct proportion to the growth in capital markets. The past 4-5 years have witnessed a steady structural shift of savings from physical assets such as real estate and gold into financial assets. As a result, the number of Demat accounts in India has grown to ~41 million in March 2020 from 20 million in 2012.

Demat Accounts (in millions)



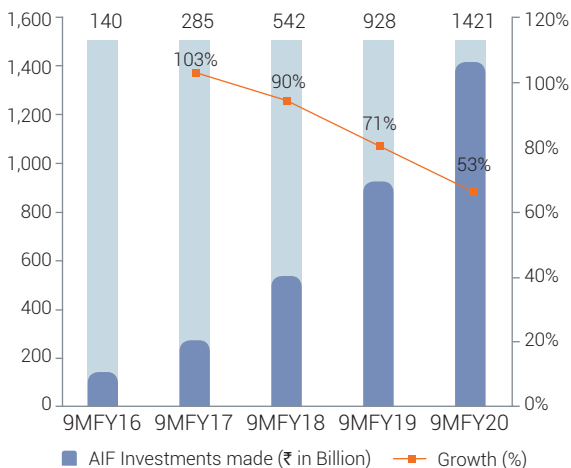
Sources: SEBI, NSDL, CDSL, IIFL Research

Note: Data for NSDL are as on Feb 29, 2020, but for CDSL are as on March 31, 2020.

Alternative Investment funds

Investments by alternative investment funds (AIFs) rose to over ₹ 1,421 billion in December 2019, registering an increase of 53% over the year-ago period. At the end of September 2019 quarter, the investment stood at ₹ 1,250 billion. AIF means any fund established or incorporated in India for the purpose of pooling in capital from Indian and foreign investors for investing in accordance with a defined investment policy for the benefit of its investors.

AIF Investments (₹ Billion)

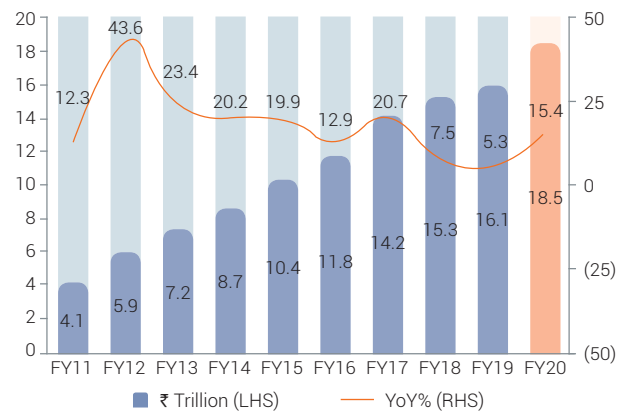


Source: SEBI, IIFL

Portfolio Management services

Portfolio Management Service (PMS) is a customised investment offerings mainly targeted at High Net Worth clients/individual (HNIs). With greater flexibility and higher customisation, PMS aims to generate alpha over the relevant index. PMS cater to wealthy investors with portfolio sizes exceeding ₹ 5 million. The professional fee charged by them is slightly higher than that by regular mutual funds (MFs). These services can potentially be tailored to meet specific investment objectives. Many full services brokers provide such services. As of Feb 2020, AUM under portfolio managers showed a healthy growth of 15.4% as compared to March 2019. The AUM growth was mainly driven by discretionary segment of PMS, wherein the portfolio manager manages the funds of the client in accordance with the needs of the client. Discretionary and advisory AUM showed moderate growth as on Feb 2020.

AUM by Portfolio Managers (₹ in trillion)



Sources: SEBI, IIFL Research

Note: FY20 data updated as on Feb 2020.

Key Regulatory changes in PMS

Under the revised framework as notified by SEBI as on May 01, 2020, Portfolio managers would not be able to charge any upfront fees, either directly or indirectly to the clients. It will stop the provision to levy 'Set Up Fee' on investors in PMS products. Also, PMS Managers shall charge brokerage at actuals to clients and operating expenses (excluding brokerage and fees charged by PMS Managers) shall not exceed 0.50% p.a. of the client's average daily AUM. The regulator has also standardised the exit load norms as well as capped the maximum charges for all transactions in a financial year under the revised guidelines.

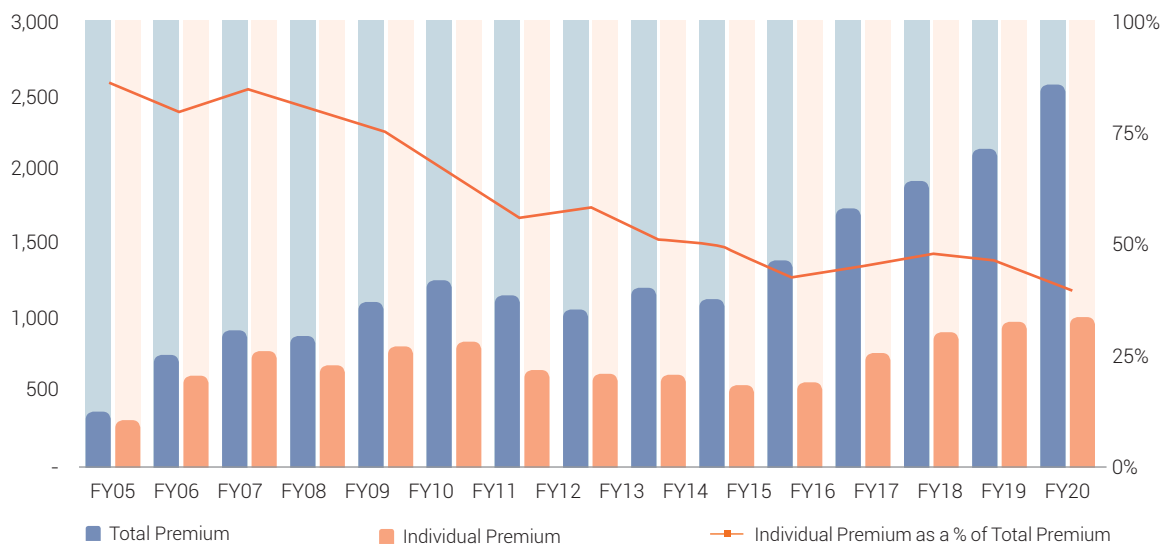
Insurance Sector

On the Insurance sector, which is a major component of the Indian financial service sector, Non-life insurance firms reported a 14.0% increase in the premium collection to

Management Discussion and Analysis (Contd.)

₹ 1,730 billion during April-February FY20, according to the Insurance Regulatory and Development Authority of India (IRDA) data. On the life insurance front, in FY20, first year life insurance companies saw a growth of 20% in new business premium collections, from ₹ 2150 billion to ₹ 2589 billion. Growth of private players in the sector was very moderate from September 2019 due to the impact of the current economic slowdown. COVID -19 has further increase the awareness of insurance amongst the public and is further expected to grow this segment.

**Movement in Total First Year Life Insurance Premium
(₹ Billions)**



Source: CMIE, IRDA, CARE

Investment Banking

India investment banking activities generated USD 1.0 billion during calendar year 2019, a 5.2% increase from last year and saw the second highest annual period following the record set in 2017 (USD 1.2 billion) (Source: Refinitiv). This includes fee generated by activities such as mergers and acquisitions (M&A), equity capital market (ECM), and debt capital market (DCM).

OPPORTUNITY

Future economic growth to be driven by capital markets

In order to boost the Indian economic growth further and at a faster pace, growth of capital markets is imperative. Capital market penetration in India is very low (~5%) as compared to that of developed countries (~35%). Stock exchanges and brokerages are playing a crucial role in capital formation in India. Economies around the world meet their funding needs from three major ways. In the first category, many of the developed countries figure and the main sources of funding in the economy are capital markets. Some countries like India rely on both bank funding and capital markets to meet their fund requirements. In the third category, most of the funds required come from the banking system. Indian capital markets are in a growth stage and in future it is likely that the funds raised from capital markets will exceed the

funds raised from banks. This trend is already visible in the Indian market. India is moving towards a higher level of financialisation.

Low Insurance penetration in India

Millennials make up for 46% of India's workforce, and contribute a whopping 70% to the country's household income. Only 45% of the millennial respondents aged between 25 to 35 have heard of term plans and barely 17% have bought such policies. Data by the Insurance Regulatory and Development Authority of India (IRDAI) states that only 25% of the Indian population has life insurance cover and this is a staggering reveal. The lack of long term planning is, therefore, one of the biggest deterrent for millennials on the road to insurance. Life insurance premium collected as a percentage of GDP in India is 2.7% compared with more than 6% in Asian countries such as Japan, Singapore and Taiwan. Insurance density, or premium paid per person, is also low at USD 55 compared with above USD 2,400 for the above countries. This shows the market potential of the Insurance sector in India. India is a country with huge demographics and with proper outreach, penetration of Insurance policies can be achieved to the level that of advanced economies. COVID -19 has further increase the awareness of insurance amongst the public and is further expected to grow this segment.

Management Discussion and Analysis (Contd.)

Financialisation of savings

India's Gross Savings Rate was measured at 30.1 % in March 2019, compared with 32.4 % in the previous year (Source: CSO). High levels of savings and investments are key to India's sustained and robust long-term growth. A large fraction of the wealth of Indian households is in the form of physical assets. In India, the average household holds 77% of its total assets in real estate, 7% in other durable goods (such as transportation vehicles, livestock and poultry, agricultural machinery and non-farm business equipment), 11% in gold and the residual 5% in financial assets (such as deposits and savings accounts, publicly traded shares, mutual funds, life insurance and retirement accounts). This is in contrast to developed economies where households hold substantial portion of their wealth in financial assets. While India's saving rate has declined in recent years, a bigger opportunity for the financial service sector is the slow but gradual deployment of savings to finance the growing requirements of industry and infrastructure. This opens up a huge opportunity for capital market players to channelise these physical savings in to financial savings.

Rise in demand of financial advisors

Many stock brokers and brokerage firms have widened the scope of their services to include broad financial planning. Financial advisors are now helping clients develop and put into motion long-term, comprehensive financial plans. They advise clients on how everything from mortgages, estate planning, life insurance and even tax preparation fit into the overall financial offerings. The incentive in these plans is the commission. The traditional broking has been replaced by full-service financial advisors and advisory firms who assist people in building comprehensive financial plans for all aspects of their lives. In developed economies such as US, the demand for financial advisors is as high as ever. According to the latest data from the Bureau of Labor Statistics' Occupational Employment Statistics, the employment of financial advisors in US is projected to grow 15% over the 10-year period from 2016 to 2026. The aging of the baby boomer generation has made financial advisors more relevant than ever. As baby boomers approach retirement, they're more likely to need planning advice from personal financial advisors. In a similar manner as India moves closer to become the most populous country in the next 7 years, according to some studies, India is ageing much faster than previously thought and may have nearly 20% population of 60 years and above by 2050. "India Ageing Report 2017" by the United Nations Population Fund (UNFPA) says the share of population over the age of 60 could increase from 8% in 2015 to 19% in 2050. This shows as these people get closer to the age of retirement, they are going to need financial advisors more than ever in India.

New Financial Products

Indian households hold less than 5% of their assets in financial products. This provides a great opportunity for brokers, banks, asset managers, neobanks, insurers and fintechs to design products beyond credit that are simple, relevant and affordable. The recent trends in digitalisation, demonetisation, financial inclusion, investor awareness, new financial products, introduction of GST, payment systems and fintech revolution has accelerated the process of financial intermediation. Digital transactions via mobile and other means have demonstrated faster adoption of emerging technologies by customers. As mandated by SEBI requiring 25% of the borrowings by the corporate from the bond market and their gradual increase over the years, is expected to widen investments in bond / debenture market. This will help in introduction of many new financial products. The other trends which will accelerate the growth of capital markets are rising per capita incomes, adoption of financial products in rural areas, cross sale of financial products, increasing popularity of wealth management and development of commodities trading market.

Mutual Fund – A high growth segment

Mutual Fund growth in India has a long way to go. Out of the ₹ 23.5 trillion total AUM held as on April 2020, 52.1% are owned by corporate or institutional holding accounts (Source: AMFI). In a population of 130 billion, the individual ownership in mutual funds in India is very low. The mutual fund industry is eyeing a four-fold rise in AUM to ₹ 100 trillion and increase in investor base to 100 million from current 20 million over the next decade (Source: AMFI-BCG Vision Document). This can be achieved by diversifying the distribution outreach by leveraging the wide network of banks, post offices across the country, significantly augmenting the distribution base by another 0.4 million, strengthening direct and digital channels and offering simple savings solutions would be key to Indian mutual fund industry. AMFI's investor awareness campaign, 'Mutual Funds Sahi Hai', has achieved encouraging success. With this campaign, the industry is preparing for a concerted strategy that would over time help the saver community across the country to gradually depart from traditional and financially-inferior ingrained attitudes and habits

THREATS

- ❖ Worsening of macro-economic factors and low economic growth can negatively impact the capital markets sector thereby affecting business. Movement in crude oil prices is one of the key determinants of the direction of financial markets. It can be bundled with rising account deficit, inflation, depreciating currency, slowdown in foreign investment flows etc thereby posing threat to the business. Uncertainty in the global markets, owing to the increased strain in the advanced economies and emerging economies due to the

Management Discussion and Analysis (Contd.)

COVID-19 impact can result in volatile capital inflows and currency fluctuations. Increased restrictions on migration and global trade could hurt productivity and incomes and take an immediate toll on market sentiment.

- ❖ Technological disruptions- With rapid changes in technology and innovations, companies need to increase its attention towards innovation objectives alongside business growth objectives. With increasing performance expectations related to quality, timings and cost, technological upkeep is very important to keep in line with competitors, especially new competitors that are "born digital" and with a low-cost base for their operations. The risk of disruptive innovations enabled by new and emerging technologies is always present.
- ❖ Debt market- Indian debt markets may face disruptions due to risk averse environment and certain large corporates' defaults on servicing and repayment and on account of the COVID-19 impact, coupled with year-end redemption pressures faced by mutual funds and continued selling by foreign investors.
- ❖ Any stringent regulatory changes or unfavorable policy changes can pose a threat to the Company in the short run.

COMPANY OVERVIEW

IIFL Securities is one of the largest independent full-service retail and institutional broking house, being a one stop shop for investors providing diversified financial services and products such as financial planning, equity, commodities and currency broking (both cash and derivatives), depository participant services, portfolio advisory, investment banking, distribution of mutual funds, bonds, portfolio management services, alternate investment funds and other investment products to corporates, institutional investors, foreign portfolio investors, mutual funds, insurance companies, alternative investment funds, trusts, high net worth individuals and other retail clients. Since the incorporation of our Company in 1996 and as of March 31, 2020, we have served over 2.4 million customers through a network of about 2,500 points of presence covering our branches and business partners over 500 cities in India.

IIFL Securities is promoted by first generation entrepreneurs, Mr. Nirmal Jain and Mr. R. Venkataraman and is listed on the Stock Exchanges' in September 2019 pursuant to the composite scheme of arrangement of IIFL Group.

Our electronic brokerage platform had approximately 1.0 million operational accounts of whom 0.22 million had traded on the Stock Exchanges, in the preceding 12 months, as of March 31, 2020. As of March 31, 2020, on the institutional equities side, we had over 675 foreign and domestic clients. We are a customer centric company, constantly striving to

create value for our customers through our products and services offered.

In order to navigate through the COVID-19 pandemic, the Company has made arrangements for staff to work from home. Almost 100% staff working from home without any disruptions.

We leverage on the strength of the IIFL group to ensure a comprehensive suite of services and products made available to a large customer base. The wealth management and non-banking financial company divisions help in creating varied investment and lending products that can be offered to our customers for their specific requirements. Over the years, we have strived to diversify our product and service offerings, which, coupled with our strong brand name and large customer base, position us to be the natural beneficiary of the growth in digitisation and resultant transformational changes in the Indian savings markets.

Financial Performance and Operations Review

The Company posted a total income of ₹ 7.9 billion during the financial year 2019-20, while the profit after tax stood at ₹ 2.3 billion. We maintained ~ 3.3% share of daily cash turnover and a ~1.4% share in total turnover of Stock Exchanges. The Company continued to provide insightful research by covering over 200 stocks. The Institutional equities business remained a leader in block placements with over USD 4.5 billion of blocks executed in FY20. Our Investment Banking team completed 16 transactions across various products during the year.

The Company bagged multiple awards and accolades during the year including 'Best IPO' award for Embassy Office REIT at The Asset Triple A Country Awards, 'Company of the Year 2019' by The CEO Magazine, 'Best Product Launch PR Campaign 2019' for AAA at Corporate Communications & PR Awards'19 and received the 'Great Place to Work' Certification.

The Company is more focused on retail financial products distribution such as insurance and mutual funds. Financial Product Distribution revenue has grown consistently over the last three years, constituting ~20% of total income. SIP transactions of a monthly average of 89k for the period ended March 31, 2020 have witnessed a CAGR of 30% for the period FY17 – FY20. Our life insurance premium grew by 6% y-o-y to ₹ 615 million and non-life insurance premium grew by 266% y-o-y to ₹ 417 million in FY20. The focus is more on sale of insurance products through online channels.

The Company is also engaged into providing office and related infrastructure and facility service catering mainly to group companies and outside corporates through its subsidiary IIFL Facilities Services Limited. It also provides property advisory and consultancy services.

Management Discussion and Analysis (Contd.)

(₹ in million)

Particulars	Year ended	
	Mar 31,2020	Mar 31,2019
	Audited	Audited
1. Income		
a. Interest Income	635.3	621.4
b. Rental income	244.0	544.1
c. Fees and commission Income	6,359.8	7,185.8
Total Revenue from operations (a)+(b)+(c)	7,239.1	8,351.3
2. Other Income	660.4	404.3
3. Total Revenue (1+2)	7,899.5	8,755.6
4. Expenses		
a. Employee benefits expense	2,212.5	2,566.4
b. Finance Cost	1,021.1	1,145.0
c. Depreciation and amortisation expense	553.1	419.0
d. Fees and commission expense	831.7	881.4
e. Administration and other expense	1,283.3	1,127.7
Total Expenses (a+b+c+d+e)	5,901.8	6,139.4
5. Profit before share of profit/(loss) of joint venture, exceptional items and tax (3-4)	1,997.7	2,616.2
6. Share of profit/(loss) of associates and joint ventures	-	(35.4)
7. Profit before exceptional items and tax (5+6)	1,997.7	2,580.8
8. Exceptional items	1,017.2	-
9. Profit before tax (7+8)	3,014.9	2,580.8
10. Tax Expenses		
a. Current Tax	413.0	839.1
b. Deferred Tax	112.5	31.4
c. Tax adjustment for prior years	4.3	(4.0)
Total Tax Expenses (a+b+c)	529.9	866.5
11. Profit/(loss) for the period before impact of rate change on opening deferred tax (9-10)	2,485.0	1,714.3
12. Impact of change in rate on opening deferred tax	(145.5)	-
13. Profit/(loss) for the period (11+12=13)	2,339.4	1,714.3
Profit for the period attributable to:		
Owners of the Company	2,339.8	1,714.3
Non-controlling interest	(0.3)	-
14. Other Comprehensive Income		
i) Items that will not be reclassified to profit or loss		
a) Remeasurement of Defined Benefit Plan	(24.3)	10.4
ii) Income tax relating to items that will not be reclassified to profit or loss	6.1	(3.7)
Other Comprehensive Income for the quarter/year (i) + (ii)	(18.2)	6.7
15. Total Comprehensive Income for the Period (13+14)	2,321.2	1,721.0
Total Comprehensive income attributable to:		
Owners of the Company	2,321.5	1,721.0
Non-controlling interest	(0.3)	-

Income
Revenue from operations

Our revenue from operation mainly includes revenue received from broking commission generating products and services across various asset classes such as equity, commodities and currency, and from other services such as depository services, clearing services, insurance broking, distribution of third-party financial products, facilities and ancillary services including real estate broking and advisory services.

Management Discussion and Analysis (Contd.)

Interest income was consistent during the year at Rs. 621.4 mn compared to previous year. Rental Income has reduced by 55% due to sale of office property by IIFL Facilities Services Limited, a wholly owned subsidiary of company, at the start of the year.

Fee and commission income has reduced mainly on account of decline in retail broking business. We have also witnessed fall in our Financial Product Distribution income due to impact of COVID-19 in the last quarter of FY20.

Other Income

Our other income mainly consists of income earned on investments; interest income on inter corporate deposits placed and income tax refunds; gain due to change in fair value of investments. Income for the year was higher as compared to previous year largely due to higher interest earned on Intercorporate deposit lending to group companies.

Expenses

Finance costs

Finance costs include interest on borrowings and other finance expenses such as bank guarantee commission, franking charges for borrowings through commercial papers, etc. Borrowings were lower during the year due to lower investing / funding activities on account of muted equity markets, resulting into lower finance cost as compared to previous year.

Fees and commission expense

Our fees and commission expense include sub-brokerage charges, cross sell pass out and other related expenses. The fee and commission expenses for FY20 stood at ₹ 831.7 million, lower by 6% y-o-y, mainly due to lower pay-outs on account of decline in revenues earned through franchisee / sub-brokers.

Employee benefits expense

Employee benefit expenses include salaries and wages, contribution to provident and other funds, shared based payments, staff welfare expenses, leave encashment and gratuity. The employee cost for FY20 stood at ₹ 2,212.5 million, a decrease of 14% y-o-y. This was mainly due to manpower re-organisation as well as lower variable pay.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment expenses include depreciation of property, plant and equipment, and amortisation of intangible assets. Depreciation and amortisation for FY20 remains at ₹ 553.1 million. It has increased due to Ind AS 116 implementation, whereby lease agreements have to be recognised as "Right to use of asset", being depreciated over the term of lease tenor.

Other expenses

Our other expenses primarily include advertisement expense, communication expense, legal and professional charges, marketing and commission expenses, office expenses, electricity charges, rates and taxes, software charges and travelling and conveyance expenses. Other expenses for FY20 remain at ₹ 1,283.3 million. Other expenses for the year were higher as compared to previous year which can largely be attributable to increase in technology expenditure for automation of various processes.

Liquidity and Capital Resources

Historically, we have maintained liquidity for our business operations primarily out of the cash generated from operations, bank borrowings and issuance of equity shares. As of March 31, 2020, we had cash, bank balances and fixed deposit of ₹ 10,271.7 million. Based on our current level of operations and expenditures, we believe that our current working capital, together with cash flows from operating activities, will be adequate to meet our anticipated cash requirements for capital expenditure and working capital for the next 12 months.

Segment-wise Performance (₹ in million)

Segments	For the year ended March 31			
	2020		2019	
	Segment Revenue	Segment Results	Segment Revenue	Segment Results
Capital market activity	6,361.3	1,713.3	7,453.4	2,278.0
Insurance Broking	438.8	187.3	367.2	170.9
Facilities and ancillary	1,597.5	1,111.7	1,454.0	219.7
Others	2.7	2.6	3.0	2.8
Less : Inter Segment Revenue/unallocated	-500.8	-	-522.0	-90.6
Total	7,899.5	3,014.9	8,755.6	2,580.8

Management Discussion and Analysis (Contd.)

Revenue from our Capital market activity decreased from ₹ 7,453.4 million for the year ended March 31, 2019 to ₹ 6,361.3 million for the year ended March 31, 2020, a decrease of 15% y-o-y. This was mainly due to decline in retail brokerage business as well as reduction in cross sell income due to COVID-19 impact in Q4FY20.

Revenue from our Insurance broking segment increased from ₹ 367.2 million for the year ended March 31, 2019 to ₹ 438.8 million for the year ended March 31, 2020, an increase of 19% y-o-y. The increase was primarily due to increase in general Insurance distribution business.

Revenue from our facilities and ancillary segment increased from ₹ 1,454.0 million for the year ended March 31, 2019 to ₹ 1,597.5 million for the year ended March 31, 2020, an increase of 10% y-o-y due to higher other income. The results for this segment have increased substantially from ₹ 219.72 million to ₹ 1,111.7 million mainly due to exceptional income of ₹ 1,017 million on sale of property.

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefore:

Key Ratios	FY20	FY19	Variance
Debt/Equity Ratio	0.52	1.04	-50.0%
Return on Net Worth	29.1%	25.3%	14.8%
Current Ratio	1.4	1.1	33.5%
Net Profit Ratio	26.0%	19.7%	32.4%

Explanation:

1. Debt to Equity Ratio decreased from 1.04 in FY19 to 0.52 in FY20 mainly due to lower borrowing from ₹ 7,592 million in FY19 to ₹ 4,588 million in FY20 and higher shareholder's equity from ₹ 7,309 million in FY19 to ₹ 8,797 million in FY20 due to retention of profits earned during the year.
2. Return on net worth has increased mainly on account of higher total comprehensive income of ₹ 2,321 mn in FY20 as compared to ₹ 1,721 mn in FY19.
3. Current Ratio has increased mainly on account of lower short term borrowings as compared to previous year and also due to decrease in Client & Exchange Payable balance.
4. Net profit margin calculated as "Total comprehensive income/ (Total Income + Exceptional Income)" has increased mainly due to exceptional income of Rs. 1,017 mn. on sale of property.

RISK MANAGEMENT & GOVERNANCE

Risk management is a key element of IIFL Securities business strategy and is integrated seamlessly across all

of its business operations. The objective of the Company's risk management process is to optimise the risk-return equation and ensure meticulous compliance with all extant laws, rules, and regulations applicable to all its business activities.

IIFL Securities seeks to foster a strong and disciplined risk management culture across all of its business departments and at all levels of employees. The Company takes a holistic view of risk management and undertakes an enterprise-wide risk management approach under the Enterprise Risk Management (ERM) Framework. We believe that ERM provides a sound foundation to ensure that the risk-taking activities across the Group are in line with the business strategy, the risk appetite approved by the Board and regulatory requirements.

The Company adopts the 'three lines-of-defence' (3 LOD) model wherein management control at the business entity level is the first line of defence in risk management. Various risk control and compliance oversight functions, established by the management are the second line of defence. Finally, the third line comprises the internal audit/assurance function. All three lines play a distinct role within IIFL's wider governance framework.

The Company along with its subsidiaries operates primarily in the financial services space. IIFL Securities is registered and regulated by SEBI for stock broking, depository participant, commodity broking, portfolio management, advisory, research, investment banking, alternate investment fund businesses and distribution of various financial products including mutual fund, bonds, NPS etc. The subsidiary IIFL Insurance Brokers Limited is into wide distribution of insurance products and is regulated by IRDA.

The compliance function forms a critical part of the Company's operations. IIFL's experienced compliance, audit and risk management teams play a vital role in ensuring that rules and regulations are strictly followed in all processes, not just in letter but also in spirit. The risk management discipline is implemented at across business entity level.

IIFL has adopted digital initiatives in all its key businesses & processes, like broking and distribution, customer service, internal operations and HR. Digitisation helps in growing business faster and to achieve critical mass and further grow exponentially using Do-It-Yourself model in a seamless manner with the cutting edge technology with minimum physical infrastructure and manpower. IIFL also introduced a revolutionary TAB based product viz. "AAA" to facilitate business partners to manage their client's investments, access quality research & training and monitor

Management Discussion and Analysis (Contd.)

their business performance all within a single device. Digitisation ensures less human intervention and superior customer service. Moreover, technology vastly eliminates the scope for any fraud, omission, and commission of errors.

The services offered at IIFL Securities are exposed to various risks that are either inherent to the business or exposed to the changes in external environment. In order to maintain financial soundness of the Company, it seeks to promote a strong risk culture throughout the organisation.

All major risk classes viz Technology & Information Security Risk, Compliance Risk, Operational Risk, Fraud Risk, Human Resource Risk, Market Risk and Reputational Risk are managed via well-defined risk management processes.

Risk	Risk Response Strategies
Operational Risk	<ul style="list-style-type: none"> • The Company has in place risk management policy in accordance with SEBI/ Exchanges' norms and the same are updated for any regulatory changes from time to time and communicated internally as well as to the clients. The same is made available through online portal. The basic principle being that the clients' funds/ securities and settlements with the Stock Exchanges' are totally segregated from that of funds/ securities of the broker and the same is monitored/ reported through Stock Exchanges', Depositories and SEBI on continuous basis. IIFL meticulous ensures maintenance of the above and monitors on a daily basis through its systems involving Back office, Accounts and Compliance. • In accordance with the requirements the entire risk management system with regard to clients trading, exposure limits, margins, collection of margin/ pay-in of funds/ securities are administered through automated process and it is managed through centralised risk team. The monitoring of client level risk positions is carried out on real time basis and necessary risk actions as and when required are initiated wherever required. • Risk alerts are communicated to the clients through online systems as well as through SMS, Branches, RMs etc. to ensure smooth client communication and operations. • Periodical settlement of funds/ securities is ensured
Technology & Information Security Risk	<ul style="list-style-type: none"> • As part of the operational risk management framework to manage risk to systems, networks and databases from cyber-attacks and threats, company has formulated a comprehensive Cyber Security and Cyber Resilience policy in accordance with the SEBI circular. As per the policy System Audit is undertaken by Exchange / Depositories recognised auditors on a periodical basis and their reports along with necessary action taken reports are reviewed by Audit Committee. • Management periodically reviews various Technology risks such as protecting sensitive customer data, identity theft, cybercrimes, data leakage, business continuity, access controls, etc. • Company has put in processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting. • Audit logs are reviewed for any anomalies and pattern deviations on a periodic basis • The Company implemented tools for mitigating various security risks - privileged identity management, advanced malware detection and protection, end-point encryption, mobile device management and secured internet access. • Initiatives are taken to automate the processes to reduce the risk of manual error and frauds. • The Company successfully completed the ISO 27001:2013 annual re-certification in February 2020.

Management Discussion and Analysis (Contd.)

Risk	Risk Response Strategies
<p>Compliance and Legal Risk</p>	<ul style="list-style-type: none"> • The Company has a full-fledged compliance department manned by knowledgeable and well-experienced professionals in compliance, corporate, legal and audit functions. The department guides the businesses/support functions on all regulatory compliances and monitors implementation of extant regulations/circulars, ensuring all the regulatory compliances, governance and reporting of the Group. • The Company has put in place adequate systems and controls to ensure compliance with anti-money laundering standards. Automated alerts systems, analysis and reporting of any suspicious transactions to FIU etc. are instituted. Besides, the Group entities are also registered with US-IRS under the Foreign Account Tax Compliance Act (FATCA), wherever applicable, in compliance with regulatory requirements. • The Company has instituted special purpose audits for multiple functions such as verification/ concurrent audit of KYCs, Depository operations etc., broking systems audit, and portfolio management audit among others. • The Company has in place adequate Insider Trading policy as per extant regulatory guidelines and circulars for administering the same. The same were further enhanced in line with updated regulatory requirements. • The Company has implemented business-specific Compliance Manuals, limit monitoring systems and AML/ KYC policies and enhanced risk based supervision systems. In insurance broking business the Company has strengthened the systems, processes, controls, audits and monitoring during the year and enhanced IRDA qualified marketing sales people, policy proposal documents, customer servicing, branch operations & control and the accounting etc. The Company had also instituted specific internal audit to verify the internal process / systems of insurance broking and has initiated to ensure that the functioning and the rectifications on regulatory prescriptions are properly implemented across the entire business. The report of the same and the action taken is also reviewed by the management and the Board periodically. The Company has in place an effective process for examination and handling, tracking, monitoring and review of legal cases filed against the Company as well as filed by the Company. The Company has also in place policy covering the process of handling legal cases, provisioning and contingent liabilities on legal cases. The most of the cases relate to the client servicing, which are effectively handled with our systemic records/ documents and communications through Exchange Arbitration mechanism. The other cases mainly relate to leave & license, labour court, shops & establishment etc. which are handled through the respective courts. In regard to regulatory notices / order etc. by Exchanges/ SEBI/ IRDA etc. necessary appeals are initiated before Tribunals/ Courts etc. In case of any adverse orders, necessary appeals / revision are filed in the higher courts. The status of cases is reviewed by the management periodically as well as reviewed by Audit Committee/ Board on quarterly basis. • In the year, compliance with corporate acts, including Companies Act, SEBI Act, FEMA, Securities Contracts (Regulation) Act and Rules, Insurance Act, and so on was verified by independent secretarial auditors on the holding company and major subsidiaries, during the year. Their reports and recommendations were considered by the Board and necessary implementations have been initiated. • The compliance requirements across various service points have been communicated comprehensively to all, through compliance manuals and circulars. To ensure complete involvement in the compliance process, heads of all businesses/zones/area offices and departments across businesses/entities submit quarterly compliance reports. Besides, the internal auditors also verify the compliances as part of their audit process. The compilations of these reports are reviewed by the Audit Committee/Board and are also submitted to regulatory authorities, periodically.

Management Discussion and Analysis (Contd.)

Risk	Risk Response Strategies
Market Risk	<ul style="list-style-type: none"> The Company aims to mitigate inherent market risks by using sound investment policies, dedicated product advisory teams, Investment Committees, requirement of investment justifications and regular monitoring of performance. While the clients' trading and the settlement risk are managed and monitored through the centralised Risk Management systems as per SEBI / Exchange norms. The same are meticulously complied. The Company does not have the prop trading business.
Human Resource Risk	<ul style="list-style-type: none"> The Group has taken several actions to ensure that the talent pipeline for the Company is strong especially when it comes to key management positions. We have been able to attract top notch talent from MNC and Indian corporates wherever required to supplement our existing management capability. The Group also has a strong focus on ensuring that employees are adequately trained in their job functions and on all compliance related trainings. The HR function also ensures all statutory compliances with labour laws and other relevant statutes and ensures that strong background screening standards are in place to minimise any risk of fraud from incoming employees. Training and certification requirements have been laid down for relevant personnel.
Reputation Risk	<ul style="list-style-type: none"> Over the years, the Company has fostered a culture that enables operating managers to say 'No' to poor quality business and eschewing from adopting short cuts and stopgap alternatives. In addition, it has in place stringent employee code of conduct and trading guidelines, which are to be followed by every employee. The Company's policy and processes ensure close monitoring and strict disciplinary actions against those deviating from the same. The organisation pays special attention to issues that may create a Reputational risk. Events that can negatively impact the organisation position are handled cautiously ensuring utmost compliance and in line with the values of the organisation.
Risk Culture	<ul style="list-style-type: none"> Risk management is integral to the Company's strategy. A strong risk culture is designed to help reinforce resilience by encouraging a holistic approach to the management of risk throughout the organisation. The Company has, over the years, invested in people, processes and technology to mitigate the risks posed by the external environment and by its borrowers. A strong risk management team ensures that risks are properly identified and addressed in a timely manner to ensure minimal impact on the Company's growth and performance. The Company has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage. In the broking business, the Company has put in place robust surveillance & risk management systems and has implemented Graded Surveillance Measures implemented by Exchanges. Further, it is also implemented enhanced risk based supervision as stipulated by SEBI.
Financial/ Asset Risk	<ul style="list-style-type: none"> Company's asset & liabilities and liquidity positions are closely monitored by the Management of the Company on a continuous basis; While the clients' funds and securities are handled in a completely segregated manner as per SEBI/Exchange prescribed guidelines, any shortfall in the settlement to the exchanges are met through own or borrowed funds as permitted by Regulator; The Surplus fund of the Company are invested mainly in the committed investment/ Liquid mutual Funds/ Bank deposit etc from time to time and are monitored on regular basis. The commercial rent yielding premises are monitored with respect to due rental receipts and other charges etc. receivable from the various parties on regular basis; All Properties Title deeds and agreement are in safe custody of the Company. All the properties including the premises of the companies are fully insured through office umbrella policy. Besides the Company as a process has adequate and mandatory insurance coverage through Directors & Officer policy, Brokers indemnity policy, Employee Group Insurance policy, IRDA professional indemnity policy etc. which adequately insures the business and assets. The status of all the above are review by Audit Committee/ Board on periodical basis.

Management Discussion and Analysis (Contd.)

HUMAN RESOURCES

IIFL Securities Limited's human resource department has been constantly striving to align with business, implement digital solutions, and build a strong culture of transparency and service orientation within the organisation. The Company continued to put in place people-friendly policies and practices in the past year and continues to focus on adopting best practices for its HR policies.

Strong Management Team

The Company continues to attract professional and experienced talent from various sectors including, BFSI, Technology, Software and Start-ups. This has created a transparent, meritocratic and performance driven culture. With the right leadership at the helm, we are able to attract and create a professional team driven by a sense of purpose.

Technology Enablement

The Company uses Adrenalin as a one stop employee interface for all their human resources related requirements. This system is easily accessible 24X7 through intranet and as a mobile app. We have this year implemented our recruitment solution – Hirecraft and integrated the same with Adrenalin which has facilitated our employees to access all features and activities from on-boarding to exit through a single system.

Training & Development

The Company has a dedicated training and development team which caters to areas of providing knowledge, building skills and supporting in areas of functional and technical development. With a strong focus on digital learning, our learning interventions right from Induction to functional training and refresher courses, have been developed and deployed online, supported by technology enablers to enhance the user experience of anytime anywhere learning. The Company is using multiple learning methodologies like e-learning modules, video based modules, simulation learning, mobile based micro learning etc. to support our employees on the quest for professional development.

Sensitivity towards driving a compliant business is ensured through learning aids/ modules covering topics such as mandatory courses on Anti Money Laundering, Information Security, Prevention of Sexual Harassment, Anti Corruption and Bribery are also being assigned to employees through our Learning Management System. A mobile App is being developed to cater to learning requirements of remote employees who are part of the organisation.

Encouraging Performance

Towards achieving employee retention and employee job satisfaction and creating effective retention strategies to decrease turnover, we have individual performance measures ("IPMs"), various feedback mechanisms to guide our employees from time to time. Monthly spot cash incentive schemes ("MSCI"), rewards and recognition programs are also conducted to not only appreciate the exemplary contributors, but also make it aspirational for the others to leverage their potential.

Management Connect

Considering the importance of management interaction, our Managing Director has a periodic live connect session with all employees through Facebook @ Work. During this session the management discusses the Company overview, goals and future plans, opportunities and challenges etc. The sessions are also opened to live questions from employees which are answered by the management. These sessions have enabled all employees to be aligned with the Company's vision, get clarification or bring to the management's notice any concerns and helped enhance management connect across hierarchy.

Employee Engagement

IIFL believes in engaging its work force and grooming them to become leaders of tomorrow. We have been taking employee feedback through our annual 'Pulse' survey, which enables us to continue doing the things going well and improve on the areas where we need to improve. These engagement scores are tracked to monitor improvement.

Special fast track program was formulated for the recognised high potential employees. These include program towards honing their skills and competencies, special learning and development initiatives which will enable them to meet their career aspirations within the organisation.

Monthly, Quarterly and Annual Rewards and Recognition programs are conducted to not only appreciate the exemplary contributions of performing employees, but also to make it aspirational for the others to leverage their potential.

Other engaging events like sports, cultural and festive celebrations, contests, etc are regularly conducted which enable employees to de-stress, improve team bonding and bring about a new spurt of exuberance within the employees.

As on March 31, 2020, our Company had 2,074 employees

IIFL Securities is now a 'Great Place to Work' certified as on March 31, 2020.

Management Discussion and Analysis (Contd.)

INTERNAL CONTROLS

The Company's internal audit is conducted as per the Annual Audit Plan approved by the Audit Committee. The scope of internal audit covers all aspects of business including regular front-end and back-end operations and internal compliances. It lays emphasis to check on process controls, measures undertaken by the Company to monitor risk and to check on leakages or frauds. The Company has invested in ensuring that its internal audit and control systems are adequate and commensurate with the nature of business, regulatory prescriptions and the size of its operations. Moreover, the Company is ISO 27001:2013 certified and has implemented effective information security processes reinforcing our commitment to provide robust and secure technology for all our customers.

The internal control system is supplemented by concurrent and internal audits, as well as special audits and regular reviews by the management. For internal audit, the Company has in place Mahajan & Aibara Chartered Accountants.

The Company also retains specialised audit firms to carry out specific / concurrent audit of some critical functions, such as half-yearly internal audit of broking mandated by SEBI/ Exchanges, DP processes, Know Your Customer (KYC) verifications, demat transfers, pay-outs verifications, systems audit, branches and sub brokers audits, PMS, mutual fund and alternative investment funds operations audit, insurance broking business operation audit, verification of related party transactions, among others. The Company has put in place enhanced risk based supervision systems and ensures continuous monitoring. The Company has in place separate internal audit teams dedicated for businesses. The internal team undertakes special situation audits and follows up on implementation of internal auditors' recommendations and action taken reports. In addition, the Company complies with several specific audits mandated by regulatory authorities such as SEBI / Exchanges / Depositories/ IRDA, and the reports are periodically submitted to the regulators.

The Board/Audit Committee reviews the overall risk management framework and the adequacy of internal controls instituted by the management team. The Audit Committee reviews major instances of fraud on a quarterly basis and actions are taken on the same. It also focuses on the implementation of the necessary systems and controls to strengthen the system and prevent such recurrence. The internal processes have been designed to ensure adequate

checks and balances, regulatory compliances at every stage. Internal audit team carries out a risk-based audit of these processes to provide assurance on the adequacy and effectiveness of internal controls for prevention, detection, reporting and remediation of frauds.

INTERNAL FINANCIAL CONTROLS

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 and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively.

OUTLOOK

Given the COVID-19 pandemic related uncertainties on global and domestic growth, risk spreads and capital flows, the outlook for FY21 looks uncertain. Higher market volatility would buoy up volumes and may change the direction of flows in domestic MFs/EMs, which is a potential dampener. With the corporate balance sheets under stress and banks' reluctance to lend, companies are likely to raise equity as soon as there is some stability in the markets. Broking business is expected to remain unaffected in FY21 considering it to be an essential service and end to end servicing through internet/ digital processes as well as seamless operations. Insurance is being seen as the sector in focus in FY21 as the impact of COVID-19 has brought the attention of masses to health, financial security and wellbeing of self & family. It is expected that the combination of fiscal, monetary, and administrative stimulus measures being initiated by the Government and RBI, will help in gradual revival of the economy from the later part of FY21.

For and on behalf of the Board

Venkataraman Rajamani

Managing Director
DIN: 00011919

Narendra Jain

Whole Time Director
DIN: 01984467

Date: May 15, 2020
Place: Mumbai

Independent Auditor's Report

To The Members of IIFL Securities Limited (formerly Known as India Infoline Limited)

Report on the Audit of the Standalone Ind AS financial statements

Opinion

We have audited the standalone Ind AS financial statements of IIFL Securities Limited (formerly known as India Infoline Limited) ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, profit, total comprehensive income, changes in equity and its 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any key audit matters for the Company. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Response to Key Audit Matter
<p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls implemented in the Information Technology (IT) systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records, being materially misstated.</p> <p>The Company uses Oracle system as the General Ledger for overall financial reporting which is interfaced with other main systems viz., BO-Swaraj and BO-Mutual Fund that process transactions, which impacts significant accounts.</p> <p>We have identified 'IT systems and control' as Key audit matter, since for the primary business segment (broking and commission income), the Company relies on automated processes and controls for recording of income.</p>	<p>We focused on General IT controls i.e. access management, change management, program development and computer operations control and IT application controls i.e. controls on relevant system based reconciliation, system generated reports and system/application processing over key financial accounting, reporting systems and control systems.</p> <p>Our audit procedures to assess the effectiveness of IT system included the following:</p> <ul style="list-style-type: none"> Performed walkthroughs to evaluate the design and implementation of key automated controls and tested the effectiveness of identified IT automated controls and IT systems in relation to financial accounting and reporting systems, including general controls i.e. system access and system change management, program development and computer operations. We tested design and operating effectiveness of key controls over user access management on test check basis which included granting access right, new user creation, removal of user rights and other preventive controls.

Independent Auditor's Report (Contd.)

Key Audit Matter	Response to Key Audit Matter
	<ul style="list-style-type: none"> • We independently assessed password policies, security configurations, system generated reports and system interface controls on test check basis. • Evaluating the design, implementation and operating effectiveness of identified significant accounts related IT automated controls which are relevant for accuracy of system calculation, and consistency of data transmission on test check basis. • We have also relied on the reports of IT Systems and Controls testing carried to the extent carried out by Internal Auditors with respect to IT access controls and Systems audit conducted by the systems auditor appointed for this purpose and their observations. The internal auditors / system auditors have not observed any major deficiency.

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 Annexures 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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards specified under Sec 133 of the Act. 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, management 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.

The 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.

Independent Auditor's Report (Contd.)

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 Company's ability 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.

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.

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

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, to the extent applicable.
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 (including Other Comprehensive Income), the Statement of changes in Equity 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.

Independent Auditor's Report (Contd.)

- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its managing director during the year is in accordance with the provisions of section 197 of the Act.

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 has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note No 30 of the financial statements.
- (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)
(M.No.46050)
UDIN: 20046050AAAABY8251

Place: Mumbai
Date: May 15, 2020

Annexure A to the Independent Auditor's Report

Annexure referred to in our report of even date to the members of IIFL Securities Limited (formerly known as India Infoline Limited) on the accounts for the year ended 31st March 2020

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable considering the size of the Company and nature of its fixed assets. According to the information and explanations given to us, no material discrepancies have been noticed on such physical verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties which are freehold are held in the name of the Company.
- (ii) The Company is not carrying on any trading or manufacturing activity. Therefore Para 3(ii) of the Order is not applicable to the Company
- (iii) The Company has granted loans, unsecured to 6 companies covered in the register maintained under Section 189 of the Companies Act, 2013:
- (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the Companies were not, prima facie, prejudicial to the interests of the Company;
- (b) The borrowers have been regular in the payment of the principal and interest as stipulated;
- (c) There are no overdue amounts as at the balance sheet date, in respect of these loans.
- (iv) According to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act with respect to the loans, investments, guarantees and securities made as applicable.
- (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. We are informed that 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) (a) According to the information and explanations given to us the Company is generally regular in depositing undisputed 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 with the appropriate authorities. Further as explained, there are no undisputed statutory dues outstanding for more than six months as at 31st March 2020 from the date they became payable;
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no cases of non-deposit of disputed dues of income tax or sales tax or goods and services tax or duty of customs or duty of excise. However, according to the information and explanations given to us, the following dues of service tax has not been deposited by the Company on account of dispute:

Nature of the Statute	Nature of the Dispute	Amount of Tax (Rs in Millions)	Period to which amount relates	Forum where dispute is pending
Service Tax, 1994	Service Tax on Delayed Payment Charges	Rs 264.45 Outstanding out of total demand of Rs 272.20	01.04.214 to 31.03.2016	CESTAT
Service Tax, 1994	Service Tax on FII - Brokerage	Rs 101.35 Outstanding out of total demand of Rs 105.29	01.04.214 to 30.09.2014	CESTAT

- (viii) According to the information and explanation given to us and based on our audit procedures, the company has not defaulted in repayment of loans to banks. The Company has not taken any loans or borrowings from Government or financial institutions and did 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.

Annexure A to the Independent Auditor's Report (Contd.)

- (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 managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) In our Opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence clause (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) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (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 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)
(M.No.46050)
UDIN: 20046050AAAABY8251

Place: Mumbai
Date: May 15, 2020

Annexure B to the Independent Auditor's Report

Annexure referred to in our report of even date to the members of IIFL Securities Limited (formerly Known as India Infoline Limited) on the standalone accounts for the year ended 31st March 2020

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 Limited (formerly Known as India Infoline Limited) ("the Company") as of March 31st, 2020 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

Annexure B to the Independent Auditor's Report (Contd.)

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, 2020 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)
(M.No.46050)
UDIN: 20046050AAAAABY8251

Place: Mumbai
Date: May 15, 2020

Standalone Balance Sheet

As at March 31, 2020

(₹ in Million)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	3	3,128.90	4,099.32
(b) Bank Balance other than (a) above	4	6,803.34	5,706.57
(c) Receivables			
(I) Trade receivables	5	186.86	84.36
(II) Other receivables	5	13.68	28.53
(d) Loans	6	220.37	920.55
(e) Investments	7	2,473.62	1,891.55
(f) Other financial assets	8	4,532.85	6,111.01
Sub-total		17,359.62	18,841.89
(2) Non-Financial Assets			
(a) Current tax assets		149.33	88.52
(b) Deferred tax assets (net)	9	151.03	386.59
(c) Property, Plant and Equipment	10	162.87	190.50
(d) Capital work-in-progress	10	25.63	5.18
(e) Other intangible assets	10	19.75	35.91
(f) Right-of-use assets	11	667.46	-
(g) Other non-financial assets	12	314.93	62.45
Sub-total		1,491.00	769.15
Total Assets		18,850.62	19,611.04
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Payables			
(I) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	9.13	9.54
(II) Other payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	291.79	177.60
(b) Borrowings (Other than debt securities)	14	756.37	1,005.37
(c) Other financial liabilities	15	10,406.43	11,729.79
Sub-total		11,463.72	12,922.30
(2) Non-Financial Liabilities			
(a) Provisions	16	32.67	24.46
(b) Other non-financial liabilities	17	186.24	217.51
Sub-total		218.91	241.97
(3) EQUITY			
(a) Equity share capital	18	639.22	638.41
(b) Other equity	19	6,528.77	5,808.36
Sub-total		7,167.99	6,446.77
Total Liabilities and Equity		18,850.62	19,611.04

See accompanying notes forming part of Standalone Financial statements

1 - 38

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 Board of Directors

Venkataraman Rajamani

Managing Director

(DIN: 00011919)

Arindam Chanda

Chief Executive Officer

Roshan Dave

Company Secretary

Narendra Jain

Whole Time Director

(DIN: 01984467)

Ronak Gandhi

Chief Financial Officer

Place : Mumbai

Dated : May 15, 2020

Standalone Statement of Profit and Loss

For the year ended March 31, 2020

(₹ in Million)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
1. Revenue from operations			
(a) Interest income	20	485.12	522.17
(b) Fees and commission income	21	5,475.94	6,384.55
Total revenue from operations (a+b)		5,961.06	6,906.72
2. Other income	22	476.37	151.33
3. Total income (1+2)		6,437.43	7,058.05
4. Expenses			
(a) Finance costs	23	312.16	508.61
(b) Fees and commission expense	24	892.57	1,092.44
(c) Employee benefits expenses	25	1,922.67	2,134.43
(d) Depreciation, amortisation and impairment	26	480.60	116.32
(e) Other expenses	27	842.73	1,043.52
Total expenses (a+b+c+d+e)		4,450.73	4,895.32
5. Profit / (loss) before exceptional items and tax (3-4)		1,986.70	2,162.73
6. Exceptional items		-	-
7. Profit before tax (5-6)		1,986.70	2,162.73
8. Tax Expense:			
(a) Current Tax	28	317.48	713.01
(b) Deferred Tax	28	111.79	0.87
(c) Short/(excess)	28	1.82	(0.54)
Total Tax Expenses (a+b+c)		431.09	713.34
9. Profit for the period before impact of rate change on opening deferred tax (7-8)		1,555.61	1,449.39
10. Impact of change in rate on opening deferred tax asset	28	129.41	-
11. Profit for the period (9-10)		1,426.20	1,449.39
12. Other Comprehensive Income			
(A)			
(i) Items that will not be reclassified to profit or (loss)			
(a) Remeasurements of the defined benefit plans		(22.41)	12.19
(ii) Income tax relating to items that will not be reclassified to profit or (loss)		5.64	(4.26)
Subtotal (A)		(16.77)	7.93
(B)			
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Subtotal (B)		-	-
Other Comprehensive Income (A + B)		(16.77)	7.93
13. Total Comprehensive Income for the Year (11+12)		1,409.43	1,457.32
Earnings per equity share			
Basic in ₹	29	4.47	4.54
Diluted in ₹	29	4.46	4.54

See accompanying notes forming part of Standalone Financial statements

1 - 38

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 Board of Directors

Venkataraman Rajamani

Managing Director

(DIN: 00011919)

Arindam Chanda

Chief Executive Officer

Roshan Dave

Company Secretary

Narendra Jain

Whole Time Director

(DIN: 01984467)

Ronak Gandhi

Chief Financial Officer

Place : Mumbai

Dated : May 15, 2020

Standalone Statement of changes in equity

For the year ended March 31, 2020

A. Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in million	No. of Shares	₹ in million
At the beginning of the year	-	-	-	-
Add:- Shares issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	319,234,462	638.47	-	-
Add: Shares issued during the year under ESOP scheme	375,000	0.75	-	-
Closing at the end of year	319,609,462	639.22	-	-
Share suspense account				
At the beginning of the year	319,203,092	638.41	-	-
Add : Shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	-	-	318,979,026	637.96
Add : Further additional shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	31,370	0.06	224,066	0.45
Less: Shares allotted during the year	(319,234,462)	(638.47)	-	-
Closing at the end of year	-	-	319,203,092	638.41

B. Other equity

Particulars	Reserves and Surplus				Share options outstanding account *	Other items of Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings			
Balance as at March 31, 2018	1,017.70	2,230.82	-	1,771.94	-	(6.03)	5,014.43
Addition due to Composite Scheme of Arrangement (Refer note 1.1)	(256.11)	-	-	-	21.83	-	(234.28)
Addition due to slump sale	(90.62)	-	-	-	-	-	(90.62)
Total comprehensive income for the year	-	-	-	1,449.39	-	7.93	1,457.32
Appropriation towards dividend paid	-	-	-	(280.78)	-	-	(280.78)
Dividend Distribution Tax	-	-	-	(57.71)	-	-	(57.71)

(₹ in Million)

Standalone Statement of changes in equity

For the period ended March 31, 2020

(₹ in Million)

Particulars	Reserves and Surplus				Share options outstanding account *	Other items of Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings			
Balance as at March 31, 2019	670.97	2,230.82	-	2,882.84	21.83	1.90	5,808.36
Transfer from/to reserve	-	4.98	0.90	-	(5.88)	-	-
Additions/(deletions) during the year	(0.06)	9.15	-	-	12.89	-	21.98
Total comprehensive income for the year	-	-	-	1,426.20	-	(16.77)	1,409.43
Appropriation towards dividend paid	-	-	-	(638.47)	-	-	(638.47)
Dividend Distribution Tax	-	-	-	(72.53)	-	-	(72.53)
Balance as at March 31, 2020	670.91	2,244.95	0.90	3,598.04	28.84	(14.87)	6,528.77

*Share stock options accounts represents ESOP reserve transferred by IIFL Finance Limited (Formerly IIFL Holdings Limited) as part of "Securities Undertaking " against the options granted by the Company on effective date for outstanding options under various grants by IIFL Finance Limited (Formerly IIFL Holdings Limited) as per the Composite Scheme of Arrangement (Refer note no. 1.1) & includes reserves created on account of fresh options granted by the Company on October 30, 2019.

See accompanying notes forming part of Standalone Financial statements (1 -38)

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

Place : Mumbai

Dated : May 15, 2020

For and on behalf of Board of Directors

Venkataraman Rajamani

Managing Director

(DIN: 00011919)

Arindam Chanda

Chief Executive Officer

Roshan Dave

Company Secretary

Narendra Jain

Whole Time Director

(DIN: 01984467)

Ronak Gandhi

Chief Financial Officer

Standalone Cash Flow Statement

For the year ended March 31, 2020

(₹ in Million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flows from operating activities		
Net profit before taxation	1,986.70	2,162.73
Adjustments for:		
Depreciation, amortisation and impairment	119.95	116.32
Interest expenses	242.57	508.61
Dividend income	(293.73)	(4.44)
Provision for gratuity	13.91	8.63
Provision for leave encashment	32.67	24.46
Provision for expenses	324.20	158.81
Employee share based payment	13.43	8.40
Interest income	(133.92)	(60.90)
Net loss/(gain) on financial instrument measured at fair value	219.45	(32.06)
Net loss/(gain) on sale of fixed assets	1.40	(0.46)
Operating Profit Before working capital changes	2,526.63	2,890.10
(Increase)/Decrease in other bank balances	(1,096.78)	(1,383.77)
(Increase)/Decrease in loan	700.18	(138.51)
(Increase)/Decrease in trade and other receivables	(87.65)	35.13
(Increase)/Decrease in other financial assets	1,578.16	4,903.82
(Increase)/Decrease in other non-financial assets	(252.48)	2.26
Increase/(Decrease) in trade and other payable	(173.51)	(240.87)
Increase/(Decrease) in other financial liabilities	(2,064.05)	1,417.88
Increase/(Decrease) in provisions	(24.46)	(21.08)
Adjustment due to Composite Scheme of Arrangement (Refer note 1.1)	-	(233.83)
Increase/(Decrease) in other non-financial liabilities	(31.27)	6.03
Cash generated from operations	1,074.77	7,237.16
Current tax expense	(380.11)	(726.26)
Net cash generated from operating activities (A)	694.66	6,510.90
Cash flows from investing activities		
Purchase of fixed assets	(98.02)	(141.96)
Purchase consideration under slump sale	-	(76.90)
Interest income	133.92	60.90
Dividend income	293.73	4.44
(Purchase)/Sale of Investments (including subsidiaries)	(801.51)	11.79
Net cash used in investing activities (B)	(471.88)	(141.73)
Cash flows from financing activities		
Proceed from issuance of share capital	9.37	-
Dividend paid(including dividend distribution tax)	(711.00)	(338.49)
Increase/(decrease) in borrowings	(249.00)	(4,370.55)
Interest expenses	(242.57)	(508.61)
Net cash used in financing activities (C)	(1,193.20)	(5,217.65)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(970.42)	1,151.52
Cash and cash equivalents at the beginning of the year	4,099.32	2,947.80
Cash and cash equivalents at the end of the year	3,128.90	4,099.32

See accompanying notes forming part of the standalone financial statements (1 -38)

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 Board of Directors

Venkataraman Rajamani

Managing Director

(DIN: 00011919)

Arindam Chanda

Chief Executive Officer

Roshan Dave

Company Secretary

Narendra Jain

Whole Time Director

(DIN: 01984467)

Ronak Gandhi

Chief Financial Officer

Place : Mumbai

Dated : May 15, 2020

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020

Note 1. Corporate Information:

IIFL Securities Limited (Formerly India Infoline Limited) the Company was incorporated on March 21, 1996. The Company is in the financial services spaces offering capital financial services such as equity/ currency broking in NSE/ BSE, online and offline commodity broking in MCX and NCDEX, depository participant services, merchant banking and distribution of financial product besides holding investments in subsidiaries. The Company was a wholly owned subsidiary of IIFL Finance Limited (Formerly known as IIFL Holdings Limited) till March 31, 2017. The Equity Shares of the Company were listed on the National Stock Exchange of India and BSE Limited on September 20, 2019.

Note: 1.1 Composite Scheme of Arrangement

"The Board of Directors of IIFL Securities Limited ("IIFL Securities") and IIFL Finance Limited ("IIFL Holdings") at its meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst IIFL Securities, IIFL Holdings, India Infoline Finance Limited ("IIFL Finance") (merged with IIFL Finance Limited w.e.f. March 30, 2020), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Wealth Management Limited ("IIFL Wealth") and IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") which inter-alia, envisaged the following:

- i. amalgamation of IIFL M&R with IIFL Holdings;
- ii. demerger of the Securities Business Undertaking (as defined in the Scheme) of IIFL Holdings into IIFL Securities;
- iii. demerger of the Wealth Business Undertaking (as defined in the Scheme) of IIFL Holdings into IIFL Wealth;
- iv. transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution; and
- v. amalgamation of IIFL Finance with the IIFL Holdings, on a going-concern basis."

The Appointed Date for the amalgamation of IIFL M&R with the IIFL Holdings was April 01, 2017 and for all the other steps, the Appointed Date was April 01, 2018.

Certified copy of the order dated 7th March 2019 of the National Company Law Tribunal approving the Scheme consequent to approval by the Shareholders was received by IIFL Holdings on March 15, 2019 and filed with the

Registrar of Companies on April 11, 2019.

The Board of Directors of the respective companies at their meeting held on May 13, 2019 have decided to give effect to the Scheme in the following manner:

- a) Merger of IIFL M&R with IIFL Holdings with effect from the Appointed Date i.e. April 01, 2017;
- b) Demerger of Securities Business Undertaking and the Wealth Business Undertaking from IIFL Holdings with effect from the Appointed Date i.e. April 01, 2018; and
- c) Transfer of the Broking and Depository Participant Business Undertaking from IIFL Wealth to its wholly owned subsidiary, IIFL Distribution Services Limited with effect from the Appointed Date April 01, 2018.
- d) Merger of the IIFL Finance with IIFL Holdings, which has been effective from March 30, 2020 from the Appointed Date April 01, 2018.

Pursuant to above, the Company allotted fresh 319,234,462 equity shares of ₹ 2 each, on June 6, 2019, to the eligible shareholders of IIFL Finance Limited (Formerly IIFL Holding Limited) whose name appeared in the Register of Members on May 31, 2019, i.e. the record date. The shares of the Company were successfully listed on NSE and BSE w.e.f. September 20, 2019.

Note: 1.2 Purpose and Basis of Accounting and Preparation of Financial Statements

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 and measurements that have some similarities to fair value but are not fair value, such value in use in Ind AS 36.

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

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

a) Key Accounting Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Estimates and underlying assumptions are reviewed on ongoing basis. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The Company makes certain judgments and estimates for valuation and impairment of financial instruments, fair valuation of employee stock options, useful life of property, plant and equipment, deferred tax assets, retirement benefit obligations and lease arrangements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

b) Statement of Compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed

under Sec 133 of the Companies Act ("the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value (refer accounting policy on financial instruments).

Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31 March, 2020, the Statement of Profit and Loss for the year ended 31 March 2020, the Statement of Cash Flows for the year ended 31 March 2020 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Standalone Financial Statements' or 'financial statements').

c) Basis of Preparation of Standalone financial statements:

These Financial Statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards.

These Financial Statements of the Company are presented in Indian Rupees (INR) which is also the Company's functional currency.

The Financial Statements are presented in million, except when otherwise indicated. Amount which is less than ₹ 0.01 million is shown as ₹ 0.00 million.

The Standalone financial statements for the year ended March 31, 2020 are being authorized for issue in accordance with a resolution of the directors on May 15, 2020.

Note 2. Significant Accounting Policies

a) Business Combinations:

Business combinations (not involving entities under common control) are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognised in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under other equity.

b) Goodwill:

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations. Goodwill is considered to have indefinite useful life and hence is not subject to amortisation but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Company cash generating units (CGUs) that are expected to benefit from the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Company.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Company recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

c) 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 PPE 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 PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.

The cost of an item of PPE 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 liabilities,

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

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 capitalised if the recognition criteria are met. Expenses related to plans, designs and drawings of buildings or plant and machinery is capitalised 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 capitalised at cost and depreciated over their useful life. Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefit associates with these will flow into the Company and the cost of the item can be measured reliably. Items of Property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value and are shown separately in the financial statements. Gains or losses arising from disposal or retirement of tangible Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement. When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property as its carrying amount on the date of reclassification. On transition to Ind AS, the Company has elected to continue with the carrying value for all of its PPE recognised as at April 1, 2017 measured as per the previous GAAP and use that varying value as the deemed cost of the PPE."

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 amortised 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 derecognised 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 recognised in the Statement of Profit and Loss when the item is derecognised.

Estimates of useful lives of property, plant and equipment

Class of assets	Useful life in years
Buildings *	20
Computers *	3
Electrical equipment *	5
Office equipment *	5
Furniture and fixtures *	5
Vehicles *	5

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013 Depreciation / amortisation is charged on pro-rata on monthly basis on assets, from / upto the month of capitalisation / sale, disposal / earmarked for disposal.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Capital work in progress and Capital advances:

Cost of assets not yet 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-Financial Assets.

d) 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 capitalised and the related expenditure is recognised 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 amortisation 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.

Expenditure on software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

On transition to Ind AS, the Company has elected to continue with the carrying value for all its intangible assets as recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

Amortisation:

Intangible Assets with finite lives are amortised on a Straight Line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

The amortisation period and the amortisation 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.

Estimated useful economic life of the assets is as under:

Class of assets	Useful life in years
Software	3

Derecognition:

The carrying amount of an intangible asset is derecognised 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 recognised in the Statement of Profit and Loss when the asset is derecognised.

e) 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. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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. Freehold land is not depreciated.

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 the statement of profit and loss in the period of the retirement or disposal. The fair values of investment property is disclosed in the notes.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

f) Impairment of Non-Financial Assets:

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation 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 amortisation 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 recognised 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 recognised in the Statement of Profit and Loss and included in depreciation and amortisation expenses. After impairment (if any), depreciation/ amortisation is provided on the revised carrying amount of the assets over its remaining life.

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 recognised.

g) Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the statement of profit and loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share."

Securities premium includes:

- A. The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- B. The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

h) 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 instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

Financial assets

Initial recognition and measurement:

Trade Receivables, Loans and Deposits are initially recognised when they are originated. The Company recognises a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All financial assets are recognised 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.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

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 recognised 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 recognised 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 amortised 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 amortised cost:

A financial asset is measured at the amortised 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 contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

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 amortised 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 amortisation using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortised cost at each reporting date. The corresponding effect of the amortisation under effective interest method is recognised as interest income over the relevant period of the financial asset.

The amortised cost of a financial asset is also adjusted for loss allowance, if any.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

ii. Financial assets measured at FVTOCI:

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

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

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

iii. Investments in equity instruments at FVTOCI:

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. Dividend from these investments are recognised in the statement of profit and loss when the Company right to receive dividends is established. As at the reporting dates, there are no equity instruments measured at FVOCI.

vi. Investments in equity instruments of subsidiaries & associates

Investments in equity instruments of subsidiaries & associates are measured at cost.

v. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortised 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 recognised 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 recognised under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognised in Statement of Profit & Loss. The Company recognises 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 derecognised (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.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

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 recognise such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognises an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised 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 amortised 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 recognised 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 recognising 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.

Financial Liabilities and equity:

Initial recognition and measurement:

The Company recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognised 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 recognised 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 recognised 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:

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.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

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

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 derecognised 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 derecognised and the consideration paid is recognised 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 advantageous 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 participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs."

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy that categorises into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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 for assets or liabilities that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period and discloses the same.

j) Foreign Currency Translation:

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

i. Functional and presentation currencies:

Items included in the Standalone financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in INR which is the functional and presentation currency for Company.

ii. Transactions & Balances:

Foreign currency transactions are translated into the functional currency at the exchange rates on the date of transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at the year-end exchange rates are generally recognised in the Statement Profit and Loss. They are deferred in equity if they relate to qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

Non-monetary foreign currency items are carried at cost and accordingly the investments in shares of foreign subsidiaries are expressed in Indian

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined."

iii) Foreign operations:

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate as on that balance sheet date, and
- income and expenses are translated at average exchange rates

On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

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:

- The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.
- Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.
- 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).
- where there is uncertainty over income tax treatments, the Company determines the probability of the income tax authorities accepting each such tax treatment or group of tax treatments in computing the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Deferred tax:

Deferred tax is provided using the balancesheet method on temporary differences between the tax bases of assets & liabilities & their carrying amounts for financials reporting purposes as at the reporting date. Deferred tax is recognised 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 recognised 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 recognised. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised.

Deferred tax assets are generally recognised 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 utilised. 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 recognised. The tax effects of income tax losses, available for carry forward, are recognised as deferred tax asset, when it is probable that future taxable profits will be available against which these losses can be set-off."

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 utilised.

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. Additional taxes that arise from the distribution of dividends by the Company are recognised directly in equity at the same time as the liability to pay the related dividend is recognised

Presentation of current and deferred tax:

Current and deferred tax are recognised as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognised 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 recognised amounts and where it intends either to settle on a net basis, or to realise the asset and

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company 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 recognises 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. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risk & uncertainties surrounding the obligation.

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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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) Statement of Cash Flows :

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

- changes during the period in operating receivables and payables transactions of a noncash nature;

- non-cash items such as depreciation, provisions, deferred taxes and unrealised foreign currency gains and losses.
- all other items for which the cash effects are investing or financing cash flows.

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

n) Cash and Bank Balances:

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

o) Revenue Recognition

Revenue from contracts with customers

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115, Revenue from contracts with customers, outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customers. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the contract price to the performance obligations in the contract: For contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company assesses its revenue arrangement against specific criteria to determine if it is acting as principal or agent. The Company has generally concluded that it is acting as a principal in all of its revenue arrangements.

Income from services rendered as a broker is recognised upon rendering of the services on a trade date basis, in accordance with the terms of contract. Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract. Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant. Commission and fees recognized as aforesaid are exclusive of goods and service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.

The Company recognised revenue from various activities as follows:

i. Interest Income

Interest income is recognised using effective interest rate by considering all the contractual term of the financial instruments in estimating the cash flow.

ii. Fees & Commission

Fees and commission income is recognised based on five step model set out in Ind AS 115.

- Brokerage income earned on secondary market operations is accounted on trade date basis.
- Income related with advisory activities, Investment banking, Financial Product Distribution Income in respect of other heads is accounted on accrual basis.

iii. Other operational revenue:

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

p) 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. If the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. 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.

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 recognises contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

contributions already paid, the deficit payable is recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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.

Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be availed in twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

q) Lease accounting :

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

As a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option

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

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

Lease liability and the right of use asset have been separately presented in the balance sheet.

Short-term leases and leases of low-value assets

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

As a lessor

Leases for which the Company is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Critical accounting estimate and judgement

Transition

Effective from 1 April 2019 ('the date of transition'), the Company applied Ind AS 116 using the modified retrospective approach, wherein Right-of-use ('ROU') asset is recognised at an amount equal to the lease

liability. Accordingly, the comparative information is not restated – i.e. it is presented, as previously reported, under Ind AS 17. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

The Company as a lessee

As a lessee, the Company leases assets which includes office premises and vehicles to employees. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for these leases.

On transition, for leases classified as operating leases under Ind AS 17, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

Following is the summary of practical expedients elected on initial application:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term. Accordingly, a right-of-use asset of ₹ 969.63 million and lease liability of ₹ 969.63 million has been recognised.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

The Company as a lessor

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub - lease. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application.

r) Goods and Services tax input credit

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

s) Borrowing Cost:

Borrowing cost includes interest, amortisation 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 capitalised, if any. All other borrowing costs are expensed in the period in which they occur.

t) Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

u) Segment Reporting :

The Company's business is to provide capital market services in primary & secondary market. All other activities of the Company are ancillary to the main business. As such, there are no reportable segments that need to be reported separately as defined in Ind AS 108, Operating Segments.

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. Further Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases.

b. Determination of the estimated useful lives of tangible assets

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 obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

bonds. The period to maturity of the underlying bonds corresponding to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. Further details are disclosed in note no 25.

d. Fair value measurement of Financial Instruments

When the fair values of financial 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.

e. Impairment of financial assets

The provision for expected credit loss involves estimating the probability of default and loss given default based on the Company own experience & forward looking estimation.

f. Provision for litigations:

In estimating the final outcome of litigation, the Company applies judgment in considering factors including experience with similar matters, past history, precedents, relevant and other evidence and facts specified to the matter. Application of such judgment determines whether the Company requires an accrual or disclosure in the financial statements.

g. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes model used for valuation of options. Key assumptions made with respect to expected volatility includes share price, expected dividends and discount rate, under this option pricing model. Further details are disclosed in note no.- 32.

h. Determining whether an arrangement containing a lease

In determining whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease date if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

i) Discount rate

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 3 : CASH AND CASH EQUIVALENTS

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.34	0.23
Cheques in hand	56.81	18.62
Balances with banks :		
- In current accounts	107.72	671.24
- In client accounts	2,964.03	3,409.23
Total	3,128.90	4,099.32

NOTE 4 : BANK BALANCE OTHER THAN ABOVE

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
In deposits accounts with original maturity of more than 3 months		
- Lien marked *	6,803.34	5,704.08
- Other deposit	-	2.49
Total	6,803.34	5,706.57

* Company has pledged fixed deposits with the banks for bank guarantee/overdraft facilities and with the stock exchange for margin/arbitration purpose and with other authorities.

NOTE 5 : RECEIVABLES

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Trade receivables		
- Receivables considered good - unsecured	169.46	59.86
- Receivables which have significant increase in credit risk	21.60	30.79
- Receivables - credit impaired	3.64	10.68
Total (i) Gross	194.70	101.33
- Less : Impairment loss allowance	(7.84)	(16.97)
Total (i) Net	186.86	84.36
(ii) Other receivables		
- Receivables considered good - unsecured	13.68	28.53
Total (ii) Net	13.68	28.53
Total (i+ii)	200.54	112.89

a) No trade or other receivables are due from directors or from other officers of the Company either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any directors is a partner, director or a member as at March 31, 2020 and March 31, 2019.

b) No trade receivables and other receivables are interest bearing.

NOTE 6 : LOANS

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Loan repayable on demand		
Margin trading facility balances *	220.37	780.55
Loan to related parties (Refer note 35) #	-	140.00
Total	220.37	920.55

* Loans to customers are secured by pledge of Shares/Bonds/Mutual Funds

Transferred pursuant to the Composite Scheme of Arrangement

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 7 : INVESTMENTS

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
I) At cost		
Investment in equity shares of subsidiaries		
- IIFL Facilities Services Limited	321.40	321.40
- IIFL Commodities Limited (Formerly India Infoline Commodities Limited)	20.00	20.00
- IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited) *	43.41	33.41
- IIFL Management Services Limited	10.00	10.00
- IIFL Wealth (UK) Limited	11.20	11.20
- IIFL Capital Inc	40.29	40.29
- IIFL Asset Reconstruction Limited	44.13	44.13
- IIFL Securities Services IFSC Limited (100% subsidiary w.e.f August 6, 2018)	5.00	5.00
Investment in preference shares of subsidiaries		
- IIFL Management Services Limited (0.1 % Redeemable Non Convertible Non Cumulative)	283.78	283.78
II) At fair value through profit or loss		
Mutual fund		
- HDFC Charity Fund for Cancer Cure	20.05	20.06
Investment in AIF		
- India Alternative Private Equity Fund - Category II - AIF Class S	501.07	613.69
- IIFL Income Opportunities Fund Series - Special Situation Category II- AIF	17.20	60.05
- IIFL Real Estate Fund (Domestic) – Series 2 Category II- AIF	277.95	374.32
Investment in preference shares		
- Compulsory convertible preference share of Giskard Datatech Private Limited	29.02	14.51
Investment in equity shares		
- Bombay Stock Exchange Limited	19.29	39.71
- Kotak Mahindra Bank Limited	109.15	-
- SBI Cards & Payment Services Limited	9.46	-
- Giskard Datatech Private Limited#	0.00	0.00
Investment in debt Instruments		
- In Pass Through Certificates (PTC) of Secure SME Trust	711.22	-
Total -Gross (A)	2,473.62	1,891.55
- Less: Allowance for impairment loss (B)	-	-
Total -Net (C) = (A) - (B)	2,473.62	1,891.55
- Investment outside India	51.49	51.49
- Investment in India	2,422.13	1,840.06
Total Net (C)	2,473.62	1,891.55

* During the year, the Company has acquired 5,00,000 equity shares of ₹ 10/- each of IIFL Insurance Brokers Limited, a wholly owned subsidiary, at a premium of ₹ 10/- each on right basis.

Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million, wherever applicable.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 8 : OTHER FINANCIAL ASSETS

(₹ in Million)

Particulars	As at	
	March 31, 2020	March 31, 2019
Clients and Exchanges receivables (net of provision) #	2,300.61	5,571.65
Interest accrued on deposits and investments	39.53	59.54
Deposit with exchanges	57.30	63.75
Margin with exchanges	1,733.46	133.62
Security deposit with landlords and others*	244.10	216.10
Receivable from related parties (Refer note 35)	74.17	34.79
Other financial assets	83.68	31.56
Total	4,532.85	6,111.01

Include receivable from directors & key managerial personnel of ₹ 0.00 million (As at March 31, 2019 ₹ Nil) (refer note 35)

* Include deposit with related party of ₹ 132.97 million (As at March 31, 2019 ₹ 132.97 million) & directors and its relatives of ₹ 50.00 million (As at March 31, 2019 ₹ Nil) (Refer note 35)

NOTE 9 : DEFERRED TAX ASSETS (NET)

(₹ in Million)

Particulars	As at March 31, 2020				
	Opening balance	Impact of change in rate	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:					
Depreciation on property, plant and equipment	66.23	(18.53)	2.86	-	50.56
Provisions for doubtful receivables/other financial asset (Including expected credit loss)	394.59	(110.40)	(170.30)	-	113.89
Finance Lease	-	-	9.36	-	9.36
Compensated absences and retirement benefits	11.57	(3.23)	(2.24)	5.64	11.74
Total deferred tax assets (a)	472.39	(132.16)	(160.32)	5.64	185.55
Deferred tax liabilities:					
Unrealised profit on investments	(85.80)	2.75	48.53	-	(34.52)
Total deferred tax liabilities (b)	(85.80)	2.75	48.53	-	(34.52)
Deferred tax assets (a) + (b)	386.59	(129.41)	(111.79)	5.64	151.03

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2019				
	Opening balance	Impact of change in rate	Recognised in profit or loss	Recognised in/ reclassified from OCI	Closing balance
Deferred tax assets:					
Depreciation on property, plant and equipment	36.96	-	29.27	-	66.23
Provisions for doubtful receivables/other financial asset (Including expected credit loss)	424.39	-	(29.80)	-	394.59
Compensated absences and retirement benefits	11.08	-	4.75	(4.26)	11.57
Total deferred tax assets (a)	472.43	-	4.22	(4.26)	472.39
Deferred tax liabilities:					
Unrealised profit on investments	(80.71)	-	(5.09)	-	(85.80)
Total deferred tax liabilities (b)	(80.71)	-	(5.09)	-	(85.80)
Deferred tax assets (a) + (b)	391.72	-	(0.87)	(4.26)	386.59

NOTE 10 : PROPERTY, PLANT AND EQUIPMENT

Tangible Assets:

(₹ in Million)

Particulars	Building	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Vehicle	Total
Cost:							
As at April 1, 2018	7.22	125.99	27.32	38.10	27.75	0.37	226.75
Additions due to Composite Scheme of Arrangement (refer note 1.1)	-	0.43	1.97	2.06	3.87	-	8.33
Additions of slump sale	-	1.37	0.08	-	-	-	1.45
Other additions	-	90.24	7.80	15.56	5.72	-	119.32
Deductions/Adjustments	-	(1.97)	(1.03)	(1.05)	(0.20)	-	(4.25)
As at March 31, 2019	7.22	216.06	36.14	54.67	37.14	0.37	351.60
Additions	-	65.93	4.92	18.54	13.28	-	102.67
Disposals/Adjustments	-	(76.33)	(2.67)	(0.92)	(1.00)	-	(80.92)
As at March 31, 2020	7.22	205.66	38.39	72.29	49.42	0.37	373.35
Accumulated Depreciation:							
As at April 1, 2018	0.70	36.91	12.92	14.03	13.48	0.37	78.41
Depreciation charge for the year	0.70	59.35	6.07	11.62	8.64	-	86.38
Deductions/Adjustments	-	(1.95)	(0.66)	(0.90)	(0.18)	-	(3.69)
As at March 31, 2019	1.40	94.31	18.33	24.75	21.94	0.37	161.10
Depreciation charge for the year	0.70	65.00	6.23	11.14	9.12	-	92.19
Deductions/Adjustments	-	(39.19)	(2.13)	(0.70)	(0.79)	-	(42.81)
As at March 31, 2020	2.10	120.12	22.43	35.19	30.27	0.37	210.48

Net Book Value:

As at March 31, 2019	5.82	121.75	17.81	29.92	15.20	0.00	190.50
As at March 31, 2020	5.12	85.54	15.96	37.10	19.15	0.00	162.87

Note :- Capital work in progress ₹ 25.63 million (As at March 31, 2019 ₹ 5.18 million) pertains to assets not yet capitalised.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Other intangible assets (other than internally generated):

(₹ in Million)			
Particulars	Software	Goodwill	Total
Cost:			
As at April 1, 2018	79.34	1.14	80.48
Additions of slump sale	0.82	-	0.82
Other additions	12.32	-	12.32
Deductions/Adjustments	-	-	-
As at March 31, 2019	92.48	1.14	93.62
Other additions	11.60	-	11.60
Deductions/Adjustments	-	-	-
As at March 31, 2020	104.08	1.14	105.22
Accumulated Depreciation:			
As at April 1, 2018	26.63	1.14	27.77
Depreciation charge for the year	29.94	-	29.94
Deductions/Adjustments	-	-	-
As at March 31, 2019	56.57	1.14	57.71
Depreciation charge for the year	27.76	-	27.76
Deductions/Adjustments	-	-	-
As at March 31, 2020	84.33	1.14	85.47
Net Book Value:			
As at March 31, 2019	35.91	-	35.91
As at March 31, 2020	19.75	-	19.75

NOTE 11 : RIGHT-OF-USE ASSETS

The Company has applied Ind AS 116 using the modified retrospective approach, under which the right of use asset and lease liabilities as at April 1, 2019 has been recognised at an equal amount.

Particulars	(₹ in Million)
Lease commitments as at March 31, 2019	51.92
Add/(less): contracts reassessed as lease contracts	11.04
Add/(less): adjustments on account of lease period	906.67
Lease liabilities as on April 1, 2019	969.63
Current lease liability	265.27
Non current lease liability	704.36

Right of use assets of ₹ 969.63 million and lease liabilities of ₹ 969.63 million have been recognised as on April 1, 2019.

The impact of change in accounting policy on account on adoption of Ind AS 116 is as follows :

Particulars	(₹ in Million)
Decrease in Property, Plant and equipment by	-
Increase in lease liability by	969.63
Increase in rights of use by	969.63
Increase/(Decrease) in Deferred tax assets by	-

The impact of change in accounting policy on account on adoption of Ind AS 116 in profit/loss for the period is as follows:

Particulars	(₹ in Million)
Increase/(Decrease) in finance cost by	69.59
Increase/(Decrease) in depreciation by	360.65

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

A) Carrying value of right of use assets at the end of the reporting period by class

(₹ in Million)

Particulars	Premises	Vehicle	Total
Balance at April 1, 2019	958.59	11.04	969.63
Additions during the year	94.97	7.28	102.25
Deletions during the year	(41.92)	(1.85)	(43.77)
Depreciation charged for the year	(355.24)	(5.41)	(360.65)
Balance at March 31, 2020	656.40	11.06	667.46

B) Maturity analysis of lease liabilities

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Maturity analysis – contractual undiscounted cash flows		
- Less than one year	318.80	35.66
- One to five years	444.98	16.26
- More than five years	46.48	-
Total undiscounted lease liabilities at March 31, 2020	810.26	-
Lease liabilities included in the statement of financial position at March 31, 2020	704.36	51.92
Current lease liability	274.60	-
Non current lease liability	429.76	-

C) Amounts recognised in profit or loss

(₹ in Million)

Particulars	As at March 31, 2020
Interest on lease liabilities	69.59
Depreciation charge for the year	360.65
Variable lease payments not included in the measurement of lease liabilities	-
Income from sub-leasing right-of-use assets	-
Expenses relating to short-term leases	1.06
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	1.82
Total	433.12

D) Amounts recognised in the statement of cash flows

(₹ in Million)

Particulars	As at March 31, 2020
Total cash outflow for leases	391.54

NOTE 12 : OTHER NON-FINANCIAL ASSETS

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expense	59.38	40.72
Capital advances	2.75	7.26
Other advances	252.80	14.47
Total	314.93	62.45

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 13 : PAYABLES

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
(I) Trade Payable		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	9.13	9.54
Total (I)	9.13	9.54
(II) Other Payable		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(a) Provision for expenses	287.31	158.81
(b) Accrued salaries & benefits	1.07	16.17
(c) Others	3.41	2.62
Total (II)	291.79	177.60
Total (I+II)	300.92	187.14

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

The following disclosure is made as per the requirement under the Micro, Small and Medium Enterprises Development Act, 2016 (MSMED) on the basis of confirmations sought from suppliers on registration with the specified authority under MSMED:

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the act	-	-

NOTE 14 : BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Loans repayable on demand (from banks)		
- Working capital demand loan	750.00	1,000.00
- Bank overdraft	6.37	5.37
Total	756.37	1,005.37
Borrowings in India	756.37	1,005.37
Borrowings outside India	-	-
Total	756.37	1,005.37

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

14.1 (a) Working Capital Demand Loan (WCDL) and bank overdraft are secured by way of first pari-passu charge on all receivable to the tune of 1.25 times of the outstanding facility amount. Refer note 33 for details of asset pledged.

(b) Tenor of repayment :

- (i) For WCDL it varies from 7 days to 365 days of each tranche, the principal amount of each tranche is to be paid as bullet payment on maturity date.
- (ii) For bank overdraft 30 days or upto validity of facility.

(c) Interest Rate :

- (i) For WCDL the rate of interest is fixed @ 9.85% p.a (Previous year 10% p.a) (Lending banks MCLR rate 8.55% + Spread 1.30%), Interest is payable monthly basis on the last date of each month.
- (ii) For Bank Overdraft Interest rate is bank MCLR 6M + Spread of 1.25%.

NOTE 15 : OTHER FINANCIAL LIABILITIES

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Clients and Exchanges payables #	9,437.22	11,353.92
Book overdraft	9.60	105.98
Deposits received from franchisee and others *	220.13	202.14
Payable to related parties (Refer note 35)	0.46	35.34
Provision for gratuity (funded) (Refer note 25)	13.91	8.63
Financial Lease Obligation	704.36	-
Other payable	20.75	23.78
Total	10,406.43	11,729.79

Include payable to directors & key managerial personnel of ₹ 0.04 Million (As at March 31, 2019 ₹ 1.13 Million) (Refer note 35)

* Include deposit of related party of ₹ 3.07 Million (As at March 31, 2019 ₹ 2.50 Million) (Refer note 35)

NOTE 16 : PROVISIONS

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for leave encashment	32.67	24.46
Total	32.67	24.46

NOTE 17 : OTHER NON-FINANCIAL LIABILITIES

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Income received in advance	12.13	3.53
Statutory dues (net of input credit)	174.05	213.92
Other payable	0.06	0.06
Total	186.24	217.51

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 18 : EQUITY SHARE CAPITAL

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

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital		
At the beginning of the year	1,000.00	200.00
Add: Increase in authorised share capital	-	-
Closing at the end of year	1,000.00	200.00
Less : Authorised share capital to be cancelled under Composite Scheme of Arrangement	-	(200.00)
500,000,500 Equity Shares of ₹ 2 each fully paid up (As at March 31, 2019, 500,000,500 Equity Shares) pursuant to Composite Scheme of Arrangement (Refer note 1.1)	1,000.00	1,000.00
Issued, Subscribed and Paid-up Share Capital		
319,609,462 Equity Shares of ₹ 2 each fully paid up	639.22	-
Share Suspense Account		
319,203,092 Equity Shares of ₹ 2 each fully paid up to be issued to the shareholders of IIFL Finance Limited pursuant to Composite Scheme of Arrangement (Refer note 1.1)	-	638.41

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in Million	No. of Shares	₹ in Million
Equity Shares				
At the beginning of the year	-	-	-	-
Add:- Shares issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	319,234,462	638.47	-	-
Add: Shares issued during the year under ESOP scheme	375,000	0.75	-	-
Closing at the end of year	319,609,462	639.22	-	-
Share suspense account				
At the beginning of the year	319,203,092	638.41	-	-
Add: Shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	-	-	318,979,026	637.96
Add: Further Additional Shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	31,370	0.06	224,066	0.45
Less: Shares allotted during the year	(319,234,462)	(638.47)	-	-
Closing at the end of year	-	-	319,203,092	638.41

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 ₹ 2/- 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.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

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

Particulars	As at March 31, 2020*		As at March 31, 2019*	
	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class
Equity share of ₹ 2 each fully paid up				
FIH Mauritius Investments Limited	84,641,445	26.48	84,641,445	26.52
Nirmal Bhanwarlal Jain	46,964,282	14.69	46,402,000	14.54
HWIC Asia Fund Class A shares	28,362,530	8.87	28,362,530	8.89

* The List of the shareholders to whom the shares to be issued under the Composite Scheme of Arrangement & having more than 5% shareholdings.

- e. During the period of five years immediately precedings the balance sheet date, the Company has not issued any shares without payment being received in cash or by any way of bonus shares or shares bought back, except shares allotted through Composite Scheme of Arrangement refer note 1.1
- f. Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestments, including the terms and amount, Refer Note 32 for details of shares reserved for issue under Employees Stock Option Plan of the Company.

NOTE 19 : OTHER EQUITY

(₹ in Million)

Particulars	Reserves and Surplus					Other items of Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Share options outstanding account		
Balance as at April 1, 2018	1,017.70	2,230.82	-	1,771.94	-	(6.03)	5,014.43
Addition due to composite scheme of arrangement (Refer note 1.1)	(256.11)	-	-	-	21.83	-	(234.28)
Addition due to slump sale	(90.62)	-	-	-	-	-	(90.62)
Total comprehensive income for the year	-	-	-	1,449.39	-	7.93	1,457.32
Appropriation towards dividend paid	-	-	-	(280.78)	-	-	(280.78)
Dividend Distribution Tax	-	-	-	(57.71)	-	-	(57.71)
Balance as at March 31, 2019	670.97	2,230.82	-	2,882.84	21.83	1.90	5,808.36
Transfer from/to reserve	-	4.98	0.90	-	(5.88)	-	-
Additions /(deletions) during the year	(0.06)	9.15	-	-	12.89	-	21.98
Total comprehensive income for the year	-	-	-	1,426.20	-	(16.77)	1,409.43
Appropriation towards dividend paid	-	-	-	(638.47)	-	-	(638.47)
Dividend Distribution Tax	-	-	-	(72.53)	-	-	(72.53)
Balance as at March 31, 2020	670.91	2,244.95	0.90	3,598.04	28.84	(14.87)	6,528.77

Footnotes: Nature and purpose reserves

- i) **Capital reserves** : Capital reserve is created due to slump sale transaction and as per the Composite Scheme of Arrangement (Refer note no. 1.1)
- ii) **Securities premium** : Securities premium represents the surplus of proceeds received over the face value of shares, at the time of issue of shares.
- iii) **Retained earnings** : The balance in retained earnings primarily represents the surplus after payment of dividend (including tax on dividend) and transfer to reserves.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

- iv) **Share options outstanding account** : Share stock options accounts represents ESOP reserve transferred by IIFL Finance Limited (Formerly IIFL Holdings Limited) as part of "Securities Undertaking " against the options granted by the Company on effective date for outstanding options under various grants by IIFL Finance Limited (Formerly IIFL Holdings Limited) as per the Composite Scheme of Arrangement (Refer note no. 1.1) & includes reserves created on account of fresh options granted by the Company on October 30, 2019.
- v) **General Reserve:** This reserve can be distributed/utilised by the Company, in accordance with the Companies Act, 2013.

NOTE 20 : INTEREST INCOME

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Interest on deposits with banks *	400.98	394.23
Interest on loan (margin funding facilities)	83.94	126.22
Other interest income	0.20	1.72
Total	485.12	522.17

* interest received on fixed deposit with bank which are pledged with exchanges for margin purpose.

NOTE 21 : FEES AND COMMISSION INCOME

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Brokerage & related income	4,295.06	4,971.14
Investment banking income	333.73	334.13
Commission & other advisory fees (incl. cross sell)	847.15	1,079.28
Total	5,475.94	6,384.55

NOTE 22 : OTHER INCOME

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Gain/(Loss) on financial assets measured at fair value through Profit & Loss account		
- Realised	84.14	22.80
- Unrealised	(219.45)	32.06
Gain on termination on lease	1.80	-
Interest Income on		
- Income tax refund	-	10.28
- Inter corporate deposit *	31.98	16.99
- Fixed deposit	-	0.17
- Investment	101.94	43.74
Dividend income#	293.73	4.44
Gain on derecognition of property, plant and equipment	-	0.46
Infrastructure support income	156.63	-
Other income	25.60	20.39
Total	476.37	151.33

* Income of Securities Business Undertaking division pursuant to the Composite Scheme of Arrangement (Refer note 1.1)

During the year, Company has received dividend of ₹ 285.61 million from subsidiaries (Refer note 35)

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 23 : FINANCE COST MEASURED AT AMOTISED COST

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Interest on borrowings	199.28	447.23
Interest on lease	69.59	-
Other borrowing cost	43.29	61.38
Total	312.16	508.61

NOTE 24 : FEES AND COMMISSION EXPENSE

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Sub brokerage charges	573.45	610.63
Commission & other advisory fees (incl. cross sell)	151.00	204.58
Others	168.12	277.23
Total	892.57	1,092.44

NOTE 25 : EMPLOYEE BENEFITS EXPENSES

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Salaries and wages	1,815.32	2,029.98
Contribution to provident and other funds	55.78	55.31
Share based payments (Refer note 32)	13.43	8.40
Staff welfare expenses	15.90	17.46
Gratuity	11.39	13.35
Leave encashment	10.85	9.93
Total	1,922.67	2,134.43

As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below:

A Defined Benefit Plans:

(i) Reconciliation of opening and closing balances of Defined Benefit Obligation

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Defined Benefit Obligation at beginning of the year	119.31	119.30
Interest cost	9.11	9.17
Current service cost	10.73	12.54
Past services cost	-	-
Liability transferred In/ acquisitions	3.32	1.00
(Liability transferred out/ divestments)	(1.84)	1.54
(Benefit paid directly by the Employer)	-	-
(Benefit paid from the fund)	(12.44)	(12.94)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	0.48
Actuarial (gains)/losses on obligations - due to change in financial assumptions	12.30	(17.68)
Actuarial (gains)/losses on obligations - due to experience	7.68	5.90
Defined Benefit Obligation at year end	148.17	119.31

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(ii) Reconciliation of opening and closing balances of fair value of Plan Assets

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Change in the fair value of plan assets		
Fair value of plan assets at beginning of the year	110.68	108.85
Interest income	8.45	8.36
Contributions by the employer	30.00	2.50
Expected return on plan assets (excluding interest)	(2.43)	0.89
Assets transferred in/acquisitions	-	3.02
(Benefit paid from the fund)	(12.44)	(12.94)
Fair value of Plan Assets at the end of the year	134.26	110.68

(iii) Amount Recognised in the Balance Sheet

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
(Present Value of Benefit Obligation at the end of the year)	(148.17)	(119.31)
Fair value of Plan Assets at the end of the year	134.26	110.68
Net (liability)/Asset recognised in the balance sheet (surplus/ (deficit))	(13.91)	(8.63)

(iv) Expenses recognised during the year

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
In Income statement		
Current service cost	10.73	12.54
Net interest cost	0.66	0.81
Past service cost	-	-
Expense recognised in the Statement of Profit and Loss under " Employee benefits expenses"	11.39	13.35
In other comprehensive income		
Actuarial (gains)/Losses on obligation for the period	19.98	(11.30)
Return on plan assets, excluding interest income	2.43	(0.89)
Change in asset ceiling	-	-
Net (income)/expense for the year recognised in OCI	22.41	(12.19)

(v) Balance sheet reconciliation

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Opening net liability	8.63	10.45
Expenses Recognised in Statement of Profit or Loss	11.39	13.35
Expenses Recognised in OCI	22.41	(12.19)
Net Liability/(Asset) Transfer In	3.32	1.00
Net (Liability)/Asset Transfer Out	(1.84)	(1.48)
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(30.00)	(2.50)
Net liability/(asset) recognised in the balance sheet	13.91	8.63

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(vi) Investment Details :

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Category of assets		
Insurance fund	134.26	110.68
Total	134.26	110.68

(vii) Actuarial assumptions

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Expected return on plan assets	6.56%	7.64%
Rate of discounting	6.56%	7.64%
Rate of salary increase	5.00%	5.00%
Rate of employee turnover	For service 4 years and below 31% p.a. & thereafter 6% p.a.	For service 4 years and below 31% p.a. & thereafter 6% p.a.
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

- (a) The estimate of future salary increase, considered in the actuarial valuation, takes into account inflation, seniority, promotion, increments and other relevant factors.
- (b) The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

(viii) Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting year, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Projected Benefit Obligation on Current Assumptions	148.17	119.31
Delta Effect of +1% Change in Rate of Discounting	(11.45)	(9.00)
Delta Effect of -1% Change in Rate of Discounting	13.28	10.44
Delta Effect of +1% Change in Rate of Salary Increase	10.77	8.56
Delta Effect of -1% Change in Rate of Salary Increase	(9.92)	(7.86)
Delta Effect of +1% Change in Rate of Employee Turnover	2.15	2.81
Delta Effect of -1% Change in Rate of Employee Turnover	(2.44)	(3.18)
Weighted Average Duration of the Projected Benefit Obligation	10	10

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk :- The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds

Interest risk :- A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments

Longevity risk :- The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Salary risk :- The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(ix) Maturity Analysis of the Benefit Payments: From the Fund

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
1st Following Year	16.74	14.14
2nd Following Year	10.41	8.78
3rd Following Year	10.33	8.83
4th Following Year	10.94	8.75
5th Following Year	10.08	10.05
Sum of Years 6 To 10	55.17	45.25
Sum of Years 11 and above	178.31	171.12

B. Defined Contribution Plans:

The company have recognised the following amounts as an expense in the Statement of Profit and Loss:

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Contribution to provident fund	30.60	28.99
Contribution to ESIC	2.75	4.78
Contribution to labour welfare fund	0.08	0.06
Contribution to EPS	20.31	20.16
Contribution to NPS	2.04	1.32
Total	55.78	55.31

NOTE 26 : DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Depreciation on property, plant and equipment	92.19	86.38
Depreciation on right of use asset	360.65	-
Amortisation of intangible assets	27.76	29.94
Total	480.60	116.32

NOTE 27 : OTHER EXPENSES

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Advertisement expense	183.89	112.00
Books & Periodicals charges	0.53	0.48
Bank charges	2.98	2.15
Communication expense	47.90	54.60
Corporate social responsibility expenses (Refer note 31)	34.83	25.62
Custodian charges	23.20	19.92
Directors sitting fees	1.12	0.76
Directors commission	2.17	-
Donation	0.56	0.49
Exchange and statutory charges	34.14	3.82
Expected credit loss (net of recovery)	(258.14)	0.20
Franking charges	3.68	6.06
Infrastructure support charges	12.26	-
Insurance	2.55	1.59
Legal and professional charges	127.00	113.17
Loss on derecognition of property, plant and equipment	1.40	-
Marketing and commission expenses	155.68	109.55
Meeting Seminar & subscription	2.25	3.32

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Office expenses	77.91	85.34
Postage and courier	12.85	15.08
Printing and stationery	13.82	14.49
Rent, electricity, rates & taxes	59.36	254.04
Repairs & Maintenance		
- Computer	1.70	2.53
- Others	14.94	12.05
Remuneration to Auditors :		
- As auditors - Statutory Audit	3.40	1.70
- Certification work and other matters	1.16	0.83
- Out of pocket expenses	0.36	0.19
Software charges	210.10	120.74
Travelling and conveyance	65.82	78.27
Miscellaneous expenses	3.31	4.53
Total	842.73	1,043.52

NOTE 28 : INCOME TAX

Amount Recognised in profit or loss

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Current tax expenses		
Current Year	317.48	713.01
Changes in estimates related to prior years	1.82	(0.54)
Deferred tax expenses		
Origination and reversal of temporary differences	241.20	0.87
Recognition of previously unreconciled tax losses	-	-
Total	560.50	713.34

Reconciliation of effective tax rates :

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Profit before tax	1,986.70	2,162.73
Tax using domestic tax rates	25.168%	34.944%
Tax amount	500.01	755.75
Tax effect of :		
Non-deductible expenses	4.71	5.58
Tax-exempt income		
Dividend	(73.93)	(1.55)
Others	(2.14)	(3.01)
Change in tax rate *	129.41	-
Income taxable at different rate	0.37	(6.57)
Adjustment in respect of current income tax of prior years	1.82	(0.54)
Recognition of previously unrecognised deductible temporary differences	0.25	(36.32)
Total Income Tax Expense	560.50	713.34

* The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 which provides existing domestic companies with an option to pay tax at concessional rate of 22% plus applicable surcharge and cess. Accordingly, the impact of this change arising out of revaluation of its Deferred Tax Asset as at March 31, 2019 aggregating to ₹ 129.41 million was recognised during the year in statement of profit & loss.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 29 : EARNINGS PER EQUITY SHARE

Particulars		FY 2019-20	FY 2018-19
Face value of equity shares in ₹ fully paid up		2.00	2.00
BASIC			
Profit after tax as per statement of profit and loss (₹ in Million)	A	1,426.20	1,449.39
Weighted average number of equity shares outstanding	B	319,297,473	319,061,399
Basic EPS In ₹	A/B	4.47	4.54
DILUTED			
Weighted average number of equity shares for computation of basic EPS		319,297,473	319,061,399
Add: Potential equity shares on account conversion of Employees Stock Options		743,577	383,975
Weighted average number of equity shares for computation of diluted EPS	C	320,041,050	319,445,374
Diluted EPS In ₹	A/C	4.46	4.54

NOTE 30 : CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE

Capital and other commitment

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Capital commitment	22.30	45.33
(ii) Other commitment	379.00	60.18

Contingent Liabilities

(₹ in Million)

(i) In respect of Income tax demands (see note 1)	7.20	7.20
(ii) In respect of Service tax demands (see note 2)	377.48	335.77
(iii) Bank guarantees	5,369.60	6,050.00
(iv) In respect of Legal case/penalties	63.84	61.93
Total	5,818.12	6,454.90

Notes :

- Amount paid under protest with respect to income tax demand ₹ 7.20 million (As at March 31, 2019 ₹ 7.20 million)
- Amount paid under protest with respect to service tax demand ₹ 11.69 million (As at March 31, 2019 ₹ 11.69 million)
- The Company is subject to legal proceedings and claims which arises in the ordinary course of the business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's financial position.

NOTE 31 : CORPORATE SOCIAL RESPONSIBILITY

During the period ended March 31, 2020 the Company has spent ₹ 34.83 Million (Previous year ₹ 25.62 Million) out of the total amount of ₹ 34.83 Million (Previous year ₹ 25.62 Million) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility [CSR]. The aforementioned amount has been contributed to India Infoline Foundation.

NOTE 32 : SHARE BASED PAYMENTS

Pursuant to Composite Scheme of Arrangement, Nomination and Remuneration Committee and Board on August 08, 2019, approved and adopted the IIFL Securities Employees Stock Option 2019 - Demerger Scheme (ESOP 2019), wherein option holders of IIFL Finance Limited (formerly known as IIFL Holdings Limited) have been granted one stock option of the Company for every one stock option held in IIFL Finance Limited on the record date i.e May 31, 2019, on terms and conditions similar to the ESOP Scheme of IIFL Finance Limited. The outstanding options shall vest in the granted manner and shall be exercised within a specified period as per the terms of the grants.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

During the year, the Company has granted ESOPs on October 30, 2019 under IIFL Employees Stock Option Scheme - 2018 (ESOP 2018) and has outstanding options granted under the said Scheme. The options vest in granted manner and shall be exercised within a specified period as per the terms of the grants.

a) The details of Employee Stock Option Schemes are as under:

Particulars	ESOP 2018 / ESOP 2019
Method of Accounting	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options
Exercise Period	Seven years from the date of grant

The below table reflects the conversion of outstanding options under IIFL Securities Employees Stock Option 2019 - Demerger Scheme against outstanding options under various grants of IIFL Finance Limited.

Grant Date	IIFL Finance Limited		IIFL Securities Limited	
	Pre-Scheme of Arrangement		Post-Scheme of Arrangement	
	Outstanding option as on record date	Exercise Price	Outstanding option as on record date	Exercise Price
10-Aug-12	34,700	55.26	34,700	25.79
29-Oct-12	14,500	66.54	14,500	31.05
05-Nov-13	350,000	56.73	350,000	26.47
05-Aug-14	25,000	131.57	25,000	61.40
02-Mar-15	5,200	177.27	5,200	82.73
08-Mar-16	450,286	175.75	450,286	82.02
29-Apr-17	25,000	468.67	25,000	218.71
Total	904,686		904,686	

b) (i) Movement of options during the year ended March 31, 2020 of ESOP 2019 (Demerger Scheme)

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Options allotted under the composite scheme of arrangement	904,686	25.79 - 218.71	60.77	2.66
Granted during the year	-	-	-	-
Forfeited during the year	(13,390)	82.02	82.02	-
Expired during the year	(32,255)	25.79 - 218.71	54.91	-
Exercised during the year	(375,000)	25.79 - 26.47	26.43	-
Outstanding as on March 31, 2020	484,041	61.40 - 218.71	87.17	2.90
Exercisable as on March 31, 2020	468,641	61.40 - 218.71	82.85	2.86

b) (ii) Movement of options during the year ended March 31, 2020 of ESOP 2018 Scheme

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 1, 2019	-	-	-	-
Granted during the year	9,000,000	30.85	30.85	-
Forfeited during the year	(87,800)	30.85	30.85	-
Expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding as on March 31, 2020	8,912,200	30.85	30.85	6.58
Exercisable as on March 31, 2020	-	-	-	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formula. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility.

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2018	
	2019-20	2018-19
Stock price (₹)	25.83	-
Volatility	42.00%	-
Risk-free Rate	6.58%	-
Exercise price (₹)	30.85	-
Time to Maturity (Years)	5.00	-
Dividend yield	4.43%	-
Weight Average Value (₹)	7.21	-

Stock Price: The average of weekly high & low of volume weighted average price (VWAP) of shares during the two week preceding the date of grant.

Volatility: The daily volatility of the stock prices on NSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

NOTE 33 : ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

Particulars	(₹ in Million)	
	FY 2019-20	FY 2018-19
Financial assets		
Other financial assets	2,725.11	6,669.10
Total assets pledged as security	2,725.11	6,669.10

NOTE 34 : FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's risk management policy is approved by the board committee.

The company has adopted the 'three lines-of-defence' (3 LOD) model wherein management control at the business entity level is the first line of defence in risk management. Various risk control and compliance oversight functions, established by the management are the second line of defence. Finally, the third line comprises the internal audit/ assurance function. All three lines play a distinct role within Company wider governance framework.

The Company is exposed to market risk, credit risk, liquidity risk etc. The Company senior management oversees the management of these risks. The Company senior management is overseen by the audit committee with respect to risks and facilitates appropriate financial risk governance framework for the Company. Financial risks are identified, measured and managed in accordance with the Company policies and risk objectives. The Board of Directors reviews and agrees policies for managing key risks, which are summarised below.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

34 A.1. CREDIT RISK

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

Credit quality analysis

The following tables sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

(₹ in Million)

Particulars	As at March 31, 2020			
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Trade receivables	169.46	21.60	3.64	194.70
Less : Impairment loss allowance	-	(4.20)	(3.64)	(7.84)
Carrying amount	169.46	17.40	-	186.86
Other Financial Assets	4,514.95	27.18	435.46	4,977.59
Less : Impairment loss allowance	-	(9.28)	(435.46)	(444.74)
Carrying amount	4,514.95	17.90	-	4,532.85

(₹ in Million)

Particulars	As at March 31, 2019			
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
Trade receivables	59.86	30.79	10.68	101.33
Less : Impairment loss allowance	-	(6.29)	(10.68)	(16.97)
Carrying amount	59.86	24.50	-	84.36
Other Financial Assets	4,590.47	2,244.88	387.92	7,223.27
Less : Impairment loss allowance	-	(724.34)	(387.92)	(1,112.26)
Carrying amount	4,590.47	1,520.54	-	6,111.01

Movement of ECL (Trade receivable and other financial assets)

(₹ in Million)

Particulars	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
April 1, 2018	925.75	285.01	1,210.76
Increase/(Decrease) net	(195.12)	113.59	(81.53)
March 31, 2019	730.63	398.60	1,129.23
Increase/(Decrease) net	(717.15)	40.50	(676.65)
March 31, 2020	13.48	439.10	452.58

34 A.2. COLLATERAL HELD

The Company holds collateral of securities and other credit enhancements against its credit exposures.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

34 A.3. MEASUREMENT OF EXPECTED CREDIT LOSS

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

34 B. LIQUIDITY RISK

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities. It uses a range of products mix to ensure efficient funding from across well-diversified markets and investor pools. Treasury monitors rolling forecasts of the company's cash flow position and ensures that the company is able to meet its financial obligation at all times including contingencies.

The table below analyse the company financial liability into relevant maturity comparying based on their contractual maturity. The amount disclosed in the table are the contractual undiscounted cash flows. Balance due within 1 year equals their carrying balances as the impact of discounting is not significant.

As at March 31, 2020

(₹ in Million)					
Particulars	Total	Up to 1 year	1-5 years	5-10 years	More than 10 years
Trade & other payable	300.92	300.92	-	-	-
Bank overdraft	6.37	6.37	-	-	-
Working capital demand loan	750.00	750.00	-	-	-
Other financial liabilities	10,512.34	9,835.15	630.71	46.48	-
Total liabilities	11,569.63	10,892.44	630.71	46.48	-

As at March 31, 2019

(₹ in Million)					
Particulars	Total	Up to 1 year	1-5 years	5-10 years	More than 10 years
Trade & other payable	187.14	187.14	-	-	-
Bank overdraft	5.37	5.37	-	-	-
Working capital demand loan	1,000.00	1,000.00	-	-	-
Other financial liabilities	11,729.79	11,522.43	207.36	-	-
Total liabilities	12,922.30	12,714.94	207.36	-	-

34 C. MARKET RISK

Market risk is the risk of any loss in future earnings, in realisable fair values or in futures cash flows that may result from a change in the price of a financial instrument.

The Company manages market risk through a treasury department, which evaluate and exercises control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by senior management and the Audit/ Investment committee. The activities of this department include management of cash resources, borrowing strategies, and ensuring compliance with market risk limit and policies.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

34 C.1. INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affect significantly short term borrowing and current investment therefore the Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt and Non current investment.

Company business is volatile and hence borrowings are done bases on requirement, generally borrowings are done for short term and are on market based interest rate

The following table shows sensitivity analysis for impact on interest cost.

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Bank overdraft	6.37	5.37
Working capital demand loan	750.00	1,000.00
Total	756.37	1,005.37
Weighted average interest rate	9.85%	9.83%
Annualised interest cost	74.49	98.83

Sensitivity analysis for impact on interest cost

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Increase in 1% change in ROI	7.56	10.05
Decrease in 1% change in ROI	(7.56)	(10.05)

34 C.2. FAIR VALUE SENSITIVITY ANALYSIS FOR FIXED-RATE INSTRUMENTS

The Company's fixed-rate financial liabilities are carried at amortised cost. Therefore, a change in interest rates at the reporting date would not affect profit or loss, since neither the carrying amount nor the future cash flows will fluctuate.

34 C.3. EXPOSURE TO CURRENCY RISKS

The Company is operating internationally and is exposed to foreign exchange risk arising from foreign currency transaction. Below is table showing net gap between foreign asset and liability

(₹ in Million)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Foreign currency	Amount in INR	Foreign currency	Amount in INR
Foreign Currency Assets				
USD	0.25	18.94	0.09	6.30
GBP	0.02	2.08	0.03	2.84
Foreign Currency Liabilities				
USD	-	-	0.50	34.64
Net Gap				
USD	0.25	18.94	(0.41)	(28.34)
GBP	0.02	2.08	0.03	2.84

Sensitivity :

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

The effect of upward movement of 5% in the exchange rate reduce the profit/reserve by ₹ 1.05 Million (₹ 1.28 Million for previous year) and downward movement of 5% will increase profit/reserve by ₹ 1.05 Million (₹ 1.28 Million for previous year) for FY 2020-21.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

34 C.4. EXPOSURE TO PRICE RISK

The Company exposure to price risk arising from investment held by the company and is classified in the balance sheet through fair value through profit & loss account. Company has majorly invested in Debt Fund and Alternate Investment Funds under various scheme and its exposure.

(₹ in Million)

Particulars	Debt Securities	Equity Shares (Other than Subsidiary)	Mutual Funds	Alternate Investment Funds	Preference Shares (Other than Subsidiary)	Total
Market Value as on March 31, 2020	711.22	137.91	20.05	796.21	29.02	1,694.41
Market Value as on March 31, 2019	-	39.72	20.06	1,048.05	14.51	1,122.34

Sensitivity

The effect of upward movement of 5% in the price affects the projected net income by ₹ 84.72 Million (₹ 56.12 Million for previous year) and for forward downward movement of 5% the projected net loss will be ₹ 84.72 Million (₹ 56.12 Million for previous year) for FY 2020-21.

34 D. CAPITAL MANAGEMENT

The Company's objective when managing capital are to

- Safeguard their ability to continue as going concern, so that they can continue to provide returns for the share holders and benefits for other stake holders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using debt equity ratio

The company's strategy is to maintain gearing ratio as per industry norms. The gearing ratio is as follows :

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Total debt	756.37	1,005.37
Cash & cash equivalent (excluding client bank balance)	(164.87)	(690.09)
Net debt	591.50	315.28
Total equity	7,167.99	6,446.77
Net debt to equity	0.08	0.05

34 E. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Subjective estimate - The valuation of level 3 financial instruments held at fair value through profit or loss or through other comprehensive income may be misstated due to the application of valuation techniques which often involve the exercise of judgement and the use of assumptions and estimates. A subjective estimate exists for instruments where the valuation method uses significant unobservable inputs which is principally the case for level 3 financial instruments. The estimate measurement of fair value is more judgemental in respect of Level 3 assets, these are valued based on models that use a significant degree of non-market-based unobservable inputs. Observable prices or model inputs are usually available in the market for listed debt and equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

35 E1: Fair Value of Financial Instruments - Financial Instrument by Category

(₹ in Million)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Fair Value through Profit or loss	Amortised Cost	Carrying Value	Fair Value through Profit or loss	Amortised Cost	Carrying Value
Financial Asset						
Cash and cash equivalents	-	3,128.90	3,128.90	-	4,099.32	4,099.32
Bank Balance other than (a) above	-	6,803.34	6,803.34	-	5,706.57	5,706.57
Receivables						
(I) Trade receivables	-	186.86	186.86	-	84.36	84.36
(II) Other receivables	-	13.68	13.68	-	28.53	28.53
Loans	-	220.37	220.37	-	920.55	920.55
Investments						
- Equity Shares	137.91	495.43	633.34	39.72	485.43	525.15
- Preference Shares	29.02	283.78	312.80	14.51	283.78	298.29
- Mutual Fund	20.05	-	20.05	20.06	-	20.06
- Debt Instruments	711.22	-	711.22	-	-	-
- Alternate Investment Fund	796.21	-	796.21	1,048.05	-	1,048.05
Other financial assets	-	4,532.85	4,532.85	-	6,111.01	6,111.01
Total	1,694.41	15,665.21	17,359.62	1,122.34	17,719.55	18,841.89
Financial Liabilities						
Trade payables	-	9.13	9.13	-	9.54	9.54
Other payables	-	291.79	291.79	-	177.60	177.60
Borrowings (Other than debt securities)	-	756.37	756.37	-	1,005.37	1,005.37
Other financial liabilities	-	10,406.43	10,406.43	-	11,729.79	11,729.79
Total	-	11,463.72	11,463.72	-	12,922.30	12,922.30

34 E. 2. FAIR VALUE HIERARCHY - FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds	20.05	-	-	20.05
Equity instruments*	137.91	-	0.00	137.91
Preference Shares	-	-	29.02	29.02
Debt Instruments	-	-	711.22	711.22
Alternate Investment Funds	-	-	796.21	796.21
Total Assets	157.96	-	1,536.45	1,694.41

(₹ in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds	20.06	-	-	20.06
Equity instruments *	39.72	-	0.00	39.72
Preference Shares	-	-	14.51	14.51
Alternate Investment Funds	-	-	1,048.05	1,048.05
Total Assets	59.78	-	1,062.56	1,122.34

* Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million

34 E. 3. VALUATION METHODOLOGIES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

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

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, trade receivables, other receivables, balances other than cash and cash equivalents and trade payables.

(₹ in Million)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy
Assets						
Cash and cash equivalents	3,128.90	3,128.90	-	4,099.32	4,099.32	-
Bank Balance other than above	6,803.34	6,803.34	-	5,706.57	5,706.57	-
Receivables						
(I) Trade receivables	186.86	186.86	-	84.36	84.36	-
(II) Other receivables	13.68	13.68	-	28.53	28.53	-
Loans	220.37	220.37	-	920.55	920.55	-
Security deposit with Landlord	227.51	209.90	Level 3	185.95	141.19	Level 3
Security deposit others	16.59	16.59	-	30.15	30.15	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy
Other financial asset	4,288.75	4,288.75	-	5,894.91	5,894.91	-
Total Assets	14,886.00	14,868.39		16,950.34	16,905.58	
Liabilities						
Trade payables	9.13	9.13	-	9.54	9.54	-
Other payables	291.79	291.79	-	177.60	177.60	-
Borrowings (Other than debt securities)	756.37	756.37	-	1,005.37	1,005.37	-
Security deposit from tenants	3.07	2.90	Level 3	2.50	2.05	Level 3
Security deposit others	217.06	217.06	-	199.64	199.64	-
Other financial liabilities	10,186.30	10,186.30	-	11,527.65	11,527.65	-
Total Liabilities	11,463.72	11,463.55		12,922.30	12,921.85	

34 E. 4. MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE :

(₹ in Million)

Particulars	Equity Shares	Preference Shares	Alternate Investment fund	Debts Instruments	Total
Balances as at April 1, 2019	0.00	14.51	1,048.05	-	1,062.56
Purchase*	0.00	14.51	-	2,000.00	2,014.51
Sale/Redemption of financial instrument	-	-	(152.10)	(1,294.65)	(1,446.75)
Total gain/(losses) recognised in profit and loss	-	-	(99.74)	5.87	(93.87)
Balances as at March 31, 2020	0.00	29.02	796.21	711.22	1,536.45

Particulars	Equity Shares	Preference Shares	Alternate Investment fund	Debts Instruments	Total
Balances as at April 1, 2018	-	-	1,037.87	-	1,037.87
Purchase*	0.00	14.51	5.34	-	19.85
Sale/Redemption of financial instrument	-	-	(0.09)	-	(0.09)
Total gain/(losses) recognised in profit and loss	-	-	4.93	-	4.93
Balances as at March 31, 2019	0.00	14.51	1,048.05	-	1,062.56

* Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million, wherever applicable.

34 E. 5. MEASUREMENT OF FAIR VALUE

The fair values of Investments in Equity share and Bonds is based on last traded price and Alternate Investment Fund, Mutual Funds is based on the net asset value (NAV) as stated by the issuers of these alternate asset funds in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of alternate asset fund and the price at which issuers will redeem such units from the investors.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

The table which shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used is as follows:

Type	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
				Change in discount rate by 500 basis points would increase / (decrease) as below
Financial Assets:				
Investment in Alternate Investment Funds	Alternate Investment Fund is based on the net asset value (NAV) as stated by the issuers of these alternate asset funds in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of alternate asset fund and the price at which issuers will redeem such units from the investors.	Not Applicable	Not Applicable	Not Applicable
Investment in Debt Instrument	These indicates thinly traded / non traded securities as defined in SEBI Regulations and Guidelines and the fair value is estimated considering the valuation declared by fund houses for respective instruments during every reporting date.	Not Applicable	Not Applicable	Not Applicable
Investment in Preference shares/ Equity share	These indicates thinly traded / non traded securities as defined in SEBI Regulations and Guidelines and the fair value is estimated considering the valuation declared by fund houses for respective instruments during every reporting date.	Not Applicable	Not Applicable	Not Applicable
Financial Liabilities:				
Deposit	Discounted cash flow technique- The fair value is estimated considering net present value calculated using discount rates derived from quoted prices of similar instruments with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Discount Rate	3.70% - 5.70% (Previous year 6.25% - 6.85%) based on SBI rate for respective period of Deposit	Not Applicable

NOTE 35 : RELATED PARTY TRANSACTION

(A) As Per IND AS 24, the disclosures of transaction with the related parties are given below :

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
Directors & their relatives	Mr. Kranti Sinha - Independent Director
	Mr. Venkataraman Rajamani – Managing Director w.e.f. May 15, 2019
	Mr. Mohan Radhakrishnan - Whole Time Director
	Mr. Narendra Jain - Whole Time Director
	Ms. Geetha Mathur - Independent Director upto May 8, 2019
	Mr. Aniruddha Dange - Non-Executive w.e.f. July 01, 2019 (upto November 27, 2019)
	Mr. Aniruddha Dange - Executive Director upto June 30, 2019
	Ms. Rekha Warriar - Independent Director w.e.f. May 8, 2019
	Mrs. Aditi Athavankar (wife of Mr. Venkataraman Rajamani)
	Mr. Shamik Das Sharma - Independent Director w.e.f. January 14, 2020
Key Management Personnel	Arindam Chanda - Chief Executive Officer

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Nature of relationship	Name of party
Subsidiaries Company	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
	IIFL Management Services Limited (Formerly India Infoline Insurance Services Ltd)
	IIFL Securities Services IFSC Limited
	IIFL Commodities Limited (Formerly India Infoline Commodities Limited)
	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
	IIFL Wealth UK Limited
	IIFL Capital Inc
	Meenakshi Towers LLP \$
	India Infoline Foundation
Joint Venture	IIFL Assets Reconstruction Limited
Step Down Subsidiaries	Meenakshi Towers LLP (Joint venture of wholly owned subsidiary, IIFL Management Services Limited upto March 31, 2019)
	Geocentric Solutions Private Limited (w.e.f. December 20, 2019 to March 23, 2020)
Other Related Parties	Shreyans Foundations LLP \$
	IIFL Finance Limited (Formerly IIFL Holdings Limited)
	India Infoline Finance Limited @
	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	Samasta Microfinance Limited
	IIFL Wealth Management Limited
	IIFL Distribution Services Limited
	IIFL Asset Management Limited
	IIFL Investment Adviser and Trustee Services Limited
	IIFL Alternate Asset Advisors Limited
	IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited)
	IIFL Asset Management (Mauritius) Ltd. (Formerly IIFL Private Wealth (Mauritius) Ltd)
	IIFL Private Wealth (Suisse) SA *
	IIFL Private Wealth Hong Kong Limited **
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Inc
	IIFL Capital (Canada) Limited
	IIFL (Asia) Pte Limited
	IIFL Securities Pte Limited
	IIFL Capital Pte Limited
	Clara Developers Private Limited
	IIFL Wealth Finance Limited
	IIFL Wealth Securities IFSC Limited
	IIFL Altiore Advisors Private Limited (Formerly Altiore Advisors Private Limited)
	IIFL Wealth Advisors (India) Limited- Amalgamated with IIFL Wealth Management Limited w.e.f. December 27, 2019.
	FIH Mauritius Investments Limited
	IIFLW CSR Foundation(Incorporated w.e.f. January 20, 2020)
	Giskard Datatech Private Limited (upto November 27, 2019)
	5Paisa Capital Limited
	5Paisa P2P Limited
	5paisa Trading Limited (incorporated w.e.f. February 27, 2020)
5paisa Insurance Brokers Limited	
Mr. Nirmal Jain - Promoter	

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

Nature of relationship	Name of party
Other Related Parties	Mrs. Madhu Jain (wife of Mr. Nirmal Jain)
	Mr. Venkataraman Rajamani - Promoter (appointed as Managing Director from May 15, 2019)
	Orpheus Trading Private Limited
	MNJ Consultants Private Limited
	Sunder Bhawar Ventures Private Limited
	India Infoline Employee Trust
	Kalki Family Private Trust
	Nirmal Madhu Family Private Trust
	Ardent Impex Private Limited

*IIFL Wealth Management Limited has dis-invested its investment from IIFL Private Wealth (Suisse) SA w.e.f February 27, 2019.

* IIFL Private Wealth (Hongkong) Limited has ceased to carry its business operations and is in process of winding up.

@ India Infoline Finance Limited merged with IIFL Finance Limited (formerly IIFL Holdings Limited) on March 30, 2020 from Appointed date April 1, 2018 and hence all the transactions with India Infoline Finance Limited have been merged with transactions of IIFL Finance Limited (formerly IIFL Holdings Limited) and disclosed accordingly.

\$ IIFL Facilities Services Limited, a wholly owned subsidiary of company, has acquired 99% stake on April 1, 2019 in Shreyans Foundations LLP which is holding 50% stake in Meenakshi Towers LLP, a joint venture between another wholly owned subsidiary of the company, IIFL Management Services Limited and Shreyans Foundations LLP. Pursuant to this, Meenakshi Towers LLP has become subsidiary of the Company.

(B) Significant Transactions with Related Parties

(₹ in Million)

Nature of transaction	FY 2019-20	FY 2018-19
Investment in Equity & Preference shares:-		
a) Subsidiaries		
IIFL Securities Services IFSC Limited	-	5.00
IIFL Insurance Brokers Limited	10.00	-
b) Other Related Parties		
Giskard Datatech Private Limited	14.51	14.51
Brokerage Income/Delayed Payin Charges, etc. :-		
a) Subsidiaries		
IIFL Facilities Services Limited	0.00	-
IIFL Management Services Limited	3.86	4.49

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Nature of transaction	FY 2019-20	FY 2018-19
b) Other Related Parties		
IIFL Finance Limited	0.86	5.04
IIFL Wealth Management Limited	-	0.20
IIFL Asset Management Limited	-	0.03
IIFL Home Finance Limited	0.04	0.02
Venkataraman Rajamani	-	0.11
Nirmal Jain	1.45	0.71
Ardent Impex Private Limited	0.07	0.02
Orpheus Trading Private Limited	0.02	-
c) Directors & their relatives , Key Managerial Personnel		
Arindam Chanda	0.00	0.00
Mrs. Aditi Athavankar	0.00	-
Mohan Radhakrishnan	0.06	0.05
Aniruddha Dange	0.16	0.10
Venkataraman Rajamani	0.11	-
Narendra Jain	0.00	0.00
Interest Income - Inter Corporate Deposit/Others :-		
a) Subsidiaries		
IIFL Management Services Limited	1.89	1.23
IIFL Facilities Services Limited	28.65	-
Meenakshi Towers LLP	0.06	-
b) Other Related Parties		
5Paisa Capital Limited	1.38	15.76
Deposit - Taken :-		
b) Other Related Parties		
IIFL Finance Limited	-	0.10
5Paisa Capital Limited	0.57	2.50
Deposit - Taken & Repaid :-		
a) Other Related Parties		
IIFL Finance Limited	-	0.10
Deposit - Given :-		
a) Subsidiaries		
IIFL Facilities Services Limited	-	132.97
b) Directors or their relatives		
Mrs. Aditi Athavankar	50.00	-
Deposit - Given & Received Back :-		
a) Subsidiaries		
IIFL Facilities Services Limited	-	500.00

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Nature of transaction	FY 2019-20	FY 2018-19
Investment Banking Income :-		
a) Other Related Parties		
IIFL Finance Limited	15.69	1.00
IIFL Wealth Management Limited	-	65.16
Commission /Advisory Fees /Research /Referral Income :-		
a) Subsidiaries		
IIFL Capital Inc.	20.55	-
b) Other Related Parties		
IIFL Finance Limited	143.54	221.35
IIFL Asset Management Limited	124.45	54.31
IIFL Home Finance Limited	4.85	26.79
5Paisa Capital Limited	10.19	-
Remuneration		
Directors	66.75	35.30
Key Managerial Personnel	12.08	15.14
Sitting Fees		
Geeta Mathur	0.03	0.32
Kranti Sinha	0.62	0.35
Rekha Warriar	0.42	-
Shamik Das Sharma	0.15	-
Rent Income :-		
a) Other Related Parties		
5Paisa Capital Limited	6.14	4.82
Dividend Paid		
a) Other Related Parties		
IIFL Finance Limited	-	280.77
India Infoline Employee Trust	0.15	0.38
Dividend Income		
a) Subsidiaries		
IIFL Capital Inc.	35.61	-
IIFL Insurance Brokers Limited	250.00	-
Interest Expenses on Inter Corporate Deposit		
a) Subsidiaries		
IIFL Facilities Services Limited	-	23.28
b) Other Related Parties		
IIFL Finance Limited	2.92	28.04

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Nature of transaction	FY 2019-20	FY 2018-19
Corporate Social Responsibility Expenses		
a) Subsidiary		
India Infoline Foundation	34.83	25.62
Purchase Consideration :-		
a) Subsidiaries		
IIFL Commodities Limited	-	76.90
Rent Expenses		
a) Subsidiaries		
IIFL Facilities Services Limited	267.06	225.29
b) Other Related Parties		
IIFL Wealth Management limited	60.82	-
c) Director or their relatives		
Mrs. Aditi Athavankar	0.60	-
Marketing /Commission & Brokerage / Technology expenses :-		
a) Subsidiaries		
IIFL Capital Inc	78.31	210.61
IIFL Wealth (UK) Limited	17.18	19.78
b) Other Related Parties		
5Paisa Capital Limited	-	4.56
Giskard Datatech Private Limited	0.66	-
Inter Corporate Deposit Taken :-		
a) Subsidiaries		
IIFL Facilities Services Limited	-	9,435.00
b) Other Related Parties		
IIFL Finance Limited	5,590.00	26,330.00
Inter Corporate Deposit Taken & Repaid :-		
a) Subsidiaries		
IIFL Facilities Services Limited	-	9,435.00
b) Other Related Parties		
IIFL Finance Limited	5,590.00	26,330.00
Inter Corporate Deposit Given :-		
a) Subsidiaries		
IIFL Facilities Services Limited	5,876.00	-
IIFL Management Services Limited	310.00	260.00
Meenakshi Towers LLP	200.00	-

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Nature of transaction	FY 2019-20	FY 2018-19
b) Other Related Parties		
IIFL Finance Limited	15,374.00	-
IIFL Home Finance Limited	15,411.00	-
5Paisa Capital Limited	-	1,010.00
Inter Corporate Deposit Given & Received Back :-		
a) Subsidiaries		
IIFL Facilities Services Limited	5,876.00	-
IIFL Management Services Limited	320.00	250.00
Meenakshi Towers LLP	200.00	-
b) Other Related Parties		
IIFL Finance Limited	15,374.00	-
5Paisa Capital Limited	130.00	880.00
IIFL Home Finance Limited	15,411.00	-
Allocation / Reimbursement of expenses Paid :-		
a) Subsidiaries		
IIFL Facilities Services Limited	38.73	44.57
IIFL Commodities Limited	-	1.99
IIFL Management Services Limited	4.29	5.84
b) Other Related Parties		
IIFL Home Finance Limited	10.81	13.84
IIFL Finance Limited	29.29	25.79
5paisa Capital Limited	-	0.33
Allocation / Reimbursement of expenses Received :-		
a) Subsidiaries		
IIFL Facilities Services Limited	0.06	-
IIFL Commodities Limited	-	2.81
IIFL Insurance Brokers Limited	23.49	7.63
IIFL Management Services Limited	29.93	29.07
IIFL Securities Services IFSC Limited	-	0.12
b) Other Related Parties		
IIFL Asset Management Limited	-	0.00
IIFL Wealth Management Limited	3.21	14.06
IIFL Finance Limited	309.45	604.35
IIFL Home Finance Limited	68.37	45.69
5paisa Capital Limited	62.85	41.02
Others Paid :-		
a) Subsidiaries		
IIFL Facilities Services Limited	0.05	0.39
IIFL Commodities Limited	11.52	0.77
IIFL Management Services Limited	0.81	0.09
IIFL Insurance Brokers Limited	0.58	0.02

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Nature of transaction	FY 2019-20	FY 2018-19
b) Other Related Parties		
IIFL Finance Limited	46.89	3.14
5paise Capital Limited	2.37	0.42
IIFL Home Finance Limited	3.15	0.05
IIFL Wealth Management Limited	0.38	0.12
IIFL Asset Management Limited	0.35	-
Others Received :-		
a) Subsidiaries		
IIFL Facilities Services Limited	0.47	0.47
IIFL Commodities Limited	0.69	0.82
IIFL Management Services Limited	0.38	0.45
India Infoline Foundation	0.80	0.70
IIFL Insurance Brokers Limited	1.36	2.75
IIFL Securities Services IFSC Limited	1.18	-
b) Other Related Parties		
IIFL Finance Limited	43.49	8.49
5paise Capital Limited	3.59	0.14
IIFL Home Finance Limited	6.56	1.31
IIFL Asset Management Limited	-	0.00
IIFL Investment Advisors & Trustee Services Limited	-	0.47
IIFL Wealth Management Limited	1.60	0.06
IIFL Distribution Services Limited	-	0.02

Note:-

- Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million, wherever applicable.
- As the future liability for retirement and other employee benefits is provided on an actuarial basis for the Company as a whole, the amount pertaining to key managerial personnel is not included above.

(C) Closing Balance

(₹ in Million)

Nature of transaction	As at March 31, 2020	As at March 31, 2019
Sundry Payable :-		
a) Subsidiaries		
IIFL Capital Inc	-	34.64
IIFL Management Services Limited	-	0.26
IIFL Facilities Services Limited	0.46	-
b) Other Related Parties		
IIFL Wealth Management Limited	-	0.45
Mr. Nirmal Jain	0.00	-
c) Key Managerial Persons ,Directors & their relatives		
Arindam Chanda	0.03	0.00
Aniruddha Dange	-	1.12
Mrs. Aditi Athavankar	0.00	-
Mohan Radhakrishnan	0.00	0.00
Narendra Jain	0.00	0.00

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Nature of transaction	As at March 31, 2020	As at March 31, 2019
Security Deposit Taken		
Other Related Parties		
5paisa Capital Limited	3.07	2.50
Sundry Receivable :-		
a) Subsidiaries		
IIFL Facilities Services Limited	-	0.11
IIFL Capital Inc.	9.50	-
IIFL Management Services Limited	32.98	-
IIFL Securities Services IFSC Limited	1.18	0.12
IIFL Insurance Brokers Limited	-	0.08
b) Other Related Parties		
IIFL Home Finance Limited	0.41	0.94
IIFL Finance Limited	0.27	23.74
IIFL Wealth Management Limited	0.05	-
IIFL Asset Management Limited	29.49	9.16
5paisa Capital Limited	0.29	0.64
c) Director		
Venkataraman Rajamani	0.00	-
Inter Corporate Deposit Given		
a) Subsidiaries		
IIFL Management Services Limited	-	10.00
b) Other Related Parties		
5paisa Capital Limited	-	130.00
Security Deposit Given		
a) Subsidiaries		
IIFL Facilities Services Limited	132.97	132.97
b) Director and their relatives		
Mrs. Aditi Athavankar	50.00	-
Investment in equity shares of subsidiaries :-		
IIFL Facilities Services Limited	321.40	321.40
IIFL Commodities Limited	20.00	20.00
IIFL Insurance Brokers Limited	43.41	33.41
IIFL Management Services Limited	10.00	10.00
IIFL Wealth (UK) Limited	11.20	11.20
IIFL Capital Inc	40.29	40.29
IIFL Asset Reconstruction Ltd	44.13	44.13
IIFL Securities Services IFSC Limited	5.00	5.00
Investment in preference shares of subsidiaries :-		
IIFL Management Services Limited (0.1 % Redeemable Non Convertible Non Cumulative)	283.78	283.78

Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million, wherever applicable.

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 36 : DISCLOSURE AS PER IND AS -108 "SEGMENT REPORTING"

Considering the nature of the business of the Company, the Management has reclassified and regrouped its segments based on Management Approach under Ind AS 108 into a single segment i.e. under Capital market activity. Accordingly, the results relating to investment banking division which were shown as a separate segment in the previous year, have been reclassified under "capital market activity" and has been restated.

The Company's business is to provide capital market services in primary & secondary market. All other activities of the Company are ancillary to the main business. As such, there are no reportable segments that need to be reported separately as defined in Ind AS 108, Operating Segments.

NOTE 37 : THE TABLE BELOW SHOWS AS ANALYSIS OF ASSETS AND LIABILITIES ANALYSED ACCORDING TO WHEN THEY ARE EXPECTED TO BE RECOVERED OR SETTLED.

(₹ in Million)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
(1) Financial Assets						
(a) Cash and cash equivalents	3,128.90	-	3,128.90	4,099.32	-	4,099.32
(b) Bank Balance other than above	6,778.01	25.33	6,803.34	5,695.81	10.76	5,706.57
(c) Receivables						
(I) Trade receivables	186.86	-	186.86	84.36	-	84.36
(II) Other receivables	13.68	-	13.68	28.53	-	28.53
(d) Loans	220.37	-	220.37	920.55	-	920.55
(e) Investments	433.80	2,039.82	2,473.62	60.04	1,831.51	1,891.55
(f) Other financial assets	4,285.67	248.18	4,532.85	5,831.16	279.85	6,111.01
Sub-total	15,047.29	2,313.33	17,359.62	16,719.77	2,122.12	18,841.89
(2) Non-Financial Assets						
(a) Current tax assets (net)	-	149.33	149.33	-	88.52	88.52
(b) Deferred tax assets (net)	-	151.03	151.03	-	386.59	386.59
(c) Property, Plant and Equipment	-	162.87	162.87	-	190.50	190.50
(d) Capital work-in-progress	-	25.63	25.63	-	5.18	5.18
(e) Other intangible assets	-	19.75	19.75	-	35.91	35.91
(f) Right-of-use assets	-	667.46	667.46	-	-	-
(g) Other non-financial assets	304.98	9.95	314.93	60.25	2.20	62.45
Sub-total	304.98	1,186.02	1,491.00	60.25	708.90	769.15
Total Assets	15,352.27	3,499.35	18,850.62	16,780.02	2,831.02	19,611.04

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
LIABILITIES						
(1) Financial Liabilities						
(a) Payables						
(I) Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	9.13	-	9.13	9.54	-	9.54
(II) Other payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	291.79	-	291.79	177.60	-	177.60
(b) Borrowings (Other than debt securities)	756.37	-	756.37	1,005.37	-	1,005.37
(c) Other financial liabilities	9,790.95	615.48	10,406.43	11,522.43	207.36	11,729.79
Sub-total	10,848.24	615.48	11,463.72	12,714.94	207.36	12,922.30
(2) Non-Financial Liabilities						
(a) Provisions	6.09	26.58	32.67	5.45	19.01	24.46
(b) Other non-financial liabilities	186.24	-	186.24	217.51	-	217.51
Sub-total	192.33	26.58	218.91	222.96	19.01	241.97
(3) Equity						
(a) Equity share capital	-	639.22	639.22	-	638.41	638.41
(b) Other equity	-	6,528.77	6,528.77	-	5,808.36	5,808.36
Sub-total	-	7,167.99	7,167.99	-	6,446.77	6,446.77
Total Liabilities and Equity	11,040.57	7,810.05	18,850.62	12,937.90	6,673.13	19,611.04

Notes forming part of Standalone Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 38 : NOTE ON COVID-19 IMPACT

Covid-19 have been declared as a global pandemic, the Indian Govt. has declared the complete lock down since March 24, 2020 and the same is continuing with minor exemptions and essential services were allowed to operate with limited capacity. Capital markets and banking services have been declared as essential services and accordingly, the Company has been continuing the operations with minimal permitted staff at branches. However other employees were encouraged to work from home. All operations and servicing of clients were smoothly ensured without any interruptions as the activities of trading, settlement, DP, Stock Exchanges and depositories functions have been fully automated and seamless processes. Based on the facts and circumstances, the Company has been operating in the normal course and there have been no adverse impacts on the assets, liquidity, revenues or operational parameters during the year ended as on March 31, 2020. The Company is closely monitoring any material changes on a continuous basis.

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

Place : Mumbai

Dated : May 15, 2020

For and on behalf of Board of Directors

Venkataraman Rajamani

Managing Director

(DIN: 00011919)

Arindam Chanda

Chief Executive Officer

Roshan Dave

Company Secretary

Narendra Jain

Whole Time Director

(DIN: 01984467)

Ronak Gandhi

Chief Financial Officer

Independent Auditor's Report

To the Members of IIFL Securities Limited (formerly known as India Infoline Limited)

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of IIFL Securities Limited (formerly known as India Infoline Limited) (hereinafter referred to as the 'Holding Company') and its subsidiary LLPs and Companies (Holding Company and its subsidiary LLPs and subsidiary companies together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2020, the consolidated Statement of Profit and Loss, consolidated Statement of Changes in Equity and the consolidated Cash Flows statement for the year then ended, and notes to the consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, of consolidated profit, of consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are independent of the Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any key audit matters for the Group. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Response to Key Audit Matter
<p>The Group's key financial accounting and reporting processes are highly dependent on the automated controls implemented in the Information Technology (IT) systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records, being materially misstated.</p> <p>The Group uses Oracle system as the General Ledger for overall financial reporting which is interfaced with other main systems viz., BO-Swaraj and BO-Mutual Fund that process transactions, which impacts significant accounts.</p> <p>We have identified 'IT systems and control' as Key audit matter, since for the primary business segment (brokerage and related income), the Company relies on automated processes and controls for recording of income.</p>	<p>We focused on General IT controls i.e. access management, change management, program development and computer operations control and IT application controls i.e. controls on relevant system based reconciliation, system generated reports and system/application processing over key financial accounting, reporting systems and control systems.</p> <p>Our audit procedures to assess the effectiveness of IT system included the following:</p> <ul style="list-style-type: none"> Performed walkthroughs to evaluate the design and implementation of key automated controls and tested the effectiveness of identified IT automated controls and IT systems in relation to financial accounting and reporting systems, including general controls i.e. system access and system change management, program development and computer operations.

Independent Auditor's Report (Contd.)

Key Audit Matter	Response to Key Audit Matter
	<ul style="list-style-type: none"> We tested design and operating effectiveness of key controls over user access management on test check basis which included granting access right, new user creation, removal of user rights and other preventive controls. We assessed password policies, security configurations, system generated reports and system interface controls on test check basis. Evaluating the design, implementation and operating effectiveness of identified significant accounts related IT automated controls which are relevant for accuracy of system calculation, and consistency of data transmission on test check basis. We have also relied on the reports of IT Systems and Controls testing carried to the extent carried out by Internal Auditors with respect to IT access controls and Systems audit conducted by the systems auditor appointed for this purpose and their observations. The internal auditors / system auditors have not observed any major deficiency.
<p>The Group has sold one property to a related party during the year and the Group has accounted for a profit of Rs 1,017.19 Millions on the said transaction which has been disclosed as an exceptional item in the financial statements (Refer Note 37 of the Consolidated Financial Statements).</p> <p>Since the transaction involved related parties and consequent compliance with the requirements of the Companies Act, 2013 and since the amount involved was material, the same was considered as a Key Audit Matter.</p>	<p>Our audit procedures in respect of the sale of property to a related party included:</p> <ol style="list-style-type: none"> Review of the minutes of the meeting approving the sale transaction; Review of the Valuation Report obtained from an approved independent valuer to ensure that the transaction was entered into at arm's length; Review of Sale Agreement and other documents to ensure that the documents were properly executed; Verification of the accounting entries passed including profit on sale and tax impact of the said transaction. <p>Our audit procedures did not reveal any non-compliances.</p>

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 standalone and consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies and Management of the LLPs included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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;

Independent Auditor's Report (Contd.)

and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies and Management of the LLPs included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies and Management of the LLPs included in the Group are responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 and its subsidiary companies which are companies incorporated in India, have 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 Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

Independent Auditor's Report (Contd.)

reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matters

We did not audit the financial statements of 2 subsidiary LLPs and 2 wholly owned subsidiary companies outside India, whose financial statements reflect total assets of Rs 431.99 Millions as at March 31, 2020, total revenues of Rs 333.52 Millions and net cash flows amounting to Rs 11.32 Millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of those subsidiary LLPs and subsidiary companies, and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary LLPs and subsidiary companies, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of internal financial controls over financial reporting of the Companies incorporated in India and included in the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.
- 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:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding Company and its subsidiary companies incorporated in India to its managing director during the year is in accordance with the provisions of section 197 of the Act.

- 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 41 to the consolidated financial statements.
 - ii. The Group 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 Holding Company and its subsidiary companies incorporated in India.

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

(G.SANKAR)
(M.No.46050)
UDIN: 20046050AAAABZ3583

Place: Mumbai
Date: May 15, 2020

Annexure to the Independent Auditor's Report

Annexure referred to in our report of even date to the members of IIFL Securities Limited (formerly known as India Infoline Limited) on the consolidated accounts for the year ended 31st March 2020

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 Limited (formerly known as India Infoline Limited) (hereinafter referred to as "the Holding Company") and its subsidiary companies incorporated in India (hereinafter collectively referred to as "the Group") as of March 31st, 2020, which are Companies incorporated in India, as of that date

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies are 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 ("the Guidance Note") 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies which are incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls system over financial reporting of the Parent and its subsidiary companies which are incorporated in India.

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

Annexure to the Independent Auditor's Report

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 Holding Company and its subsidiary companies incorporated in India have, 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, 2020 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)
(M.No.46050)
UDIN: 20046050AAAABZ3583

Place: Mumbai
Date: May 15, 2020

Consolidated Balance Sheet

As at March 31, 2020

(₹ in Million)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	3	3,400.31	4,812.23
(b) Bank balance other than (a) above	4	6,871.41	5,838.29
(c) Receivables			
(I) Trade receivables	5	323.63	248.37
(II) Other receivables	5	61.79	81.53
(d) Loans	6	243.29	4,332.38
(e) Investments	7	2,309.23	1,396.17
(f) Other financial assets	8	4,468.52	6,089.65
Sub-total		17,678.18	22,798.62
(2) Non-Financial Assets			
(a) Current tax assets (net)		490.17	457.72
(b) Deferred tax assets (net)	9	203.61	456.76
(c) Investment property	10	90.28	48.38
(d) Property, Plant and Equipment	11	3,675.20	3,839.46
(e) Capital work-in-progress	11	1,296.84	859.01
(f) Inventories	12	132.74	-
(g) Other intangible assets	13	34.29	42.45
(h) Assets held for sale	14	-	1,355.46
(i) Right of use asset	15	223.04	-
(j) Other non-financial assets	16	511.87	641.66
Sub-total		6,658.04	7,700.90
Total Assets		24,336.22	30,499.52
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Payables			
(I) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	17	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	17	45.74	24.30
(II) Other payables			
(i) Total outstanding dues of micro enterprises and small enterprises	17	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	17	327.97	241.10
(b) Debt securities	18	531.51	486.40
(c) Borrowings (other than debt securities)	19	4,056.34	6,605.22
(d) Subordinated liabilities	20	-	500.38
(e) Other financial liabilities	21	10,196.58	12,981.68
Sub-total		15,158.14	20,839.08
(2) Non-Financial Liabilities			
(a) Current tax liabilities (net)		10.52	17.37
(b) Provisions	22	35.77	27.19
(c) Other non-financial liabilities	23	335.23	2,306.44
Sub-total		381.52	2,351.00
(3) EQUITY			
(a) Equity share capital	24	639.22	638.41
(b) Other equity	25	8,158.67	6,671.03
(c) Non controlling interest	26	(1.33)	-
Sub-total		8,796.56	7,309.44
Total Liabilities and Equity		24,336.22	30,499.52

See accompanying notes forming part of the consolidated financial statements

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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 Board of Directors

Venkataraman Rajamani

Managing Director

(DIN: 00011919)

Arindam Chanda

Chief Executive Officer

Roshan Dave

Company Secretary

Narendra Jain

Whole Time Director

(DIN: 01984467)

Ronak Gandhi

Chief Financial Officer

Place : Mumbai

Dated : May 15, 2020

Consolidated Statement of Profit and Loss

For the year ended March 31, 2020

(₹ in Million)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
1. Revenue from operations			
(a) Interest income	27	635.27	621.38
(b) Rental income		243.95	544.07
(c) Fees and commission income	28	6,359.84	7,185.85
Total revenue from operations (a+b+c)		7,239.06	8,351.30
2. Other income	29	660.40	404.35
3. Total income (1+2)		7,899.46	8,755.65
4. Expenses			
(a) Finance costs	30	1,021.14	1,144.95
(b) Fees and commission expense	31	831.74	881.38
(c) Employee benefits expenses	32	2,212.49	2,566.35
(d) Depreciation, amortisation and impairment	33	553.09	418.98
(e) Others expenses	34	1,283.34	1,127.75
Total expenses (a+b+c+d+e)		5,901.80	6,139.41
5. Profit before share of profit/(loss) of associates and joint ventures (3 - 4)		1,997.66	2,616.24
6. Share of profit/(loss) of associates and joint ventures		-	(35.43)
7. Profit before exceptional items and tax (5 + 6)		1,997.66	2,580.81
8. Exceptional items	37	1,017.19	-
9. Profit before tax (7 + 8)		3,014.85	2,580.81
10. Tax expense:			
(a) Current Tax	35	413.04	839.08
(b) Deferred Tax	35	112.51	31.36
(c) Short/excess	35	4.32	(3.96)
Total tax expense		529.87	866.48
11. Profit for the period before impact of rate change on opening deferred tax (9 - 10)		2,484.98	1,714.33
12. Impact of change in rate on opening deferred tax asset		145.54	-
13. Profit for the period (11 - 12)		2,339.44	1,714.33
Attributable to:			
Owners of the Company		2,339.76	1,714.33
Non controlling interest		(0.32)	-
14. Other Comprehensive Income			
A			
(i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		(24.33)	10.40
(ii) Income tax relating to items that will not be reclassified to profit or loss		6.12	(3.72)
Subtotal (A)		(18.21)	6.68
(B)			
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Subtotal (B)		-	-
Other Comprehensive Income (A+B)		(18.21)	6.68
15. Total Comprehensive Income for the period (13 + 14)		2,321.23	1,721.01
Attributable to:			
Owners of the Company		2,321.55	1,721.01
Non controlling interest	26	(0.32)	-
Earnings per equity share			
Basic (in ₹)	36	7.33	5.37
Diluted (in ₹)	36	7.31	5.37

See accompanying notes forming part of the consolidated financial statements

1 - 48

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 Board of Directors

Venkataraman Rajamani

Managing Director

(DIN: 00011919)

Arindam Chanda

Chief Executive Officer

Roshan Dave

Company Secretary

Narendra Jain

Whole Time Director

(DIN: 01984467)

Ronak Gandhi

Chief Financial Officer

Place : Mumbai
Dated : May 15, 2020

Consolidated Cash Flow Statement

For the year ended March 31, 2020

(₹ in Million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flows from operating activities		
Net profit before taxation	3,014.85	2,580.81
Adjustments for:		
Depreciation, amortisation and impairment	407.31	418.98
Interest expenses	996.92	1,144.95
Foreign exchange fluctuation	7.29	2.14
Employee share based payment	13.63	8.76
Provision for gratuity	15.86	10.47
Provision for leave encashment	35.77	27.19
Provision for expenses	331.58	181.69
Dividend income	(8.27)	(4.60)
Share of loss of associates and joint ventures	-	35.43
Interest income	(404.69)	(182.16)
Net (gain)/loss on fair value of investments	112.28	(32.12)
Net (gain) on sale of fixed assets	(23.18)	(7.16)
Operating profit before working capital changes	4,499.35	4,184.38
(Increase)/decrease in other bank balances	(1,096.78)	(1,383.77)
(Increase)/decrease in loans	4,089.09	(3,516.24)
(Increase)/decrease in trade and other receivables	(44.83)	(12.10)
(Increase)/decrease in other financial assets	1,761.01	4,325.95
(Increase)/decrease in inventories	136.20	-
(Increase)/decrease in other non-financial assets	152.14	(537.40)
Increase/(decrease) in trade and other payable	(233.88)	(295.28)
Increase/(decrease) in other financial liabilities	(3,427.40)	2,230.78
Increase/(decrease) in provisions	(27.19)	(23.48)
Increase/(decrease) in non-financial liabilities	(1,993.12)	2,064.86
Adjustment due to composite scheme of arrangement (Refer note 1.1)	-	(233.83)
Cash generated from operations	3,814.59	6,803.87
Current tax expense	(454.05)	(935.69)
Net cash generated from operating activities (A)	3,360.54	5,868.18
Cash flows from investing activities		
(Purchase)/sale of fixed assets (net)	713.44	(601.22)
(Investment)/redemption of fixed deposit	63.65	221.82
Interest income	404.69	182.16
Dividend income	8.27	4.60
(Purchase)/sale of investments	(1,026.27)	195.78
Net cash generated from investing activities (B)	163.78	3.14
Cash flows from financing activities		
Dividend paid (including dividend distribution tax)	(762.39)	(413.78)
Increase/(decrease) in borrowings	(3,232.82)	(3,377.72)
Proceed from issuance of share capital	9.18	-
Interest expenses	(996.92)	(1,144.95)
Net cash used in financing activities (C)	(4,982.95)	(4,936.45)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1,458.63)	934.87
Cash and cash equivalents at the beginning of the year	4,812.23	3,877.36
Cash and cash equivalent transferred through acquisition of subsidiary	46.71	-
Cash and cash equivalents at the end of the year	3,400.31	4,812.23

See accompanying notes forming part of the consolidated financial statements (1 - 48)

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 Board of Directors

Venkataraman Rajamani

Managing Director

(DIN: 00011919)

Arindam Chanda

Chief Executive Officer

Roshan Dave

Company Secretary

Narendra Jain

Whole Time Director

(DIN: 01984467)

Ronak Gandhi

Chief Financial Officer

Place : Mumbai

Dated : May 15, 2020

Consolidated Statement of changes in equity

For the year ended March 31, 2020

A. Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in Million	No. of Shares	₹ in Million
At the beginning of the year				
Add:- Shares issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	319,234,462	638.47	-	-
Add: Shares issued during the year under ESOP Scheme	375,000	0.75	-	-
Closing at the end of year	319,609,462	639.22	-	-
Share suspense account				
At the beginning of the year	319,203,092	638.41	-	-
Add: Shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	-	-	318,979,026	637.96
Add : Further additional shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	31,370	0.06	224,066	0.45
Less: Shares allotted during the year	(319,234,462)	(638.47)	-	-
Closing at the end of year	-	-	319,203,092	638.41

B. Other equity

Particulars	Reserves and Surplus				Share options outstanding account #	Other items of other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Total
	General reserve	Debenture redemption reserve	Capital reserve	Securities premium				
Balance as at April 1, 2018	413.91	45.29	1,017.69	2,230.82	-	(6.93)	6.18	5,595.93
Total comprehensive income for the year	-	-	-	-	-	6.68	-	1,721.01
Appropriation towards dividend paid	-	-	-	-	-	-	-	(343.32)
Dividend Distribution Tax	-	-	-	-	-	-	-	(70.45)
Addition due to Composite Scheme of Arrangement (Refer note 1.1)	-	-	(256.11)	-	-	-	-	(256.11)
Other additions	-	-	-	-	21.83	-	2.14	23.97
Balance as at March 31, 2019	413.91	45.29	761.58	2,230.82	21.83	(0.25)	8.32	6,671.03

Consolidated Statement of changes in equity

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Particulars	Reserves and Surplus				Share options outstanding account #	Other items of other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Total
	General reserve	Debt redemption reserve	Capital reserve	Securities premium				
Total comprehensive income for the year	-	-	-	-	-	(18.21)	-	2,321.55
Appropriation towards dividend paid	-	-	-	-	-	-	-	(638.47)
Dividend Distribution Tax	-	-	-	-	-	-	-	(123.92)
Transfer to/from reserves	0.90	-	-	4.98	(5.88)	-	-	-
Utilisation against acquisition of subsidiary [Refer note 1.2 (d)]	-	-	(100.80)	-	-	-	-	(100.80)
Other additions	-	-	(0.06)	9.16	12.89	-	7.30	29.28
Balance as at March 31, 2020	414.81	45.29	660.72	2,244.96	28.84	(18.46)	15.62	8,158.67

Share stock options accounts represents ESOP reserve transferred by IIFL Finance Limited as part of "Securities Undertaking" against the options to be granted by the Company on effective date for outstanding options under various grants by IIFL Finance Limited as per the Composite Scheme of Arrangement (Refer note no. 1.1) and includes reserves created on account of fresh options granted by the Company on October 30, 2019.

See accompanying notes forming part of the consolidated financial statements (1 - 48)

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

Place : Mumbai

Dated : May 15, 2020

For and on behalf of Board of Directors

Venkataraman Rajamani

Managing Director

(DIN: 00011919)

Arindam Chanda

Chief Executive Officer

Roshan Dave

Company Secretary

Narendra Jain

Whole Time Director

(DIN: 01984467)

Ronak Gandhi

Chief Financial Officer

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020

Note 1. Corporate Information:

The financial statements comprise financial statements of IIFL Securities Limited ("the Holding Company") and its subsidiaries (collectively, the group) for the year ended March 31, 2020.

IIFL Securities Limited (Formerly India Infoline Limited) ("the Company") was incorporated on March 21, 1996. The Company is in financial services spaces offering capital market services such as equity/ currency broking in NSE/BSE, online and offline commodity broking in MCX and NCDEX, depository participant services, merchant banking and distribution of financial products besides holding investments in subsidiaries. The group business also consist of financial services, facilities and ancillary services including real estate broking/ advisory services and insurance broking services which are carried out by separate subsidiaries of the Company.

Information on other related party relationships of the group is provided in note 46.

Note: 1.1 Composite Scheme of Arrangement between IIFL Holdings Limited and IIFL Securities Limited.

"The Board of Directors of IIFL Securities Limited ("IIFL Securities") and IIFL Finance Limited ("IIFL Holdings") at its meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst IIFL Securities, IIFL Holdings, India Infoline Finance Limited ("IIFL Finance") (merged with IIFL Finance Limited w.e.f. March 30, 2020), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Wealth Management Limited ("IIFL Wealth") and IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") which inter-alia, envisaged the following:

- i. amalgamation of IIFL M&R with IIFL Holdings;
- ii. demerger of the Securities Business Undertaking (as defined in the Scheme) of IIFL Holdings into IIFL Securities;
- iii. demerger of the Wealth Business Undertaking (as defined in the Scheme) of IIFL Holdings into IIFL Wealth;
- iv. transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution; and
- v. amalgamation of IIFL Finance with the IIFL Holdings, on a going-concern basis."

The Appointed Date for the amalgamation of IIFL M&R with the IIFL Holdings was April 01, 2017 and for all the other steps, the Appointed Date was April 01, 2018.

Certified copy of the order dated 7th March 2019 of the National Company Law Tribunal approving the Scheme consequent to approval by the Shareholders was received by IIFL Holdings on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019.

The Board of Directors of the respective companies at their meeting held on May 13, 2019 have decided to give effect to the Scheme in the following manner:

- a) Merger of IIFL M&R with IIFL Holdings with effect from the Appointed Date i.e. April 01, 2017;
- b) Demerger of Securities Business Undertaking and the Wealth Business Undertaking from IIFL Holdings with effect from the Appointed Date i.e. April 01, 2018; and
- c) Transfer of the Broking and Depository Participant Business Undertaking from IIFL Wealth to its wholly owned subsidiary, IIFL Distribution Services Limited with effect from the Appointed Date April 01, 2018.
- d) Merger of the IIFL Finance with IIFL Holdings, which has been effective from March 30, 2020 from the Appointed Date April 01, 2018.

Pursuant to above, the Company allotted fresh 319,234,462 equity shares of ₹ 2 each, on June 6, 2019, to the eligible shareholders of IIFL Finance Limited (Formerly IIFL Holdings Limited) whose name appeared in the Register of Members on May 31, 2019, i.e. the record date. The shares of the Company were successfully listed on NSE and BSE w.e.f. September 20, 2019.

Note: 1.2 Purpose and Basis of Accounting and Preparation of Financial Statements

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such value in use in Ind AS 36.

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

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

a) Key Accounting Estimates And Judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. The Group makes certain judgments and estimates for valuation and impairment of financial instruments, fair valuation of employee stock options, useful life of property, plant and equipment, deferred tax assets, retirement benefit obligations and lease arrangements. Management

believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

b) Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Sec 133 of the Companies Act ("the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value (refer accounting policy on financial instruments).

Accordingly, the Group has prepared these Consolidated Financial Statements which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss for the year ended March 31, 2020, the Statement of Cash Flows for the year ended March 31, 2020 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Consolidated Financial Statements' or 'financial statements'). All the accounting policies adopted by the Group have been consistently applied in all the financial years presented in these financial statements.

c) Basis of Preparation of financial statements:

These Financial Statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards. The Financial Statements are presented in million, except when otherwise indicated. Amount which is less than ₹ 0.01 million is shown as ₹ 0.00 million.

The Consolidated financial statements for the year ended March 31, 2020 are being authorized for issue in accordance with a resolution of the directors on May 15, 2020.

d) List of Subsidiaries Consolidated

The individual Balance Sheet as at March 31, 2020, Statement of Profit and Loss and cash flow statement for the year ended March 31, 2020 of following

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

subsidiaries are included in consolidation:

Name of the entity	Country of Incorporation	% of holding and voting power either directly or indirectly through subsidiary	
		As at March 31, 2020	As at March 31, 2019
IIFL Commodities Limited (Formerly India Infoline Commodities Limited)	India	100%	100%
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	India	100%	100%
IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	India	100%	100%
IIFL Facilities Services Limited	India	100%	100%
IIFL Securities Services IFSC Limited	India	100%	100%
IIFL Asset Reconstruction Limited	India	100%	100%
IIFL Capital Inc.	United States of America	100%	100%
IIFL Wealth (UK) Limited	United Kingdom	100%	100%
Shreyans Foundations LLP*	India	99%	-
Meenakshi Towers LLP*	India	100%	-

* IIFL Facilities Services Limited, a wholly owned subsidiary of company, has acquired 99% stake on April 1, 2019 in Shreyans Foundations LLP which is holding 50% stake in Meenakshi Towers LLP, a joint venture between another wholly owned subsidiary of the Company, IIFL Management Services Limited and Shreyans Foundations LLP. Pursuant to this, Meenakshi Towers LLP has become subsidiary of the Company.

Note 2. Significant Accounting Policies

a) Basis of consolidation

i) Subsidiaries

Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and subsidiaries as disclosed in Note 47. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases. The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain / loss from such transactions are eliminated upon

consolidation. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conormity with the Group's accounting policies. Non-controlling interests, which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded.

ii) Associates and joint ventures

An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The Group's investments in its associate and joint venture are accounted for under the equity

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

method. Under the equity method the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually. If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognise the loss as 'Share of profit of a joint venture' in the consolidated statement of profit or loss. Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss. The financial statements of the associate or joint venture are prepared for the same reporting period

as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

b) Business Combinations:

Business combinations (not involving entities under common control) are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognised in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under other equity.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

c) Goodwill:

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortisation but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

d) Property, Plant & Equipment (PPE)

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 group identifies and determines cost of each part of an item of PPE 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 PPE 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 liabilities, 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 capitalised if the recognition criteria are met. Expenses related to plans, designs and drawings of buildings or plant and machinery is capitalised 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 capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred. Gains or losses arising from disposal or retirement

of tangible Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement. When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property as its carrying amount on the date of reclassification.

On transition to Ind AS, the Group has elected to continue with the carrying value for all of its PPE recognised as at April 1, 2017 measured as per the previous GAAP and use that varying value as the deemed cost of the PPE.

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 amortised 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.

Estimates of useful lives of property, plant and equipment

Class of assets*	Useful life in years
Buildings	20
Computers	3
Electrical equipment	5
Office equipment	5
Furniture and fixtures	5
Vehicles	5

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013 Depreciation/ Amortisation is charged on pro-rata on monthly basis on assets, from/ upto the month of capitalisation/ sale, disposal/ earmarked for disposal.

Derecognition: The carrying amount of an item of property, plant and equipment is derecognised 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 recognised in the Statement of Profit and Loss when the item is derecognised.

Capital work in progress and Capital advances:

Cost of assets not yet 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-Financial Assets.

e) 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 capitalised and the related expenditure is recognised 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 amortisation 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.

Expenditure on software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

On transition to Ind AS, the Group has elected to continue with the carrying value for all its intangible assets as recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

Amortisation:

Intangible Assets with finite lives are amortised on a Straight Line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

The amortisation period and the amortisation 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.

Estimated useful economic life of the assets is as under:

Class of assets	Useful life in years
Other Intangible Asset	Remaining useful life of base asset
Software	3

Derecognition:

The carrying amount of an intangible asset is derecognised 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 recognised in the Statement of Profit and Loss when the asset is derecognised.

f) Investment Property

Measurement at Recognition:

Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at cost, including transaction costs. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent to initial recognition, investment property are stated at cost less accumulated depreciation and accumulated

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

impairment loss, if any. Depreciation on investment property has been provided as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group. Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes.

Fair values are determined based on an annual evaluation performed by an accredited external independent valuer who holds a recognised and relevant professional qualification and has experience in the category of the investment property being valued.

On transition to Ind AS, the Group has elected to continue with the carrying value for all investment property as recognised in its IGAAP financials as deemed cost at the transition date of April 01, 2017.

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. Freehold land is not depreciated.

Derecognition:

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

g) Impairment of Non-Financial Assets:

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation 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 amortisation 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 recognised 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 recognised in the Statement of Profit and Loss and included in depreciation and amortisation expenses. After impairment (if any), depreciation/ amortisation is provided on the revised carrying amount of the assets over its remaining life.

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 recognised.

h) 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 instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

Financial assets

Initial recognition and measurement:

Trade Receivables, Loans and Deposits are initially recognised when they are originated. The Group recognises a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

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All financial assets are recognised 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 recognised 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 recognised 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 Group classifies a financial asset in accordance with the below criteria:

- i) The Group business model for managing the financial asset and
- ii) The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

- i) Financial assets measured at amortised 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 amortised cost:

A financial asset is measured at the amortised cost if both the following conditions are met:

- a) The Group 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 contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

This category generally applies to cash and bank balances, trade receivables, loans and other financial assets of the Group. Such financial assets are subsequently measured at amortised 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 amortisation using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the

Notes forming part of Consolidated Financial Statements

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financial asset to arrive at the amortised cost at each reporting date. The corresponding effect of the amortisation under effective interest method is recognised as interest income over the relevant period of the financial asset.

The amortised cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

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

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognised in profit or loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognised in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to profit or loss.

iii. Investments in equity instruments at FVTOCI:

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. Dividend from these

investments are recognised in the statement of profit and loss when the Group's right to receive dividends is established. As at reporting date, there are no equity instruments measured at FVOCI.

iv. Financial assets measured at FVTPL:

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

Reclassifications:

If the business model under which the Group 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 Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group 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 derecognised (i.e. removed from the Balance Sheet) when any of the following occurs:

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Group 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 Group 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 Group neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognise such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognises an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

Impairment of financial assets:

The Group 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 amortised 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 group 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 group 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 recognised 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 Group reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group 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 are a 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 Group 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.

Financial Liabilities and equity:

Initial recognition and measurement:

The Group recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognised 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.

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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 recognised 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 recognised as a gain or loss in the Consolidated 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 are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as 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. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Equity instruments:

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

Derecognition:

A financial liability is derecognised 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 derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

i) Fair Value:

The group 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 advantageous 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 participants act in their economic best interest. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy that categorises into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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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 for assets or liabilities that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period and discloses the same.

j) Foreign Currency Translation:

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

i. Functional and presentation currencies:

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in INR which is the functional and presentation currency for Group.

ii. Transactions & Balances:

Foreign currency transactions are translated into the functional currency at the exchange rates on the date of transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at the year-end exchange rates are generally recognised in the Statement Profit and Loss. They are deferred in equity if they relate to qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

Non-monetary foreign currency items are carried at cost and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

iii) Group's foreign operations:

The results and financial position of foreign operations that have a functional currency

different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate as on that balance sheet date, and
- income and expenses are translated at average exchange rates.

On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

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:

- i) The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.
- ii) Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.
- iii) 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).
- iv) where there is uncertainty over income tax treatments, the Group determines the probability of the income tax authorities accepting each such tax treatment or group of tax treatments in computing the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Deferred tax:

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets & liabilities & their carrying amounts for financials reporting purposes as at the reporting date. Deferred tax is recognised 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 in the countries where the group operates and generates taxable income.

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Deferred tax liabilities are recognised for all taxable temporary differences except :

- (a) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transition, affects neither the accounting profit or loss;
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- (a) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The tax effects of income tax losses, available for carry forward, are recognised as deferred tax asset, when it is probable that future taxable profits will be available against which these losses can be set-off.

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 utilised.

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 recognised as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognised in Other Comprehensive Income.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group 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 Group.

I) Provisions and Contingencies:

The Group recognises 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. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The Group in the normal course of its business, comes across client claims/ regulatory penalties/ inquiries,

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etc. and the same are duly clarified/ addressed 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) Statement of Cash Flows :

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

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

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

n) Cash and bank balances :

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

into known amounts of cash and which are subject to insignificant risk of changes in value.

o) Revenue Recognition

Revenue from contracts with customers Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115, Revenue from contracts with customers, outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customers. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the contract price to the performance obligations in the contract: For contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The group assesses its revenue arrangement against specific criteria to determine if it is acting as principal or agent. The group has generally concluded that it is acting as a principal in all of its revenue arrangements.

The group recognised revenue from various activities as follows:

i. Interest Income

Interest income is recognised using effective interest rate by considering all the contractual

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For the year ended March 31, 2020 (Contd.)

term of the financial instruments in estimating the cash flow.

ii. Fees & Commission

Fees and commission income is recognised based on five step model set out in Ind AS 115.

- a. Brokerage income earned on secondary market operations is accounted on trade date basis.
- b. Income related with advisory activities, Investment banking, Financial Product Distribution Income in respect of other heads is accounted on accrual basis.

iii. Rental Income

Lease income is recognised in the statement of profit and loss net of indirect taxes, if any. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except where-

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

iv. Other operational revenue

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

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.

p) Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the

equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the statement of profit and loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Securities premium includes:

- A. The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- B. The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

q) 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 recognised in the period in which the employee renders the related service. If the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Group recognises 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.

Post-Employment Benefits:

I. Defined contribution plans:

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into state managed

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

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 Groups 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 Group operates a Superannuation scheme for eligible employees.

Recognition and measurement of defined contribution plans: The Group recognises 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 recognised 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 recognised 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:

Gratuity scheme: The Group, 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 Group determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date.

r) Lease accounting :

The Group has adopted Ind AS 116 Accounting for Leases with effect from April 1, 2019. The Group assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considers whether (i) the contract involves the use of identified asset; (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Group has right to direct the use of the asset.

As a Lessee

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

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

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

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

Lease liability and the right of use asset have been separately presented in the balance sheet.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months

with no purchase option and assets with low value leases. The Group recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

As a lessor

Leases for which the Group is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Transition

Effective from April 1, 2019 ('the date of transition'), the Group applied Ind AS 116 using the modified retrospective approach, wherein Right-of-use ('ROU') asset is recognised at an amount equal to the lease liability. Accordingly, the comparative information is not restated – i.e. it is presented, as previously reported, under Ind AS 17. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

The Group as a lessee

As a lessee, the Group leases assets which includes office premises and vehicles to employees. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognises right-of-use assets and lease liabilities for these leases.

On transition, for leases classified as operating leases under Ind AS 17, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at April 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group has tested its right-of-use assets for impairment on the date of transition and has concluded

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

that there is no indication that the right-of-use assets are impaired.

Following is the summary of practical expedients elected on initial application:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term.

Accordingly, a right-of-use asset of ₹ 328.85 million and lease liability of ₹ 328.85 million has been recognised.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

The Group as a lessor

The Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub - lease. The Group accounted for its leases in accordance with Ind AS 116 from the date of initial application.

s) Goods and Services tax input credit

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

t) Borrowing Cost:

Borrowing cost includes interest, amortisation 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 capitalised, if any. All other borrowing costs are expensed in the period in which they occur.

u) 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 Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets/liabilities".

v) Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.2 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group'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. The Group continually evaluates these estimates and assumptions based on the most recently available information. Revisions to accounting estimates are recognised prospectively in the statement of profit and loss in the period in which the estimates are revised and in any future periods affected.

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

liabilities within the next financial year, are described below:

a. Income taxes

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. Determination of the estimated useful lives of tangible assets

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 Group'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 obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds corresponding to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. Further details are disclosed in note 32.

d. Fair value measurement of Financial Instruments

When the fair values of financial 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.

e. Impairment of financial assets

The provision for expected credit loss involves estimating the probability of default and loss given default based on the Group own experience & forward looking estimation.

f. Provision for litigation

In estimating the final outcome of litigation, the Group applies judgment in considering factors including experience with similar matters, past history, precedents, relevant and other evidence and facts specified to the matter. Application of such judgment determines whether the Group requires an accrual or disclosure in the financial statements.

g. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes model used for valuation of options. Key assumptions made with respect to expected volatility includes share price, expected dividends and discount rate, under this option pricing model. Further details are disclosed in note 45.

h. Determining whether an arrangement containing a lease

In determining whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease date if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

i. Discount rate

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 3 : CASH AND CASH EQUIVALENTS

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.36	0.23
Cheques in hand	56.87	18.62
Balance with banks		
- In current accounts	335.93	1,381.52
- In client accounts	2,969.64	3,411.86
- In deposit account with original maturity less than 3 months	37.51	-
Total	3,400.31	4,812.23

NOTE 4 : BANK BALANCE OTHER THAN (A) ABOVE

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
In deposit account with original maturity more than 3 months		
- Lien Marked*	6,807.56	5,708.08
- Other deposit	63.85	130.21
Total	6,871.41	5,838.29

* Group has pledged fixed deposits with the banks for bank guarantee/overdraft facilities, with the stock exchange for margin/arbitration purpose and with other tax/regulatory authorities.

NOTE 5 : RECEIVABLES

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
(I) Trade receivables		
- Receivables considered good - unsecured	284.47	179.41
- Receivables which have significant increase in credit risk	51.28	85.18
- Receivables - credit impaired	103.40	84.05
Total (I)- Gross	439.15	348.64
- Less: Allowance for credit loss	(115.52)	(100.27)
Total (I)- Net	323.63	248.37
(II) Other receivables		
- Receivables considered good - unsecured	61.79	81.53
Total (II)- Gross	61.79	81.53
- Less: Allowance for credit loss	-	-
Total (II)- Net	61.79	81.53
Total (I + II)	385.42	329.90

- a) No trade or other receivables are due from directors or from other officers of the Company either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any directors is a partner, director or a member as on March 31, 2020 and March 31, 2019.
- b) No trade receivables and other receivables are interest bearing.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 6 : LOANS

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Loans repayable on demand		
- Inter corporate deposits (Refer note 46)	-	290.00
- Loans to others *	-	3,232.15
- Margin trading facility balances *	220.37	780.55
Leasing (please refer disclosure below)		
- Asset given under finance lease	22.92	29.68
Total - Gross		
- Less: Impairment loss allowance	-	-
Total - Net	243.29	4,332.38

* Loans to customers are secured by pledge of Shares/Bonds/Mutual Funds

Disclosure for assets given under finance lease:-

(₹ in Million)

a) Minimum lease payment receivable for asset given on finance lease	As at March 31, 2020	As at March 31, 2019
- Not later than one year	6.87	6.76
- Later than one year and not later than five years	16.05	22.92
- Later than five year	-	-
Total	22.92	29.68
b) Unearned finance income	0.65	1.10

c) The Group have given approx 30,000 sq. ft. of its commercial space on operating lease with a lock in period of 6 years along with FITOUT consist of furniture, fitting, electric work and other beatification work on finance lease and the same will be transferred to the lessee on completion of lock in period at the nominal amount of ₹ 1.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 7 : INVESTMENTS

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost (I)	201.21	204.03
Non convertible debentures - IIFL Finance Limited	201.21	204.03
- 11.25% unsecured redeemable non convertible debentures. Date of maturity September 5, 2020 (Face Value ₹ 10,00,000 each)	201.21	204.03
At fair value through profit and loss (i) + (ii) + (iii) + (iv) + (v) = (II)	2,108.02	1,192.14
Mutual Funds (i)	137.16	48.29
- HDFC Charity Fund for Cancer Cure	20.05	20.06
- L & T Liquid Fund Direct Plan - Growth	57.28	28.23
- ICICI Prudential Overnight Fund Direct Plan Growth	59.83	-
Alternate Investment Funds (ii)	812.08	1,078.02
- IIFL Special Opportunities Fund Category II AIF Scheme - Class A1	8.07	10.35
- IIFL Special Opportunities Fund - Series 7 Category II AIF Scheme - Class A1	-	10.33
- IIFL Special Opportunities Fund - Series 4 Category II AIF Scheme - Class A1	7.79	9.28
- India Alternative Private Equity Fund - Category II - AIF Class S	501.07	613.69
- IIFL Income Opportunities Fund Series - Special Situation Category II- AIF	17.20	60.05
- IIFL Real Estate Fund (Domestic) – Series 2 Category II- AIF	277.95	374.32
Equity shares (iii)	137.91	39.72
- BSE Limited	19.29	39.72
- Kotak Mahindra Bank Limited	109.16	-
- SBI Cards & Payment Services Limited	9.46	-
- Giskard Datatech Private Limited *	0.00	0.00
Preference shares (iv)	29.02	14.51
- Compulsory convertible preference share of Giskard Datatech Private Limited	29.02	14.51
Debt fund (v)	991.85	11.60
- In Pass Through Certificates (PTC) of Secure SME Trust	711.22	-
-Market Linked Debentures of IIFL Finance Limited		
(a) 194 (March 31, 2019: Nil) units of ₹ 10 Lac each of Series G2 BR NCD 22NV21 (Credit Enhanced MLD, ISIN: INE866I08337)	199.96	-
(b) 121 (March 31, 2019: Nil) units of ₹ 1 Lac each of SR D3 OPT I BR NCD 27SP21 (MLD, ISIN: INE866I07CH7)	12.67	-
(c) 152 (March 31, 2019: Nil) units of ₹ 1 Lac each of SR D3 OPT II BR NCD 27SP22 (MLD, ISIN: INE866I07CI5)	15.45	-
- Optional Convertible Debenture	47.50	-
- Piramal - India REIT Fund Scheme V	5.05	11.60
Total - Gross (I) + (II)	2,309.23	1,396.17
- Less: Impairment loss allowance	-	-
Total - Net	2,309.23	1,396.17
- Investments outside India	-	-
- Investments in India	2,309.23	1,396.17
Total - Net	2,309.23	1,396.17

* Amount is less than ₹ 0.01, hence shown ₹ 0.00 million.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 8 : OTHER FINANCIAL ASSETS

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Clients and exchanges receivables (net of provisions) #	2,300.64	5,571.68
Margin with exchange	1,748.46	148.62
Deposit with exchange	78.30	84.75
Security deposit with landlords and others (net of provisions) *	142.08	122.23
Interest accrued on deposits and investments	53.28	76.20
Receivable from related parties (Refer note 46)	34.26	54.43
Other financial assets	111.50	31.74
Total	4,468.52	6,089.65

Include receivable from directors & key managerial personnel of ₹ 0.00 million (As at March 31, 2019 ₹ Nil) (Refer note 46)

* Include deposit with directors and its relatives of ₹ 50.00 million (As at March 31, 2019 ₹ Nil) (Refer note 46)

NOTE 9 : DEFERRED TAX ASSETS (NET)

(₹ in Million)

Particulars	As at March 31, 2020						
	Opening balance	Impact of change in rate	On acquisition of subsidiary	Recognised in profit or loss	MAT Credit utilised	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:							
Depreciation on property, plant and equipment	79.36	(19.95)	0.89	2.96	-	-	63.26
Business loss carry forwards	-	-	-	6.95	-	-	6.95
Provisions for doubtful receivables / other financial asset (Including expected credit loss)	427.74	(113.54)	-	(172.60)	-	-	141.60
Compensated absences and retirement benefits	13.15	(3.41)	-	(2.64)	-	6.12	13.22
Minimum alternate tax carry-forward	23.62	(11.43)	-	-	(2.11)	-	10.08
Finance Lease	-	-	-	2.86	-	-	2.86
Others	-	-	-	1.48	-	-	1.48
Total deferred tax assets (a)	543.87	(148.33)	0.89	(160.99)	(2.11)	6.12	239.45
Deferred tax liabilities:							
Depreciation on property, plant and equipment*	(0.52)	-	0.00	0.52	-	-	-
Unrealised profit on investments	(86.55)	2.78	-	47.93	-	-	(35.84)
Others	(0.04)	0.01	-	0.03	-	-	-
Total deferred tax liabilities (b)	(87.11)	2.79	0.00	48.48	-	-	(35.84)
Deferred tax assets (a + b)	456.76	(145.54)	0.89	(112.51)	(2.11)	6.12	203.61

* Amount is less than ₹ 0.01, hence shown ₹ 0.00 million.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 9 : DEFERRED TAX ASSETS

(₹ in Million)

Particulars	As at March 31, 2019						Closing balance
	Opening balance	Impact of change in rate	On acquisition of subsidiary	Recognised in profit or loss	MAT Credit utilised	Recognised in/reclassified from OCI	
Deferred tax assets:							
Depreciation on property, plant and equipment	77.42	-	-	1.94	-	-	79.36
Provisions for doubtful receivables / other financial asset (Including expected credit loss)	460.60	-	-	(32.86)	-	-	427.74
Compensated absences and retirement benefits	12.98	-	-	3.89	-	(3.72)	13.15
Minimum alternate tax carry-forward	27.82	-	-	-	(4.20)	-	23.62
Total deferred tax assets (a)	578.82	-	-	(27.03)	(4.20)	(3.72)	543.87
Deferred tax liabilities:							
Depreciation on property, plant and equipment	(0.51)	-	-	(0.01)	-	-	(0.52)
Unrealised profit on investments	(82.15)	-	-	(4.40)	-	-	(86.55)
Others	(0.12)	-	-	0.08	-	-	(0.04)
Total deferred tax liabilities (b)	(82.78)	-	-	(4.33)	-	-	(87.11)
Deferred tax assets (a + b)	496.04	-	-	(31.36)	(4.20)	(3.72)	456.76

NOTE 10 : INVESTMENT PROPERTY

(₹ in Million)

Particulars	Land	
	As at March 31, 2020	As at March 31, 2019
As at April 1	48.38	51.86
Additions due to acquisition of subsidiary	48.08	-
(Deductions)/Adjustments during the year	(6.18)	(3.48)
Cost as at March 31	90.28	48.38
Amortisation	-	-
Net Block	90.28	48.38

(i) Amounts recognised in profit or loss for investment properties

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Rental income	-	-
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental income	-	-
Profit from investment properties before depreciation	-	-
Depreciation	-	-
Profit from investment properties	-	-

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(i) Fair value

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Investment properties	320.00	222.57

Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties, where such information is not available, the group consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence
- ready reckoner value / guideline rate as obtained from registrar department; or
- independent valuer report

NOTE 11 : PROPERTY, PLANT AND EQUIPMENT (AS AT MARCH 31, 2020)

(₹ in Million)

Particulars	Land/ Leasehold Land	Buildings (including land)	Furniture & Fixture	Office Equipment	Electrical Equipment	Air Conditioner	Computers	Vehicles	Total
Cost									
As at April 1, 2019	691.59	3,051.01	321.67	52.62	120.25	26.56	237.93	0.37	4,502.00
Addition due to acquisition	-	-	0.22	0.74	1.14	-	0.06	0.69	2.85
Reclassification from asset held for sale	-	140.09	-	-	-	-	-	-	140.09
Additions	-	1.66	43.64	14.15	15.13	4.63	68.55	-	147.76
Effect of change in foreign currency	-	-	(0.01)	0.10	-	0.01	-	-	0.10
Deductions/ adjustments	-	(21.51)	(6.70)	(1.24)	(3.58)	(0.91)	(80.92)	-	(114.86)
As at March 31, 2020	691.59	3,171.25	358.82	66.37	132.94	30.29	225.62	1.06	4,677.94
Depreciation									
As at April 1, 2019	2.04	313.86	146.16	31.66	59.16	6.95	102.34	0.37	662.54
Addition due to acquisition	-	-	0.11	0.52	0.54	-	0.03	0.31	1.51
Depreciation for the year	0.33	183.51	69.66	13.36	30.35	6.17	72.17	0.10	375.65
Effect of change in foreign currency *	-	-	(0.00)	0.10	-	-	0.00	-	0.10
Deductions/ adjustments	-	(4.67)	(3.19)	(1.02)	(2.75)	(0.33)	(42.53)	-	(54.49)
Reclassification from asset held for sale	-	17.43	-	-	-	-	-	-	17.43
Upto March 31, 2020	2.37	510.13	212.74	44.62	87.30	12.79	132.01	0.78	1,002.74
As at March 31, 2020	689.22	2,661.12	146.08	21.75	45.64	17.50	93.61	0.28	3,675.20

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 11 : PROPERTY, PLANT AND EQUIPMENT (AS AT MARCH 31, 2019)

(₹ in Million)

Particulars	Land/ Leasehold Land	Buildings (Including Land)	Furniture & Fixture	Office Equipment	Electrical Equipment	Air Conditioner	Computers	Vehicles	Total
Cost									
As at April 1, 2018	1,766.36	3,080.96	210.25	43.70	91.20	7.45	132.33	0.37	5,332.62
Additions	-	301.10	112.84	9.25	32.15	19.92	109.34	-	584.60
Effect of change in foreign currency *	-	-	(0.03)	(0.00)	-	-	(0.01)	-	(0.04)
Deductions/ adjustments	(1,074.77)	(331.05)	(1.39)	(0.33)	(3.10)	(0.81)	(3.73)	-	(1,415.18)
As at March 31, 2019	691.59	3,051.01	321.67	52.62	120.25	26.56	237.93	0.37	4,502.00
Depreciation									
As at April 1, 2018	2.79	171.82	65.81	18.52	31.76	2.29	39.45	0.37	332.81
Depreciation for the year	1.42	190.22	81.41	13.34	28.84	5.01	65.23	-	385.47
Effect of change in foreign currency	-	-	(0.01)	(0.01)	-	-	(0.01)	-	(0.03)
Deductions/ adjustments	(2.17)	(48.18)	(1.05)	(0.19)	(1.44)	(0.35)	(2.33)	-	(55.71)
Upto March 31, 2019	2.04	313.86	146.16	31.66	59.16	6.95	102.34	0.37	662.54
As at March 31, 2019	689.55	2,737.15	175.51	20.96	61.09	19.61	135.59	-	3,839.46

Note :-

(a) Capital work in progress ₹ 1,296.84 million (as at March 31, 2019 ₹ 859.01 million) pertains to assets not yet capitalised.

(b) Refer to note 43 for assets given on pledge.

*Amount is less than ₹ 0.01, hence shown ₹ 0.00 million.

NOTE 12 : INVENTORIES

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsold properties	132.74	-
Total	132.74	-

NOTE 13 : OTHER INTANGIBLE ASSETS

(₹ in Million)

Particulars	Software		Intangible Asset		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
As at April 1	102.84	91.06	-	-	102.84	91.06
Other additions	12.50	13.18	11.00	-	23.50	13.18
(Deductions) /Adjustments during the year	-	(1.40)	-	-	-	(1.40)
Cost as at March 31	115.34	102.84	11.00	-	126.34	102.84
Amortisation						
As at April 1	60.39	27.47	-	-	60.39	27.47
Amortisation/impairment for the year	31.30	33.51	0.36	-	31.66	33.51
(Deductions) /Adjustments during the year	-	(0.59)	-	-	-	(0.59)
As at March 31	91.69	60.39	0.36	-	92.05	60.39
Net Block	23.65	42.45	10.64	-	34.29	42.45

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 14 : ASSETS HELD FOR SALE

Particulars	As at March 31, 2020	As at March 31, 2019
Building	-	282.86
Land	-	1,072.60
Total	-	1,355.46

NOTE 15 : RIGHT-OF-USE ASSETS

The Group has applied Ind AS 116 using the modified retrospective approach, under which the right of use asset and lease liabilities as at April 1, 2019 has been recognised at an equal amount.

(₹ in Million)

Particulars	Amount
Lease commitments as at March 31, 2019	90.73
Add/(less): contracts reassessed as lease contracts	12.38
Add/(less): adjustments on account of lease period	225.74
Lease liabilities as on April 1, 2019	328.85
Current lease liability	94.63
Non current lease liability	234.22

Right of use assets of ₹ 328.85 million and lease liabilities of ₹ 328.85 million have been recognised as on April 1, 2019.

The impact of change in accounting policy on account on adoption of Ind AS 116 on Balance Sheet as at April 1, 2019 is as follows :

Particulars	(₹ in Million)
Decrease in Property, plant and equipment by	-
Increase in lease liability by	328.85
Increase in rights of use by	328.85
Increase/(Decrease) in Deferred tax assets by	-

The impact of change in accounting policy on account on adoption of Ind AS 116 in profit/loss for the period is as follows :

Particulars	(₹ in Million)
Increase/(Decrease) in finance cost by	24.22
Increase/(Decrease) in depreciation by	145.78

A) Carrying value of right of use assets at the end of the reporting period by class

(₹ in Million)

Particulars	Premises	Vehicle	Total
Balance at April 1, 2019	316.47	12.38	328.85
Additions during the year	124.46	7.28	131.74
Deletions during the year	(89.92)	(1.85)	(91.77)
Depreciation charge for the year	(139.83)	(5.95)	(145.78)
Balance at March 31, 2020	211.18	11.86	223.04

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

B) Maturity analysis of lease liabilities

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Maturity analysis – contractual undiscounted cash flows		
- Less than one year	76.34	49.26
- One to five years	154.67	41.47
- More than five years	56.54	-
Total undiscounted lease liabilities at March 31, 2020	287.55	90.73
Lease liabilities included in the statement of financial position at March 31, 2020	234.22	-
Current lease liability	61.49	-
Non current lease liability	172.73	-

C) Amounts recognised in profit or loss

(₹ in Million)

Particulars	As at March 31, 2020
Interest on lease liabilities	24.22
Depreciation charge for the year	145.78
Variable lease payments not included in the measurement of lease liabilities	-
Income from sub-leasing right-of-use assets	-
Expenses relating to short-term leases	1.06
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	3.20
Total	174.26

D) Amounts recognised in the statement of cash flows

(₹ in Million)

Particulars	As at March 31, 2020
Total cash outflow for leases	155.20

NOTE 16 : OTHER NON-FINANCIAL ASSETS

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Service tax/VAT/GST/other tax input credit	1.12	0.71
Prepaid expense	68.19	53.54
Capital advance	157.18	559.98
Other advances	253.00	14.55
Other non-financial assets	32.38	12.88
Total	511.87	641.66

NOTE 17 : PAYABLES

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
(1) Trade Payable		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	45.74	24.30
Total (1)	45.74	24.30

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
(2) Other Payable		
- Total outstanding dues of micro enterprises and small enterprises		
- Total outstanding dues of creditors other than micro enterprises and small enterprises		
(a) Provision for expenses	320.41	217.79
(b) Accrued salaries & benefits	1.34	16.86
(c) Others	6.22	6.45
Total (2)	327.97	241.10
Total (1 + 2)	373.71	265.40

The following disclosure is made as per the requirement under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of confirmations sought from suppliers on registration with the specified authority under MSMED:

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act	-	-

NOTE 18 : DEBT SECURITIES

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Zero Coupon Secured Non convertible debentures of face value ₹ 1 million each redeemable on May 12, 2020 at premium (Maturity value ₹ 536.98 million)	531.51	486.40
Total	531.51	486.40
Debt securities in India	531.51	486.40
Debt securities outside India	-	-
Total	531.51	486.40

Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, One of its subsidiaries IIFL Facilities Services Limited was required to create debenture redemption reserve of a value equivalent to 25% of the debentures offered through a private placement on profit available for distribution of dividend. Accordingly, since there was no profits available for the dividend payment during the 2018-19 and 2019-20 due to unabsorbed losses at that said subsidiaries, Debenture Redemption Reserve account has not been created for the year ended March 31, 2019 and March 31, 2020.

The Zero Coupon Secured Non convertible debentures are secured by way of pari passu charge over current assets and fixed assets of the Company. The security cover as required under the terms of the issue of the said debentures is maintained. Refer note 43 for details of asset pledged.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 19 : BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
(a) Loans from related parties		
- Inter corporate deposits (Refer note 46)	3,293.60	882.50
(b) Loans repayable on demand		
- Bank overdraft	12.74	5.37
- Working capital demand loan	750.00	1,000.00
(c) Other Loan		
- Commercial papers	-	4,717.35
Total	4,056.34	6,605.22
Borrowings in India	4,056.34	6,605.22
Borrowings outside India	-	-
Total	4,056.34	6,605.22

19.1 Inter corporate deposits are borrowed as per the business requirement. The rate of interest for the ICD is linked to marginal cost of funds / treasury bills, etc. plus applicable spread, closing applicable rate of interest as at March 31, 2020 @ 10.40% and as at March 31, 2019 @ 10.31%.

19.2 (a) Working capital demand loan (WCDL) and bank overdraft are secured by way of first pari-passu charge on all receivable to the tune of 1.25 times of the outstanding facility amount. Refer note 43 for details of asset pledged.

(b) Tenor of repayment :

- For WCDL it varies from 7 days to 365 days of each tranche, principal amount of each tranche is to be paid as bullet payment on maturity date.
- For bank overdraft 30 days or upto validity of facility.

(c) Interest Rate :

- For WCDL current tranche rate of interest is fixed @ 9.85% p.a. (Previous year @ 10% p.a.) (Lending banks MCRL rate 8.55% + Spread 1.30%), interest is payable monthly basis on the last date of each month.
- For Bank overdraft Interest rate is lending at 6M MCLR + Spread of 1.25%

19.3 Commercial papers as stated above are net of unexpired discount of ₹ Nil (As at March 31, 2019 ₹ 32.65 million) towards discount accrued but not due.

NOTE 20 : SUBORDINATED LIABILITIES

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
9.30% Unsecured unlisted redeemable non convertible debentures ₹ 1 million. Series U01. Date of maturity on June 28, 2019	-	500.38
Total	-	500.38
Subordinated liabilities in India	-	500.38
Subordinated liabilities outside India	-	-
Total	-	500.38

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 21 : OTHER FINANCIAL LIABILITIES

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Clients and exchanges payables *	9,442.11	11,360.36
Deposits received from franchisee, tenant and others#	407.41	355.66
Book overdraft	9.60	1,004.39
Payable to joint venture (net of investments)	-	133.84
Provision for gratuity (funded) (Refer note 32)	15.86	10.47
Payable to related parties (Refer note 46)	0.03	20.52
Advances received from customers	50.00	-
Finance lease obligation	234.22	-
Other payable	37.35	96.44
Total	10,196.58	12,981.68

* Includes payable to director and key managerial personnel ₹ 0.03 million (March 31, 2019 ₹ 1.12 million) (Refer note 46)

Includes deposit from related party of ₹ 19.63 million (March 31, 2019 ₹ 22.01 million) (Refer note 46)

NOTE 22 : PROVISIONS

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for leave encashment	35.77	27.19
Total	35.77	27.19

NOTE 23 : OTHER NON-FINANCIAL LIABILITIES

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Income received in advance	12.13	3.53
Statutory dues (net of input credit)	201.11	249.90
Advances received from customers		
- Asset held for sale	-	2,030.00
- Others	121.93	22.95
Other payable	0.06	0.06
Total	335.23	2,306.44

NOTE 24 : EQUITY SHARE CAPITAL

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

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital		
At the beginning of the year	1,000.00	200.00
Add: Increase in authorised share capital	-	-
Closing at the end of year	1,000.00	200.00
Less : Authorised share capital to be cancelled under Composite Scheme of Arrangement	-	(200.00)
500,000,500 Equity Shares of ₹ 2 each fully paid up (as at March 31, 2019, 500,000,500 Equity Shares of ₹ 2 each fully paid up) pursuant to Composite Scheme of Arrangement (Refer note 1.1)	1,000.00	1,000.00

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Issued, Subscribed and Paid-up Share Capital		
319,609,462 Equity Shares of ₹ 2 each fully paid up	639.22	-
Share Suspense Account		
319,203,092 Equity Shares of ₹ 2 each fully paid up to be issued to the shareholders of IIFL Finance Limited pursuant to Composite Scheme of Arrangement (Refer note 1.1)	-	638.41

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in Million	No. of Shares	₹ in Million
Equity Shares				
At the beginning of the year	-	-	-	-
Add:- Shares issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	319,234,462	638.47	-	-
Add: Shares issued during the year under ESOP Scheme	375,000	0.75	-	-
Closing at the end of year	319,609,462	639.22	-	-
Share suspense account				
At the beginning of the year	319,203,092	638.41	-	-
Add : Shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	-	-	318,979,026	637.96
Add : Further additional shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	31,370	0.06	224,066	0.45
Less: Shares allotted during the year	(319,234,462)	(638.47)	-	-
Closing at the end of year	-	-	319,203,092	638.41

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 ₹ 2/- 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. Details of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2020		As at March 31, 2019*	
	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class
Equity share of ₹ 2 each fully paid up				
FIH Mauritius Investments Limited	84,641,445	26.5%	84,641,445	26.5%
Nirmal Bhanwarlal Jain	46,252,000	14.5%	46,402,000	14.5%
HWIC Asia Fund Class A shares	28,362,530	8.9%	28,362,530	8.9%

*The list of shareholders to whom the shares to be issued under the Composite Scheme of Arrangement having more than 5% shareholdings.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

- e. During the period of five years immediately precedings the balance sheet date, the Company has not issued any shares without payment being received in cash or by any way of bonus shares or shares bought back, except shares allotted through composite Scheme of Arrangement refer note 1.1
- f. Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestments, including the terms and amount, refer note 45 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

NOTE 25 : OTHER EQUITY

(₹ in Million)

Particulars	General reserve	Debenture redemption reserve	Capital reserve	Securities premium	Retained earnings	Share option outstanding account	Other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Total
Balance as at March 31, 2018	413.91	45.29	1,017.69	2,230.82	1,888.97	-	(6.93)	6.18	5,595.93
Total comprehensive income for the year	-	-	-	-	1,714.33	-	6.68	-	1,721.01
Appropriation towards dividend paid	-	-	-	-	(343.32)	-	-	-	(343.32)
Dividend Distribution Tax	-	-	-	-	(70.45)	-	-	-	(70.45)
Addition due to Composite Scheme of Arrangement (Refer note 1.1)	-	-	(256.11)	-	-	-	-	-	(256.11)
Other additions	-	-	-	-	-	21.83	-	2.14	23.97
Balance as at March 31, 2019	413.91	45.29	761.58	2,230.82	3,189.53	21.83	(0.25)	8.32	6,671.03
Total comprehensive income for the year	-	-	-	-	2,339.76	-	(18.21)	-	2,321.55
Appropriation towards dividend paid	-	-	-	-	(638.47)	-	-	-	(638.47)
Dividend Distribution Tax	-	-	-	-	(123.92)	-	-	-	(123.92)
Transfer to/from reserves	0.90	-	-	4.98	-	(5.88)	-	-	-
Addition due to acquisition of subsidiary	-	-	(100.80)	-	-	-	-	-	(100.80)
Other additions	-	-	(0.06)	9.16	(0.01)	12.89	-	7.30	29.28
Balance as at March 31, 2020	414.81	45.29	660.72	2,244.96	4,766.89	28.84	(18.46)	15.62	8,158.67

Footnotes : Nature and purpose of reserves

- i) **Capital reserves** : Capital reserve is created due to Composite Scheme of Arrangement (Refer note 1.1)
- ii) **Securities premium** : Securities premium represents the surplus of proceeds received over the face value of shares, at the time of issue of shares.
- iii) **Debenture redemption reserve** : Debenture redemption reserve is created Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, the Company is required to create debenture redemption reserve of a value equivalent to 25% of the debentures offered through a private placement on profit available for distribution of dividend.
- iv) **General reserve** : General reserve is used from time to time to transfer profits from retained earnings for appropriation purpose. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.
- v) **Retained earnings** : The balance in retained earnings primarily represents the surplus after payment of dividend(including tax on dividend) and transfer to reserves.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

- vi) Share options outstanding account :** Share stock options accounts represents ESOP reserve transferred by IIFL Holdings Limited as part of "Securities Undertaking " against the options to be granted by the Company on effective date for outstanding options under various grants by IIFL Holdings Limited as per the Composite Scheme of Arrangement (Refer note no. 1.1) and includes reserves created on account of fresh options granted by the Company on October 30, 2019.
- vii) Exchange difference on translation of foreign operations through other comprehensive income :** For the purpose of consolidation of subsidiaries with the financial statement of the holding company, income and expense are translated at average rates and assets and liabilities are stated at closing rate. Use of such different rates for translation give rise to exchange differences which is accumulated in foreign currency translation reserve. The movement in this reserve is due to fluctuation in exchange rates of currencies during the financial year ended March 31, 2020 and March 31, 2019.

NOTE 26 : NON CONTROLLING INTEREST

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the Beginning of the year	-	-
Profit / (loss) during the year	(0.32)	-
Non-controlling interest arising on the acquisition	(1.01)	-
Total	(1.33)	-

NOTE 27 : INTEREST INCOME

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Interest on loans	234.09	219.38
Interest on deposits with banks *	400.98	400.28
Other interest income	0.20	1.72
Total	635.27	621.38

* Interest received on fixed deposit with bank which are pledged with exchange for margin purpose.

NOTE 28 : FEES AND COMMISSION INCOME

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Brokerage & related income	4,451.73	5,047.93
Investment banking income	333.73	334.13
Commission & other advisory fees (incl. cross sell)	1,574.38	1,803.79
Total	6,359.84	7,185.85

In the following table, Income from contracts with customers in the scope of Ind AS 115 is disaggregated by major type of services. The table also includes a reconciliation of the disaggregated income with the group reportable segments.

(₹ in Million)

2019-20	Capital Market Activity	Insurance Broking	Facilities & Ancillary	Total
Brokerage and related income	4397.49	-	157.16	4,554.65
Investment banking income	333.73	-	-	333.73
Commission & other advisory fees (incl. cross sell)	952.66	419.96	218.93	1,591.55
Less : - Inter segment	-	-	-	(120.09)
Total fee and commission income (a)	5683.88	419.96	376.09	6,359.84
Rental Income	-	-	511.01	511.01
Less : - Inter segment	-	-	-	(267.06)
Total rental income (b)	-	-	511.01	243.95
Contractual revenue from operations (a + b)	5683.88	419.96	887.10	6,603.79

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

2018-19	Capital Market Activity	Insurance Broking	Facilities & Ancillary	Total
Brokerage and related income	5,240.65	-	22.37	5,263.02
Investment banking income	334.13	-	-	334.13
Commission & other advisory fees (incl. cross sell)	1,197.09	352.30	274.17	1,823.56
Less : - Inter segment	-	-	-	(234.86)
Total fee and commission income (a)	6771.87	352.30	296.54	7,185.85
Rental Income	-	-	790.32	790.32
Less : - Inter segment	-	-	-	(246.25)
Total rental income (b)	-	-	790.32	544.07
Contractual revenue from operations (a + b)	6771.87	352.30	1,086.86	7,729.92

NOTE 29: OTHER INCOME

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Gain/(loss) on financial assets measured at fair value through Profit & Loss account		
- Realised	140.10	110.93
- Unrealised	(221.15)	34.75
Interest income on		
- Investment	182.68	72.95
- Inter corporate deposit/ Lease	212.43	101.55
- Fixed deposits	9.58	7.68
- Income tax refund	7.10	14.56
Gain on termination on lease	3.61	-
Gain on derecognition of property, plant and equipment	25.48	8.44
Infrastructure support income	139.54	-
Dividend income	8.27	4.60
Income from sale of inventories	125.00	-
Other income	27.76	48.89
Total	660.40	404.35

NOTE 30: FINANCE COSTS MEASURED AT AMORTISED COST

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Interest on borrowings	898.46	1,022.44
Interest on debt securities	45.11	60.76
Interest on subordinated liabilities	11.21	0.38
Interest on lease	24.22	-
Other finance expense	42.14	61.37
Total	1,021.14	1,144.95

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 31: FEES AND COMMISSION EXPENSE

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Sub-brokerage charges	608.33	629.95
Commission & other advisory fees (incl. cross sell)	151.00	204.58
Others	72.41	46.85
Total	831.74	881.38

NOTE 32 : EMPLOYEE BENEFITS EXPENSES

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Salaries and wages	2,080.42	2,423.10
Contribution to provident and other funds	68.15	71.92
Share based payments (Refer note 45)	13.63	8.76
Staff welfare expenses	24.99	36.43
Gratuity	12.64	14.49
Leave encashment	12.66	11.65
Total	2,212.49	2,566.35

As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below:

A Defined benefit plans:

(i) Reconciliation of opening and closing balances of Defined Benefit Obligation

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Defined benefit obligation at beginning of the year	130.44	131.54
Interest cost	9.94	9.90
Current service cost	11.84	13.53
Past services cost	-	-
Liability transferred In/ acquisitions	4.52	1.05
(Liability transferred out/ divestments)	(2.23)	(2.00)
(Benefit Paid directly by the employer)	(0.09)	(0.08)
(Benefit paid from the fund)	(14.57)	(14.10)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	0.58
Actuarial (gains)/losses on obligations - due to change in financial assumptions	13.30	(16.83)
Actuarial (gains)/losses on obligations - due to experience	8.50	6.85
Defined benefit obligation at period end	161.65	130.44

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(ii) Reconciliation of opening and closing balances of fair value of plan assets

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Change in the fair value of plan assets		
Fair value of plan assets at beginning of the year	119.97	118.76
Interest income	9.14	8.94
Contributions by the employer	33.78	5.37
Expected return on plan assets (excluding interest)	(2.53)	1.00
Assets transferred in/acquisitions	-	-
(Benefit paid from the fund)	(14.57)	(14.10)
Fair value of plan assets at the end of the period	145.79	119.97

(iii) Amount recognised in the balance sheet

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
(Present value of benefit obligation at the end of the period)	(161.65)	(130.44)
Fair value of Plan Assets at the end of the year/period	145.79	119.97
Net (liability)/asset recognised in the balance sheet (surplus/ (deficit))	(15.86)	(10.47)

(iv) Expenses recognised during the period

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
In income statement		
Current service cost	11.84	13.53
Net interest Cost	0.80	0.96
Past service cost	-	-
Expense recognised in the Statement of Profit and Loss under "Employee benefits expenses"	12.64	14.49
In other comprehensive income		
Actuarial (gains)/losses on obligation for the period	21.80	(9.40)
Return on plan assets, excluding interest income	2.53	(1.00)
Net (income)/expense for the period recognised in OCI	24.33	(10.40)

(v) Balance sheet reconciliation

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Opening net liability	10.47	12.78
Expenses recognised in statement of profit or loss	12.64	14.49
Expenses recognised in OCI	24.33	(10.40)
Net liability/(asset) Transfer In	4.52	1.05
Net (liability)/asset Transfer Out	(2.23)	(2.00)
(Benefit paid directly by the employer)	(0.09)	(0.08)
(Employer's contribution)	(33.78)	(5.37)
Net liability/(asset) recognised in the balance sheet	15.86	10.47

(vi) Investment Details :

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Category of assets		
Insurance fund	145.79	119.97
Total	145.79	119.97

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(vii) Actuarial assumptions

Mortality Table (IALM)	FY 2019-20	FY 2018-19
Expected return on plan assets	6.24 % - 6.87%	6.96 % - 7.79%
Rate of discounting	6.24 % - 6.87%	6.96 % - 7.79%
Rate of salary increase	5 % - 9%	5 % - 9%
Rate of employee turnover	For service 4 years and below 31 - 49% p.a. & thereafter 1 - 6 % p.a.	For service 4 years and below 31 - 49% p.a. & thereafter 1 - 6 % p.a.
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

- (a) The estimate of future salary increase, considered in the actuarial valuation, takes into account inflation, seniority, promotion, increments and other relevant factors.
- (b) The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the group policy for plan assets management.

(viii) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

Particulars	(₹ in Million)	
	FY 2019-20	FY 2018-19
Projected benefit obligation on current assumptions	(161.65)	(130.44)
Delta effect of +1% change in rate of discounting	(12.68)	(10.11)
Delta effect of -1% change in rate of discounting	14.75	11.76
Delta effect of +1% change in rate of salary increase	11.84	9.58
Delta effect of -1% change in rate of salary increase	(10.94)	(8.82)
Delta effect of +1% change in rate of employee turnover	2.14	2.81
Delta effect of -1% change in rate of employee turnover	(2.43)	(3.19)
Weighted average duration of the projected benefit obligation	11	15

These plans typically expose the group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk :- The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds

Interest risk :- A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments

Longevity risk :- The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk :- The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(ix) Maturity analysis of the benefit payments: from the fund

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
1st following year	19.62	16.54
2nd following year	10.81	9.07
3rd following year	10.74	9.14
4th following year	11.37	9.06
5th following year	10.53	10.38
6 to 10 years	59.03	47.89
Year 11 and above	200.51	197.20

B. Defined Contribution Plans:

The subsidiary companies have recognised the following amounts as an expense in the Statement of Profit and Loss:

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Contribution to Provident Fund	33.65	31.81
Contribution to ESIC	2.85	5.07
Contribution to Labour Welfare Fund	0.09	0.06
Contribution to EPS	22.42	22.27
Contribution to NPS	2.14	1.42
Other funds	7.00	11.29
Total	68.15	71.92

NOTE 33: DEPRECIATION, AMORTISATION AND IMPAIRMENT:

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Depreciation on property, plant and equipment	375.65	385.47
Depreciation on right of use asset	145.78	-
Amortisation of intangible asset	31.66	33.51
Total	553.09	418.98

NOTE 34: OTHERS EXPENSES

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Advertisement expense	184.05	112.60
Books & periodicals charges	0.53	0.49
Brokerage and related expenses	6.18	0.97
Bank charges	3.08	3.35
Communication expense	53.99	62.21
Corporate social responsibility expenses (Refer note 42)	42.38	30.60
Custodian charges	23.20	19.92
Directors sitting fees	2.01	1.54
Directors commission	2.17	-
Donation	0.56	0.49

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Exchange and statutory charges	36.20	9.00
Expected credit loss (net of recovery)	(230.53)	5.38
Expense on account of sale of inventories	153.23	-
Franking charges	3.68	6.06
Infrastructure support charges	12.69	-
Insurance	3.71	2.59
Legal and professional charges	156.04	136.19
Loss on derecognition of property, plant and equipment	2.30	1.28
Loss on financial assets measured at fair value through profit & loss account	31.23	2.64
Marketing and commission expenses	195.86	153.72
Meeting seminar & subscription	2.25	6.34
Office expenses	126.25	142.43
Postage and courier	13.01	15.35
Printing and stationery	14.46	15.72
Rent, electricity, rates & taxes	104.37	132.51
Repairs & maintenance		
- Computers	1.86	2.79
- Others	30.65	22.33
Remuneration to auditors		
- As auditors - Statutory Audits	8.26	5.71
- Certification work and other matters	1.41	0.83
- Out of pocket expenses	0.45	0.25
Software charges	212.36	125.38
Travelling and conveyance	76.23	100.31
Miscellaneous expenses	9.22	8.77
Total	1,283.34	1,127.75

NOTE 35: INCOME TAX

Amount recognised in profit or loss

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Current tax expenses		
Current year	413.04	839.08
Changes in estimates related to prior years	4.32	(3.96)
Deferred tax expenses		
Origination and reversal of temporary differences	258.05	31.36
Recognition of previously unrecognised tax losses	-	-
Total	675.41	866.48

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Reconciliation of effective tax rates :

(₹ in Million)

Particulars	FY 2019-20	FY 2018-19
Profit before tax (including exceptional item)	3,014.85	2,580.81
Tax using domestic tax rates	25.168%	34.944%
Tax amount	758.78	901.84
Tax effect of :		
Non-deductible expenses	8.98	17.49
Income taxable at different rate	(253.24)	(22.93)
Change in income tax rate*	145.54	1.00
Adjustment in respect of current income tax of prior years	4.32	(3.96)
Differential rate in subsidiaries and associates	(5.86)	(31.72)
Loss on which DTA is not created	21.06	-
Tax-exempt income		
- Dividend	(2.08)	(1.60)
- Others	(2.73)	(3.60)
Recognition of previously unrecognised deductible temporary differences	0.64	9.96
Total income tax expense	675.41	866.48

* The parent company and majority of its subsidiaries has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 which provides existing domestic companies with an option to pay tax at concessional rate of 22% plus applicable surcharge and cess. Accordingly, the impact of this change arising out of revaluation of its Deferred Tax Asset as at March 31, 2019 aggregating to ₹ 145.54 million was recognised during the year in statement of profit & loss.

NOTE 36: EARNINGS PER EQUITY SHARE

Particulars		FY 2019-20	FY 2018-19
Face value of equity shares in ₹ fully paid up		2.00	2.00
BASIC			
Profit after tax as per statement of profit and loss (₹ in million)	A	2,339.44	1,714.33
Weighted average number of equity shares outstanding	B	319,297,473	319,061,399
Basic EPS In ₹	A/B	7.33	5.37
DILUTED			
Weighted average number of equity shares for computation of basic EPS		319,297,473	319,061,399
Add: Potential equity shares on conversion of Employees Stock Options		743,577	383,975
Weighted average number of equity shares for computation of diluted EPS	C	320,041,050	319,445,374
Diluted EPS In ₹	A/C	7.31	5.37

NOTE 37: EXCEPTIONAL ITEM

During the year ended, IIFL Facilities Services Limited, a wholly owned subsidiary of company, has sold its property, i.e., IIFL Center, situated at Kamala Mills compound, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400013 to IIFL Wealth Management Limited. The same has resulted into an exceptional profit of ₹ 1,017.19 million.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

NOTE 38: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in Million)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
1. Financial Assets						
(a) Cash and cash equivalents	3,400.31	-	3,400.31	4,812.23	-	4,812.23
(b) Bank balance other than (a) above	6,843.47	27.94	6,871.41	5,822.79	15.50	5,838.29
(c) Receivables						
(i) Trade receivables	323.63	-	323.63	248.37	-	248.37
(ii) Other receivables	61.79	-	61.79	81.53	-	81.53
(d) Loans	227.24	16.05	243.29	4,309.46	22.92	4,332.38
(e) Investments	1,001.12	1,308.11	2,309.23	124.83	1,271.34	1,396.17
(f) Other financial assets	4,266.06	202.46	4,468.52	5,886.37	203.28	6,089.65
Sub-total	16,123.62	1,554.56	17,678.18	21,285.58	1,513.04	22,798.62
2. Non-Financial Assets						
(a) Current tax assets (net)	-	490.17	490.17	-	457.72	457.72
(b) Deferred tax assets (net)	-	203.61	203.61	-	456.76	456.76
(c) Investment property	-	90.28	90.28	-	48.38	48.38
(d) Property, Plant and Equipment	-	3,675.20	3,675.20	-	3,839.46	3,839.46
(e) Capital work-in-progress	-	1,296.84	1,296.84	-	859.01	859.01
(f) Inventories	132.74	-	132.74	-	-	-
(g) Other intangible assets	-	34.29	34.29	-	42.45	42.45
(h) Assets held for sale	-	-	-	1,355.46	-	1,355.46
(i) Right of Use Asset	-	223.04	223.04	-	-	-
(j) Other non-financial assets	333.03	178.84	511.87	68.60	573.06	641.66
Sub-total	465.77	6,192.27	6,658.04	1,424.06	6,276.84	7,700.90
Total Assets	16,589.39	7,746.83	24,336.22	22,709.64	7,789.88	30,499.52
LIABILITIES AND EQUITY						
LIABILITIES						
1. Financial Liabilities						
(a) Payables						
(i) Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	45.74	-	45.74	24.30	-	24.30
(ii) Other payables						
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	327.97	-	327.97	241.10	-	241.10

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(b) Debt securities	531.51	-	531.51	-	486.40	486.40
(c) Borrowings (other than debt securities)	762.74	3,293.60	4,056.34	6,605.22	-	6,605.22
(d) Subordinated liabilities	-	-	-	500.38	-	500.38
(e) Other financial liabilities	9,671.55	325.03	10,196.58	12,620.80	360.88	12,981.68
Sub-total	11,339.51	3,818.63	15,158.14	19,991.80	847.28	20,839.08
2. Non-Financial Liabilities						
(a) Current tax liabilities (net)	10.52	-	10.52	17.37	-	17.37
(b) Provisions	6.86	28.91	35.77	6.25	20.94	27.19
(c) Other non-financial liabilities	335.23	-	335.23	2,305.29	1.15	2,306.44
Sub-total	352.61	28.91	381.52	2,328.91	22.09	2,351.00
3. Equity						
(a) Equity share capital	-	639.22	639.22	-	638.41	638.41
(b) Other equity	-	8,158.67	8,158.67	-	6,671.03	6,671.03
(c) Non controlling interest	-	(1.33)	(1.33)	-	-	-
Sub-total	-	8,796.56	8,796.56	-	7,309.44	7,309.44
Total Liabilities and Equity	11,692.12	12,644.10	24,336.22	22,320.71	8,178.81	30,499.52

NOTE 39: FINANCIAL RISK MANAGEMENT

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's risk management policy is approved by the board committee.

The Group adopts the 'three lines-of-defence' (3 LOD) model wherein management control at the business entity level is the first line of defence in risk management. Various risk control and compliance oversight functions, established by the management are the second line of defence. Finally, the third line comprises the internal audit/ assurance function. All three lines play a distinct role within Group wider governance framework.

The Group is exposed to market risk, credit risk, liquidity risk etc. The Group senior management oversees the management of these risks. The Group senior management is overseen by the audit committee with respect to risks and facilitates appropriate financial risk governance framework for the Group. Financial risks are identified, measured and managed in accordance with the Group policies and risk objectives. The Board of Directors reviews and agrees policies for managing key risks, which are summarised below.

39 A.1. CREDIT RISK

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

Credit quality analysis

The following tables sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2020			Total
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	
Trade receivables	284.47	51.28	103.40	439.15
Less : Impairment loss allowance	-	(12.12)	(103.40)	(115.52)
Carrying amount	284.47	39.16	-	323.63
Other financial assets	4,450.62	27.18	435.46	4,913.26
Less : Impairment loss allowance	-	(9.28)	(435.46)	(444.74)
Carrying amount	4,450.62	17.90	-	4,468.52

(₹ in Million)

Particulars	As at March 31, 2019			Total
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	
Trade receivables	179.41	85.18	84.05	348.64
Less : Impairment loss allowance	-	(16.22)	(84.05)	(100.27)
Carrying amount	179.41	68.96	-	248.37
Other financial assets	4,569.12	2,244.87	421.27	7,235.26
Less : Impairment loss allowance	-	(724.34)	(421.27)	(1,145.61)
Carrying amount	4,569.12	1,520.53	-	6,089.65

Movement of ECL (Trade receivable and other financial assets)

(₹ in Million)

Particulars	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
April 1, 2018	942.05	383.96	1,326.01
Increase/(decrease) net	(201.49)	121.36	(80.13)
March 31, 2019	740.56	505.32	1,245.88
Increase/(decrease) net	(719.16)	33.54	(685.62)
March 31, 2020	21.40	538.86	560.26

39 A.2. COLLATERAL HELD

The group holds collateral of securities and other credit enhancements against its credit exposures.

39 A.3. MEASUREMENT OF EXPECTED CREDIT LOSS

The group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized. Further, the group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

39 B. LIQUIDITY RISK

Liquidity risk arises from the group inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities. It uses a range of products mix to ensure efficient funding from across well-diversified markets and investor pools. Treasury monitors rolling forecasts of the group cash flow position and ensures that the group is able to meet its financial obligation at all times including contingencies.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

The table below analyse the groups financial liability into relevant maturity grouping based on their contractual maturity. The amount disclosed in the table are the contractual undiscounted cash flows. Balance due within 1 year equals their carrying balances as the impact of discounting is not significant.

(₹ in Million)

Particulars	As at March 31, 2020				
	Total	Up to 1 year	1-5 years	5-10 years	More than 10 years
Trade & other payable	373.71	373.71	-	-	-
Non convertible debentures	531.51	531.51	-	-	-
Bank overdraft	12.74	12.74	-	-	-
Working capital demand loan	750.00	750.00	-	-	-
Inter corporate deposit	3,293.60	-	3,293.60	-	-
Other financial liabilities	10,249.91	9,686.40	476.10	87.41	-
Total liabilities	15,211.47	11,354.36	3,769.70	87.41	-

(₹ in Million)

Particulars	As at March 31, 2019				
	Total	Up to 1 year	1-5 years	5-10 years	More than 10 years
Trade & other payable	265.40	265.40	-	-	-
Non convertible debentures	986.78	500.38	486.40	-	-
Commercial Paper	4,717.35	4,717.35	-	-	-
Bank overdraft	5.37	5.37	-	-	-
Working capital demand loan	1,000.00	1,000.00	-	-	-
Inter corporate deposit	882.50	882.50	-	-	-
Other financial liabilities	12,981.68	12,620.80	323.41	37.47	-
Total liabilities	20,839.08	19,991.80	809.81	37.47	-

39 C. MARKET RISK

Market risk is the risk of any loss in future earnings, in realisable fair values or in futures cash flows that may result from a change in the price of a financial instrument.

39 C.1 INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affects significantly short term borrowing and current investment therefore the group exposure to the risk of changes in market interest rates relates primarily to the group long-term debt and non current investment.

Group business is volatile and hence borrowings are done based on requirement.

The following table shows sensitivity analysis for impact on interest cost of borrowings on variable interest rate

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Bank overdraft	12.74	5.37
Inter corporate deposit	3,293.60	882.50
Working capital demand loan	750.00	1,000.00
Total	4,056.34	1,887.87
Weighted average interest rate	10.30%	9.99%
Annualised interest cost	417.64	188.60

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Sensitivity analysis for impact on interest cost

(₹ in Million)

Particulars	As at	
	March 31, 2020	March 31, 2019
Increase in 1% change in ROI	40.56	18.88
Decrease in 1% change in ROI	(40.56)	(18.88)

39 C.2. FAIR VALUE SENSITIVITY ANALYSIS FOR FIXED-RATE INSTRUMENTS

The groups fixed-rate financial liabilities (non convertible debentures & commercial paper) are carried at amortised cost. Therefore no rise of change in interest rates at the reporting date, since neither the carrying amount nor the future cash flows will fluctuate.

39 C.3. EXPOSURE TO CURRENCY RISKS

The group is operating internationally and is exposed to foreign exchange risk arising form foreign currency transaction. Below is table showing net gap between foreign asset and liability.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Foreign currency in million	₹ in million	Foreign currency in million	₹ in million
Foreign Currency Assets				
USD	1.54	115.88	1.47	102.46
GPB	0.25	23.31	0.27	24.18
Foreign Currency Liabilities				
USD	0.27	20.49	0.51	35.70
GPB	0.08	7.62	0.09	8.10
Net gap				
USD	1.27	95.39	0.96	66.76
GPB	0.17	15.69	0.18	16.09

The effect of upward movement of 5% in the exchange rate increase the profit/reserve by ₹ 5.55 million (previous year ₹ 4.14 million) and downward movement of 5% will reduce profit/reserve by ₹ 5.55 million (previous year ₹ 4.14 million) for FY 2019-20.

39 C.4 EXPOSURE TO PRICE RISK

The group exposure to price risk arising form investment held by the group and is classified in the balance sheet through fair value through profit & loss account. Group has majorly invested in Alternate Investment Funds and Debt Funds under various scheme and its exposure.

(₹ in Million)

Particulars	Equity Shares	Mutual Funds	Alternate Investment Funds	Preference Shares	Debt Fund	Total
Market value as on March 31, 2020	137.91	137.16	812.08	29.02	991.85	2,108.02
Market value as on March 31, 2019	39.72	48.29	1,078.02	14.51	11.60	1,192.14

The effect of upward movement of 5% in the price affects the projected net income by ₹ 105.40 million (Previous Year ₹ 59.61 million) and for forward downward movement of 5% the projected net loss will be ₹ 105.40 million (Previous Year ₹ 59.61 million) for FY 2019-20.

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For the year ended March 31, 2020 (Contd.)

39 D. CAPITAL MANAGEMENT

The group's objective when managing capital are to

- Safeguard their ability to continue as going concern, so that they can continue to provide returns for the share holders and benefits for other stake holders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The group monitors capital using debt equity ratio.

The group strategy is to maintain gearing ratio as per industry norms. The gearing ratio is as follows

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Total debt	4,587.84	7,592.00
Cash & cash equivalent (excluding client bank balance)	(430.67)	(1,400.37)
Net debt	4,157.17	6,191.63
Total equity	8,796.56	7,309.44
Debt to Equity	0.47	0.85

39 E. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

"Subjective estimate - The valuation of level 3 financial instruments held at fair value through profit or loss or through other comprehensive income may be misstated due to the application of valuation techniques which often involve the exercise of judgement and the use of assumptions and estimates. A subjective estimate exists for instruments where the valuation method uses significant unobservable inputs which is principally the case for level 3 financial instruments. The estimate measurement of fair value is more judgemental in respect of Level 3 assets, these are valued based on models that use a significant degree of non-market-based unobservable inputs.

Observable prices or model inputs are usually available in the market for listed debt and equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

The following table shows an analysis of financial instruments recorded at Fair Value hierarchy:

(₹ in Million)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Fair Value through Profit or loss	Amortised Cost	Carrying Value	Fair Value through Profit or loss	Amortised Cost	Carrying Value
Financial Assets						
Cash and cash equivalents	-	3,400.31	3,400.31	-	4,812.23	4,812.23
Bank balance other than above	-	6,871.41	6,871.41	-	5,838.29	5,838.29
Receivables						
(I) Trade receivables	-	323.63	323.63	-	248.37	248.37
(II) Other receivables	-	61.79	61.79	-	81.53	81.53
Loans	-	243.29	243.29	-	4,332.38	4,332.38
Investments						
- Equity Shares	137.91	-	137.91	39.72	-	39.72
- Preference Shares	29.02	-	29.02	14.51	-	14.51
- Mutual Fund	137.16	-	137.16	48.29	-	48.29
- Debt Instruments	991.85	201.21	1,193.06	11.60	204.03	215.63
- Alternate Investment Fund	812.08	-	812.08	1,078.02	-	1,078.02
Other financial assets	-	4,468.52	4,468.52	-	6,089.65	6,089.65
Total	2,108.02	15,570.16	17,678.18	1,192.14	21,606.48	22,798.62
Financial Liabilities						
Trade payables	-	45.74	45.74	-	24.30	24.30
Other payables	-	327.97	327.97	-	241.10	241.10
Debt securities	-	531.51	531.51	-	486.40	486.40
Borrowings (other than debt securities)	-	4,056.34	4,056.34	-	6,605.22	6,605.22
Subordinated liabilities	-	-	-	-	500.38	500.38
Other financial liabilities	-	10,196.58	10,196.58	-	12,981.68	12,981.68
Total	-	15,158.14	15,158.14	-	20,839.08	20,839.08

39 E. 1. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE – FAIR VALUE HIERARCHY

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

(₹ in Million)

Financial instruments measured at fair value - recurring fair value measurements	Recurring fair value measurement as at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual fund	137.16	-	-	137.16
Equity instruments *	137.91	-	0.00	137.91
Preference shares	-	-	29.02	29.02
Debt Instruments	-	228.07	763.78	991.85
Alternate investment funds	-	-	812.08	812.08
Total Assets	275.07	228.07	1,604.88	2,108.02

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(₹ in Million)

Financial instruments measured at fair value - recurring fair value measurements	Recurring fair value measurement as at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual fund	48.29	-	-	48.29
Equity instruments *	39.72	-	0.00	39.72
Preference shares	-	-	14.51	14.51
Debt Instruments	-	-	11.60	11.60
Alternate investment funds	-	-	1,078.02	1,078.02
Total Assets	88.01	-	1,104.13	1,192.14

* Amount is less than ₹ 0.01, hence shown ₹ 0.00 million.

39 E. 2. VALUATION METHODOLOGIES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

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

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, balances other than cash and cash equivalents, Trade receivables, other receivables, and trade payables

(₹ in Million)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy
Assets						
Cash and cash equivalents	3,400.31	3,400.31	-	4,812.23	4,812.23	-
Bank balance other than above	6,871.41	6,871.41	-	5,838.29	5,838.29	-
Receivables						
(I) Trade receivables	323.63	323.63	-	248.37	248.37	-
(II) Other receivables	61.79	61.79	-	81.53	81.53	-
Loans	243.29	243.29	-	4,332.38	4,332.38	-
Investment in non convertible debenture (net of impairment)	201.21	198.15	Level 2	204.03	201.30	Level 2
Security Deposit with landlords	108.26	97.02	Level 3	67.59	52.93	Level 3
Security Deposit with others	33.82	33.82	-	54.64	54.64	-
Other financial assets	4,326.44	4,326.44	-	5,967.42	5,967.42	-
Total Assets	15,570.16	15,555.86	-	21,606.48	21,589.09	-
Liabilities						
Trade payables	45.74	45.74	-	24.30	24.30	-
Other payables	327.97	327.97	-	241.10	241.10	-
Debt securities (current maturity)	531.51	530.16	Level 2	-	-	-
Debt securities (long term)	-	-	-	486.40	480.30	Level 2
Borrowings (other than debt securities)	4,056.34	4,056.34	-	6,605.22	6,605.22	-
Subordinated liabilities	-	-	-	500.38	500.38	-
Security Deposit from tenants	190.35	171.00	Level 3	156.02	124.12	Level 3
Security Deposit from others	217.06	217.06	-	199.64	199.64	-
Other financial liabilities	9,789.17	9,789.17	-	12,626.02	12,626.02	-
Total Liabilities	15,158.14	15,137.44	-	20,839.08	20,801.08	-

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39 E. 3. VALUATION METHODOLOGIES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Million)

Particulars	Preference Shares	Alternate Investment Fund	Debt	Equity*	Total
Balances as at April 1, 2018	-	1,037.88	-	-	1,037.88
Purchase	14.51	48.55	12.52	0.00	75.58
Sale/redemption	-	(15.06)	(1.97)	-	(17.03)
Total gain / losses recognise in profit or loss	-	6.65	1.05	-	7.70
Balances as at March 31, 2019	14.51	1,078.02	11.60	0.00	1,104.13
Purchase	14.51	-	2,047.50	0.00	2,062.01
Sale/redemption	-	(161.79)	(1,299.00)	-	(1,460.79)
Total gain / losses recognise in profit or loss	-	(104.15)	3.68	-	(100.47)
Balances as at March 31, 2020	29.02	812.08	763.78	0.00	1,604.88

*Amount is less than ₹ 0.01, hence shown ₹ 0.00 million.

39 E. 4. MEASUREMENT OF FAIR VALUE

The fair values of Investments in Equity share and Bonds is based on last traded price and Alternate Investment Fund, Mutual Funds is based on the net asset value (NAV) as stated by the issuers of these alternate asset funds in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of alternate asset fund and the price at which issuers will redeem such units from the investors.

The table which shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used is as follows:

Type	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
				Change in discount rate by 500 basis points would increase/(decrease) as below
Financial Assets:				
Investment in non convertible debentures	These indicates thinly traded / non traded securities as defined in SEBI Regulations and Guidelines and the fair value is estimated considering the valuation declared by fund houses for respective instruments during every reporting date.	Not Applicable	Not Applicable	Not Applicable
Investment in Alternate Investment Funds	Alternate Investment Fund is based on the net asset value (NAV) as stated by the issuers of these alternate asset funds in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of alternate asset fund and the price at which issuers will redeem such units from the investors.	Not Applicable	Not Applicable	Not Applicable

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For the year ended March 31, 2020 (Contd.)

Investment in Preference shares/ Equity share	These indicates thinly traded / non traded securities as defined in SEBI Regulations and Guidelines and the fair value is estimated considering the valuation declared by fund houses for respective instruments during every reporting date.	Not Applicable	Not Applicable	Not Applicable
Financial Liabilities:				
Non convertible debentures	These indicates thinly traded / non traded securities as defined in SEBI Regulations and Guidelines and the fair value is estimated considering the valuation declared by fund houses for respective instruments during every reporting date.	Not Applicable	Not Applicable	Not Applicable
Deposit	Discounted cash flow technique- The fair value is estimated considering net present value calculated using discount rates derived from quoted prices of similar instruments with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Discount Rate	3.70% - 5.70% (Previous year 6.25% - 6.85%) based in SBI FD rate for respective period of deposit	Not Applicable

NOTE 40: CAPITAL AND OTHER COMMITMENTS AT BALANCE SHEET DATE:

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Capital commitment	28.82	65.74
(ii)	Other commitment	379.00	60.18

NOTE 41: CONTINGENT LIABILITIES:

The Group is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Group's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Group's financial position.

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	In respect of income tax demands (see note 1)	7.20	7.20
(ii)	In respect of service tax demands (see note 2)	384.00	342.29
(iii)	Bank guarantees	5,371.39	6,050.50
(iv)	In respect of legal case/penalties (see note 3)	187.37	107.95

Notes :

- Amount paid under protest with respect to income tax demand ₹ 7.20 Million (March 31, 2019 ₹ 7.20 Million)
- Amount paid under protest with respect to service tax demand ₹ 11.69 million (March 31, 2019 ₹ 12.00 million)
- IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited") ("IICL") was a member of National Spot Exchange Limited (NSEL) till 2013. NSEL had defaulted in its settlement obligations to investors including pay-out of ₹ 279.54 Cr to IICL's Clients who traded on the Exchange Platform till July 2013. The matter has been under investigation by EOW, ED, SEBI, SFIO as well as other investigating authorities/Courts and is currently pending before such authorities/courts. IICL and its officials have been fully cooperating in the investigations and submitting all the required informations and clarifications to the authorities. IICL acted as a broker for the investors on NSEL and facilitated execution of the orders of the investors through exchange system as a registered broker as per the Bye-Laws, Rules and circulars of

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For the year ended March 31, 2020 (Contd.)

NSEL. As per the Bye-laws and Rules of NSEL, NSEL was the counter party for the trades and it guaranteed settlement of the trades i.e. funds and commodities of the clients. The same was also confirmed by erstwhile commodities regulator Forward Markets Commission vide its order dated December 17, 2013. Further, the Settlement of outstanding funds pay-out by NSEL to the clients is still pending with various courts, Government and regulatory authorities. The Bombay High Court, constituted a Committee for verifying the claims of the investors and the process for the settlement of their claim is yet to be concluded.

SEBI vide its order dated February 22, 2019, declared IICL "not a fit and proper person" to hold directly or indirectly, the certificate of registration as a commodity derivative broker and rejected the application dated December 23, 2015 filed by IICL and also directed that IICL shall cease to act, directly or indirectly, as a commodity derivatives broker. IICL preferred an Appeal against the said SEBI Order dated February 22, 2019 before the Securities Appellate Tribunal, Mumbai on April 11, 2019 and the same is pending before SAT.

NSEL had also filed an appeal before SAT, inter-alia praying for expunging certain remarks made by SEBI against NSEL, in the aforesaid SEBI order against the brokers. The tribunal after hearing NSEL and the Brokers dismissed the said appeal filed by NSEL.

NSEL preferred an appeal before the Supreme Court challenging the SAT Order and the S.C directed issue of notice to the respondents and stayed further proceedings in the cross appeals pending before the SAT. The matter is pending before the Supreme Court.

- IRDAI vide Order dated November 26, 2019 levied the penalty on IIFL Insurance Brokers Limited on an amount of ₹ 204 million relating to observations of inspection on insurance broking business related to the period 2014-15 and 2015-16. The Company examined the Order and initiated necessary implementation /rectifications of systems and process. As regards penalty, the Company has challenged the penalty levied by IRDAI through an appeal filed before Securities on January 16, 2020. The matter is pending before SAT.

NOTE 42: CORPORATE SOCIAL RESPONSIBILITY

During the year ended March 31, 2020 the Group spent ₹ 42.38 million (Previous year 2018-19 ₹ 30.60 million) out of the total amount of ₹ 42.38 million (Previous year 2018-19 ₹ 30.60 million) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility [CSR]. The aforementioned amount has been contributed to India Infoline Foundation.

NOTE 43: ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

(₹ in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
First charge		
Trade & other receivables	18.75	7.02
Other financial assets	2,725.11	6,669.10
Non-financial assets		
First charge		
Freehold buildings	105.82	117.86
Total assets pledged as security	2,849.68	6,793.98

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For the year ended March 31, 2020 (Contd.)

NOTE 44: DISCLOSURE AS PER IND AS -108 "SEGMENT REPORTING":

Considering the nature of the business of the Group, the management has regrouped and reclassified its segments based on Management Approach under Ind AS 108 as i) Capital market activity, ii) Insurance Broking, iii) Facility and ancillary and iv) Others. Accordingly, the results relating to investment banking division which were shown as a separate segment in previous year, have been now reclassified under "Capital market activity" and the results relating to "Insurance broking" which was previously classified under "Others" have now been reclassified separately.

Business Segment	Principal activities
i) Capital market activity	Capital Market and other related activities including distribution of financial services spaces offering capital market services such as equity/ currency broking/ commodity broking, depository participant services, merchant banking business and third party financial product distribution services.
ii) Insurance Broking	Insurance broking services.
iii) Facility & ancillary	Facilities and ancillary services includes real estate broking and other advisory services.
iv) Others	Other ancillary activities

As at March 31, 2020

(₹ in Million)

	Particulars	Capital Market Activity	Insurance Broking	Facilities & Ancillary	Others	Total
I	Segment revenue					
a	External	6,361.29	438.81	1,597.45	2.69	8,400.24
	Inter segment revenue					(500.78)
	Total revenue					7,899.46
II	Results					
a	Segment result *	1,713.25	187.28	1,111.72	2.60	3,014.85
	Less : - Unallocated					-
	Profit before tax					3,014.85
b	Interest income	637.65	5.97	353.33	-	996.95
	Add : - Unallocated					7.10
	Net interest income					1004.05
c	Interest expense	259.05	1.56	760.53	-	1,021.14
	Add : - Unallocated					-
	Net Interest expense					1,021.14
d	Current tax					529.87
e	Net profit after tax					2,484.98
III	Segment assets	17,331.24	223.07	6,083.85	4.27	23,642.43
	Add : - Unallocated corporate assets					693.79
	Net assets					24,336.22
IV	Segment liabilities	11,187.40	82.41	4,259.19	0.15	15,529.15
	Add : - Unallocated corporate liabilities					10.52
	Net liabilities					15,539.67
V	Capital expenditure	114.07	3.36	104.76		222.19
VI	Depreciation	237.94	32.06	283.09	-	553.09

* Facilities & ancillary result includes exceptional income of ₹ 1,017.19 million on sale of Kamala mills property.

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As at March 31, 2019

(₹ in Million)

	Particulars	Capital Market Activity	Insurance Broking	Facilities & Ancillary	Others	Total
I	Segment revenue					
a	External	7,453.41	367.27	1,454.02	3.00	9,277.70
	Inter segment revenue					(522.05)
	Total revenue					8,755.65
II	Results					
a	Segment result	2,278.01	170.89	219.72	2.81	2,671.43
	Less : - Unallocated					(90.62)
	Profit before tax					2,580.81
b	Interest income	1,377.58	4.03	172.79	-	1,554.40
	Add : - Unallocated					14.56
	Net interest income					1,568.96
c	Interest expense	485.32	0.01	659.62	-	1,144.95
	Add : - Unallocated					-
	Net Interest expense					1,144.95
d	Current tax					866.48
e	Net profit after tax					1,714.33
III	Segment assets	18,440.39	142.43	10,954.77	47.45	29,585.04
	Add : Unallocated corporate assets					914.48
	Net assets					30,499.52
IV	Segment liabilities	13,177.60	20.01	9,974.95	0.14	23,172.70
	Add : - Unallocated corporate liabilities					17.37
	Net liabilities					23,190.07
V	Capital expenditure	145.17	28.42	424.20	-	597.79
VI	Depreciation	117.65	12.74	288.59	-	418.98

NOTE 45 : SHARE BASED PAYMENTS

Pursuant to Composite Scheme of Arrangement, Nomination and Remuneration Committee and Board on August 08, 2019, approved and adopted the IIFL Securities Employees Stock Option 2019 - Demerger Scheme (ESOP 2019), wherein option holders of IIFL Finance Limited (formerly known as IIFL Holdings Limited) have been granted one stock option of the Holding Company for every one stock option held in IIFL Finance limited on the record date i.e May 31, 2019, on terms and conditions similar to the ESOP Scheme of IIFL Finance Limited. The outstanding options shall vest in the graded manner and shall be exercised within a specified period as per the terms of the grants.

During the year, the Company has granted ESOPs on October 30, 2019 under IIFL Employees Stock Option Scheme - 2018 (ESOP 2018) and has outstanding options granted under the said Scheme. The options vest in granted manner and shall be exercised within a specified period as per the terms of the grants.

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a) The details of Employee Stock Option Schemes are as under:

Particulars	ESOP 2019 / ESOP 2018
Method of Accounting	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options
Exercise Period	Seven years from the date of grant

The below table reflects the conversion of outstanding options under IIFL Securities Employees Stock Option 2019 - Demerger Scheme (ESOP 2019) against outstanding options under various grants of IIFL Finance Limited.

(₹ in Million)

Grant Date	IIFL Finance Limited		IIFL Securities Limited	
	Pre-Scheme of Arrangement		Post-Scheme of Arrangement	
	Outstanding option as on record date	Exercise Price	Outstanding option as on record date	Exercise Price
10-Aug-12	34,700	55.26	34,700	25.79
29-Oct-12	14,500	66.54	14,500	31.05
05-Nov-13	350,000	56.73	350,000	26.47
05-Aug-14	25,000	131.57	25,000	61.4
02-Mar-15	5,200	177.27	5,200	82.73
08-Mar-16	450,286	175.75	450,286	82.02
29-Apr-17	25,000	468.67	25,000	218.71
Total	904,686		904,686	

b) (i) Movement of options during the year ended March 31, 2020 of ESOP 2019 Scheme (Demerger Scheme)

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Options allotted under the composite scheme of arrangement (refer note 1.1)	904,686	25.79 - 218.71	60.77	2.66
Granted during the year	-	-	-	
Forfeited during the year	(13,390)	82.02	82.02	
Expired during the year	(32,255)	25.79 - 218.71	54.91	
Exercised during the year	(375,000)	25.79 - 26.47	26.43	
Outstanding as on March 31, 2020	484,041	61.40 - 218.71	87.17	2.90
Exercisable as on March 31, 2020	468,641	61.40 - 218.71	82.85	2.86

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For the year ended March 31, 2020 (Contd.)

b) (ii) Movement of options during the year ended March 31, 2020 of ESOP 2018 Scheme

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 1, 2019	-	-	-	-
Granted during the year	9,000,000	30.85	30.85	
Forfeited during the year	(87,800)	30.85	30.85	
Expired during the year	-	-	-	
Exercised during the year	-	-	-	
Outstanding as on March 31, 2020	8,912,200	30.85	30.85	6.58
Exercisable as on March 31, 2020	-	-	-	-

Fair Value Methodology:

The fair value of the shares are measured using Black Scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2018	
	2019-20	2018-19
Stock price (₹)	25.83	-
Volatility	42.00%	-
Risk-free Rate	6.58%	-
Exercise price (₹)	30.85	-
Time to Maturity (Years)	5	-
Dividend yield	4.43%	-
Weight Average Value (₹)	7.21	-

Stock Price: The average of weekly high & low of volume weighted average price (VWAP) of shares during the two weeks preceding the date of grant.

Volatility: The daily volatility of the stock prices on NSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

NOTE 46: RELATED PARTIES DISCLOSURES

(i) List of related parties where control exists:

Relationship	Name of the related party
Director and its Relatives	Mr. Venkataraman Rajamani – Managing Director w.e.f. May 15, 2019
	Mr. Mohan Radhakrishnan - Whole Time Director
	Mr. Narendra Jain - Whole Time Director
	Mr. Kranti Sinha - Independent Director
	Mr. Shamik Das Sharma - Independent Director w.e.f. January 14, 2020
	Ms. Rekha Warriar - Independent Director w.e.f. May 8, 2019
	Ms. Geetha Mathur - Independent Director upto May 8, 2019
	Mr. Aniruddha Dange - Non-Executive Director w.e.f. July 1, 2019 (upto November 27, 2019)
	Mr. Aniruddha Dange - Executive Director upto June 30, 2019
	Mrs. Aditi Athavankar (wife of Mr. Venkataraman Rajamani)
Key Management Personnel	Mr. Arindam Chanda - Chief Executive Officer
Subsidiaries	India Infoline Foundation
Joint Venture and Associates	Meenakshi Towers LLP (Joint venture of wholly owned subsidiary, IIFL Management Services Limited upto March 31, 2019)
Other Related Parties	IIFL Finance Limited (Formerly known as IIFL Holdings Limited)
	India Infoline Finance Limited @
	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	Samasta Microfinance Limited
	IIFL Wealth Management Limited
	IIFL Distribution Services Limited
	IIFL Asset Management Limited
	IIFL Investment Adviser and Trustee Services Limited
	IIFL Alternate Asset Advisors Limited
	IIFL Trustee Limited (Formerly known as India Infoline Trustee Company Limited)
	IIFL Asset Management (Mauritius) Limited (Formerly known as IIFL Private Wealth (Mauritius) Limited)
	IIFL Private Wealth (Suisse) SA *
	IIFL Private Wealth Hong Kong Limited **
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Inc
	IIFL Capital (Canada) Limited
	IIFL (Asia) Pte Limited
	IIFL Securities Pte Limited
	IIFL Capital Pte Limited
	Clara Developers Private Limited

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

Relationship	Name of the related party
Other Related Parties	IIFL Wealth Finance Limited
	IIFL Wealth Securities IFSC Limited
	IIFL Altiore Advisors Private Limited (Formerly known as Altiore Advisors Private Limited)
	IIFL Wealth Advisors(India) Limited (Formerly known as Wealth Advisors (India) Private Limited) (Merged with IIFL Wealth Management Limited w.e.f. December 27, 2019)
	FIH Mauritius Investments Limited
	IIFLW CSR Foundation(Incorporated w.e.f. January 20, 2020)
	5paisa Capital Limited
	Giskard Datatech Private Limited (upto November 27, 2019)
	5paisa P2P Limited
	5paisa Insurance Brokers Limited
	5paisa Trading Limited (incorporated w.e.f. February 27, 2020)
	Mr. Nirmal Jain - Promoter
	Mrs. Madhu Jain (wife of Nirmal Jain)
	Mr. Venkataraman Rajamani - Promoter (appointed as Director from May 15, 2019)
	Orpheus Trading Private Limited
	India Infoline Employee Trust
	Kalki Family Private Trust
	Nirmal Madhu Family Private Trust
	MNJ Consultants Private Limited
	Sunder Bhawar Ventures Private Limited
Ardent Impex Private Limited	

* IIFL Wealth Management Limited has dis-invested its investment from IIFL Private Wealth (Suisse) SA w.e.f February 27, 2019

* IIFL Private Wealth (Hongkong) Limited has ceased to carry its business operations and is in process of winding up.

@ India Infoline Finance Limited merged with IIFL Finance Limited (formerly IIFL Holdings Limited) on March 30, 2020 from Appointed date April 1, 2018 and hence all the transactions with India Infoline Finance Limited have been merged with transactions of IIFL Finance Limited (formerly IIFL Holdings Limited) and disclosed accordingly.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(ii) Transactions during the year with related parties:

(₹ in Million)

Nature of transactions	FY 2019-20	FY 2018-19
Brokerage income /Delayed payin charges, etc:		
a) Director and its relatives		
Mohan Radhakrishnan	0.06	0.05
Aniruddha Dange	0.18	0.10
Venkataraman Rajamani	0.12	-
Mrs. Aditi Athavankar	0.00	-
Narendra Jain	0.00	0.00
b) Key managerial personnel		
Arindam Chanda	0.00	0.00
c) Other related parties		
Nirmal Jain	1.45	0.71
Venkataraman Rajamani	-	0.11
Ardent Impex Private Limited	0.07	0.02
IIFL Finance Limited	0.86	5.04
IIFL Wealth Management Limited	-	0.20
IIFL Home Finance Limited	0.04	0.02
IIFL Asset Management Limited	-	0.03
Madhu Jain	0.42	-
Orpheus Trading Private Limited	0.02	-
Interest income on inter corporate deposit :		
a) Other related parties		
IIFL Finance Limited	226.13	114.41
IIFL Wealth Finance Limited	25.25	-
5paise Capital Limited	23.27	21.96
PMS/Investment banking income:		
a) Other related parties		
IIFL Wealth Management Limited	-	65.16
IIFL Asset Management Limited	124.45	54.31
IIFL Finance Limited	73.45	1.00
Advisory/Referral fee income/Marketing support fees:		
a) Other related parties		
IIFL Finance Limited	183.54	305.90
5Paise Capital Limited	10.19	4.56
IIFL Home Finance Limited	4.85	26.79
IIFL Capital Pte Ltd	88.39	-
IIFL Asset Management (Mauritius) Limited	-	125.12
Rent income:		
a) Other related parties		
IIFL Finance Limited	17.50	43.09
5 Paise Capital Limited	21.77	24.82
IIFL Home Finance Limited	-	19.24
IIFL Wealth Management Limited	-	232.34
IIFL Distribution Services Limited	-	16.91
IIFL Asset Management Limited	-	14.09

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Nature of transactions	FY 2019-20	FY 2018-19
Rent expense:		
a) Other related parties		
IIFL Wealth Management Limited	60.82	-
b) Director and its relatives		
Mrs. Aditi Athavankar	0.60	-
Interest expenses on inter corporate deposits:		
a) Other related parties		
IIFL Wealth Management Limited	3.15	-
IIFL Finance Limited	196.67	38.29
IIFL Wealth Management Limited	-	2.11
IIFL Home Finance Limited	100.97	1.41
Dividend Paid:		
a) Other related parties		
India Infoline Employee Trust	0.15	-
IIFL Finance Limited	-	343.31
Corporate Social Responsibility Expenses:		
a) Subsidiaries		
India Infoline Foundation	42.38	30.60
Remuneration:		
Director's	66.75	35.30
Key managerial personnel	12.08	15.14
Director Sitting Fees:		
Geeta Mathur	0.03	0.32
Rekha Warriar	0.42	-
Shamik Das Sharma	0.15	-
Kranti Sinha	0.62	0.35
Technology expense:		
a) Other related parties		
Giskard Datatech Private Limited	0.66	-
Interest accrued but not due:		
a) Other related parties		
IIFL Finance Limited	20.77	12.82
Investment in equity share and preference share		
a) Other related parties		
Giskard Datatech Private Limited	14.51	14.51
Advance received:		
a) Other related parties		
IIFL Wealth Management Limited	550.00	1,700.00
Sale of Property:		
a) Other related parties		
IIFL Wealth Management Limited	2,250.00	-
Deposit - Given:		
a) Director and its relatives		
Mrs. Aditi Athavankar	50.00	-

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Nature of transactions	FY 2019-20	FY 2018-19
Deposit - Taken:		
a) Other related parties		
IIFL Finance Limited	-	11.70
5paisa Capital Limited	0.57	13.55
Deposit - Repaid:		
a) Other related parties		
IIFL Finance Limited	2.95	-
5paisa Capital Limited	-	3.23
Inter corporate deposit taken:		
a) Other related parties		
IIFL Finance Limited	32,199.00	52,012.50
IIFL Wealth Management Limited	130.00	65.00
IIFL Home Finance Limited	38,768.80	1,500.00
Inter corporate deposit taken and repaid:		
a) Other related parties		
IIFL Finance Limited	31,258.00	51,195.00
IIFL Wealth Management Limited	195.00	-
IIFL Home Finance Limited	37,143.70	1,500.00
Inter corporate deposit given:		
a) Other related parties		
IIFL Finance Limited	98,600.60	21,270.00
5paisa Capital Limited	1,525.00	1,983.58
IIFL Home Finance Limited	15,411.00	-
Inter corporate deposit given and received back:		
a) Other related parties		
IIFL Finance Limited	98,600.60	21,270.00
5paisa Capital Limited	1,815.00	1,693.58
IIFL Home Finance Limited	15,411.00	-
Allocation/Reimbursement of expenses paid:		
a) Other related parties		
IIFL Finance Limited	30.39	26.63
IIFL Home Finance Limited	10.97	13.96
5paisa Capital Limited	-	0.33
Allocation / Reimbursement of expenses received:		
a) Other related parties		
IIFL Wealth Management Limited	4.58	14.07
IIFL Finance Limited	351.49	651.77
IIFL Asset Management Limited	2.27	0.01
IIFL Home Finance Limited	84.34	67.75
IIFL Wealth Finance Limited	0.54	-
5paisa Capital Limited	76.68	56.26
Others paid:		
a) Other related parties		
IIFL Wealth Management Limited	0.91	0.84
IIFL Finance Limited	51.97	34.65
IIFL Home Finance Limited	3.66	0.07
5paisa Capital Limited	2.50	0.42
IIFL Asset Management Limited	0.35	0.46

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Nature of transactions	FY 2019-20	FY 2018-19
Others Received:		
a) Subsidiaries		
India Infoline Foundation	0.80	0.70
b) Other related parties		
IIFL Wealth Management Limited	2.12	0.06
IIFL Finance Limited	46.97	9.35
IIFL Distribution Services Limited	-	0.02
IIFL Asset Management Limited	-	0.00
IIFL Home Finance Limited	7.18	3.61
5paisa Capital Limited	3.64	0.14
Purchase of investment (Non convertible debenture):		
a) Other related parties		
IIFL Wealth Finance Limited	22.07	-
IIFL Finance Limited	2,322.00	-
Sale of investment (Non convertible debenture):		
a) Other related parties		
IIFL Wealth Finance Limited	1,300.00	-
IIFL Finance Limited	3,475.00	197.10

(iii) Balance outstanding

(₹ in Million)

Nature of transactions	As at March 31, 2020	As at March 31, 2019
Sundry Payable:		
a) Other related parties		
IIFL Finance Limited	-	0.02
IIFL Home Finance Limited	0.03	-
IIFL Asset Management Limited	-	2.30
IIFL Wealth Finance Limited	-	0.72
IIFL Wealth Management Limited	-	17.47
Nirmal Jain	0.00	0.00
b) Joint venture		
Meenakshi Towers LLP	-	133.84
c) Director's and its relatives		
Mohan Radhakrishnan	0.00	0.00
Mrs. Aditi Athavankar	0.00	-
Aniruddha Dange	-	1.12
Nirmal Jain	0.00	-
d) Key managerial personnel		
Arindam Chanda	0.03	0.00
Sundry Receivable:		
a) Other related parties		
IIFL Finance Limited	1.50	40.74
5paisa Capital Limited	0.44	2.09
IIFL Home Finance Limited	0.43	1.62
IIFL Asset Management Limited	29.71	9.16
IIFL Wealth Finance Limited	0.04	-
IIFL Wealth Management Limited	0.04	-
IIFL Inc.	2.10	0.82

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

(₹ in Million)

Nature of transactions	As at March 31, 2020	As at March 31, 2019
b) Director		
Venkataraman Rajamani	0.00	-
Inter corporate deposit payable:		
a) Other related parties		
IIFL Finance Limited	1,758.50	817.50
IIFL Home Finance Limited	1,535.10	-
IIFL Wealth Management Limited	-	65.00
Inter corporate deposit receivable:		
a) Other related parties		
5paisa Capital Limited	-	290.00
Security deposit taken		
a) Other related parties		
5paisa Capital Limited	10.88	10.31
IIFL Finance Limited	8.75	11.70
Security deposit given		
a) Director's and its relatives		
Mrs. Aditi Athavankar	50.00	-
Investment in equity share and preference share		
a) Other related parties		
Giskard Datatech Private Limited	-	14.51
Investment in non-convertible debentures		
a) Other related parties		
IIFL Finance Limited	421.30	200.00

Note:

- i) Amount is less than ₹ 0.01, hence shown ₹ 0.00 million.
- ii) As the future liability for retirement and other employee benefits is provided on an actuarial basis for the Group as a whole, the amount pertaining to key managerial personnel is not included above.

Note 47: Summary of consolidation

a) Enterprises consolidated as subsidiary in accordance with Indian Accounting Standard 110 - Consolidated Financial Statements.

Sr. No.	Name of subsidiaries	Country of Incorporation	Proportion of ownership interest	
			March 31, 2020	March 31, 2019
1	IIFL Insurance Brokers Limited	India	100.00%	100.00%
2	IIFL Management Services Limited	India	100.00%	100.00%
3	IIFL Facilities Services Limited	India	100.00%	100.00%
4	IIFL Commodities Limited	India	100.00%	100.00%
5	IIFL Capital Inc.	USA	100.00%	100.00%
6	IIFL Wealth (UK) Limited	UK	100.00%	100.00%
7	IIFL Asset Reconstruction Limited	India	100.00%	100.00%
8	IIFL Securities Services IFSC Limited	India	100.00%	100.00%
9	Meenakshi Towers LLP*	India	100.00%	-
10	Shreyans Foundations LLP*	India	99.00%	-

*IIFL Facilities Services Limited, a wholly owned subsidiary of company, has acquired 99% stake on April 1, 2019 in Shreyans Foundations LLP which is holding 50% stake in Meenakshi Towers LLP, a joint venture between another wholly owned subsidiary of the company, IIFL Management Services Limited and Shreyans Foundations LLP. Pursuant to this, Meenakshi Towers LLP has become subsidiary of the company.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2020 (Contd.)

b) Additional information, as required under schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiaries and associates.

Particulars	As at March 31, 2020							
	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss (including exceptional items)		Share in Other Comprehensive Income		Share in Total Comprehensive Income (including exceptional items)	
	As % of consolidated Net Assets	(₹ in Million)	As % of consolidated Profit or Loss	(₹ in Million)	As % of consolidated Other Comprehensive Income	(₹ in Million)	As % of consolidated Total Comprehensive Income	(₹ in Million)
Parent								
IIFL Securities Limited	81.48%	7,167.98	60.96%	1,426.19	92.09%	(16.77)	60.72%	1,409.42
Subsidiaries								
Indian								
1 IIFL Insurance Brokers Limited	1.98%	173.84	5.96%	139.39	10.87%	(1.98)	5.92%	137.41
2 IIFL Management Services Limited	5.18%	456.03	4.15%	96.98	-5.27%	0.96	4.22%	97.94
3 IIFL Facilities Services Limited	18.25%	1,605.66	39.86%	932.52	2.31%	(0.42)	40.16%	932.11
4 IIFL Commodities Limited	1.24%	108.94	-0.09%	(2.10)	-	-	-0.09%	(2.10)
5 IIFL Asset Reconstruction Limited	0.56%	49.18	0.08%	1.92	-	-	0.08%	1.92
6 IIFL Securities Services IFSC Limited	0.05%	4.45	-0.02%	(0.43)	-	-	-0.02%	(0.43)
7 Meenakshi Towers LLP	-3.79%	(333.00)	-2.79%	(65.30)	-	-	-2.81%	(65.30)
8 Shreyans Foundations LLP	-1.51%	(133.17)	-1.38%	(32.34)	-	-	-1.39%	(32.34)
Foreign								
1 IIFL Capital Inc.	0.87%	76.47	0.45%	10.53	-	-	0.45%	10.53
2 IIFL Wealth (UK) Limited	0.15%	13.61	-0.02%	(0.48)	-	-	-0.02%	(0.48)
Elimination	-4.46%	(392.10)	-7.16%	(167.44)	-	-	-7.21%	(167.45)
Total	100.00%	8,797.89	100.00%	2,339.44	100%	(18.21)	100.00%	2,321.23

Note 48: Note on Covid-19 Impact

Covid-19 have been declared as a global pandemic, the Indian Govt. has declared the complete lock down since March 24, 2020 and the same is continuing with minor exemptions and essential services were allowed to operate with limited capacity. Capital markets and banking services have been declared as essential services and accordingly, the Group has been continuing the operations with minimal permitted staff at branches. However other employees were encouraged to work from home. All operations and servicing of clients were smoothly ensured without any interruptions as the activities of trading, settlement, DP, Stock Exchanges and depositories functions have been fully automated and seamless processes. Based on the facts and circumstances, the Group has been operating in the normal course and there have been no adverse impacts on the assets, liquidity, revenues or operational parameters during the quarter and year ended as on March 31st, 2020. The Group is closely monitoring any material changes on a continuous basis.

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 Board of Directors

Venkataraman Rajamani

Managing Director

(DIN: 00011919)

Arindam Chanda

Chief Executive Officer

Roshan Dave

Company Secretary

Narendra Jain

Whole Time Director

(DIN: 01984467)

Ronak Gandhi

Chief Financial Officer

Place : Mumbai

Dated : May 15, 2020

ANNEXURE -A to the Consolidated Financial Statements

Form AOC-I

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

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Sr. No.	Particulars	IIFL Management Services Limited	IIFL Facilities Services Limited	IIFL Commodities Limited	IIFL Insurance Brokers Limited	IIFL Asset Reconstruction Limited	IIFL Capital Inc.	IIFL Wealth (UK) Limited	Meenakshi Towers LLP	Shreyans Foundations LLP	IIFL Securities Services IFSC Limited
1	Share Capital	2.81	90.00	3.14	10.00	41.00	40.29	11.20	0.10	1.00	5.00
2	Other Equity	453.22	1,515.66	105.80	163.84	8.18	36.18	2.41	(333.10)	(134.17)	(0.55)
3	Total Assets	1,598.89	5,373.49	114.50	261.44	49.38	107.78	20.62	237.43	66.16	9.41
4	Total Liabilities	1,142.86	3,767.83	5.56	87.60	0.20	31.31	7.01	570.43	199.33	4.96
5	Investments	296.54	202.20	57.28	59.83	-	-	-	-	-	-
6	Total Turnover	460.15	1,010.19	3.07	438.81	2.69	103.25	103.16	114.65	12.46	-
7	Profit/(loss) before tax (Including exceptional Item)	147.46	937.08	(1.03)	187.28	2.60	14.63	(1.00)	(65.64)	(32.34)	(0.43)
8	Provision for taxation (including deferred tax)	50.48	4.56	1.07	47.89	0.68	4.10	(0.52)	(0.34)	-	-
9	Profit/(loss) after tax	96.98	932.52	(2.10)	139.39	1.92	10.53	(0.48)	(65.30)	(32.34)	(0.43)

(₹ in million)

(₹ in million)

Sr. No.	Particulars	IIFL Management Services Limited	IIFL Facilities Services Limited	IIFL Commodities Limited	IIFL Insurance Brokers Limited	IIFL Asset Reconstruction Limited	IIFL Capital Inc.	IIFL Wealth (UK) Limited	Meenakshi Towers LLP	Shreyans Foundations LLP	IIFL Securities Services IFSC Limited
10	Total Comprehensive Income	97.94	932.11	(2.10)	137.41	1.92	10.53	(0.48)	(65.30)	(32.34)	(0.43)
11	Exchange Rate	-	-	-	-	-	75.39	93.87	-	-	-
12	Reporting Currency	INR	INR	INR	INR	INR	USD	GBP	INR	INR	INR
13	Proposed Dividend	-	-	-	-	-	-	-	-	-	-
14	% of share holding	100	100	100	100	100	100	100	100	99	100

Notes:

- All subsidiaries have common year end of March 31, 2020 hence no additional information under Section 129(3) read with rule 5 has been disclosed.**
- Names of subsidiaries which are yet to commence operations**
 IIFL Securities Services IFSC Limited
 IIFL Asset Reconstruction Limited
- Names of subsidiaries which have been liquidated or sold during the year.**

Geocentric Solutions Private Limited (from December 20, 2019 to March 23, 2020)

For and on behalf of Board of Directors
Venkataraman Rajamani
 Managing Director
 (DIN: 00011919)

Arindam Chanda
 Chief Executive Officer

Roshan Dave
 Company Secretary

Narendra Jain
 Whole Time Director
 (DIN: 01984467)

Ronak Gandhi
 Chief Financial Officer

 Place : Mumbai
 Dated : May 15, 2020

IIFL Securities Limited (Formerly India Infoline Limited)
ANNEXURE -A to the Consolidated Financial Statements

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "B": Associates and Joint Ventures

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

(₹ in million)

Sl. No.	Name of associates/Joint Ventures	
1	Latest audited Balance Sheet Date	
2	Shares of Associate/Joint Ventures held by the company on the year end	
	(i) Number	
	(ii) Amount of Investment in Associates/Joint Venture	
	(iii) Extend of Holding%	
3	Description of how there is significant influence	Not Applicable
4	Reason why the associate/joint venture is not consolidated	
5	Net worth attributable to shareholding as per latest audited Balance Sheet	
6	Profit/Loss for the year	
	(i) Considered in Consolidation (to the extent of owner share)	
	(ii) Not Considered in Consolidation	

Notes:

1. Names of associates or joint ventures which are yet to commence operations

NIL

2. Names of associates or joint ventures which have been liquidated or sold during the year

NIL

For and on behalf of Board of Directors

Venkataraman Rajamani

Managing Director
(DIN: 00011919)

Arindam Chanda

Chief Executive Officer

Roshan Dave

Company Secretary

Narendra Jain

Whole Time Director
(DIN: 01984467)

Ronak Gandhi

Chief Financial Officer

Place : Mumbai
Dated : May 15, 2020

Corporate Information

BOARD OF DIRECTORS

Mr. Kranti Sinha
Chairman and Independent Director

Mr. Venkataraman Rajamani
Managing Director

Ms. Rekha Warriar
Independent Director

Mr. Mohan Radhakrishnan
Whole Time Director

Mr. Narendra Jain
Whole Time Director

Mr. Shamik Das Sharma
Independent Director

COMMITTEE OF BOARD

AUDIT COMMITTEE

Mr. Kranti Sinha
Chairman, Independent Director

Ms. Rekha Warriar
Member, Independent Director

Mr. Narendra Jain
Member, Whole Time Director

Mr. Shamik Das Sharma
Member, Independent Director

NOMINATION AND REMUNERATION COMMITTEE

Ms. Rekha Warriar
Chairperson, Independent Director

Mr. Kranti Sinha
Member, Independent Director

Mr. Shamik Das Sharma
Member, Independent Director

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Ms. Rekha Warriar
Chairperson, Independent Director

Mr. Kranti Sinha
Member, Independent Director

Mr. Narendra Jain
Member, Whole Time Director

CSR COMMITTEE

Mr. Kranti Sinha
Chairman, Independent Director

Mr. Mohan Radhakrishnan
Member, Whole Time Director

Mr. Narendra Jain
Member, Whole Time Director

RISK MANAGEMENT COMMITTEE

Ms. Rekha Warriar
Chairperson, Independent Director

Mr. Mohan Radhakrishnan
Member, Whole Time Director

Mr. Narendra Jain
Member, Whole Time Director

Mr. Shamik Das Sharma
Member, Independent Director

Mr. Arindam Chanda
Member, Chief Executive Officer

CHIEF EXECUTIVE OFFICER

Mr. Arindam Chanda

CHIEF FINANCIAL OFFICER

Mr. Ronak Gandhi

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Roshan Dave

AUDITORS

V. Sankar Aiyar & Co.
Chartered Accountants

INTERNAL AUDITORS

Mahajan & Aibara
Chartered Accountants

SECRETARIAL AUDITORS

Nilesh Shah & Associates
Practicing Company Secretaries

CORE MANAGEMENT TEAM

Mr. Arindam Chanda	Chief Executive Officer
Mr. H. Nemkumar	President, Institutional Equities
Mr. Nipun Goel	President, Investment Banking
Mr. Vasudev Jagannath	President, Institutional Sales
Mr. Mohan Radhakrishnan	Chief Compliance officer
Mr. Narendra Jain	President, Operations
Mr. Chintan Modi	Head - Partner Channel
Mr. Anurag Naik	Director – Insurance Broking
Mr. Gaurav Bhojak	Executive Vice President- Digital Strategy
Mr. G. V. Giri	Head - Institutional Research

REGISTRAR AND SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited,
C-101, 247 Park, 1st Floor, L.B.S Marg,
Vikhroli (West), Mumbai – 400 083

REGISTERED OFFICE

IIFL House, Sun Infotech Park, Road no. 16V,
Plot no. B-23, MIDC, Thane Industrial Area,
Wagle Estate, Thane – 400 604

CORPORATE OFFICE

Ground Floor, Hubtown Solaris,
N. S. Phadke Marg, Vijay Nagar, Andheri East,
Mumbai – 400 069

LIST OF CORPORATE BANKERS

HDFC Bank Limited
ICICI Bank Limited
Axis Bank Limited
Yes Bank Limited
IndusInd Bank Limited
Citibank

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