IIFL SECURITIES

LEVERAGING THE LEGACY

IIFL SECURITIES LIMITED | ANNUAL REPORT 2018-19

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Please find our online version at
https://www.iifl.com/investor-relations
Or simply scan to download

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 Discussion and Analysis of this Annual Report

We welcome our esteemed shareholders to the new, soon-to-be listed IIFL Securities' family.

A new beginning denotes growth, transformation and hope.

From being an equity research company, IIFL Securities has traversed through various industry cycles to emerge as one of the leading players in the capital markets industry.

Post the reorganisation of our parent company, we are now stepping into a new zone with a new strategy, targeting new opportunities. As the Company gets listed on the stock exchange, it is well placed to grow the business with the right values.

Despite several headwinds during the year, we displayed a balanced growth owing to a passion to perform. Endowed with a robust foundation, superior quality of services, advanced technology platforms, strong leadership and a determined team, we are poised to expand further in all our segments namely retail and institutional broking, research, advisory, financial product distribution and investment banking.

IIFL Securities Limited at a glance

IIFL is one of the key capital market players in the country. Incorporated in the year 1995, the Group has built a strong foundation over its two decades of operations. IIFL Securities primarily offers advisory and broking services, financial products distribution, institutional research and investment banking services.

IIFL Securities has established itself through a combination of leading-edge technology, diverse product offerings, management expertise, and a wide network of branches across India. The Company has developed long-term relationships with its customers with sustained high quality performance and continues to be their preferred investment partner.

As a part of the reorganisation process of IIFL Group, IIFL Securities will soon be listed independently on the stock exchanges.

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.

₹ 8,756 million
Total Income as on March 31, 2019

25.3%
Return on Equity

3.5%
Cash Market Share

2.4 million
Customers

500+
Stocks Covered

2,344
Happy Employees

Our value-added offerings

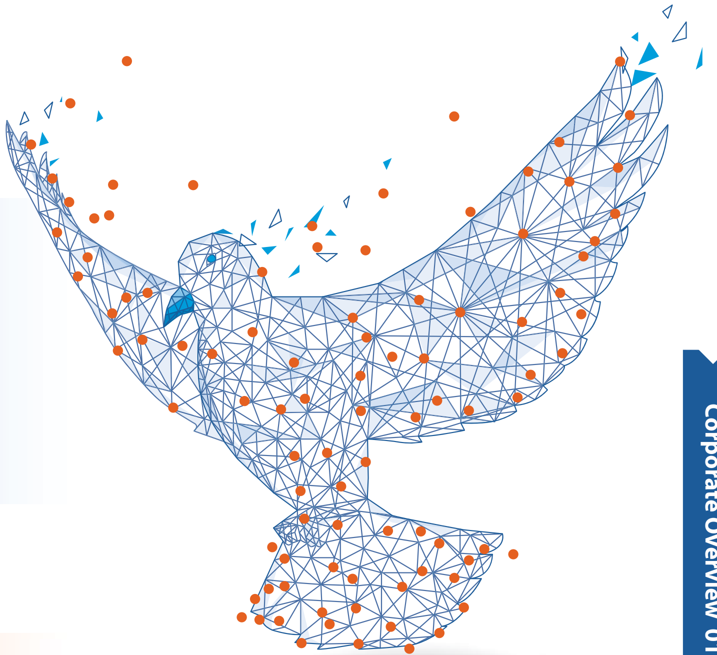
We have a diversified business mix divided into three broad segments - Financial Advisory and Broking, Financial Product Distribution and Institutional Research & Investment Banking as follows:

RESEARCH
- ECONOMY • INDUSTRY • COMPANY
- RETAIL AND INSTITUTIONAL INVESTORS

RETAIL
- BROKING • ADVISORY • DISTRIBUTION
- RETAIL INVESTORS

INSTITUTIONAL
- BROKING • RESEARCH • CORPORATE ACCESS
- FOREIGN PORTFOLIO INVESTORS • MF • AIF • BANKS

INVESTMENT BANKING
- IPO • QIP • ADVISORY
- FIIS • DIIS • PRIVATE EQUITY FUNDS • BANKS • MF • INSURANCE



RESEARCH
- Proficient research team
- Extensive analysis
- Domain knowledge
- Large FII clientele

BROKING SERVICES
- Diversified offerings
- Electronic brokerage platform
- Integrated interface
- Nationwide network
- Multi-channel platforms

FINANCIAL PRODUCTS DISTRIBUTION
- Best products and services
- Deep understanding of customer behaviour
- Digital platforms
- Increased reach
- Superior experience

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

VALUE ENHANCEMENT
- Facilitating wealth-creation
- Preserving Investments
- Enabling long-term security
- Driving financial inclusion

Retail Offerings

Our customised retail offerings span a wide financial spectrum to fulfil the evolving customer needs. We offer our retail customers a wide range of products and services in

- Equity, commodities, currency broking (both cash and derivatives) and research
- Third-party financial products distribution including mutual funds, insurance products, fixed deposits, loans, tax services and pension products, among others
- Advisory services, including financial planning, equity portfolio advisory, access to alternate investments, retirement planning and estate planning

We empower our customers to access the capital markets through our multichannel platform. With an electronic brokerage platform, we facilitate our customers to track various portfolio parameters. Our retail brokerage and distribution businesses are bolstered by our wide-spread presence. The wide range of products and services we offer enables us to cater to the needs of a vast client base and thereby build stronger relationships with them.

₹ 178 billion, ↑ 26% YoY

The average daily equity market volumes for the capital market business

₹ 36 billion, ↑ 26% YoY

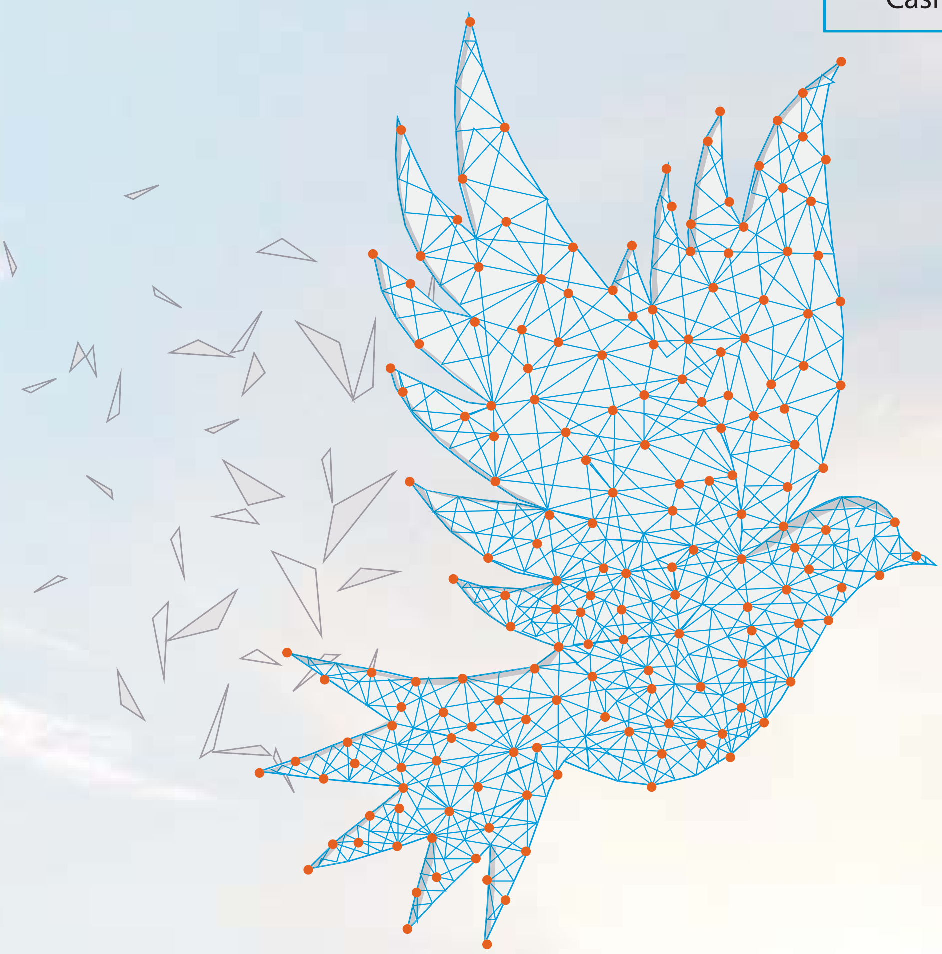
Mutual Fund AUM supported by the growth in large cap and index linked stocks

~2%

Overall market share

~3.5%

Cash market share



Institutional Offerings

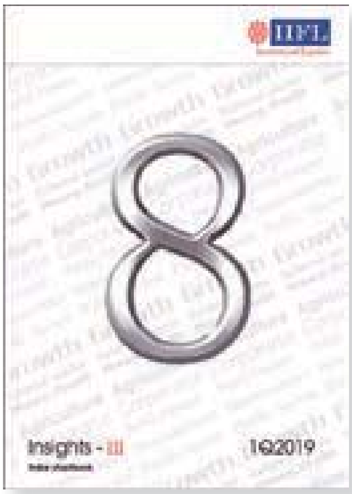
Our institutional equities business offers broking, research and corporate access services to institutional clients including to sovereign wealth funds, foreign portfolio investors, mutual funds, insurance companies, alternate investment funds, banks, pension funds, private equity, exchange traded funds, body corporates (including FDI investors), venture capital funds and development finance institutions. As a customer-centric company, we constantly strive to create value for our customers through our high quality products and services.

- Strong institutional research team comprising 25 analysts and 200+ stocks under coverage
- Excellent track record in block placements with institutional investors
- Reputed name for market leading distribution franchise across investor segments

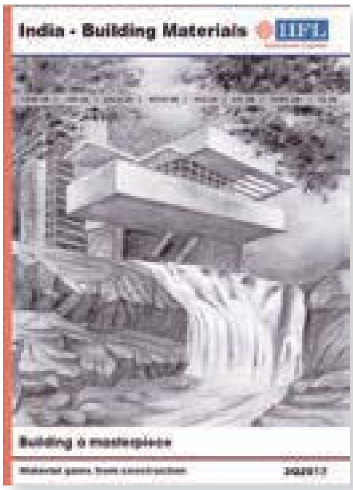
Insightful Research Offerings

The Company offers intensive research reports with an in-depth coverage of various sectors, economy, markets and companies.

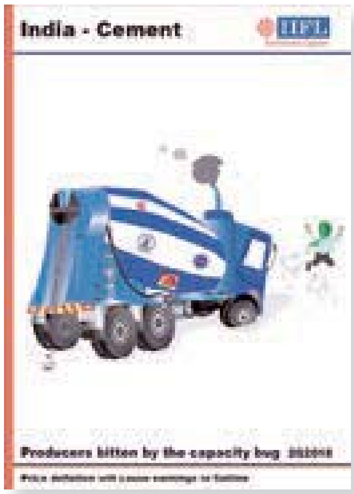
Our internationally acclaimed research reports



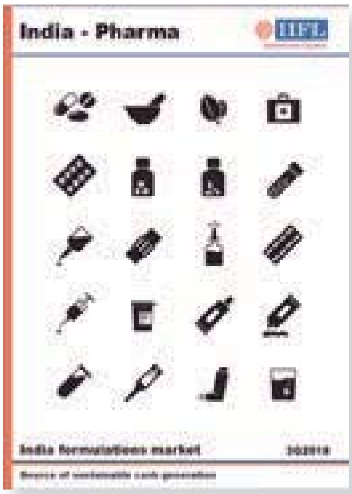
A comprehensive overview of near & medium term macro trends on eight key facets of the Indian economy



A detailed analysis on the material gains from construction

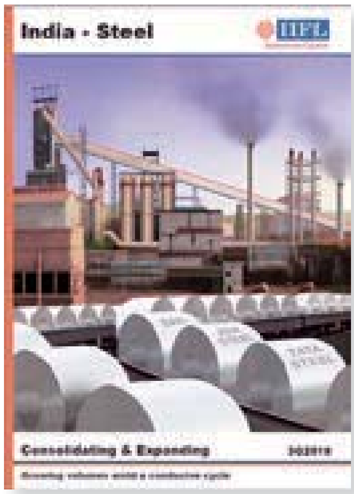


We explore the outbreak of capacity announcements which invites a looming price war over the medium term

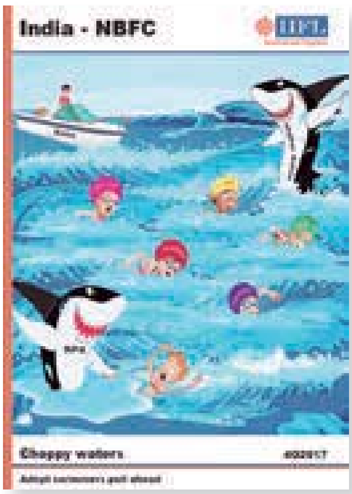


A detailed analysis of growth drivers and trends impacting the India formulations market

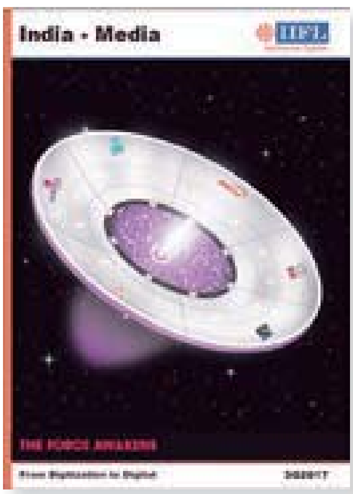
The report details the in and out of the dairy sector with initiation notes on Heritage, Parag and Prabhat



A detailed steel report highlighting ongoing industry consolidation and expansion



A detailed analysis of NBFC



A comprehensive overview of digitization to digital of Indian media

A deep dive into India's life insurance, focusing on the growth potential for protection insurance

Distinguished Investment Banking Services

Despite volatile market conditions, IIFL Securities completed more than 15 transactions in the year, including 3 IPOs, 4 QIPs and 1 ReIT. A leading player in equity raising for private sector corporates, the Company has won many accolades for its distinguished services.

The Company manages initial public offerings, further public offer, qualified institutional placement, rights issues, preferential issues, share buybacks, tender offers, delistings, etc. IIFL Securities also provides advisory services to its clients including private equity placements and mergers and acquisitions. The Company engages with its clients to understand their business model, financial and strategic needs and customises the products and services to suit their requirements.

Our strengths:

- Strong distribution capabilities with both domestic and foreign institutional investors for both private and public equity offerings
- Great execution skills, experience with regulatory issues, industry-specific expertise and excellent track record help us to garner more business from the existing and new clients
- Synergistic benefits from our existing relationships and referrals by other business divisions
- A pioneer in managing IPOs in sectors such as life insurance, general insurance, asset management among others

Marquee Issues

Embassy Office Parks ReIT QIP ₹ 47.5 billion (March 2019)	Aarti Industries QIP ₹ 7.5 billion (March 2019)	India Infoline Finance Ltd. Divestment of CV Finance business (March 2019)	ECL Finance Public Issue of NCDs ₹ 9.1 billion (December 2018)
National Stock Exchange of India Private Placement ₹ 5.0 billion (November 2018)	HDFC Bank QIP ₹ 27.8 billion (August 2018)	Credit Access Grameen IPO ₹ 11.3 billion (August 2018)	HDFC Asset Management IPO ₹ 28.0 billion (July 2018)
IIFL Wealth Management Private Equity ₹ 7.5 billion (June 2018)	Varroc Engineering IPO ₹ 19.6 billion (June 2018)	Simplex Infrastructures QIP ₹ 4.0 billion (May 2018)	Magma Fincorp QIP + Block Deal ₹ 8.9 billion (April 2018)

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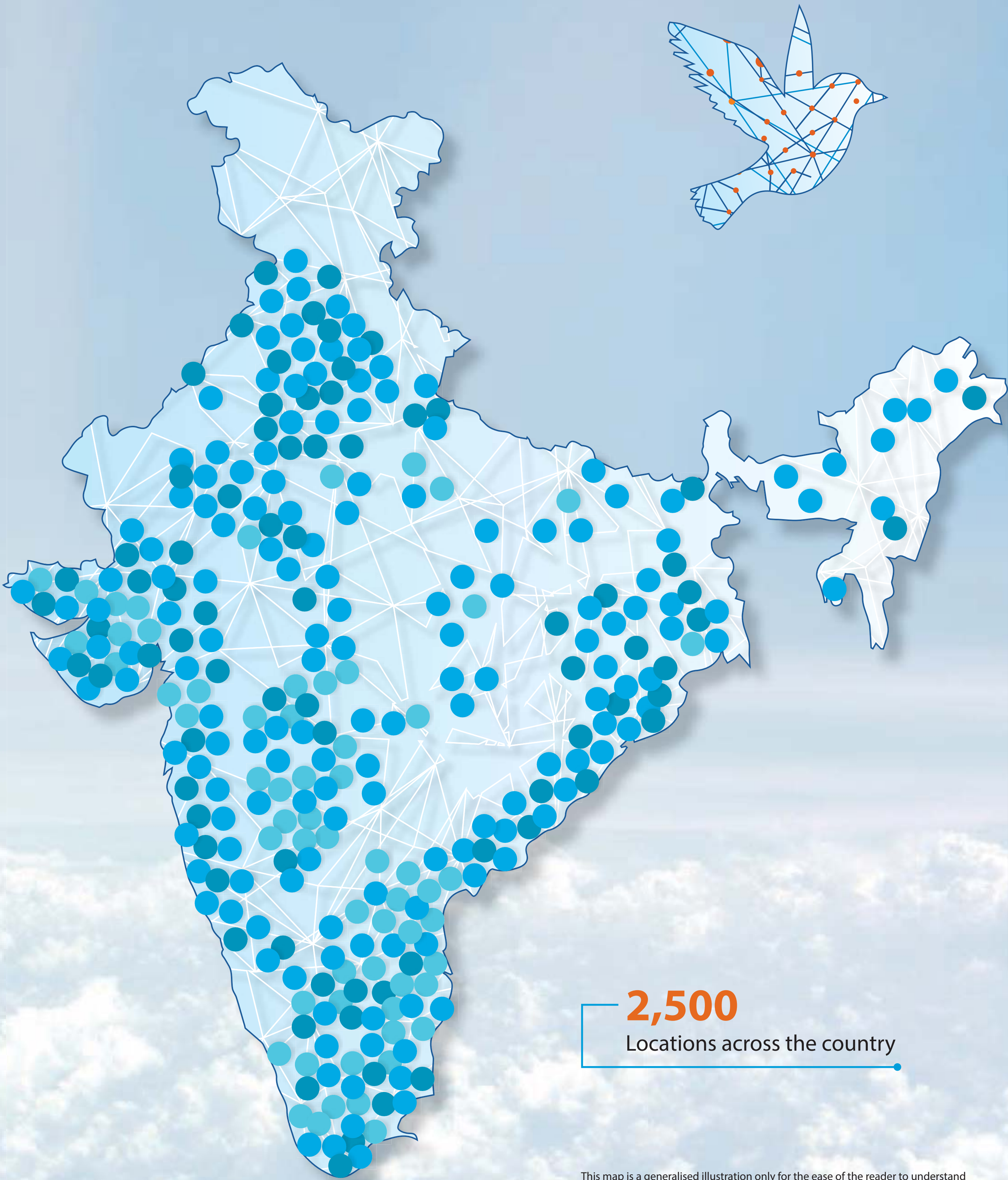
Widespread presence providing ease of access to customers

We operate from a network of about 2,500 points of presence covering our branches and business partners, over 500 cities in India.

Our branches and points of presence help increase connect with customers, giving them ease of access, and our embedded digital capabilities give us scale and expand reach and provide our customers with best-in-industry service



2,500

Locations across the country

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.

Our intrinsic strengths

Diversified product portfolio

- Retail & Institutional broking, investment banking , commodities, currency, F&O, distribution of mutual funds, PMS, insurance, pension funds etc
- A one-stop solution to cater to the investment requirements of people

Customer-first approach

- Relevant products and a seamless trading experience to fulfil our retail and institutional customers' requirements
- Highest quality of customer service in prompt and efficient manner

Leadership team with a vision

- Experienced and dedicated team of experts to initiate, conceptualise and execute operations
- Professionals from diverse backgrounds share our vision to power customers' financial growth

Cutting-edge technology

- Operations backed by an excellent technical infrastructure ensuring speed, accuracy and security for customers
- Digitised channels and feature-rich mobile app help cater a wider market at a faster pace

Widespread geographical footprint

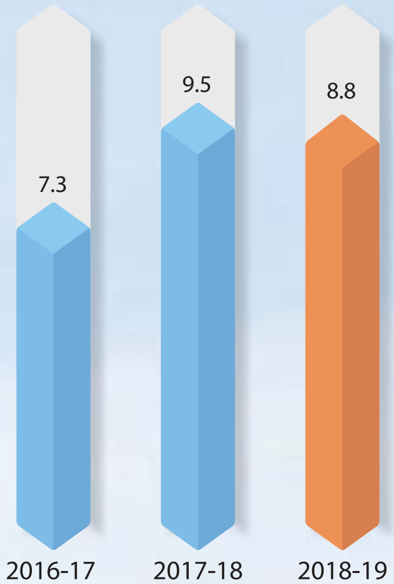
- Significant presence in metro cities, semi-urban and rural markets through an extensive branch and partner network
- Strong distribution and sales team to understand the aspirations of various customers

Sound risk and control framework

- Adequate systems of internal controls to achieve highest degree of transparency in all operations with effective compliance and regulations
- Holistic risk management system to build a stable and healthy portfolio across segments

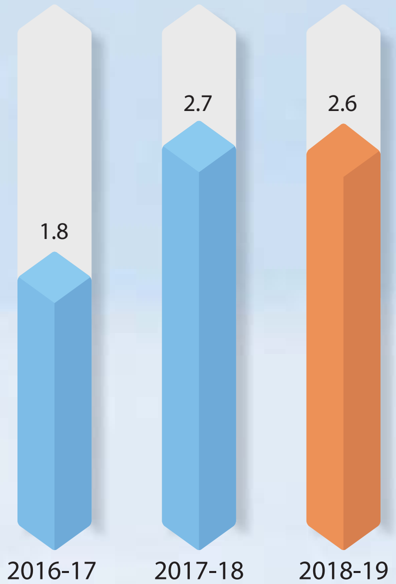
Financial highlights

Total Income (₹ billion)



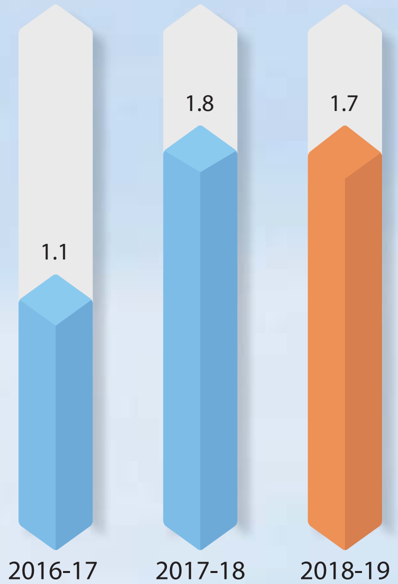
3 Years CAGR: 9.4%

Profit Before Tax (₹ billion)



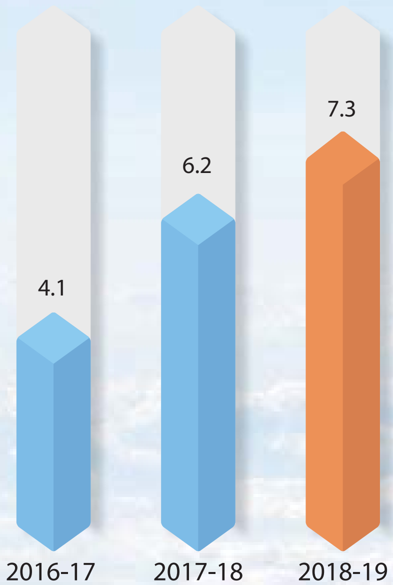
3 Years CAGR: 21.3%

Profit After Tax (₹ billion)



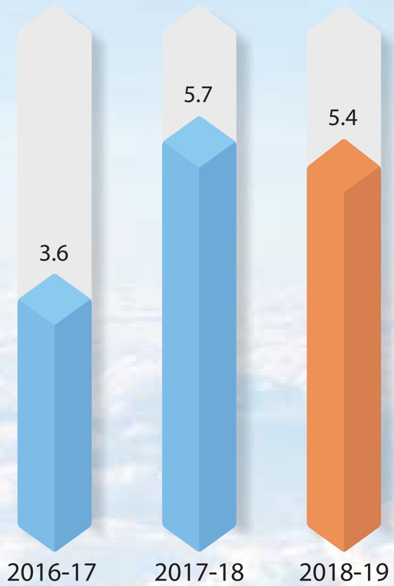
3 Years CAGR: 22.3%

Net Worth (₹ billion)



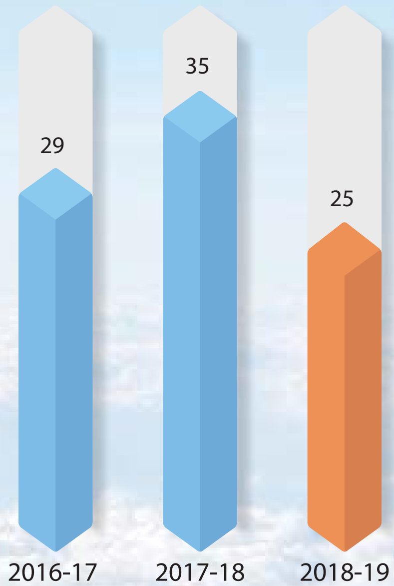
3 Years CAGR: 32.8%

Basic Earnings Per Share (₹)



3 Years CAGR: 22.0%

Return on Equity (%)



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Thriving on a rich legacy

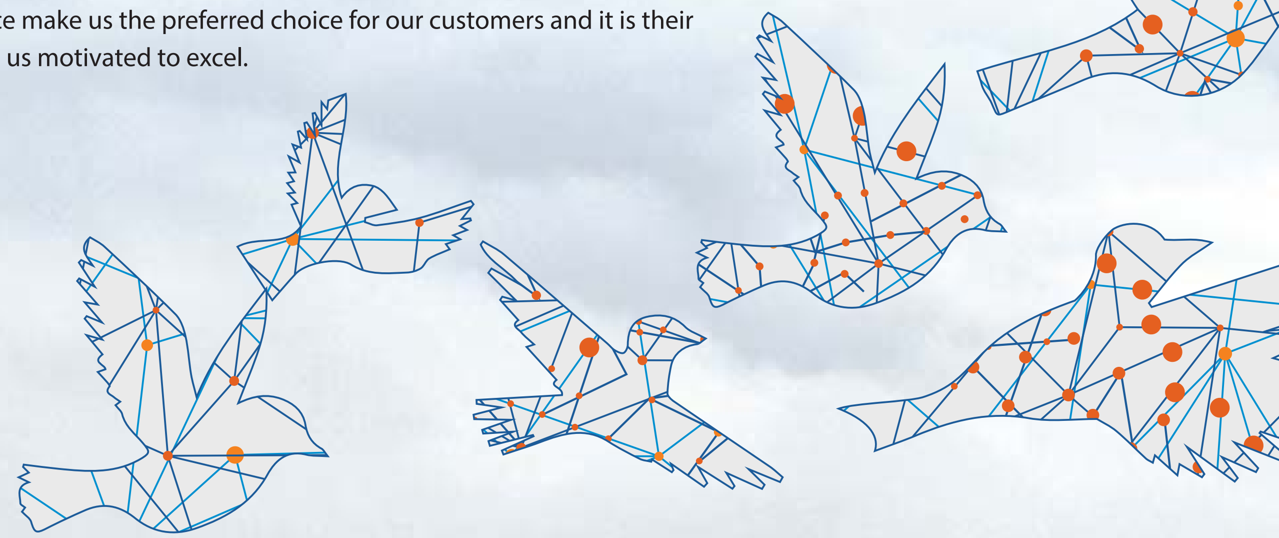
Poised for higher growth

For IIFL, the journey of a thousand miles began with a single step. A strong vision and an enterprising mindset led to the modest beginning of IIFL as an equity research firm. The Company initiated its growth journey with meticulous strategies and well-executed approach to business.

With a passion to provide the best-in-class products and services, we continued to leverage opportunities that came our way. We responded to the growing needs of customers by expanding our product portfolio across segments. From providing research products, we broadened our offerings to include retail and institutional equity broking, financial products distribution, advisory services and investment banking. A high-level of determination enabled us to rapidly scale new heights in the financial services landscape. Over the past two decades, IIFL Securities formed the core business of the IIFL group, achieving significant milestones. Our evolution in the capital market is the culmination of the relentless efforts of a motivated team, providing high quality and insightful financial services.

Today, the 'IIFL' brand is a well-established and reputed name in the broking and financial services sector in the country. Our customers associate our brand with quality services and corporate values of integrity, trust and honesty. Integrated digital platforms and industry expertise has aided in increasing customer loyalty, retain our existing customers and gain new ones.

Since the incorporation of IIFL in 1995, 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. We strongly believe that a solid foundation, robust core, deep network, comprehensive product suites and great customer service make us the preferred choice for our customers and it is their trust that keeps us motivated to excel.



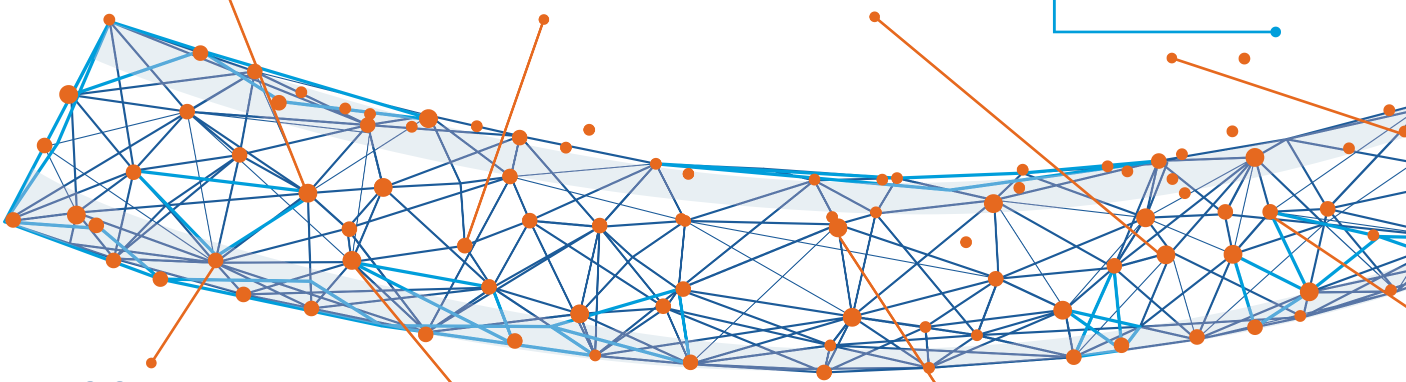
IIFL Group's inspiring evolution over two decades

1997
Focused on high quality-led research products - Probity 200 Company Reports, Economy Probe and Sector Reports to be subscribed by leading FIIs, brokers, banks and companies.

2000
Pioneered the online trading space by launching 5paisa.com with full service brokerage at 0.05% when the industry was at 1-1.5%.

2003
Launched 'Trader Terminal', a pioneering technology built over 3 years, which revolutionised the online trading landscape.

2005
Accelerated the growth momentum post the listing of IPO on the NSE and BSE.



1995
Originally incorporated in 1995 as Probity Research and Services Pvt. Ltd. - an independent equity research firm by a small group of passionate individuals.

1999
Launched online portal www.indiainfoline.com to make the research reports available free on the internet, backed by an investment of US$ 1 million from the CDC group.

2001
Became India's first Corporate Agent for Insurance despite funding challenges caused by the 'internet bubble'.

2019
IIFL Securities will soon be listed on the stock exchanges. The Company is well-positioned to operate independently and capture growth opportunities in the financial services space.

2017
5paisa undertaking demerged and listed.

2011
Incorporated the IIFL Asset Management Company and launched IIFL Mutual Fund mobile app to ensure coverage of the entire gamut of financial services.

Investment by Carlyle Group.

2018
Witnessed the reorganisation of IIFL group whereby IIFL's major business undertakings – financing, wealth management and securities businesses were restructured as separately listed entities, enabling each entity to focus more on its core business verticals.

2009
Organised the first Global Investor Conference, 'Enterprising India' and received an overwhelming response for the same.

2015
Launched IIFL Markets, a stock trading mobile application,to provide a seamless trading experience to the customers. It soon became the highest rated (4.4) and most downloaded stock trading app on Android and IOS, amongst peers.

2010
Investment by Prem Watsa-promoted Fairfax Group.

2007
Forayed into Institutional Equities with a remarkable stride. With a high profile institutional team, IIFL became the port of first call for FIIs and DIIs.

2004
Expanded the product basket by introducing commodities broking to retail investors.

Our journey that began with providing **research offerings**, continues to be as exciting as we evolve into an all-encompassing company providing **retail and institutional broking, advisory, distribution and investment banking** services.

Leveraging technology architecture

Driving higher efficiency across processes

We have been at the forefront of advanced technology adoption, developing investment solutions that improve customer experience. The Company has continuously invested in state-of-the-art technology infrastructure to build a strong back-end system. A highly responsive customer portal aided by data analytics ensures enhanced efficiency and superior client relationships.

The IIFL Markets Mobile application

IIFL Markets is one of the top rated mobile applications for trading and market monitoring activities.

New features launched during the year include:

- Bracket and cover orders with trailing stop loss functionality for Swing traders
- 360 degree report to monitor the investments, their value and portfolio composition
- Easy access to research reports on Equity, IPO, Strategy and Morning Mantra
- Screeners to pick the stocks based on pre-defined variable in live market
- Facilitates Superstar Portfolio and Advance Trade Multiple Orders

4.3
Rating on play store

3+ million
App downloads

39%
Share in the total brokerage

52%
Clients trading through mobile App

IIFL Mutual Funds Application

Mutual Funds (MF) app is a one-stop shop for customers to invest, track and monitor various types of mutual funds, get valuable recommendations and latest updates.

New features launched during the year:

- Paperless SIP and real time approval through internet banking
- Online transfer of holdings from other intermediaries to IIFL
- Smart Save with instant redemption feature
- Easy switch from Scheme A to Scheme B within the same portfolio
- Systematic Transfer Plan (STP) and Systematic Withdrawal Plan (SWP)
- Quick access to account statement, capital gain statement, dividend history etc.

4.3
Rating on play store

800,000
App downloads

AAA: A one-stop solution for entrepreneurs interested in the capital market

With an objective of facilitating those who want to follow entrepreneurship route in the capital markets, IIFL Securities has launched a mobile office solution 'AAA' i.e. Advisor Anytime Anywhere (AAA).

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

- Helps manage client investments, access quality research and training material
- Allows end-to-end execution for a bouquet of financial products like Equities, Commodities, Currency, Mutual Fund, Insurance, Fixed Deposits, IPO, NPS and Loans, among others
- Facilitates advisors to monitor their business performance effectively
- Offers relevant learning content andcomprehensive client reports
- Enables financial planning through tools like Goal Planning, research and IIFL View, among others
- Allows engagement with client network through various marketing tools
- Provides centralised supportfrom a dedicated team and 24x7 AI-enabled chatbot

Strategic acquisition in Trendlyne

IIFL Securities acquired 14.7% strategic stake in fin-tech startup Trendlyne, a stock market analytics platform for retail investors, analysts, fund managers and advisors. This strategic move will enable the Company to focus more towards providing superior investment solutions.

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Leading with people

Driving employee excellence

Fostering a balanced work environment

At IIFL, employees are at the centre of the drive to excellence and we believe in caring for them as a family. We are focussed on attracting, developing and retaining relevant industry talent. We take pride in providing an inclusive and diverse work culture in which everyone feels included and empowered. Our committed workforce bring our vision, values and strategy to life and help deliver the best customers experience.

We believe in a culture of teamwork, continuous learning and work-life balance. During the year, we initiated various learning programmes to ensure that our people are equipped with essential learning skills and leadership traits.

Digitised learning

We emphasize on maximising the use of digital platforms, right from the on boarding stage. IIFL offers e-learning modules, live webinar sessions and video based modules in vernacular languages to ensure the regional adaptability and effective learning at the same time.

In house pre-training model

The Company has in place a structured learning experience for all new hires through an in house pre-trained model called RISE – 'Readiness to IIFL through Skill Enhancement'. The project has been designed to familiarise and engage new members with the organisational structure, its culture and principles. It comprises in-depth training on business aspects, on the job training & a subsequent refresher programme. The robustness of this program earned the organisation a much coveted industry recognition during the People Matters L&D Awards 2018 as 'Winner of Best in On Boarding Solutions'.

Leadership program

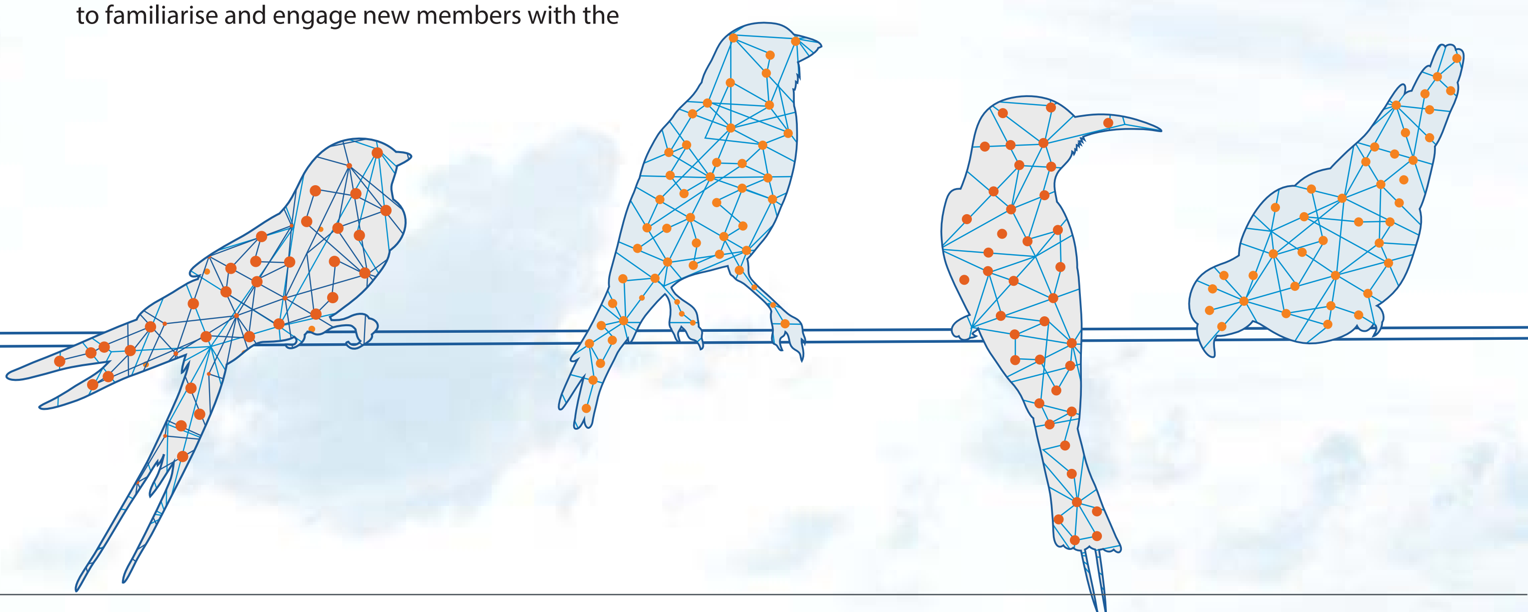
With strong thrust on creating future leaders, our role-based Leadership Programme, 'Leadership Mantra' was launched during the year, aimed at re-skilling front line leadership towards managing teams more effectively.

Management development program

We conducted various learning programmes spanning across sales & business strategy, leadership & team building and creative thinking & decision making.

Encouraging gender equality: Women at the forefront

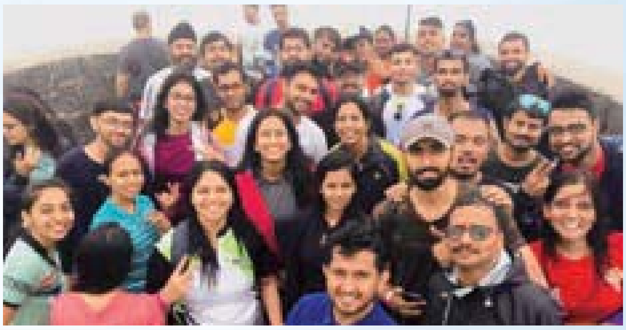
At IIFL, we are committed to create a workplace environment where equal opportunities is provided to all. Our work culture allows women to foster their creativity and ingenuity into their jobs. Our women-centric interventions takes care of the significant career phases faced by women team members.



A session with Senior Management of IIFL

Speedmentoring session for Women Employees

- IIFL's Women Returnee Policy known as 'Bring Them Back Policy', aims at rehiring women from sabbatical
- Flexible hours, work from home or choice of location for new mothers, along with day care service partners at certain locations
- Speed mentoring session are held for all women employees to meet inspiring women leaders form industry, seek their views and exchange ideas



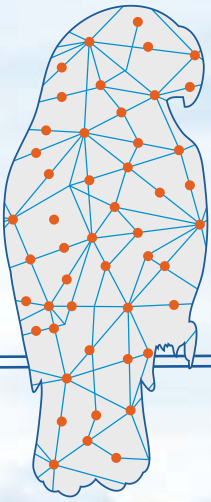
Employees during the Koraigad tour

IIFL Human Resources
awarded for Smart Technology, Employee Culture, Creative Engaged Employee Plan and Employee Experience Design at Employee Engagement Summit 2018

Football team – Men

22%
Female employees

HR induction session



Training session for the women employees

Women employees in a group activity session

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Chairman's message

We are optimistic about our growth opportunity and the Company will continue to march ahead with its robust set of core values that have been its guiding force along with a strong focus on innovation and customer service.

Set for a new beginning

Dear Shareholders,

Over the two decades, your Company has built a rich legacy, evolving from a pure research house to a full-fledged securities business undertaking. In 2018, the parent Company, IIFL Finance Limited, took a strategic decision to restructure the group which would result in three separate entities for each of its core businesses – loans and mortgages, wealth management and capital markets. IIFL Securities Limited, now an independent entity which will soon be listed, has an extra edge in the industry with a strong foundation, value-driven fundamentals and end-to-end digitised processes.

Although facing challenges,the Indian economy remained one of the fastest growing economies in the world. Various structural reforms like Goods and Services Tax (GST) and the Insolvency and the Bankruptcy Code (IBC) led to a shift towards an organised economy and the Indian equity markets scaled all-time highs with the Sensex rising nearly 17% in FY19 - the highest growth in any fiscal year since FY10, despite volatility due to elections. During the second half of the year, the economy faced headwinds with global economic turmoil and slowdown in many domestic industries and businesses. The RBI has forecast GDP to grow at 7.2% in fiscal 2020, but this will be contingent on assumptions of financial markets stability and credit flows, a normal monsoon and incremental monetary and liquidity easing.

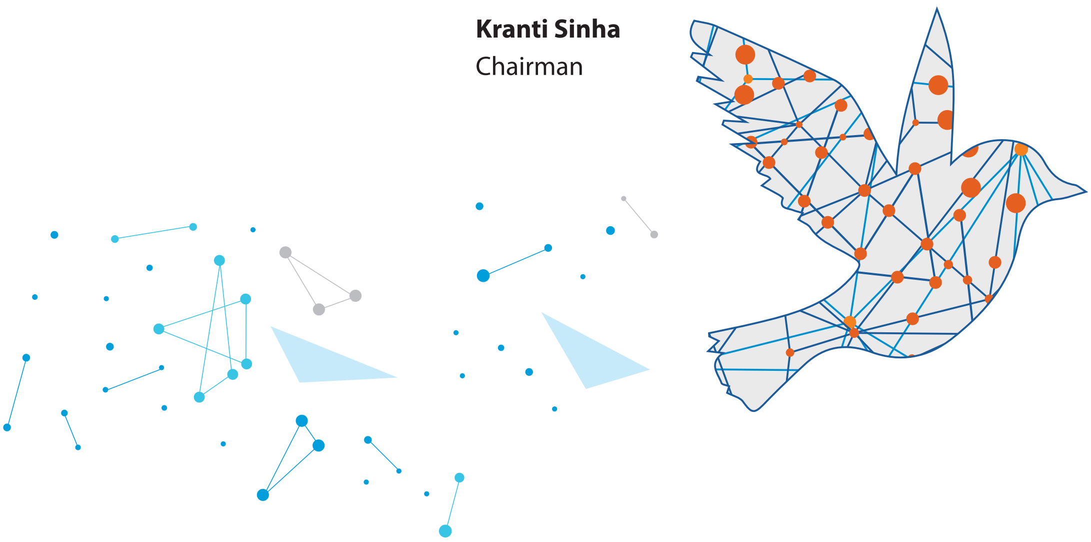
IIFL has grown over the years to become a leading name in the financial services industry. The Company provides advisory and broking services, financial product distribution, institutional research and investment banking services. It offers a differentiated value proposition through superior digital platforms, diversified products, strong research capability, a highly qualified and capable team, and customised solutions. In the fiscal year 2019, your Company has sustained performance despite the volatility in capital markets. Over the course of its journey, it has witnessed various industry cycles and has the capability to withstand challenges.

We are optimistic about our growth opportunity and the Company will continue to march ahead with its robust set of core values that have been its guiding force along with a strong focus on innovation and customer service.

I would like to take this opportunity to appreciate all employees for their passion and commitment towards the Company's vision, and express my gratitude to all the directors, customers, shareholders and other stakeholders for their continued confidence in the Company as it progresses on an exciting path ahead.

Regards,

Kranti Sinha
Chairman



Managing Director's message

Our strong customer relationships, robust risk management systems, compliance orientation and dedicated customer servicing helped our business. In the coming year, we will continue to focus on state-of-the-art technology tools with a keen focus on customer satisfaction.

Leveraging the legacy

Dear Shareholders,

It gives me immense pleasure to present to you the 24th Annual Report of IIFL Securities Limited. IIFL Securities will soon be listed on the stock exchanges, born out of IIFL Group's reorganization over the past year.

As you all know, the IIFL Group was founded as an equity research firm two decades ago and has grown leaps and bounds over the years to have become one of the largest diversified financial services provider in the country. The Capital Markets business was the bedrock on which the fortunes of IIFL group were built and, as such, is the foundation of our strong legacy.

'Excellence is the unlimited ability to improve the quality of what you have to offer.'

~ Rick Pitino

As we embark on a new phase in our journey, it is reassuring to look back at the distance covered. We have over the years built a strong core, honed our skills and implemented best practices born out of experience, with a single-minded aim to achieve excellence. It is on the back of this legacy that I look at the future with confidence and excitement.

Our performance

Your Company registered a total income of ₹ 8.8 billion during the financial year 2018-19, while the profit after tax stood at ₹ 1.7 billion. We maintained ~3.5% share of daily cash turnover and a ~2% share in total turnover of Stock Exchanges. Our institutional research catered to over 500 companies and our Investment Banking team completed more than 15 transactions across various products, including QIPs for Embassy Office Parks REIT, HDFC Bank, Magma Fincorp, IPOs for HDFC Asset Management, Varroc Engineering, Credit Access Grameen, Private Placement for National Stock Exchange of India among others.

During the year, pursuant to regulatory enablements, the Company also started commodities broking service under its banner, enabling providing all securities' services under a single platform. Investment Banking earlier carried on under IIFL Finance Limited (formerly IIFL Holdings Limited), now operates under the Company, pursuant to effecting the demerger.

IIFL's tenth Enterprising India - Global Investors' Conference was held from the 13th to 15th of February 2019 with the theme 'Elections-Economy-Earnings" and witnessed participation from 122 companies and 700+ investors.

The Company won many accolades over the year including 'Best Use of Digital Media/Platform in the Share Trading Category' at the Drivers of Digital Awards for IIFL Markets App, 'Best Financial Advisory Services for NRIs' at the UAE-India Economic Forum, the 'Go Green Initiative for Executing Maximum Digital Transactions' by NSDL at the Star Performer Awards 2018, 'Best IPO Bidding Member – Retail' at NSE Market Achievers Awards and many more.

The Indian economy and financial sector witnessed several headwinds post the IL&FS crisis in September, 2018 and investor sentiment weakened consequently. The performance of the Company was also impacted during the year due to this market volatility. However, our strong customer relationships, robust risk management systems, compliance orientation and dedicated customer servicing helped our business. Moreover, with government's and regulator's various positive measures, we are optimistic of a recovery in the second half of the coming year. Demand for financial services like ours will remain robust due to under-penetration and need for people to channelise their savings. We aim to leverage our cutting edge products, superior customer services,

research and advanced technologies to boost our performance.

The digital edge

We are leveraging the digital ecosystem to offer our customers a compelling experience. Today, customers require greater personalisation and convenience, across products. Our marquee mobile applications - IIFL Markets and IIFL Mutual Funds which are highly rated and well appreciated among customers, along with our proprietary web trading portal, cater effectively to these requirements.

During the year, we also announced the launch of 'AAA' (Advisor Anytime Anywhere). Through the distinctive proposition of 'AAA', IIFL Securities is creating a gateway of opportunity to empower IFA aspirants, specifically in tier II and III cities and help them realise their entrepreneurial dreams. AAA promises to offer a one stop solution for an entrepreneur interested in financial advisory with access to stock markets, mutual funds, news, expert views, research and learning modules. With AAA we are planning to expand our distributor network significantly in FY20.

Looking ahead

In the coming year, your Company will continue to focus on state-of-the-art technology tools with a keen focus on customer satisfaction. We are poised to capitalise on opportunities.

I would like to thank our shareholders, customers, bankers, partners, regulators and employees for their consistent support and look forward to strengthening our relationship in the future.

Regards,

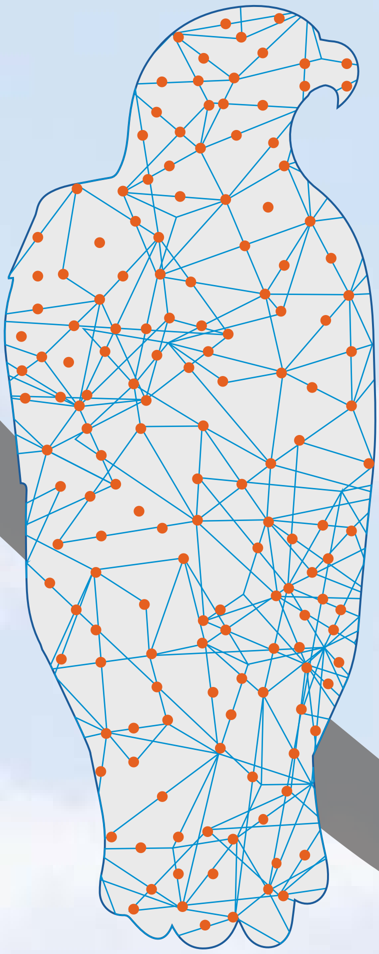
R Venkataraman
Managing Dircetor

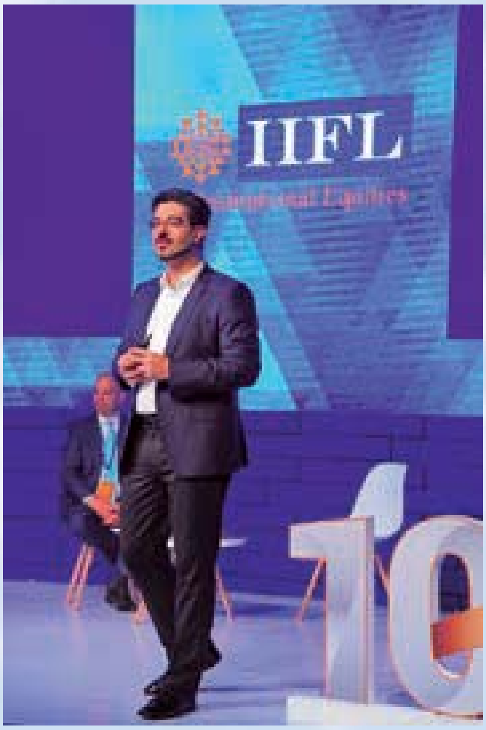
Enterprising India Investor Conference

IIFL's tenth Enterprising India - Global Investors' Conference was held from the 13th to 15th of February 2019. This time the theme was 'Elections-Economy-Earnings'.

The Enterprising India Conference brings together some of the most notable industry experts, investors and corporate presenters. This year, we witnessed participation from 122 companies and 700+ investors. Additionally, we also featured 25 specialist speakers, including **Dr. Jim Walker**, renowned economist; **Mr. Manish Sabharwal**, Chairman - Team Lease Services; **Mr. Shekhar Gupta**, Editor in Chief – The Print; **Mr. Amitabh Kant**, CEO - NITI Aayog; **Mr. Krishnan Sitaraman**, Senior Director – CRISIL; **Mr. Nikhil Ojha**, Partner (Mumbai) - Bain & Company; and **Mr. Amin Toufani**, Chair - Finance & Economics, Singularity University (New York).

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





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Awards and recognition

Drivers of digital awards 2018

- IIFL Markets App received the award in the category – Best Use of Digital Media/Platform in the Share Trading Category
- mf.indiainfoline.com won in the category – Online Engagement and Loyalty Scheme of the year and Best Online Payment Solution (Merchant)
- www.indiainfoline.com received Mobby's Award at World Marketing Congress for 'Best Financial Website'

Accredited with *Qadat Al Tagheer Award* under the 'Best Financial Advisory Services for NRIs' category at the UAE-India Economic Forum

Won 'ET Now Making of Developed India (MODI)' Award for Brand and Marketing Excellence under the category 'Best use of Technology to improve Customer Service in Financial Industry'

Honoured with 'Go Green Initiative for Executing Maximum Digital Transactions' by NSDL at the Star Performer Awards 2018

Received the 'Most Innovative Wealth, Assets and Investment Management Service/ Product Award' for 'IIFL Markets App' by ET Now and BFSI Awards

Won NSE Market Achievers Awards 2018 in the 'Best IPO Bidding Member – Retail' category

Awarded in the category Customer Excellence at the India CX Summit& Awards 2019, presented by Zendesk

IIFL Human Resources awarded for Smart Technology, Employee Culture, Creative Engaged Employee Plan and Employee Experience Design at Employee Engagement Summit 2018

Board of Directors

Kranti Sinha
Independent Director

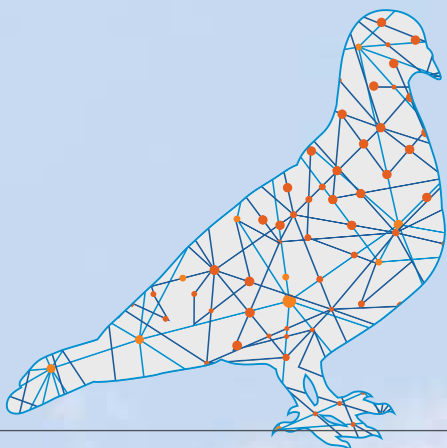
Kranti Sinha is an Independent Director and Chairman on the Board of our Company. He holds a Master's degree in Arts from Agra University and started his career as a Class I Officer with Life Insurance Corporation of India ("LIC"). He served as Director and Chief Executive Officer of LIC Housing Finance Limited from August 1998 to December 2002 and concurrently as the Managing Director of 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 Managing Director of our Company. He holds a Bachelor's degree in Technology in Electronics and Electrical Communications from the Indian Institute of Technology, Kharagpur and a Master in Business Administration from the Indian Institute of Management, Bangalore. He joined our Company in 1999 and is currently a promoter and the managing director of IIFL Finance Limited (formerly IIFL Holdings Limited). He has a varied experience of over 28 years in the financial services sector. Prior to this, he worked with ICICI Limited, ICICI Securities Limited, and Taib Capital Corporation Limited. He has also served as the assistant vice president of GE Capital Services India Limited in their private equity division.

Mohan Radhakrishnan
Whole-time Director

Mohan Radhakrishnan is a Whole-time Director on the Board of our Company. He is a qualified Chartered Accountant. He has over 32 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 last 14 years. 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 among others.



Narendra Deshmal Jain

Whole-time Director

Narendra Deshmal Jain is a Whole-time Director on the Board of our Company. He holds a Bachelor's degree in Commerce from University of Mumbai and is a qualified Chartered Accountant. He has over 21 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.

Aniruddha Dange

Non-executive Director

Aniruddha Dange is a Non-executive Director on the Board of our Company. He holds a Bachelor's degree in Metallurgical Engineering from the Indian Institute of Technology, Bombay and has a degree in Masters of Business Administration from the Indian Institute of Management, Calcutta. He has over 25 years of experience in the financial services industry. Prior to joining our Company, he worked at ICICI Securities Limited, at ABN Amro and thereafter, at CLSA, covering the technology, media and telecom sectors and became the head of research in 2003, leading a team of 15 research analysts at CLSA, where he worked for nine years, before joining our Company.

Rekha Warriar

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.

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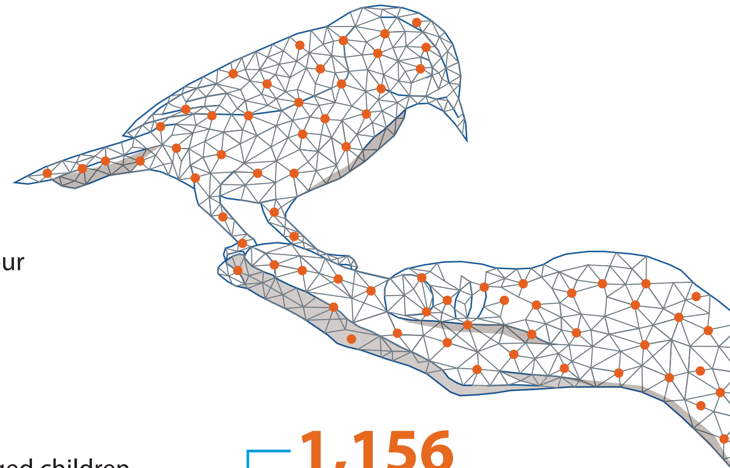
Being responsible and sustainable



Social developmental initiatives are a key focus area for IIFL and our efforts are aimed at empowering the society at grassroot level.

Transforming lives through education

'Sakhiyonki Baadi'

IIFL is committed on imparting quality education to underprivileged children of the society. Therefore, with a special focus on education, IIFL Foundation has by set up schools in many districts of South Rajasthan including tribal districts of Rajsamand and Udaipur. Backed by innovative teaching practices, it has successfully brought 34,452 out-of-school girls into the fold of education.

Mission 'Chouras'

With the aim of providing access to education and a place of safety for children of construction workers, IIFL foundation has initiated learning centres-cum-creches. Mission 'Chouras' is supported by trained teachers to teach children, who are otherwise deprived of basic education.

1,156
Community schools

34,452
Girls benefited during the year 2018

50+
Children benefited through Chouras

Addressing healthcare challenges

Annual Mega Camp 2019 at Barsana

- Organised an eye and dental check-up camp at Barsana – country's renowned place of pilgrimage
- Offered 'Free of Cost' eye and dental check-up to beneficiaries, primarily from 120 villages

Eye Camp

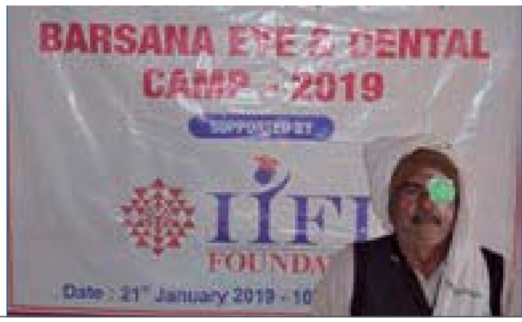
- All the patients at the camp were provided eye check ups
- Around 1,096 patients were operated for cataract surgery

Dental camp

- Provided dental check-up services to patients and distributed free dentures to 62 patients
- Educated patients on oral cancer along with a general orientation on oral hygiene

2,863
Beneficiaries

1,416
Beneficiaries



Medical equipment at Government Hospital

IIFL Foundation extended its support, by providing and upgrading medical equipment at Municipal General Hospital in Mumbai (Sion). The aid intends to support treatment of patients from marginalised section of the society.

Safeguarding the ecosystem

Water conservation at Aurangabad

IIFL Foundation has taken the lead to address the acute shortage of waterby constructing water trenches at five locations - Shirodi, Wahegaon, Jalegaon Mete, Satal Pimpri and Khambgaon in the Auragabad district of Maharashtra. Spanning across 4.43 km, these trenches help to make ground water positive and recharge the wells.

58.92 crore litres
Water conserved

10,644
Individuals benefited

31,630
Livestock benefited

Our community initiative: IIFL Milan

IIFL Foundation launched a new community connect program called 'IIFL Milan'to organise unique initiatives with asocial impact.

1) *Sehat ki baat, aap ke saath*

Helped create awareness on various lifestyle and health-related habits. More than 1,080 health camps organised in a single day in over 700 locations

2) *Rangon ka milan*

A drawing and slogan contest, was held across 1,240 branches in a single day in over 700 locations. More than 39,200 citizens participated with diverse topics such as 'A healthy India', 'Educated girl child' among others

3) *Aao banayein swasth Bharat*

Health camp drew participation from 30,225 citizens, especially women and senior citizens. More than 1,060 health camps were organised in over 700 cities and towns

3) Future *ka ganit*

Workshops were organised at 1,206 branches across 700+ cities to promote financial literacy. The workshop was attended by more than 52,000 citizens

DIRECTORS' REPORT

Dear Shareholders

On behalf of the Board of Directors, it is our pleasure to present the First Annual Report after effecting the De-Merger of IIFL Finance Limited (Formerly IIFL Holdings Limited), the Listed Company and the Twenty Fourth Annual Report of IIFL Securities Limited ("the Company"; erstwhile India Infoline Limited), together with the Audited Financial Statements for the year ended March 31, 2019. We welcome all the shareholders of IIFL Finance Limited, pursuant to allotment of shares of the Company in June 2019, upon affecting the Composite Scheme of Arrangement.

Highlights of Financial Performance

The Company has recorded the following financial performance, for the year ended March 31, 2019:

1. Financial Results

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2018. Financial statements for the year ended and as at March 31, 2018 have been restated to conform to Ind AS.

A summary of the financial performance of the Company and its major subsidiaries, for the financial year ended March 31, 2019, is as under:

(₹ in million)

Name of the Company	Revenue	Profit after Tax
IIFL Securities Limited	7,058.05	1,449.39
IIFL Facilities Services Limited	1,119.84	122.77
IIFL Insurance Brokers Limited	367.27	120.66
IIFL Management Services Limited	334.17	27.68
IIFL Capital Inc	243.33	22.99
IIFL Wealth (UK) Limited	115.82	-9.95

- Consolidated Financial Results

A summary of the consolidated financial performance of the Company, for the financial year ended March 31, 2019, is as under:

(₹ in million)

Particulars	2018-19	2017-18*
Revenue	8,755.65	9,471.93
Profit Before Tax	2,580.81	2,735.31
Profit After Tax	1,714.33	1,805.76
Total Comprehensive Income	1,721.01	1,797.63

* Previous period figures have been regrouped/rearranged, wherever necessary

- Standalone Financial Results

A summary of the standalone financial performance of the Company, for the financial year ended March 31, 2019, is as under:

(₹ in million)

Particulars	2018-19	2017-18*
Revenue	7,058.05	7,426.57
Profit Before Tax	2,162.73	2,412.75
Profit After Tax	1,449.39	1,575.08
Total Comprehensive Income	1,457.32	1,567.85

* Previous period figures have been regrouped/rearranged, wherever necessary

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

The Company's consolidated revenue was ₹ 8,755.65 million in the financial year 2018-19 as against ₹ 9,471.93 million in the financial year 2017-18, a decline of 7.56% from that of previous year. The Company has earned consolidated net profit of ₹ 1,714.33 million compared with the previous year net profit of ₹ 1,805.76 million, a marginal decline of 5.06% from that of previous year.

I. Broking and Distribution

The Company's broking & distribution services continues 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. A combination of reduced investor optimism, shocks in the debt market, and uncertainty about the consumption story led to a volatile year, in terms of inflows to the markets. Despite these headwinds, the average daily equity market volumes for the capital market business surged 26% year-on-year (y-o-y) to ₹ 177.96 billion. The Company has continued the acceleration in new client acquisition, with the retail broking business adding 88,398 new customers in FY 18-19.

As you are aware, IIFL offers a varied product/service suite to its customers – equities, commodities and currency broking, mutual fund distribution, depository participant services, portfolio management services, structured products, and Investment Banking. The distribution business faced significant headwinds during the year due to the volatile situation, with high networth clients taking longer to commit funds towards capital market-linked investments. Our Mutual Fund

DIRECTORS' REPORT (Contd.)

distribution AUM grew 25.6% to reach ₹ 36.25 billion at the end of FY 18-19, supported by growth in the large-cap and index-linked stocks. Net mutual fund inflows for the year were ₹ 3.53 billion. The retail investors remain committed to building long term wealth, as witnessed in our SIP AUM growing to ₹ 6.18 billion, a growth of 64.8% year on year. Distribution strength was also witnessed when the Company emerged as the top distributor for the Non Convertible Debentures (NCD) issue of India Infoline Finance Limited, by garnering ₹ 106 billion of subscription from a large number of clients towards the same.

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 over 2.7million downloads. Since its launch in February 2015, the brokerage earned and the number of retail clients trading on mobile is on a steady rise. D-I-Y (Do It Yourself) based mobile trading revenue contribution crossed 50% in the last quarter of FY18-19 and over 40% of the total client base has used this channel for trading. New enhancements continue to add value to users and help keep them engaged on the platform in a sustainable manner. IIFL has also launched a holistic goal-based investment management solution to help investors target key lifestyle goals.

Our focussed and consistent efforts towards digitisation and enhancing our service offering & manpower productivity have resulted in improved profitability and enhanced operating margins for the retail broking business.

II. Institutional Equities

Market volumes in the institutional segment were more or less the same as the previous year's. The Company's market share was marginally higher on a year-on-year basis. The pressure on yields remained unrelenting, compressing them by almost 2bps in FY18-19. Our efforts to invest in the F&O business paid off; volumes were up almost six times YoY, albeit on a relatively low base. The Company's institutional equities research continued to be one of the best ranked on the Street.

III. Investment Banking

Despite the market volatility, especially in the second half of the fiscal, our investment banking division completed more than 15 transactions, including 3 IPOs, 4 QIPs and 1 ReIT listing. The Investment Banking division continues to have market leadership in equity raising for private sector corporates and has been ranked No. 1 in equity capital raising for private sector companies covering equity IPOs, FPOs, QIPs, ReITs, InvIts and IPPs during FY17-19. For the second year in a row, the Investment Banking division has been ranked as the Best IPO Lead Manager - India, by Capital Finance International ("CFI.co") in 2019.

Some of the large transactions completed by the Company's investment banking division in FY18-19 include:

i. ₹ 47.5 billion ReITs issue of Embassy Office Parks;

ii. ₹ 28 billion IPO of HDFC Asset Management Company;

iii. ₹ 27.75 billion QIP of HDFC Bank;

iv. ₹ 11.31 billion IPO of CreditAccess Grameen; and

v. ₹ 7.5 billion QIP of Aarti Industries.

The Company has a robust pipeline of investment banking transactions across a number of product categories, which are in different stages of execution. The Company's investment in people and processes for the past few years is starting to bear fruit, 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 repeated business.

3. Macro-economic Overview:

India was the fastest growing economy in the world in FY19 and is expected to sustain the same pace in FY20. Various structural reforms like Goods and Services Tax and Insolvency and Bankruptcy Code led to a shift towards an organised economy and improved ease of doing business. India's real GDP grew at 7.1% in FY19. Price levels remained within RBI's target and headline inflation largely remained at the same level as the previous year.

The Indian economy was adversely affected with the global slowdown, increase in commodity prices, fiscal slippage and domestic liquidity transmission, causing a slowdown in consumption. Growth rates were adversely affected across sectors; Manufacturing slowed from 16.7% YoY in Q1FY19 to 11% YoY in Q3FY19, agricultural output from 6.8% YoY in Q1FY19 to 2% YoY in Q3FY19 and Services remained stagnant at ~13% through FY19. Despite facing headwinds though, the economy demonstrated resilience in 2018-19. Indian Capital Markets remained attractive for domestic and global investors and investment in Mutual Funds continued to see traction.

Developments on the digital front have been impressive in the past year. The Government's 'Digital India' initiative has led to major transformations in the traditionally cash-driven economy. Digital payments and transactions have boomed in recent times and technology initiatives are expected to revolutionise the financial services industry.

4. Industry Overview

Despite headwinds from the global slowdown and the transient impact of demonetisation, the Indian economy demonstrated resilience in FY18-19. As per the IMF's World Economic Outlook, April 2019 edition, India's GDP grew at 7% in FY19 as against 8.2% in FY17. This was majorly due to an overall slowdown in consumption, which is impacting key indicators, leading to a heightened pace of economic and structural reforms that, in the medium term, should positively impact economic growth. With the current government's ambition of realising a US$ 5 trillion economy by 2024, consumption and investment are both likely to accelerate rapidly.

A positive investment scenario supported by a robust macroeconomic performance, easing inflationary pressures, stable FDI inflows, and regulatory and structural reforms by the government have improved business confidence and attracted investors to the Indian capital market. The Indian stock market scaled new peaks on the back of positive domestic and global sentiments, despite a pick-up in the GDP growth being restricted in first half of FY18-19.

Healthy returns on investments and increasing awareness among the masses have boosted participation of individual investors (retail and HNI) in mutual funds. Assets managed by the Indian mutual fund industry have grown, from ₹ 9.75 trillion as on June 30, 2014 to ₹ 24.25 trillion as on June 30, 2019, about 2½ fold increase in a span of 5 years. Individual investors held ₹ 13.54 trillion in mutual funds as of March 2019, an increase of 16.08% over March 2018. Investments of individual investors in equity schemes increased by 16.39% over March 2018. Regulatory changes have impacted the commissions earned by distributors through changes in the payout structures. Small players are expected to be hit much more compared with larger distributors, who have multiple streams of income.

Indian equity indices hit all-time highs in 2019. Buoyant markets have accelerated trading volumes. Average daily cash trading volumes went up 44% YoY. However, rise in transaction volumes has been offset by steadily falling yields. Yields have been declining over the past few years due to multiple factors, including: i) rise of passive investment, ii) rising participation of domestic funds that have lower yields, iii) increasing share of derivatives in transactions, and iv) the European and UK regulators having introduced Markets in Financial Instruments Directive or MiFID II norms from January 2018 and, under these norms, investors need to separately account for execution and research instead of the bundled cost model followed so far.

5. KEY INITIATIVES/DEVELOPMENTS:

I. Investment Banking

Pursuant to Composite Scheme of Arrangement approved by National Company Law Tribunal, Mumbai Bench (**"NCLT"**) vide its order dated March 07, 2019 as explained in point no. 6 of this report and SEBI approval dated July 12, 2019, the Merchant Banking License of IIFL Finance Limited (Formerly IIFL Holdings Limited) was transferred to the Company being part of Securities business undertaking.

II. Commodities Broking

With a view to integrate the equity and commodities broking business carried on by respective subsidiaries within the IIFL group and to ensure smooth operations and servicing of their clients, the commodity broking business of Multi Commodity Exchange of India Limited ("MCX") and the National Commodity and Derivatives Exchange Limited ("NCDEX") carried on by IIFL Commodities Limited was transferred to IIFL Securities Limited, vide slump sale agreement dated June 5, 2018 executed between IIFL Commodities Limited and IIFL Securities Limited pursuant to the necessary approvals and in accordance with the SEBI circular dated September 21, 2017 which permits integration of equity and commodity broking.

III. Launched a mobile office solution 'AAA' i.e. Advisor Anytime Anywhere

A one-stop solution for entrepreneurs interested in the capital market with an objective of facilitating those who want to follow entrepreneurship route in the capital markets, IIFL Securities has launched a mobile office solution 'AAA' i.e. Advisor Anytime Anywhere. Backed by robust technology and expertise, AAA helps its business partners/advisors manage their client's investments, access quality research & training

DIRECTORS' REPORT (Contd.)

and monitor their business performance all within a single device. A tab-based platform, AAA comes with in-built comprehensive and relevant features in order to assist its partners.

IV. Enterprising India Investor Conference

IIFL's Tenth Enterprising India - Global Investors' Conference was held from the 13th to 15th of February 2019. This time the theme was 'Elections-Economy-Earnings'.

The Enterprising India Conference brings together some of the most notable industry experts, investors and corporate presenters. This year, we witnessed participation from 122 companies and 700+ investors. Additionally, we also featured 25 specialist speakers, including Dr. Jim Walker, renowned economist; Mr. Manish Sabharwal, Chairman - TeamLease Services; Mr. Shekhar Gupta, Editor in Chief – The Print; Mr. Amitabh Kant, CEO - NITI Aayog; Mr. Krishnan Sitaraman, Senior Director – CRISIL; Mr. Nikhil Ojha, Partner (Mumbai) - Bain & Company; and Mr. Amin Toufani, Chair - Finance & Economics, Singularity University (New York).

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

V. 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 of its significant achievements are:

- Won the NSE Market Achievers Awards 2018 in the Best IPO Bidding Member Retail category
- Received two awards at the BSE Annual Felicitation ceremony
- Awarded for being the top volume performer in the Primary Market segment, regarding Equity-IPO/FPO Bids Members for FY17-18, and in the Primary Market Segment regarding Debt Public Issue Bids - Members for FY17-18.
- Honoured for the Go Green Initiative for 'Executing Maximum Digital Transactions' by NSDL at its Star Performer Awards 2018
- ET Now and Broadcast One recognised the IIFL Group as Disruptors in the Financial Services Space for sustained innovation through technological intervention in non-banking finance, wealth management and broking space
- Received the Qadat Al Tagheer Award under the Best Financial Advisory services for the NRI category at the UAE-India Economic Forum
- The Company is India's Number-1 banker for equity issuances by private sector companies in Fiscal 2017-18, by Prime Database
- Customer Excellence in NBFC Sector, at the India CX Summit and Awards 2019
- Received the 'Customer Experience Award' for the Category: Best Use of Technology to Enhance Customer Experience, at the Customer Fest Show 2019
- Received the prestigious ET Now, Making of Developed India Awards For Brand and Marketing Excellence, under the Category: Best use of Technology to improve Customer Service in the Financial Industry

VI. Corporate Social Responsibility (CSR) Initiative

The Corporate Social Responsibility Committee of the Board has formulated and recommended to the Board a Corporate Social Responsibility Policy (CSR Policy) indicating the CSR activities which can be undertaken by the Company. The Board approved CSR Policy which is available on the website of the Company i.e. www.iifl.com and www.indiainfoline.com.

IIFL group has set-up India Infoline Foundation (generally referred to as "IIFL Foundation") a Section 8 Company under the Companies Act, 2013 which 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 includes:

- Water Conservation
- Provision of Medical Equipment to Hospital
- Medical Treatment for poor patients
- Education – Eradication of Girl child Illiteracy
- Support to Differently abled
- Educational support to the Tribal out-of-school children - Maharashtra

DIRECTORS' REPORT (Contd.)

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

6. Composite Scheme of Arrangement of the IIFL Group

As you are aware, the Board of Directors of the Company, at its meeting held on January 31, 2018 had approved the Composite Scheme of Arrangement amongst the Company, IIFL Finance Limited (erstwhile IIFL Holdings Limited; **"IFL"**), India Infoline Media and Research Services Limited (**"IIFL M&R"**), IIFL Wealth Management Limited (**"IIFL Wealth"**), India Infoline Finance Limited (**"IIFL Finance"**), 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*, envisages the demerger of the Securities Business Undertaking (as defined in the Scheme) of IIFL Finance Limited into the Company. The Hon'ble National Company Law Tribunal (**"NCLT"**), Mumbai Bench, vide its order dated March 7, 2019, sanctioned the Composite scheme of arrangement and the certified true copy of the NCLT order was received on March 15, 2019.

Pursuant to the order, the following parts of the Scheme are made effective: (a) amalgamation of IIFL M&R with IFL; (b) demerger of the Securities Business Undertaking (as defined in the scheme) of IFL into the Company; (c) demerger of the Wealth Business Undertaking (as defined in the Scheme) of IFL into IIFL Wealth; and (d) 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, on a going-concern basis. However, the merger of India Infoline Finance Limited with IFL shall be made effective on receipt of the requisite licences/ registrations by IFL, to carry on the lending business.

Upon the Scheme coming into effect and in consideration of the transfer and vesting of the Securities Business Undertaking into the Company, 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 IIFL Securities Limited of ₹ 2 each, 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. Accordingly, 319,234,462 equity shares of ₹ 2 each of the Company were issued and allotted to the Eligible Shareholders of IIFL Finance Limited on June 6, 2019.

Pursuant to the above and the Scheme becoming effective from April 1, 2018 the following Companies have become subsidiaries of the Company:

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)

As per the Scheme, IIFL Finance Limited transferred the assets and liabilities pertaining to the demerged undertaking (Securities Business Undertaking), to the Company at the respective carrying values as appearing in the books of accounts of IIFL Finance Limited from April 1, 2018 (the appointed date). The demerger has been accounted under the pooling of interests method, in accordance with Appendix C of IndAS 103 Business Combinations and comparatives have been restated from the beginning of the earliest previous year, presented in these financial statements, viz. April 1, 2017, as if the business combination had occurred from that date. Accordingly, the capital reserve as at each of the reporting periods arrived at, is as mentioned below:

(₹ in million)

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Net assets value of the Securities Business Undertaking (A)	1,414.99	1,470.15	1,655.73
Profit for the year transfer under the Scheme (B)	178.67	-	-
ESOP reserve (C)	21.83	-	-
Equity share capital to be cancelled (D)	187.18	187.18	169.00
New equity share capital to be issued (E)	638.41	637.96	635.82

DIRECTORS' REPORT (Contd.)

(₹ in million)

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Impact of differential tax rate - deferred tax (F)	1.68	1.68	-
Capital reserve created from the above (A-B-C+D-E-F)	761.58	1,017.69	1,188.91

Listing of Shares on Stock Exchange

The Company has filed the necessary listing application with the SEBI, NSE and BSE for listing of its equity shares. After the receipt of approval of listing and trading, trading on the stock exchanges will commence.

7. Dividend

During the year under review, the Company declared and paid an interim dividend of ₹ 15 per share (i.e. 150% of the face value of ₹ 10 per share); this led to an outgo of ₹ 280.77 million, excluding dividend distribution tax. The same is considered as final dividend. Similarly, the subsidiaries, namely IIFL Commodities Limited and IIFL Insurance Brokers Limited, had also declared dividends and the same had led to an outgo of ₹ 12.54 million and ₹ 50 million respectively.

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.iifl.com and www.indiainfoline.com.

8. Share Capital:

In terms of the Composite Scheme of Arrangement approved by the NCLT on March 7, 2019, 18,718,281 Equity Shares of ₹ 10 each held by IIFL Finance Limited (formerly IIFL Holdings 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 to the eligible shareholders whose name appeared in the Register of Members on May 31, 2019 i.e. Record Date.

9. Employees Stock Option Scheme (ESOS)

As approved by the shareholders of the Company at their extra-ordinary general meeting held on February 21, 2018 the Company has in place the IIFL Securities Employee Stock Option Scheme 2018 (IIFL ESOS Scheme-2018) with a pool size of 16,000,000 options of ₹ 10 each of the Company. Pursuant to the approval of NCLT Mumbai Bench on the Composite Scheme of Arrangement, the above mentioned ESOP pool of 16,000,000 (Sixteen million) options was converted into 80,000,000 (Eighty million) Stock Options exercisable into shares of ₹ 2 each of the Company. Till date, no grant has been made under the Scheme. However, pursuant to the Composite Scheme of Arrangement, eligible option holders of IIFL Finance Limited (formerly known as IIFL Holdings Limited) will be entitled for stock options of the Company under IIFL ESOS Scheme-2018 in the ratio of one stock option for every stock option held in IIFL Finance Limited.

There is no material change in the IIFL ESOS Scheme-2018 during the year under review and the Scheme is in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"). 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 at www.iifl.com and www.indiainfoline.com and the same is available for inspection by the members at the Registered Office of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

The Company is proposed to be listed, therefore, approval of members by a Special Resolution for ratification of the 'IIFL ESOS Scheme-2018 is being sought in the notice convening the Annual General Meeting of the Company. (Please refer Item No. 4 of the Notice.)

10. 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.

DIRECTORS' REPORT (Contd.)

11. Transfer to Reserves

The Company during the year under review has not transferred any amount to the General Reserve.

12. Subsidiary Companies

Pursuant to the Composite Scheme of Arrangement become effective as mentioned in point 6 above, from April 1, 2018, IIFL Finance Limited (Formerly IIFL Holdings Limited) ceased to be the Holding Company of the Company and below mentioned companies have become subsidiaries of the Company:

Sr. No.	Name of the Subsidiaries
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)

During the financial year 2018-19, the Company had incorporated IIFL Securities Services IFSC Limited as Wholly Owned Subsidiary. 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 Tower LLP, a joint venture between wholly owned subsidiaries of the Company, IIFL Management Services Limited and Shreyans Foundation LLP. Pursuant to this Meenakshi Towers LLP has become subsidiary of the Company.

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 13, 2019 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 and 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 2018-19. 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 by any member of the Company at its registered office and at the registered offices of the concerned subsidiaries, except on Saturdays, Sundays and Public Holidays. The Annual Report of all the subsidiaries will be uploaded on the website of the Company, i.e. www.iifl.com and www.indiainfoline.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 ventures companies as per 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 the Financial Year 2019-20.

The policy on determining the material subsidiary, is available on the website of the Company, at www.iifl.com and www.indiainfoline.com.

13. 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.

14. 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) and Ms. Rekha Warriar (DIN: 08152356) are Independent Directors and Mr. Aniruddha Dange (DIN: 02599853) is a Non-Executive Non-Independent Director of the Company. Mr. Kranti Sinha (DIN: 00001643) is the Chairman of the Company.

➢ **Change in Directors**

During the financial year 2018-2019:

a) Appointment

Mr. Venkataraman Rajamani was appointed as an Additional Director w.e.f. May 13, 2019 and was designated as Managing Director, w.e.f. May 15,

DIRECTORS' REPORT (Contd.)

2019 for a period of five years. He was confirmed as Managing Director at the Extraordinary General Meeting of the Company held on May 17, 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 Extraordinary General Meeting of the Company held on May 17, 2019.

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

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

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. Aniruddha Dange 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:

Ms. Geeta Mathur, due to her personal reasons, resigned as an Independent Director of the Company, w.e.f. May 8, 2019. The Directors of the Company place on record their sincere appreciation for the valuable services rendered by Ms. Geeta Mathur during her tenure as an Independent Director.

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. Bhawani Jhanwar – Chief Financial Officer, Mr. Jayesh Upadhyay – Company Secretary & Compliance Officer, are the Key Managerial Personnel, as per the provisions of the Companies Act, 2013 and rules made thereunder.

Remuneration and other details of the Key Managerial Personnel for the year ended March 31, 2019 are mentioned in the Extract to the Annual Return in Form MGT-9, which is attached as "**Annexure - 2**" and forms a part of this report of the Directors.

15. Meetings of Directors & committees/Board effectiveness:

➢ **Meetings of the Board of Directors**

The Board met five (5) times during the FY18-19, to discuss and approve various matters, including financials, appointment of the 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

Audit Committee:

The Audit Committee comprises of Mr. Kranti Sinha, Independent Director, Ms. Rekha Warriar, Independent Director and Mr. Narendra Jain, Whole Time Director.

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.

The Committee met during the year under review and discussed on various matters including financials, internal audit reports and Audit Report. During the period under review, the Board of Directors of the Company accepted all the recommendations of the Audit Committee.

The details of Committee meeting held during the year under review and the terms of reference of Audit Committee are provided in the Corporate Governance Report.

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of two Independent Directors viz. Mr. Kranti Sinha, Independent Director, Ms. Rekha Warriar, Independent Director and Mr. Aniruddha Dange, Non-Executive Director, as members of the Committee.

DIRECTORS' REPORT (Contd.)

The role, terms of reference and powers of the Nomination and 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 has been provided in the Corporate Governance Report.

The Board has on the recommendation of the Nomination & Remuneration Committee framed a Nomination and Remuneration policy in compliance with the aforesaid provisions for selection and appointment of Directors, KMPs, senior management personnel of the Company. The Nomination and Remuneration policy is available on the website of the Company i.e. www.iifl.com and www.indiainfoline.com.

The said policy, the details of Committee meetings and the terms of reference of Nomination and Remuneration Committee held during the year under review are provided in the Corporate Governance Report.

Corporate Social Responsibility Committee

As per Section 135 of Companies Act 2013, the Company has constituted Corporate Social Responsibility (CSR) Committee, comprises of Mr. Kranti Sinha, Independent Director, Mr. Mohan Radhakrishnan, and Mr. Narendra Jain, Whole Time Director.

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

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

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of Mr. Kranti Sinha, Independent Director, Ms. Rekha Warriar, Independent Director and Mr. Narendra Jain, Whole Time Director.

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.

16. Board Effectiveness

➢ **Familiarisation Program for the 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.iifl.com and www.indiainfoline.com.

➢ **Annual Evaluation of the Board**

Pursuant to the provisions of the Companies Act, 2013 and the 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 22, 2019, reviewed the following:

- Performance of Non-Independent Directors and the Board as a whole.
- Performance of the Chairperson of the Company.
- Assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board, which is necessary

DIRECTORS' REPORT (Contd.)

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 to discharge their responsibilities.

- **Statement on declaration given by the Independent Directors**

The Company has received necessary declaration from each Independent Director of the Company that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

The above declarations were placed before the Board and in the opinion of the Board all the Independent Director fulfils the conditions specified under the Act and the Listing Regulation and are Independent to the Management.

17. 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 had been followed along with proper explanation relating to 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 are 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.

18. 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 investment banking business as mandates 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 the 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 and Depository Participant business, as per SEBI/Exchanges/Depositories' norms. The findings on Audit Reports are reviewed by the Audit Committee/Board at its 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.

DIRECTORS' REPORT (Contd.)

19. 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.

20. 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.

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.iifl.com and www.indiainfoline.com. You may refer to Note no. 35 to the Standalone Financial Statement, which contains related party disclosures. Since all related party transactions entered into by the 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, Form AOC-2 disclosure is not required to be provided.

Since the Company is proposed to be listed, the Company has sought approval from shareholders for material related party transactions and details of the same can be referred from the Notice convening the Annual General Meeting of the Company.

21. 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 website, at www.iifl.com and www.indiainfoline.com.

22. Material changes and commitments affecting the financial position of the Company:

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

23. Secretarial Audit

The Board had appointed M/s Nilesh Shah and Associates, Practicing Company Secretaries, to conduct the Secretarial Audit of the Company for the Financial Year 2018-19. The Auditor had conducted the audit and their report thereon was placed before the Board. The report of the Secretarial Audit is annexed herewith as **"Annexure - 3"**. There are no qualifications or observations in the Report.

24. 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.

25. Whistle Blower Policy/ Vigil Mechanism

In compliance of 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 has 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.iifl.com and www.indiainfoline.com.

During the financial year 2018-19, no cases under this mechanism were reported to the Company and/or to any of its subsidiaries.

26. 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

DIRECTORS' REPORT (Contd.)

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 workplace.

The Company's Directors further state that during Fiscal 2018-19, 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 : 01

b) Number of complaints disposed of during the year : 01

c) Number of cases pending more than ninety days: Nil

d) Number of workshops or awareness programme against sexual harassment carried out:

   The Company has conducted online training for creating awareness against sexual harassment of women at work place.

e) Nature of action taken by the employer or district officer: Not applicable

27. 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"** to 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 up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

28. 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 the year 2022, 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 withdrawn, 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.

The Notes to the financial statements referred in the Auditors Report 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.

29. COMPLIANCE WITH SECRETARIAL STANDARDS

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

30. Reporting of Frauds by Auditors

During the year 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, details of which need to be mentioned in this Report.

31. 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. As a proposed to be a listed Company, 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 Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached with the report on Corporate Governance.

32. Particulars of Loans, Guarantees or Investments

Particulars of loans given and investments made are given in the notes for the Standalone financial statements (refer to

DIRECTORS' REPORT (Contd.)

Notes 6 & 7 of the financial statements for the year ended March 31, 2019).

33. General

The Directors state that during Financial Year 2018-19:

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, which would impact the going-concern status of the Company and its future operations.

34. 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. The Company's employees are instrumental in the Company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged. Your involvement as shareholders is also greatly valued. The Directors look forward to your continuing support.

For and on behalf of the Board

Venkataraman Rajamani	**Narendra Jain**
Managing Director	Whole Time Director
DIN: 00011919	DIN: 01984467

Date: August 14, 2019
Place: Mumbai

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 the CSR Policy

The CSR Policy and projects of the Company are steered by the same values that guide the business of the Company. It can be summarised into one acronym – GIFTS, which stands for:

- **G**rowth
- **I**ntegrity
- **F**airness
- **T**ransparency
- **S**ervice Orientation

By applying these values to its CSR projects, the Company undertakes initiatives that create sustainable growth and empower the underprivileged sections of society.

The focus areas prioritised by the Company in its CSR strategy are given below:

- Water Conservation
- Provision of Medical Equipment to Hospital
- Medical Treatment for poor patients
- Education – Eradication of Girl child Illiteracy
- Support to Differently abled
- Educational support to the Tribal out-of-school children - Maharashtra

The IIFL Group has established the India Infoline Foundation ("generally referred IIFL Foundation") to manage the CSR Projects on behalf of the Company. The CSR Policy adopted by the Company is available on www.iifl.com and www.indiainfoline.com.

2. Composition of the CSR Committee

The Company has constituted a CSR Committee of the Board that fulfils all requirements of Section 135 of the Companies Act 2013 (hereafter referred to as Section 135). The members constituting the Committee have been listed below:

- Mr. Kranti Sinha
- Mr. Mohan Radhakrishnan
- Mr. Narendra Jain

3. Prescribed CSR spend of IIFL Securities Ltd.

a) Average net profit of the Company for the last three financial years

The average net profit of the Company for the last three financial years was calculated as ₹ 1,281,106,676.

b) Prescribed CSR Expenditure

The recommended CSR expenditure for the Company, as per Section 135, for Financial Year 2018-19 was ₹ 25,622,134.

c) Amount Spent

During Financial Year 2018-19, the Company spent the entire budget, i.e. ₹ 25,622,134, on various social development activities. That is, the Company spent exactly 2% on its CSR activities.

d) Amount unspent

Nil

4. Details of CSR spent during the financial year

During FY2018-19, the Company spent a total of ₹ 25,622,134 on CSR projects. A breakdown of the manner in which this expenditure was made has been depicted in the table below:

(₹ in million)

Sr. No.	Projects/ Activities	Sector	Locations	Amount Outlay (Budget) Projects or Programs wise	Amount Spent on the Projects or programs	Cumulative Expenditure up to Reporting Period	Amount Spent directly or through Implementing Agency
1	Water Conservation	Environment	Wardha (Maharashtra)	15	15	15	Through the India Infoline Foundation
2	Medical Equipment	Health	Mumbai (Maharashtra)	1	1	1	Through the India Infoline Foundation
3	Medical Treatment for poor patients	Health	Chennai (Tamil Nadu)	1	1	1	Through the India Infoline Foundation
4	Education support for out-of-School Girls	Education	Pratapgarh (Rajasthan)	6.12	6.12	6.12	Through the India Infoline Foundation
5	Support to the Differently Abled	Differently Abled	Mumbai (Maharashtra)	0.5	0.5	0.5	Through the India Infoline Foundation
6	Educational support to the Tribal out-of-school children	Education	Thane (Maharashtra)	1	1	1	Through the India Infoline Foundation

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

(₹ in million)

Sr. No.	Projects/ Activities	Sector	Locations	Amount Outlay (Budget) Projects or Programs wise	Amount Spent on the Projects or programs	Cumulative Expenditure up to Reporting Period	Amount Spent directly or through Implementing Agency
7	Educational support to the Tribal out-of-school children	Education	Sindhudurg (Maharashtra)	1	1	1	Through the India Infoline Foundation

Brief Description of the Projects:

1) **Water Conservation:** Numerous cases of farmers in distress due to acute shortage of water have been surfacing for a while, especially in the state of Maharashtra. The IIFL Foundation has hence taken the lead to address the issue first-hand, at Wardha District of Maharashtra. The IIFL Foundation has taken up 'River Rejuvenation' work at Wardhana River, Wardha (Maharashtra) that covers 109km in total and is speculated to directly benefit the population from 16 villages from the Arvi District in Wardha. The project is speculated to directly impact 3,463 hectares of Cultivated Land and 890 hectares of Irrigated Land. Ensuring sustainability of our environment and the natural resources is an absolute need of the hour, to safeguard the future of our coming generations.

2) **Medical Equipment:** Provision of medical equipment at a Municipal General Hospital at Mumbai. The medical equipment shall aid in treatment of patients from the marginalised sections of society who avail free-of-cost treatment at government hospitals.

3) **Medical Treatment for poor patients:** Provision of Free Medical check-up and treatment for those in need and the economically weak. The facility was arranged at a leading hospital at Chennai (Tamil Nadu).

4) **Education support to out-of-school girls:** It is a matter of great concern and embarrassment that girls in large numbers in India continue to be out of school and remain illiterate. The problem is particularly severe in the northern state of Rajasthan. The IIFL Foundation has vowed to change this in the next few years through community schools, which disseminate 'multi grade multi-level' learning. The learning centres are initiated in the villages as per the convenience of the girls, to enable them to get educated. With 1,156 such schools, called "Sakhiyon ki Baadi", the IIFL Foundation has already brought back over 34,452 girls into the fold of education. And this is only the beginning.

5) **Support to the Differently Abled:** Support to individuals with Hearing Impairment. The support helped many individuals to acquire special training, skills as well as technical aid (hearing devices). Students receive an avenue to complete formal education and pursue careers in various sectors.

6) **Educational support to the Tribal out-of-school children (Thane):** Granting last mile support to children from secluded villages, to attend Government Schools. The primary target group belongs to the indigenous tribal communities, who have been cut-off from the main community, citing reasons such as caste and occupation. However, slowly, the communities are turning inclusive and participative to all. The IIFL Foundation has come forward to ease the mainstream process through direct intervention with the communities.

7) **Educational support to the Tribal out-of-school children (Sindhudurg):** Support to a community-led school that facilitates formal education to the children of a marginalised sect of various secluded hamlets in the Sindhudurg District, on the western coast of Maharashtra.

5. 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 are 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 the marginalised segments of society. The Company has adopted measures to ensure that these projects are implemented in an effective and efficient manner, so that they are able to deliver maximum potential impact. In line with the requirements of Section 135, the Company has also established a monitoring mechanism to track the progress of its CSR projects.

For and on behalf of the Board

Kranti Sinha
Independant Director
DIN: 00001643

Narendra Jain
Whole Time Director
DIN: 01984467

Date: August 14, 2019
Place: Mumbai

ANNEXURE – 2 to the Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2019

[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:	U99999MH1996PLC132983
ii) Registration Date	21/03/1996
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.: 022-41035000 Fax No.: 022- 25806654
vi) Whether listed company	No **(Proposed to be listed)**
vii) Name, Address and Contact details of the Registrar and Transfer Agent, if any	**For de-materialised securities** Link Intime India Private Limited C101, 247Park, LBS Marg, Vikhroli (West), Mumbai - 400083 Tel: +91 22 49186000 Fax: +91 22 2594 6969 E-mail : mumbai@linkintime.co.in Website: www.linkintime.co.in **For Physical Security** N.A.

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
Stock Broking	66,120	70
Advisory Income and Distribution of Financial Products	66,190	15

* 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 IFSC Services Limited	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	45 King William Street, London, EC4R 9AN, UK	Not Applicable	Subsidiary	100	2(87)
10	*IIFL Capital Inc.	1114 Avenue of the Americas, 34th Floor, New York, NY – 100036	Not Applicable	Subsidiary	100	2(87)
11	^Shreyans Foundation LLP	No.5C, EGA Trade Centre 809, P H Road, Kilpauk, Chennai-600010	Not Applicable	Step-down subsidiary	99	2(87)
12	^Meenakshi Towers LLP	5C, EGA Trade Centre, 809, PH Road Kilapuk, Chennai-600010	Not Applicable	Step-down subsidiary	100	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 subsidiary 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 Tower LLP, a joint venture between wholly owned subsidiaries of the Company, IIFL Management Services Limited and Shreyans Foundation 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*

(Shares in million)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
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.	18.72	0	18.72	99.99	18.72	0	18.72	99.99	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other (Nominees of IIFL Finance Limited)	0	0.000020	0.000020	0.01	0	0.000020	0.000020	0.01	0
Sub-total (A) (1):-	**18.72**	**0.000020**	**18.72**	**100.00**	**18.72**	**0.000020**	**18.72**	**100.00**	**0**
(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
Sub-total (A) (2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**18.72**	**0.000020**	**18.72**	**100.00**	**18.72**	**0.000020**	**18.72**	**100.00**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0

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

(Shares in million)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital 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**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital up to ₹ 0.1 million	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of ₹ 0.1 million	0	0	0	0	0	0	0	0	0
C. Any Other									
Office Bearers	0	0	0	0	0	0	0	0	0
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0

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

(Shares in million)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non Resident Indians (Repat)	0	0	0	0	0	0	0	0	0
Non Resident Indians (Non Repat)	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Member	0	0	0	0	0	0	0	0	0
Directors/Relatives	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Company	0	0	0	0	0	0	0	0	0
Foreign Portfolio Investor (Corporate)	0	0	0	0	0	0	0	0	0
Overseas Bodies Corporate	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding Public Group (B)=(B)(1)+(B)(2)Group (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**18.72**	**0.000020**	**18.72**	**100.00**	**18.72**	**0.000020**	**18.72**	**100**	**0**

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

ii. Shareholding of Promoters:-*

(Shares in million)

Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2018)			Shareholding at the end of the year (As on 31-03-2019)			% change in share-holding 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	
IIFL Finance Ltd. (Formerly IIFL Holdings Ltd.) along with nominees.	18.72	100	NA	18.72	100	NA	0
Total	**18.72**	**100**	**NA**	**18.72**	**100**	**NA**	**0**

iii) Change in Promoters' Shareholding*

(Shares in million)

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year (01.04.2018)	18.72	100	18.72	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):				
At the end of the year (31.03.2019)	**18.72**	**100.00**	**18.72**	**100**

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

Sr. No.	Name of shareholders	Shareholdings at the beginning of the year (01.04.2018)		Change in Shareholdings (No. of shares)		Shareholdings at the end of the year (31.03.2019)	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company
-	-	-	-	-	-	-	-

***Note** – Pursuant to the Composite Scheme of Arrangement among the Company, IIFL Finance Limited (formerly IIFL Holdings Limited) (**"IFL"**), India Infoline Media and Research Services Limited (**"IIFL M&R"**), IIFL Wealth Management Limited (**"IIFL Wealth"**), India Infoline Finance Limited (**"IIFL Finance"**), IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230-232 and other applicable provisions of the Companies Act, 2013 (**"Scheme"**) and the Scheme coming into effect and in consideration of the transfer and vesting of the Securities Business Undertaking into the Company, 18,718,281 Equity Shares of ₹ 10 each, held by IIFL Finance Limited (formerly 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 IIFL Securities Limited of ₹ 2 each credited as fully paid-up for every one (1) equity share of ₹ 2 each fully paid-up, held by such equity shareholders in IIFL Finance Limited. Accordingly, 319,234,462 equity Shares of ₹ 2 each of the Company were issued and allotted to the Eligible Shareholders of IIFL Finance Limited on June 6, 2019. Accordingly, as on date, the Promoters and their shareholding has undergone change. The revised shareholding pattern is available for inspection for the shareholders.

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

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Directors and KMP	Shareholdings at the beginning of the year (01.04.2018)		Change in Shareholdings (No. of shares)		Shareholdings at the end of the year (31.03.2019)	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company
-	-	-	-	-	-	-	-

Note: Pursuant to the Composite Scheme of Arrangement as on August 14, 2019, the shareholding of Directors and key managerial personnel is as under:

S. No.	Name of Director / Key Managerial Personnel	Designation	Number of shares	% of the total shares of the Company
1.	Mr. Kranti Sinha	Director	115,000	0.04
2.	Mr. Venkataraman Rajamani	Managing Director	10,984,432	3.44
3.	Mr. Mohan Radhakrishnan	Director	100,000	0.03
4.	Mr. Aniruddha Dange	Director	1,772,631	0.55
5.	Mr. Narendra Deshmal Jain	Director	58,000	0.02
6.	Mr. Arindam Chanda	Chief Executive Officer	14,205	0.01
7.	Mr. Jayesh Upadhyay	Company Secretary	300	0.00
	Total		**13,046,568**	**4.09**

V. Indebtedness

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

(₹ in million)

	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of year (01.04.2018)				
(i) Principal amount	437.47	4,903.88	-	5,341.35
(ii) Int. due but not paid	-	-	-	-
(iii) Int. accrued but not due	-	34.57	-	34.57
Total (i+ii+iii)	**437.47**	**4,938.45**	**-**	**5,375.92**
Changes in Indebtedness during the year				
Addition	14,147.39	41,600.10		55,747.49
Reduction	(13,579.49)	(46,538.54)		(60,118.03)
Net Change	**567.90**	**(4,938.44)**		**(4,370.54)**
Indebtedness at the end of the financial year (31.03.2019)				
(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

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

VI. Remuneration of the Directors and Key Managerial Personnel

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

(₹ in million)

Particulars of Remuneration	Name of MD/WTD/ Manager		Total
Name of MD/WTD/Manager	Mohan Radhakrishnan	Aniruddha Dange*	
Gross salary			
(a) Salary, as per provisions contained in Section17(1) of the Income Tax Act, 1961	14	12.76	26.76
(b) Value of perquisites u/s 17(2) of the IT Act, 1961	-	- -	-
(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	- -	-
Stock Option	-	-	-
Sweat Equity	-	-	-
Commission - as a % of profit - others, specify	-	- -	-
Others, please specify (Company's contribution to PF + Pension fund + National Pension Scheme)	0.56	0.64 -	1.2
Total (A)	14.56	13.40	27.96
Ceiling, as per the Act	₹ 216.24 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.

B. Remuneration to other directors:

(₹ in million)

Particulars of Remuneration	Name of Directors			Total
Name of Director	Geeta Mathur#	Kranti Sinha	@ Narendra Jain	
1. Independent Directors				
- Fees for attending board/ committee meetings	0.28	0.33	-	0.61
- Commission	-	-	-	-
- Others	-	-	-	-
Total (1)	**0.28**	**0.33**	**-**	**0.61**
2. Other Non-Executive Directors				
- Fees for attending board/ committee meetings	-	-	-	-
- Commission	-	-	-	-
- Others	-	-	-	-
Total (2)	-	-	-	-
Total (B)=(1+2)	**0.28**	**0.33**	**-**	**0.61**
Total Managerial Remuneration	₹ 28.57 million*			
Overall Ceiling, as per the Act	₹ 237.87 million, being 11% of the net profit of the Company, calculated as per Section 198 of the Companies Act, 2013.			

* This includes the total remuneration paid to the Whole Time Directors, but does not include sitting fees paid to the Non-Executive Directors

Ms. Geeta Mathur has resigned from the Board of Directors, w.e.f. May 8, 2019

@ 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

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

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

(₹ in million)

Particulars of Remuneration	Key Managerial Personnel			
Name of KMP	**Arindam Chanda - CEO**	**Bhawani Jhanwar - CFO**	**Jayesh Upadhyay - CS**	**Total**
Gross salary				
(a) Salary, as per provisions contained in Section 17(1) of the Income Tax Act, 1961	15.14 -	5.98 -	1.07 -	22.19 -
(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-		-
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	- -	NIL -		
Stock Option	-	-	-	-
Sweat Equity	-	-	-	-
Commission, as a % of profit	-	-		-
Others, please specify (Company contribution towards PF, Pension Fund, NPS)	0.00	0.26	0.00	0.26
Total	**15.14**	**6.24**	**1.07**	**22.45**

VII. Penalties / Punishment/Compounding of offences

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

For and on behalf of the Board

Venkataraman Rajamani
Managing Director
DIN: 00011919

Narendra Jain
Whole Time Director
DIN: 01984467

Date: August 14, 2019
Place: Mumbai

ANNEXURE – 3 to the Directors' Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st March, 2019, 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 31st March, 2019, 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) 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 (Prohibition of Insider Trading) Regulations, 2015;

  (b) 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;

(v) 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;

  (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 (Depository and Participant) Regulations, 2018;

  (g) The Securities and Exchange Board of India (Know Your Client) Regulations, 2011.

  (h) 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 (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

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

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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(e) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;

(f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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 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 a reasonable 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.

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, there were no specific event / action that can have a major bearing on the Company's affairs except as mentioned below:

1) The Company has received approval of Hon'ble National Company law tribunal, Mumbai Bench on 07.03.2019 for Composite Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 amongst 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 whereby, *inter-alia*, the Securities Business Undertaking of IIFL Holdings Limited shall be demerged into the Company. The appointed dated is April 1, 2018.

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

For **Nilesh Shah & Associates**

Nilesh Shah
Company Secretaries
FCS : 4554
C.P. : 2631

Date:- May 08, 2019
Place:- Mumbai

ANNEXURE – A of the Secretarial Audit Report to the Directors' Report

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. 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 08, 2019
Place:- Mumbai

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:

Installation of capacitors to save power

1. Installed Thin Film Transistor (TFT) monitors that saves power
2. Light Emitting Diode (LED) lights
3. Automatic power shutdown of idle monitors
4. Creating environmental awareness by way of distributing the information in electronic form
5. Minimising air-conditioning usage
6. Shutting off all lights, when not in use and
7. 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 scaleable. Digital and analytics continue to be the key focus areas, to bring in agility, availability and relevance.

Highlights of the current year:

- The Company rolled out tablets in branches, enabling faster loan disbursements; delivering operational efficiencies and superior customer experience.
- Oracle Financials' implementation across the Group has helped redefine a few business processes, strengthened controls in areas of finance and procurement, provided better checks & balances, and improved access controls.
- The IIFL Markets App has now over 1million downloads on Android, iOS, iPAD, etc.
- The Company consolidated multiple digital assets under the iifl.com umbrella. Further, all email ids reflected this new domain, reinforcing the IIFL brand instead of only 'indiainfoline'.
- The Company rolled out more customer-facing and feet-on-street mobile apps and web-based apps as a part of its digital initiatives to reduce cycle time and increased right first time. This also resulted in more transparent customer interactions, with increased focus on self-service.
- The Company worked to economise operations by rationalising the partner/vendor ecosystem, in-house development and shifting towards open source platforms.
- The Company also made considerable progress in the area of business analytics during the year. It implemented a solution for analysis of lead data and customer segmentation analytics for better targeting.
- The Company successfully completed the ISO 27001:2013 annual re-certification in January 2019.

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.

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

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:

(₹ in million)

Particulars	2018-19	2017-18
Earning in Foreign Currency		
Advisory Fees & Research Income	116.88	199.24
Total Earning	**116.88**	**199.24**
Expenses in Foreign Currency		
Marketing expenses	35.65	19.50
Membership & Subscription	0.51	0.26
Office expenses	2.03	0.69
Professional Fees	179.48	144.01
Software Charges	46.65	39.90
Travelling expenses	4.46	4.49
Total Expenses	**268.78**	**208.85**

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: August 14, 2019
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	
I	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	Mr. Mohan Radhakrishnan – WTD	34.89X
		Mr. Aniruddha Dange #	32.14X
		Mr. Venkataraman Rajamani ^^	NA
		Mr. Narendra Jain@@	NA
		Non-Executive Director@	
		Mr. Kranti Sinha	NA
		Ms. Geeta Mathur*	NA
		Ms. Rekha Warriar^	NA
II	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	**Executive Directors**	
		Mr. Mohan Radhakrishnan – WTD	NIL
		Mr. Aniruddha Dange #	NIL
		Mr. Venkataraman Rajamani ^^	NA
		Mr. Narendra Jain @@	NA
		Non-Executive Director	
		Mr. Kranti Sinha	NA
		Ms. Geeta Mathur*	NA
		Ms. Rekha Warriar^	NA
		CFO, CEO and CS	
		Mr. Arindam Chanda - CEO	16%
		Mr. Bhawani Jhanwar - CFO	10%
		Mr. Jayesh Upadhyay - CS	12%
III	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 12%. 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.	
IV	The number of permanent employees on the rolls of the Company	The Company had 1,923 employees on the rolls as on March 31, 2019.	
V	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 2018-19, there is an average increase of 11% in the remuneration other than managerial personnel as compared to increase of 7% in the remuneration of managerial personnel.	
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is confirmed	

Note:

1. *Ms. Geeta Mathur, Independent Director, has resigned from the Board of Directors of the Company, w.e.f. May 8, 2019.
2. #Mr. Aniruddha Dange re-designated as a Non-Executive Director, w.e.f. July 1, 2019.
3. ^Ms. Rekha Warriar appointed as an Independent Director, w.e.f. May 8, 2019.
4. ^^Mr. Venkataraman Rajamani appointed as Managing Director, w.e.f. May 15, 2019.

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

5. @ Sitting fees is not forming part of remuneration in aforesaid calculation and there is no remuneration paid to Independent Director and Non-Executive Director.
6. @@ 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
7. WTD- Whole Time Director, CEO- Chief Executive Officer, CFO- Chief Financial Officer, CS – Company Secretary.
8. The ratio of the remuneration of each director to the median employee's remuneration is prepared based of comparable remuneration i.e. 2017-18 and 2018-19.

For and on behalf of the Board

Venkataraman Rajamani	**Narendra Jain**
Managing Director	Whole Time Director
DIN: 00011919	DIN: 01984467

Date: August 14, 2019
Place: Mumbai

CORPORATE GOVERNANCE REPORT

Pursuant to the affecting of the Composite Scheme of Arrangement as explained in point no. 6 of Directors Report, the Company has issued and allotted 319,234,462 equity shares to the shareholders of IIFL Finance Limited (formerly known as IIFL Holdings Limited) on June 6, 2019 and the Company has filed the listing application with the National Stock Exchange of India Limited and BSE Limited for in-principle approval for listing of shares of the Company. The Company has received the in-principle approval from NSE and approval from BSE and SEBI is awaited. Since the Company is proposed to be listed, the Company has prepared the Corporate Governance Report in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on August 14, 2019 and forms part of the Board's Report.

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 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 (Whole-Time Director)
	Mr. Narendra Jain (Whole-Time Director)
Independent Directors	Mr. Kranti Sinha (Independent Director and Chairman)
	Ms. Rekha Warriar (Independent Director)
Non-Executive Director other than Independent Director	Mr. Aniruddha Dange (Non-Executive Director)

Note:

1. Ms. Rekha Warriar appointed as an Independent Director, w.e.f. May 8, 2019.
2. Mr. Narendra Jain was re-designated as Whole Time Director, w.e.f. May 13, 2019.
3. Mr. Venkataraman Rajamani appointed as Managing Director, w.e.f. May 15, 2019.
4. Mr. Aniruddha Dange re-designated as a Non-Executive Director, w.e.f. July 1, 2019.
5. Ms. Geeta Mathur, Independent Director, has resigned from the Board of Directors of the Company, w.e.f. May 8, 2019.

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

- **MR. KRANTI SINHA -** 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 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 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.

CORPORATE GOVERNANCE REPORT (Contd.)

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

- **MS. REKHA WARRIAR -** Independent Director

Ms. 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.

List of Directorship held in other listed Companies	Name of the Company	Category of Directorship
	IIFL Wealth Finance Limited	Independent Director
No of shares held in the Company	Nil	

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

Mr. Venkataraman Rajamani is the Managing Director of the Company. He holds a Bachelor's degree in technology in Electronics and Electrical Communications from the Indian Institute of Technology, Kharagpur and a Master's in Business Administration from the Indian Institute of Management, Bangalore. He has been contributing immensely to the establishment of various businesses and spearheading key initiatives of the IIFL Group over the past 20 years. He joined the Company in 1999 and is currently a promoter and the Managing Director of IIFL Finance Limited (formerly IIFL Holdings Limited). He has a varied experience of over 28 years in the financial services sector. Prior to this, he worked with ICICI Limited, ICICI Securities Limited, and Taib Capital Corporation Limited. He has also served as the Assistant Vice President of GE Capital Services India Limited in its private equity division. He was accredited as the Best CEO in the large corporate category by Business World magazine in 2018.

List of Directorship held in other listed Companies	Name of the Company	Category of Directorship
	IIFL Finance Limited	Managing Director
	India Infoline Finance Limited	Non- Executive Director
	IIFL Home Finance Limited	Non- Executive Director
	Samasta Microfinance Limited	Non-Executive Director
No of shares held in the Company	10984432	

- **MR. MOHAN RADHAKRISHNAN -** Whole-Time Director

Mr. Mohan Radhakrishnan is a Whole-Time Director on the Board of the Company. He is a qualified Chartered Accountant. He has over 32 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 14 years and is involved in new and developmental initiatives and in setting up regulatory systems 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, wherein he was involved in areas such as corporate finance and taxation for five years.

CORPORATE GOVERNANCE REPORT (Contd.)

List of Directorship held in other listed Companies	**Name of the Company**	**Category of Directorship**
	IIFL Facilities Services Limited	Non-Executive Director
No of shares held in the Company	100000	

- **MR. NARENDRA JAIN –** Whole-Time Director

Mr. Narendra Jain is a Whole-Time Director on the Board of our Company. He holds a Bachelor's degree in Commerce from the University of Mumbai and is a qualified Chartered Accountant. He has over 21 years of experience in the financial services industry, specifically in areas such as operations, 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 quality, customer service 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. ANIRUDDHA DANGE -** Non-Executive Director

Mr. Aniruddha Dange is a Non-Executive Director on the Board of the Company. He holds a Bachelor's degree in Metallurgical Engineering from the Indian Institute of Technology, Bombay and has a Master's degree in Business Administration from the Indian Institute of Management, Calcutta. He has over 25 years of experience in the financial services industry. Prior to joining the Company, he worked at ICICI Securities Limited, at ABN Amro and, thereafter, at CLSA, covering the technology, media and telecom sectors. He became the Head of Research in 2003, leading a team of 15 research analysts at CLSA, where he worked for nine years before joining the Company.

List of Directorship held in other listed Companies	Nil
No of shares held in the Company	1772631

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

The Board has identified the following skills/expertise/ competence for the effective functioning of the Company which is currently available with the Board:

Sr. No.	Skills and Attributes
1.	Knowledge of Sector
2.	Accounting and Finance
3.	Financial and Capital Markets
4.	Strategy and Planning
5.	Leadership
6.	Corporate Governance & Compliances
7.	Risk Management
8.	Stakeholders Relationship
9.	CEO/Senior Management Experience / Leadership

The Board of Directors of the Company has the necessary Skills/Expertise/Competence in all the above mentioned areas.

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

During the financial year 2018-19, five (5) Board Meetings were held on the following dates: May 1, 2018, July 30, 2018, October 30, 2018, November 20, 2018 and January 28, 2019.

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 as on August 14, 2019. It excludes Directorships of Private Limited Companies, Foreign Companies and Section 8 Companies:

CORPORATE GOVERNANCE REPORT (Contd.)

Name of the Director (DIN)	Date of appointment	Category	Number of board meeting attended during the year	Attendance at last AGM	Directorships in Indian Public Limited companies (Including IIFL Securities Limited)	Membership/ Chairpersonship of Committees (including IIFL Securities Limited)$	
						Member	Chairman@
Mr. Kranti Sinha (DIN: 00001643)	27/07/2015	Independent Director	5	Yes	3	2	2
Ms. Geeta Mathur* (DIN: 02139552)	22/01/2015	Independent Director	4	Yes	10	6	3
Mr. Mohan Radhakrishnan (DIN: 00012070)	22/05/2006	Whole Time Director	5	Yes	4	1	1
Mr. Narendra Jain** (DIN: 01984467)	13/05/2019	Whole Time Director	5	Yes	2	2	0
Mr. Aniruddha Dange# (DIN: 02599853)	01/07/2019	Non-Executive Director	5	Yes	2	0	0
Ms. Rekha Warriar^ (DIN: 08152356)	08/05/2019	Independent Director	NA##	NA ##	3	2	1
Mr. Venkataraman Rajamani^^ (DIN: 00011919)	15/05/2019	Managing Director	NA##	NA ##	7	5	1

Note:

1. *Ms. Geeta Mathur, Independent Director, has resigned from the Board of Directors of the Company, w.e.f. May 8, 2019.
2. **Mr. Narendra Jain was re-designated as Whole Time Director, w.e.f. May 13, 2019.
3. #Mr. Aniruddha Dange re-designated as a Non-Executive Director, w.e.f. July 1, 2019.
4. ^Ms. Rekha Warriar appointed as an Independent Director, w.e.f. May 8, 2019.
5. ^^Mr. Venkataraman Rajamani appointed as Managing Director, w.e.f. May 15, 2019.
6. ##Ms. Rekha Warriar and Mr. Venkataraman Rajamani were appointed w.e.f. May 8, 2019 and May 15, 2019 respectively hence they have not attended Board Meeting and Annual General Meeting held during the last year.

$ 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 in which the Director is designated as a committee member.

(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,

CORPORATE GOVERNANCE REPORT (Contd.)

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 22, 2019, *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: www.iifl.com and www.indiainfoline.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. 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 focussed 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.

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- 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 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.

(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. AUDIT COMMITTEE

I. The present Audit Committee of the Company comprises of two Independent Directors (Mr. Kranti Sinha and Ms. Rekha Warriar) and one Executive

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Director (Mr. Narendra Jain). Mr. Kranti Sinha, 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.

II. 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;

d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

i. 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;

ii. Changes, if any, in accounting policies and practices and reasons for the same;

iii. Major accounting entries involving estimates based on the exercise of judgment by the Management;

iv. Significant adjustments made in the financial statements arising from the audit findings;

v. Compliance with listing and other legal requirements relating to financial statements;

vi. Disclosure of any related party transactions; and

vii. Qualifications/ modified opinions in the draft audit report.

e) Reviewing the quarterly financial statements with the management before submission to the Board for approval;

f) 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 appropriate recommendations to the Board to take up steps in this matter;

g) Review and monitor the auditor's independence and performance, and effectiveness of the audit process;

h) Approval or any subsequent modification of transactions of the Company with related parties;

i) Scrutiny of inter-corporate loans and investments;

j) Valuation of undertakings or assets of the Company, wherever it is necessary;

k) Evaluation of internal financial controls and risk management systems;

l) Monitoring the end use of funds raised through public offers and related matters, if any;

m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

n) 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;

o) Discussion with internal auditors of any significant findings and follow up thereon;

p) 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;

q) Discussion with statutory auditors before the commencement of the audit, about the

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nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

r) 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;

s) 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;

t) To establish and review the functioning of the whistle blower mechanism;

u) Approval of appointment of the Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

v) Related Party Transactions:

   i. all related party transactions shall require prior approval of the Audit Committee.

   ii. 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:

      1. 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 the based on factors, namely repetitiveness of the transactions (in past or in future) and the justification for the need of omnibus approval;

      2. 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;

      3. such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

   iii. the omnibus approval shall specify:

      1. the name(s) of the related party, nature of transaction, period of transaction, maximum amount 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 milion per transaction;

   iv. 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;

   v. 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;

   vi. 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.

w) Review of:

   i. management discussion and analysis of financial condition and results of operations;

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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;

x) 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;

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.

During the financial year 2018-19, the Audit Committee of the Company met four (4) times on May 1, 2018, July 30, 2018, October 30, 2018 and January 28, 2019. The necessary quorum was present at the meetings. The gap between two Audit Committee Meetings was not more than 120 days.

The Audit Committee was constituted on April 3, 2014 and the same was later reconstituted on May 8, 2019. The attendance of each member of the Committee at the Meeting as on March 31, 2019 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	04	04
Mr. Narendra Jain	Member	Whole Time Director	04	04
Ms. Geeta Mathur*	Chairperson	Independent Director	04	04
Ms. Rekha Warriar^	Member	Independent Director	NA	NA

Note:

1. *Ms. Geeta Mathur has resigned from the Directorship and Audit Committee Chairpersonship, w.e.f. May 8, 2019.

2. ^Ms. Rekha Warriar appointed as a Director and Audit Committee Member, w.e.f. May 8, 2019.

Audit Committee meetings are attended by the Chief Financial Officer of the Company and representatives of Statutory Auditors and Internal Auditors, if required. The Company Secretary acts as the Secretary of the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on July 30, 2018.

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee presently comprises of Ms. Rekha Warriar, an Independent Director, as the Chairperson, Mr. Kranti Sinha, an Independent Director, as member and Mr. Aniruddha Dange, a Non-Executive Director, as the member of the Committee. Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is in the process of appointing one more Non-Executive Director/ Independent Director who will also be nominated to the Nomination Remuneration Committee.

The scope of activities of the Nomination and Remuneration Committee is as set out in Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee are, broadly, as follows:

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1. Succession planning of the Board of Directors and Senior Management Employees;
2. Identifying and selection of candidates for appointment as Directors / Independent Directors, based on certain laid down criteria;
3. Identifying potential individuals for appointment as Key Managerial Personnel (KMP) and to other Senior Management positions;
4. Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
5. Review the performance of the Board of Directors and Senior Management Employees based on certain criteria, as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, it also ensures that the relationship of remuneration to performance is clear, that the performance meets the appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay, reflecting the short- term and long-term objectives of the Company.

The Nomination and Remuneration Committee also administer the Company's Stock Option plans.

During the year under review, the Nomination and Remuneration Committee of the Company met two (2) times i.e. on May 1, 2018 and January 28, 2019. The necessary quorum was present at the meetings.

The Nomination and Remuneration Committee was constituted on January 22, 2015 and the same was later reconstituted on May 8, 2019.

The Constitution of Nomination and Remuneration Committee and details of attendance of each member of the Committee at the Meeting of the Committee is given below:

Name of the members	Designation	Non-Executive/ Executive/ Independent	No. of committee meetings held	Committee meeting attended
Mr. Kranti Sinha	Member	Independent Director	2	2
Mr. Narendra Jain#	Member	Executive Director	2	2
Ms. Geeta Mathur*	Chairperson	Independent Director	2	1
Ms. Rekha Warriar^	Chairperson	Independent Director	NA	NA
Mr. Aniruddha Dange$	Member	Non-Executive Director	NA	NA

Note:

1. # 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 NCLT on March 07, 2019.
2. * Ms. Geeta Mathur has resigned from the Directorship and Chairpersonship of the Nomination and Remuneration Committee, w.e.f. May 8, 2019.
3. ^ Ms. Rekha Warriar appointed as a Chairperson, w.e.f. May 8, 2019.
4. $ Mr. Aniruddh Dange was re-designated as Non-Executive Director w.e.f from July 01, 2019.

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

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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.
   (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:

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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. <u>REMUNERATION</u>:

A. <u>Directors</u>:

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

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that the amount of such fees shall not exceed Rupees Hundred Thousand (₹ 100,000) 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.

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. <u>KMP & Senior Managerial Personnel:</u>

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. <u>Research Analysts:</u>

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. <u>EVALUATION</u>:

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. <u>OTHER DETAILS</u>:

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

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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.

b) Details of Remuneration paid to Directors during FY 2018-19 and details of number of shares and convertible instruments held by Directors as on March 31, 2019 is as under:

Name of the Director	Designation	Salary and perquisite (₹ million)	Commission (₹)	Sitting Fees (₹ million)	Contribution to PF and other funds (₹ million)	Stock options (quantity)	No. of equity shares held
Mr. Kranti Sinha	Independent Director	-	-	0.33	-	NA	115000
Mr. Mohan Radhakrishnan	Whole Time Director	14.00	-	-	0.56	-	100000
Mr. Narendra Jain**	Whole Time Director	-	-	-	-	2000	58000
Mr. Aniruddha Dange#	Non-Executive Director	12.76	-	-	0.64	-	1772631
Ms. Geeta Mathur*	Independent Director	-	-	0.28	-	NA	Nil
Ms. Rekha Warriar^	Independent Director	NA	NA	NA	NA	NA	Nil
Mr. Venkataraman Rajamani^^	Managing Director	NA	NA	NA	NA	NA	10984432

Note:

1. * Ms. Geeta Mathur, Independent Director, has resigned from the Board of Directors of the Company, w.e.f. May 8, 2019.
2. ** Mr. Narendra Jain was re-designated as Whole Time Director, w.e.f. May 13, 2019 and he was holding ESOPs of IIFL Finance Limited and, pursuant to the Composite Scheme of Arrangement, he will be eligible for 2,000 ESOPs of IIFL Securities Limited.
3. #Mr. Aniruddha Dange re-designated as a Non-Executive Director, w.e.f. July 1, 2019.
4. ^Ms. Rekha Warriar appointed as an Independent Director, w.e.f. May 8, 2019.
5. ^^ Mr. Venkataraman Rajamani appointed as Managing Director, w.e.f. May 15, 2019.

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 appointment i.e. January 28, 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 Ms. Rekha Warriar is of five years from the date of her appointment i.e. May 08, 2019. Further, pursuant to the SEBI (LODR) Regulations 2015, the shareholders have approved the continuation of the term of office of Mr. Kranti Sinha as Non-Executive Independent Director of the Company till the completion of his present term, i.e. up to July 27, 2020. 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

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to the Independent Directors. There are no pecuniary relationships or transaction of the Non-Executive Directors with the Company.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee was constituted on May 8, 2019 and the Members of the Committee comprises of Ms. Rekha Warriar, Independent Director, as the Chairperson and Mr. Kranti Sinha, Independent Director and Mr. Narendra Jain, Executive Director as the Member. The broad terms of reference of the 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 stationary;

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.

The Company is proposed to be listed and as per SEBI's circulars, guideline, Regulations it had got registered under the SEBI Scores Portal. Any shareholder who has any grievance or concern may write on https://scores.gov.in.

The Company has not received any complaint from investors directly or through SEBI's SCORES portal.

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

The constitution of the Stakeholders Relationship Committee is given below:

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

Constitution of Stakeholders Relationship Committee was not applicable to the Company during Financial Year 2018-19. Since the Stakeholders Relationship Committee was constituted on May 8, 2019 no meeting was held till the date of this report.

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

CORPORATE GOVERNANCE REPORT (Contd.)

Name and designation:	Mr. Jayesh Upadhyay, Company Secretary & Compliance Officer
Registered 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 of the Committee.

6. 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. 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.

7. 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
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
July 28, 2016	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. b-23, Thane Industrial Area, Wagle Estate, Thane - 400604	11.00 AM	Yes. 4 Special Resolutions were passed

National Company Law Tribunal Convened Meeting:

A National Company Law Tribunal ("NCLT") convened meeting of shareholders of the Company was held on December 12, 2018 for approving the Composite Scheme of Arrangement as mentioned in point no. 6 of Director's Report.

Postal Ballot:

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

8. 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 (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.

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, at www.iifl.com and www.indiainfoline.com. You may refer to Note no. 35 to the financial statement, which contains related party disclosures. No materially significant related party transactions have been entered into during FY2018-19, that may have potential conflict of interest.

ii. Details of non-compliance:

No strictures/penalties were imposed on the Company by Stock Exchanges or by the Securities and Exchange Board of India or by any statutory authority on any matter related to the Securities markets during the financial year 2018-19.

iii. Whistle Blower Policy/ Vigil Mechanism:

In Compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure

CORPORATE GOVERNANCE REPORT (Contd.)

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. None of the whistleblower has been denied 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:

- Submission of Internal Audit Report to the Audit Committee.
- 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 at www.iifl.com and www.indiainfoline.com.

vi. Disclosure of accounting treatment:

There was no deviation in following the treatments prescribed in any of the Indian Accounting Standards (Ind AS) in the preparation of the financial statements of the Company.

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:

(₹ In Million)

Particulars	Amount
Audit Fees	4.06
Certification Expenses	0.16
Out Of Pocket Expenses	0.29
Total	4.51

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

- Number of complaints filed during the financial year – 1
- Number of complaints disposed of during the financial year – 1
- 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.

xi. Confirmation of Independence:

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

9. 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: www.iifl.com and 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

CORPORATE GOVERNANCE REPORT (Contd.)

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 Chief Executive Officer, Chief Compliance Officer, Chief Financial Officer and the Company Secretary 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 at www.iifl.com and 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.

10. GENERAL SHAREHOLDERS' INFORMATION

1.	**Annual General Meeting**	Monday, September 30, 2019 at Hall of Harmony, Ground Floor, Nehru Centre, Discovery of India, Dr AB Road, Worli, Mumbai-400018 at 02.30 P.M.	
2.	**Financial calendar (2019-20)**	April 1, 2019 to March 31, 2020	
		Results for the quarter ended June 30, 2019 – within 45 days from the end of the quarter and the same shall be provided through IIFL Finance Limited	
		Results for the quarter ended September 30, 2019 – within 45 days from the end of the quarter	
		Results for the quarter ended December 31, 2019 – within 45 days from the end of the quarter	
		Results for the quarter and year ended March 31, 2020 – within 60 days from the end of the quarter	
3.	**Book closure date**	September 24, 2019 to September 30, 2019.	
4.	**Dividend**	During the year under review, the Company declared and paid an interim dividend of ₹ 15 per share (i.e. 150% of the face value of ₹ 10 per share); this led to an outgo of ₹ 280.77 million, excluding dividend distribution tax. The same is considered as final.	
5.	**Listing of equity shares on stock exchanges at**	Stock Exchange	Code of the Company
		National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai-400 051	The Company has filed the listing application to the Stock Exchanges and the approval is awaited.
		BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400001	
		The Listing Fees for FY2019-20 has been paid to the aforesaid Stock Exchanges	
7.	**Stock market data –** Not Applicable (the Company has filed listing application with the Stock exchanges for In-principle listing approval)		
8.	**Demat ISIN numbers in NSDL and CDSL for equity shares**	INE489L01022	
9.	**Registrar & Transfer Agent**	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	
10.	**Share transfer system**	The Company's shares will be 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. All share transfers and other share related issues are approved in the Stakeholders Relationship Committee Meeting, which is normally convened as and when required. Since the Company has allotted equity shares pursuant to the Composite Scheme of Arrangement and is proposed to be listed, the equity shares of the Company are not transferable till the Company receives listing and trading approval from the exchanges and SEBI.	

CORPORATE GOVERNANCE REPORT (Contd.)

11.	**Dematerialization of shares**	As on August 14, 2019, 99.94% of the paid-up share capital of the Company was 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.
13.	**Correspondence for dematerialization, 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: Sharmila Amin Tel: 022-49186000
14.	**Any query on Annual Report contact at corporate office**	Mr. Jayesh Upadhyay, 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
15.	**Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**	Pursuant to the Composite Scheme of Arrangement, the stock options granted by IIFL Finance Limited (IFL) to its employees or employees of its subsidiaries under the IFL Employee Stock Options Scheme, and upon the Scheme becoming effective, the said employees have been granted one stock option by the Company under the IIFL Securities Employees' Stock Option Scheme - 2018 for every one stock option held in IFL, whether the same are vested or not, on terms and conditions similar to the existing IFL Employees Stock Option Scheme.
16.	**Credit Ratings obtained by the Company**	

Name of the credit rating agency	Credit rating obtained in respect of various securities	Amount (₹ million)	Issue Date/ Revalidation	Validity of Rating	If Rating Downgraded (Specify reason)
ICRA Limited	Commercial Paper	10,000	February 20, 2019	Up to February 26, 2020	Rating not downgraded

11. SHAREHOLDING PATTERN

Categories of Equity Shareholders as on August 14, 2019:

Category	Number of equity shares held	Percentage of holding
Promoters & Promoters Group (IIFL Finance Limited)	92,661,432	29.03
Indian Public & others	36,337,716	11.38
Mutual Fund, Banks, Financial Institutions	3,882,632	1.22
Corporate Bodies	2,340,812	0.73
Foreign Institutional Investors	0	0
NRI's/OCBs/Foreign Nationals/FC/QFI	18,4011,870	57.64
Grand Total	319,234,462	100

CORPORATE GOVERNANCE REPORT (Contd.)

12. DISTRIBUTION OF SHAREHOLDING AS ON AUGUST 14, 2019

The distribution of shareholders as on August 14, 2019 is as follows:

SR. NO.	Shares Range			Number Of Shareholders	% of total shareholders	total shares for the range	% of issued capital
1	1	to	500	36,337	89.07	3,921,958	1.2286
2	501	to	1,000	2,191	5.3706	1,630,488	0.5107
3	1,001	to	2,000	990	2.4267	1,429,112	0.4477
4	2,001	to	3,000	357	0.8751	896,539	0.2808
5	3,001	to	4,000	167	0.4094	593,068	0.1858
6	4,001	to	5,000	130	0.3187	606,330	0.1899
7	5,001	to	10,000	245	0.6005	1,777,030	0.5567
8	10,001 and more			379	0.929	308,379,937	96.5998
Total				**40,796**	**100**	**319,234,462**	**100**

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

The Company has filed the necessary listing application with the SEBI, NSE and BSE for listing of equity shares. After the receipt of approval of listing, trading on the stock exchanges will commence, therefore this clause is not applicable to the Company.

14. 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 FY2018-19.

15. SUBSIDIARY COMPANIES

During the financial year 2018-19 your Company has incorporated IIFL Securities Services IFSC Limited as Wholly Owned Subsidiary. Pursuant to the Composite Scheme of Arrangement as explained in point no. 6 of the Directors Report, below mentioned companies have become the subsidiaries and IIFL Facilities Services Limited has become the Material Subsidiary of the Company.

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 Wealth (UK) Limited
6	IIFL Capital Inc.
7	IIFL Asset Reconstruction Limited
8	India Infoline Foundation (Section 8 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 Tower LLP, a joint venture between wholly owned subsidiaries of the company, IIFL Management Services Limited and Shreyans Foundation LLP. Pursuant to this Meenakshi Towers LLP has become subsidiary of the Company.

Mr. Kranti Sinha, Independent Director on the Board of the Holding Company is also an Independent Director on the Board of IIFL Facilities Services Limited.

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.iifl.com and www.indiainfoline.com.

16. 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.

17. CODE OF CONDUCT

Confirmation from the Chief Executive Officer regarding compliance with the code by all the Board Members and Senior Management forms part of the Report. The Code of Conduct is displayed on the website of the Company at www.iifl.com and www.indiainfoline.com.

CORPORATE GOVERNANCE REPORT (Contd.)

18. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

The Company has obtained the certificate from M/s. Nilesh Shah & Associates, Practising Company Secretaries, 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.

For and on behalf of the Board

Venkataraman Rajamani
Managing Director
DIN: 00011919

Narendra Jain
Whole Time Director
DIN: 01984467

Date: August 14, 2019
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, 2019 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. that there are no significant changes in accounting policies during the year;

iii. that there are no instances of significant fraud of which we have become aware.

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Date: August 14, 2019
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: www.iifl.com and www.indiainfoline.com. I confirm that the Company has, in respect of the financial year ended March 31, 2019, 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

Venkataraman Rajamani
Managing Director
DIN: 00011919

Date: August 14, 2019
Place: Mumbai

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

To the Members of
IIFL Securities Limited ("the Company")
Mumbai

Pursuant to the Composite Scheme of Arrangement, under Sections 230-232 and other applicable provisions of the Companies Act, 2013,among the Company, IIFL Finance Limited (Formerly IIFL Holdings Limited) and India Infoline Media & Research Services Limited and IIFL Wealth Management Limited and India Infoline Finance Limited and IIFL Distribution Services Limited and their respective shareholders as approved by the Mumbai Bench of the National Company Law Tribunal vide its order dated March 07, 2019, the Company is proposed to be listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"). The Company has filed the application for listing of the securities of the Company with Securities and Exchange Board of India ("SEBI"), BSE and NSE and their approval is awaited. In this regards, the management has requested for the issuance of Independent Auditors report on the Corporate Governance report under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

We have examined the compliance of conditions of Corporate Governance by IIFL Securities Limited (Formerly known as "India Infoline Limited") (the "Company") as on August 14, 2019, as per the extant 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 the Listing Regulations.

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 Directors and the Management, 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 as on August 14, 2019, to the extent applicable.

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
Firm's Registration No. 109208W

G Sankar
Partner
Membership No. 046050
UDIN: 19046050AAAACO8442

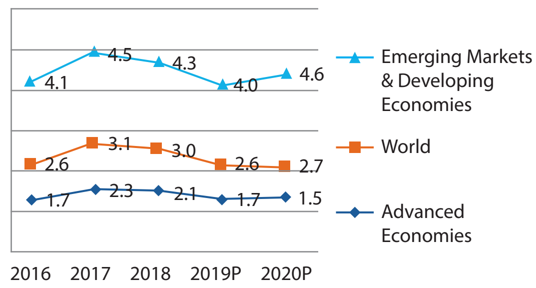
Date: August 14, 2019
Place: Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY OVERVIEW

Fears about next recession became evident during the year as both, developed and emerging market economies, started to slow down. A long-running US-China trade war, liquidity tightening in US, rising crude oil prices, political issues in Euro zone and Brexit uncertainty led to deterioration of global trade. Factory activity in US and Europe contracted in the last quarter of 2018 while industrial output growth fell to 17-year low in China. According to World Bank, global growth (Real GDP growth) for 2018 is at 3.0%. The IMF downgraded world GDP growth at 2.6% in 2019 and 2.7% in 2020, below January 2019's projections of 2.9% and 2.8% respectively.

World Growth (%)



Source: World bank

INDIAN ECONOMY OVERVIEW

India was one of the fastest growing major economies in the world in FY19 and will remain in FY20 too as per World Bank Estimates. India's real gross domestic product (GDP) grew at 7.1% in FY19. Capacity utilization has picked up in last couple of quarters of FY19 along with increase in real gross fixed capital formation (GFCF). Price levels remained in line within RBI's target and headline inflation was largely at the same levels as in last year. But food prices experienced deflation in the second half of the year. In March 2019, WPI inflation jumped to 3.18 % from 2.93 % in February 2019 and 2.76 % in January 2019. It was 2.74 % in March 2018. Consumer Prices Index (CPI) for March 2019 expanded 2.86% compared to 2.57% in February 2019. GDP growth is expected to accelerate to 7.5% in FY20 as per World Bank Estimates. The Gross Value Added (GVA) at basic current prices from the manufacturing sector in India grew at a CAGR of 4% during FY12 and FY19 as per the second advance estimates of annual national income published by the Government of India. In FY19, GVA from manufacturing at current prices grew 12.4% year-on-year to ₹ 288.56 trillion (US$ 395.89 billion). India's manufacturing PMI stood at 52.6 in March 2019, indicating an expansion.

Key macroeconomic risks hovering Indian economy are global slowdown, increase in commodity prices, fiscal slippage and domestic liquidity transmission. Rising commodity prices, especially of crude, could widen current account deficit.

INDUSTRY OVERVIEW

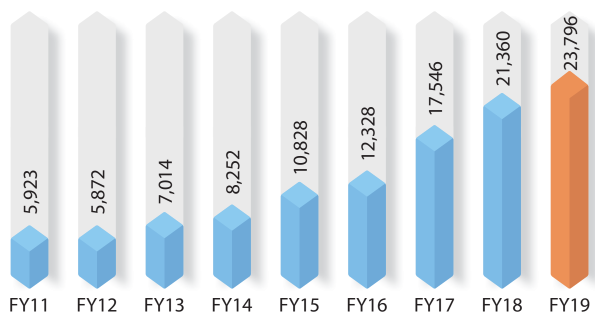
Capital Market

FY18 saw a record ₹ 2 trillion capital raising through primary markets. But only ₹ 670 billion of capital was raised in FY19. Funds raised via IPO fell drastically by 82% YoY in FY19. Foreign funds became net sellers of ₹ 445 billion in FY19 as against net buyer of over ₹ 1.4 trillion in FY18. Improved global liquidity and ease of trade tensions between US and China were major reasons for the capital flight. Investment in mutual funds also plunged in FY19.

Mutual Funds

The mutual fund industry in India had seen rapid growth in total Assets Under Management (AUM) for two years from FY16 to FY18. However, in FY19, the total AUM of the industry increased marginally by only 11% y-o-y to clock ₹ 23,796 billion According to AMFI, investments in equity-oriented mutual fund schemes in FY19 were at ₹ 1.11 trillion, a decline of 35% compared to ₹ 1.71 trillion inflows in FY18.

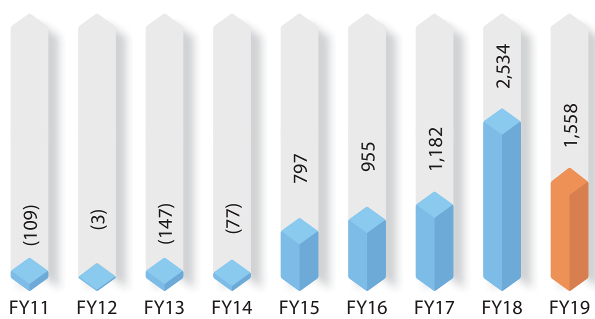
Total Mutual Fund AUM (₹ Billion)



Source: AMFI, CEIC, IIFL Research

However, from an equity inflow perspective, FY19 was the fifth successive year of net equity inflows. There were substantial corrections in the small and mid cap stocks category as a result of which markets were volatile in FY19. The net inflows were at ₹ 1,558 billion in FY19 (including balanced fund category)

Net mutual Fund Equity Collections (₹ Billion)

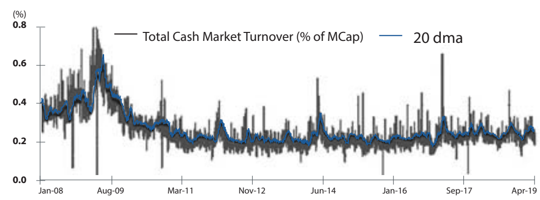


Source: CEIC, IIFL Research

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Average daily cash trading volumes went up ~4% YoY to ₹ 351billion/day in FY19 from ₹ 338 billion/day in FY18.

Total Cash Market Turnover (% of M Cap)



Source: Bloomberg, IIFL Research

Also, the share of institutions (FII + DII) edged up to 33.2% in FY19 from 31.9% in the previous year. Bond markets saw a volatile year due multiple factors. Some of them are:

i) Potential fiscal slippage due to revenue shortfall

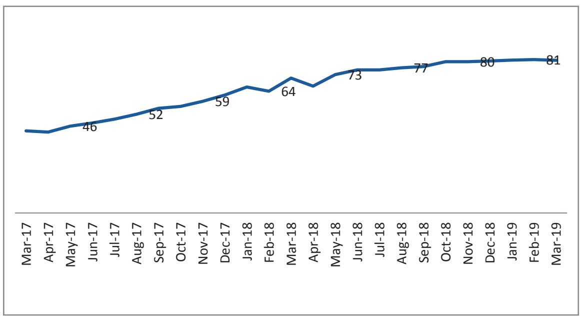
ii) Risks from rising crude oil prices can increase import bill

iii) A declining currency and

iv) Liquidity crunch.

Systematic Investment Plan (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. Indian Mutual Funds have currently about 26.2 million SIP accounts through which investors regularly invest in Indian Mutual Fund schemes. Monthly flow in SIPs has jumped from ₹ 43.35 billion in March, 2017 to ₹ 80.55 billion in March, 2019.

SIP Contribution (₹ Bn.)



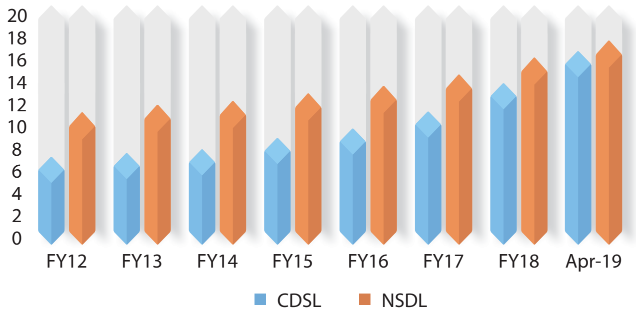
Source: AMFI

Stock Broking

The brokerage industry is expected to see a growth of 5-10% in FY19. In FY18 industry turnover was at ₹ 180-190 billion and year-on-year (Y-o-Y) growth of over 30 %. While, the volatility in the markets is expected to encourage trading turnover, the recent corrections in valuations, coupled with the cautious investor stance, would have a bearing on industry revenues in the current fiscal.

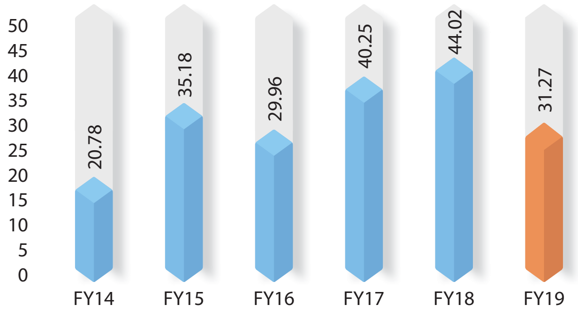
Business of brokers grows in direct proportion to the growth in capital markets. The past 4-5 years have witnessed a steady structural shift of savings from physical assets such as real estate and gold into financial assets. As a result, the number of Demat accounts in India has grown to 36.2 million by April, 2019 from 20 million in 2012. The rising equity participation can also be witnessed by higher Average Daily Turnover ("ADTO") on BSE. The equity ADTO on BSE increased from ₹ 20.78 billion in FY14 to approximately ₹ 31.27 billion in FY19.

No. of Demat accounts (Million)



Source: (CDSL, NSDL)

ADTO - Equity (₹ billion)



Source: BSE, turnover on BSE has been considered)

Alternative Investment funds

Alternative Investment Fund ("AIF") means any fund established or incorporated in India which is a privately pooled investment vehicle which collects funds from sophisticated investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors. Many full service brokers distribute AIFs also. Full service brokers receive fee which is fixed as a percentage of corpus of the fund distributed through them.

Portfolio Management services

Portfolio Management Services ("PMS"), managed by a professional money manager, who facilitate investors regarding investment options in stocks, fixed income, debt, cash, structured products and other individual securities. These services can

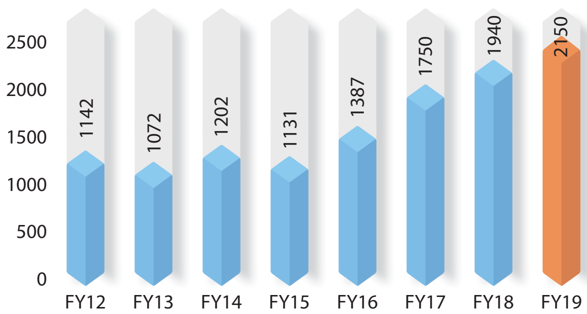
MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

potentially be tailored to meet specific investment objectives. Many full services brokers provide such services. Commissions for these products are generally higher than for mutual funds and are paid upfront.

Insurance Sector

On the Insurance side, which is a major component of the Indian financial service sector, growth in FY19 of first-year premium of life insurers was driven by a 39% increase in group non-single premium. The first-year premium of life insurers increased by 10.7% to ₹ 2,150 billion in FY19 from ₹ 1,940 billion in FY18. There was a traction in first year premium in retail and individual policies.

First Year Insurance Premium (₹ Billion)



Source: IRDA

Depository Services Sector

Overview of Depository Services in India

In India, presently there are two depositories namely, National Securities Depository Limited ("NSDL") and Central Depository Services ("CDSL"). Depository is an institution registered with SEBI for holding custody of securities in electronic form and facilitates transfer based on the instructions from the account holders. The presence of depositories support the capital market growth in a variety of ways including substantial reduction in bad deliveries, enhanced liquidity of securities, reduction in transaction cost, eliminates problems relating to change of address of investors, transmission, etc. It also makes faster disbursement of non-cash corporate benefits like rights, bonus, etc. facilitates faster settlement cycle, no stamp duty on transfer of shares, eliminates problems relating to selling securities on behalf of a minor, etc. (Source: CDSL Annual Report 2018)

Depository Participants

Depository participants are the ones who act as an interface between investors and depositories. The investor has to open an account through a depository participant to avail the services offered by the depositories.

The Government has undertaken various initiatives to promote growth and ease of operations in the financial sector. In December 2018 Securities and Exchange Board of India (SEBI) proposed direct overseas listing of Indian companies and other regulatory changes. SEBI has also allowed exchanges in India to operate in equity and commodity segments simultaneously, starting from October 2018. In November 2018 Bombay Stock Exchange (BSE) has enabled offering live status of applications filed by listed companies on its online portal and also introduced weekly futures and options contracts on Sensex 50 index. The Government of India is planning to launch a global exchange traded fund (ETF) in FY20 to raise long term investments from overseas pension funds.

OPPORTUNITY

High growth

By 2025 India is expected to be amongst the top three capital markets in the world, if the current economic growth continues its momentum. India currently has a very robust capital market and is expected to be one of the most sophisticated financial markets in the world, with the best practices and adoption of cutting edge technologies in the near future. The opportunity lies in following the right business model and funding model to capitalise on these opportunities for future growth. India is growing at a rate of more than 7% per annum now and going forward it is expected to maintain the trend. The robust growth in India is facilitated by various sources of funding. India is gradually moving from bank-based funding model to market-based funding model like in developed countries. In fact, in the last two years, markets have played a major role in meeting the funding requirements of corporates and the government. Indian economic growth is expected to fuel growth of capital markets directly.

Shift in savings from physical assets to capital markets

The shift to financial instruments from physical assets and bank deposits has been largely on account of high inflation and high interest rate scenario over the period. Tax policy has been used to provide incentives and promote savings in financial assets and encouraging long-term saving. Of late both gold and real estate have been losing attractiveness. The government efforts to increase banking penetration through its Jan Dhan Yojna and the integration of PAN and Aadhar are expected to further increase the share of savings in financial assets. The number of digital transactions in India has already increased manifold over the past two years and the access to investments via digital channels is expected to increase. The strong flows into equity markets, mutual funds and insurance are expected to continue in the long run. Due to positive regulatory work, massive investor outreach to educate about mutual funds and the hard work of financial advisers (IFAs) over the years led to the systematic investment plan (SIP) book touching an all time high of ₹ 80.9 billion in the month of February 2019 and then closing at the year at ₹ 80.5 billion in March 2019. This shows that there is a gradual shift in the mindset of people towards savings in the country, inclining more towards financial savings in the years ahead.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Equity & Debt Funding from Capital Markets

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 take off 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.

New Financial Products

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. This will help in introduction of many new financial products. The other trends which will accelerate the growth of capital market include: Opening of bond markets to retail segment, introduction of Real estate investment trusts (REITs) and infrastructure investment trusts (InvITs), securitisation, rising 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 Growth

There is a tremendous shift to the financial asset class. In FY18, individual wealth in India grew at the rate of 14% to ₹ 392 trillion (US$ 6.08 trillion). The Association of Mutual Funds in India (AMFI) is targeting nearly five fold growth in assets under management (AUM) to ₹ 95,000 billion and a more than three times growth in investor accounts to 130 million by 2025. The concept of systematic investment plans (SIPs) and the government outsourcing the management of corpus of the pension and other organisations also will a give a fillip to the mutual fund industry.

Fintech driven innovation

Fintech-driven innovation is influencing significant parts of capital markets' value chain, from sourcing capital to data and analytics services. These can be classified into four buckets. One is pre-trade, or access to capital. In India, crowdfunding platforms and bond issuances are in growth mode. Globally, the Korea Exchange launched the Korea Startup Market in November 2016 with blockchain technology to enable equity shares of startups to be traded in the open market. Another is trade execution. Fintech has led to cost efficiencies and enhanced trading security, thus helping end-customers. The third is post-trade services. Investment in distributed ledger technologies is increasing both in India and global markets. Changing regulatory and know-your-customer (KYC) services allow participants to access KYC information in real-time. Here too, more automation has meant improved security. Fourth is life cycle management, data and analytics, and value-added services. Investments in data and analytics are helping develop new techniques to mine and interpret data to its full potential.

While fintech trends are disrupting the retail side, entry barriers to capital markets remain high. This opens up avenues for collaboration between capital market players and emerging fintech innovators to create an ecosystem that lowers structural costs, makes meeting regulatory changes easier and improves services for the consumer.

A recent report by the World Federation of Exchanges concluded that fintech activity in capital markets infrastructure has outpaced other areas in financial services.

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 slow growth in the advanced economies and increased strain in certain emerging economies 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 their 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 issues- The Indian debt market is going through a tough phase post the IL&FS crisis. The ongoing crisis on the debt market is likely to have a contagion effect on the performance of the equity markets with investors either pulling out of their existing investments or avoiding the market altogether.
- Any stringent regulatory changes or unfavourable policy changes can pose a threat to the company in the short run.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

COMPANY OVERVIEW

IIFL Securities is one of the largest independent full-service retail and institutional broking house along with being a leading investment advisory firm in India 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, 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. Venkataraman Rajamani.

The Board of Directors of IIFL Finance Limited (erstwhile IIFL Holdings Limited) at its meeting held on January 31, 2018 had approved the reorganization of IIFL Group, which will result in three listed entities – IIFL Finance, IIFL Wealth and IIFL Securities and the same has become effective from May 13, 2019.

IIFL Wealth and IIFL Securities have been demerged.

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. This helps to improve the longevity of customers with us as many of our competitors are unable to match the overall product and service offerings that we offer. The larger geographic footprint of the non-banking financial company also helps ensure higher recognition of IIFL brand in cities where our Company may not be directly present. This builds confidence in the brand when customers are acquired, serviced and engaged remotely through our digital platforms. Information technology systems are also crucial to the success of our business operations and have helped us improve our overall productivity. 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

Results for the period ended March 31, 2019:

(all figures in ₹ million)

Particulars	Fiscal 2019	Fiscal 2018
Revenue from operations		
Interest income	621.38	287.49
Rental income	544.07	554.53
Fees and commission income	7,185.85	7,505.08
Total Revenue from operations	**8,351.30**	**8,347.10**
Other Income	404.35	1,124.83
Total Revenue (I)	**8,755.65**	**9,471.93**
Expenses		
Finance Cost	1,144.95	1,445.06
Fees and commission expense	881.38	1,067.88
Employee Benefit expenses	2,566.35	2,109.29
Depreciation, amortization and impairment	418.98	365.10
Other expenses	1,127.75	1,691.11
Total Expenses (II)	**6,139.41**	**6,678.44**
Profit before share of profit/(loss) of associates and joint ventures(I) – (II) = (III)	**2,616.24**	**2,793.49**
Share of profit/(loss) of associates and joint ventures (IV)	(35.43)	(58.18)
Profit Before Tax (V) = (III-IV)	**2,580.81**	**2,735.31**
Tax Expenses:		
Current Tax	839.08	1,055.52
Deferred tax expenses	31.36	(141.98)
Short/(excess) provision for income tax	(3.96)	16.01
Total Tax expenses	**866.48**	**929.55**
Profit for the period	**1,714.33**	**1,805.76**
Other Comprehensive income		
(i) items that will not be reclassified to profit/(loss)	10.40	(12.35)
(i) income tax relating to items that will not be classified to profit/(loss)	(3.72)	4.22
Total Comprehensive Income	**6.68**	**(8.13)**
Total Comprehensive Income for the period (Comprising profit/(loss) and other Comprehensive income for the period	**1,721.01**	**1,797.63**
Earnings per equity share (Face Value ₹ 2)		
Basic	5.37	5.67
Diluted	5.37	5.67

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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.

Interest income has increased by 116% YoY, this increase is mainly attributable to interest income received from Margin Trading Facility (MTF) provided to our retail broking customers. We launched this facility in January 2018 and was fully operational since then; effectively it was full-fledged operations during the year for this facility which led to higher income. Also the higher trading volumes had led to higher margin requirements at the exchanges in the form of fixed deposits resulting into increase in interest income from fixed deposits pledged with exchanges

Fee and commission income has reduced mainly due to lower Investment Banking income on account of muted equity markets during the year.

Other Income

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 lower as compared to previous year largely due to lower investing / funding activities on account of muted equity markets during the year, this has also resulted into lower borrowing cost as well.

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. As pointed out above, average borrowings were lower during the year due to lower investing / funding activities on account of muted equity markets during the year and the same had led to lower finance cost as compared to previous year.

Fees and commission expense

Our fees and commission expense include sub-brokerage charges, cross sell and other related expenses. The fee and commission expenses for FY19 stood at ₹ 881.38 million, lower by 17% YoY basis mainly due to lower pay-outs on account of decline in revenues earned via 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 FY19 stood at ₹ 2,566.35 million, an increase of 22% YoY, mainly due to annual increment and increase in employee count.

Depreciation, amortization and impairment

Depreciation, amortization and impairment expenses include depreciation of property, plant and equipment, and amortization of intangible assets. Depreciation and amortisation for FY19 remains at ₹ 418.98 million

Other expenses

Our other expenses primarily include advertisement expense, communication expense, legal and professional charges, marketing and commission expenses, office expenses, rent, electricity rates and taxes, software charges and travelling and conveyance expenses. Other expenses for FY19 remain at ₹ 1,127.75 million Other expenses for the year were lower as compared to previous year largely due to lower expected credit loss provisioning.

Liquidity and Capital Resources

Historically, we have maintained liquidity for our business operations primarily from the cash generated from operations, bank borrowings and issuance of shareholder equity. As of March 31.2019, we had cash and bank balances ₹ 10,650.52 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.

Discussion on our assets and liabilities

Assets

Our total assets as at the Fiscals ended March 31, 2017, March 31, 2018 and March 31, 2019 was ₹ 24,359.10 million, ₹ 28,618.89 million and ₹ 30,499.52 million, respectively.

Assets as at March 31, 2019 and March 31, 2018

Our total assets increased by 6.57% from ₹ 28,618.89 million as at March 31, 2018 to ₹ 30,499.52 million as at March 31, 2019 primarily due to an increase in the financial assets of 5.03%, from ₹ 21,706.56 million as at March 31, 2018 to ₹ 22,798.63 million as at March 31, 2019, and an increase in the non-financial assets of 11.41%, from ₹ 6,912.33 million as at March 31, 2018 to ₹ 7,700.90 million as at March 31, 2019.

Following are the primary increases or decreases in our financial assets as at March 31, 2019 as compared to our financial assets as at March 31, 2018:

a. Cash and cash equivalents - Our cash and cash equivalents increased by 24.11% from ₹ 3,877.35 million as at March 31, 2018 to ₹ 4,812.23 million as at March 31, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

b. Bank balance other than cash and cash equivalents - Our bank balance other than cash and cash equivalents increased by 24.85% from ₹ 4,676.33 million as at March 31, 2018 to ₹ 5,838.29 million as at March 31, 2019.

c. Receivables - Our trade receivables decreased by 1.73% from ₹ 252.74 million as at March 31, 2018 to ₹ 248.37 million as at March 31, 2019 and our other receivables increased by 25.33% from ₹ 65.05 million as at March 31, 2018 to ₹ 81.53 million as at March 31, 2019.

d. Loans - Our loans increased by 430.84% from ₹ 816.14 million as at March 31, 2018 to ₹ 4,332.38 million as at March 31, 2019.

e. Investments - Our investments decreased by 12.44% from ₹ 1,594.59 million as at March 31, 2018 to ₹ 1,396.17 million as at March 31, 2019.

f. Other financial assets - Our other financial assets decreased by 41.58% from ₹ 10,424.36 million as at March 31, 2018 to ₹ 6,089.65 million as at March 31, 2019.

Following are the primary increases or decreases in our non-financial assets as at March 31, 2018 as compared to our non-financial assets as at March 31, 2019:

g. Current tax assets – Our current tax asset increased by 28.33% from ₹ 356.68 million as at March 31, 2018 to ₹ 457.72 million as at March 31, 2019.

h. Deferred tax assets - Our deferred tax asset decreased by 7.92% from ₹ 496.04 million as at March 31, 2018 to ₹ 456.76 million as at March 31, 2019.

i. Investment property - Our investment property decreased by 6.71% from ₹ 51.86 million as at March 31, 2018 to ₹ 48.38 million as at March 31, 2019.

j. Property, plant and equipment - Our property, plant and equipment decreased by 23.21% from ₹ 4,999.79 million as at March 31, 2018 to ₹ 3,839.46 million as at March 31, 2019.

k. Capital work-in-progress - Our capital work-in-progress increased by 2.25% from ₹ 840.11 million as at March 31, 2018 to ₹ 859.01 million as at March 31, 2019.

l. Other intangible assets - Our other intangible assets decreased by 33.24% from ₹ 63.59 million as at March 31, 2018 to ₹ 42.45 million as at March 31, 2019.

m. Assets held for sale - Our assets held for sale was ₹ 1,355.46 million as at March 31, 2019.

n. Other non-financial assets - Our Other non-financial assets increased by 515.44% from ₹ 104.26 million as at March 31, 2018 to ₹ 641.66 million as at March 31, 2019.

Equity and Liabilities

Our total equity and liabilities as at the Fiscals ended March 31, 2018 and March 31, 2019 was ₹ 28,618.89 million and ₹ 30,499.52 million, respectively.

Equity and liabilities as at March 31, 2019 and March 31, 2018

Our total equity and liabilities increased by 6.57% from ₹ 28,618.89 million as at March 31, 2018 to ₹ 30,499.52 million as at March 31, 2019 primarily due to an increase in our non-financial liabilities from ₹ 286.13 million as at March 31, 2018 to ₹ 2,351.00 million as at March 31, 2019 and an increase in our equity from ₹ 6,233.89 million as at March 31, 2018 to ₹ 7,309.44 million as at March 31, 2019. However, our financial liabilities decreased from ₹ 22,098.87 million as at March 31, 2018 to ₹ 20,839.08 million as at March 31, 2019.

Following are the primary increases or decreases in our financial liabilities as at March 31, 2019 as compared to our financial liabilities as at March 31, 2018:

o. Trade payable –Our trade payables constituted total outstanding dues to micro enterprises and small enterprises and our total outstanding dues to creditors other than micro enterprises and small enterprises. Our total outstanding dues to creditors other than micro enterprises and small enterprises decreased by 47.64% from ₹ 46.41 million as at March 31, 2018 to ₹ 24.30 million as at March 31, 2019. Our outstanding dues to micro enterprises and small enterprises as at March 31, 2018 was ₹ 0.03 million and we did not have any outstanding dues to micro enterprises and small enterprises as at March 31, 2019.

p. Other payable –Our other payables constituted outstanding dues to micro enterprises and small enterprises and our total outstanding dues to creditors other than micro enterprises and small enterprises. Our total outstanding dues to creditors other than micro enterprises and small enterprises decreased by 18.67% from ₹ 296.45 million as at March 31, 2018 to ₹ 241.10 million as at March 31, 2019.

q. Debt securities - Our debt securities decreased by 42.17% from ₹ 841.11 million as at March 31, 2018 to ₹ 486.40 million as at March 31, 2019.

r. Borrowings (other than debt securities) - Our borrowings (other than debt securities) decreased by 34.79% from ₹ 10,128.61 million as at March 31, 2018 to ₹ 6,605.22 million as at March 31, 2019.

s. Subordinated liabilities – We did not have any subordinated liabilities as at March 31, 2018; however, we had subordinated liabilities of ₹ 500.38 million as at March 31, 2019.

t. Other financial liabilities - Our other financial liabilities increased by 20.35% from ₹ 10,786.26 million as at March 31, 2018 to ₹ 12,981.68 million as at March 31, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Following are the primary increases or decreases in our non-financial liabilities as at March 31, 2018 as compared to our non-financial liabilities as at March 31, 2019:

u. Current tax liabilities - Our current tax liabilities decreased by 17.64% from ₹ 21.09 million as at March 31, 2018 to ₹ 17.37 million as at March 31, 2019.

v. Provisions - Our provisions increased by 15.80% from ₹ 23.48 million as at March 31, 2018 to ₹ 27.19 million as at March 31, 2019.

w. Other non-financial liabilities - Our other non-financial liabilities increased by 854.81% from ₹ 241.56 million as at March 31, 2018 to ₹ 2,306.44 million as at March 31, 2019.

Segment-wise Performance

				(₹ in millions)
Segments	**For the year ended March 31**			
	2019		**2018**	
	Segment Revenue	**Segment Results**	**Segment Revenue**	**Segment Results**
Stock Market Activity	7,121.28	2,037.24	6,978.25	1,726.77
Investment Banking	334.13	240.77	819.74	743.74
Facilities & Ancillary	1,454.02	219.72	1,729.57	53.72
Others	370.27	173.70	304.79	211.08
Less: Unallocated	(524.05)	(90.62)	(360.42)	-
Total	**8,755.65**	**2,580.81**	**9,471.93**	**2,735.31**

Revenue from our stock market activity increased from ₹ 6,978.25 million for the year ended March 31, 2018 to ₹ 7,121.28 million for the year ended March 31, 2019, an increase of 2%. Though there was a decrease in brokerage revenue due to volatility in the markets, it was offset by higher cross sell income and other revenue from operations during the year.

Revenue from our Investment Banking segment decreased from ₹ 819.74 million for the year ended March 31, 2018 to ₹ 334.13 million for the year ended March 31, 2019, a decrease of 59%. The decrease was primarily due to muted equity capital markets. However, IIFL Investment Banking completed more than 15 transactions in the year, including 3 IPOs, 4 QIPs and 1 ReIT, despite market volatility. We have also maintained market leadership in equity raising for private sector corporates for the period FY19.

Revenue from our facilities and ancillary segment decreased from ₹ 1,729.57 million for the year ended March 31, 2018 to ₹ 1,454.02 million for the year ended March 31, 2019, decrease of 16% due to lower other income. However, the revenue for this segment have increased from ₹ 53.72 million to ₹ 219.72 million due to cost optimisations, lower losses at joint venture and lower borrowing costs during the year.

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	FY18	FY19	Variance
Debt/Equity Ratio	1.76	1.04	-41%
Return on Net Worth	34.80%	25.32%	-27%

Explanation:

1. Debt to Equity Ratio decreased from 1.76 in FY18 to 1.04 in FY19 mainly due to lower borrowing from ₹ 10,969.73 million to ₹ 7,592.01 million and higher shareholder's equity from ₹ 6,233.89 million in FY18 to ₹ 7,309.44 million in FY19 due to retention of profits earned during the year.
2. Return on networth calculated as "PAT / Average networth of the company" decreased from 34.80% to 25.32% mainly on account of increase in average net worth from ₹ 5,189.47 million in FY 2018 to ₹ 6,771.67 million in FY 2019 due to infusion of additional capital in FY 2018 and retention of profits earned during the period. Further, decline in PAT has attributed to lower return on networth.

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 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, alternate investment fund businesses and distribution of various financial products including mutual fund, bonds, NPS etc.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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. Digitization 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. Digitization 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 organization.

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.

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 from on-boarding to exit through a single system.

Risk	Risk Response Strategies
Client holdings and settlement risk	• 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. • 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 centralized 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 through automated process in accordance with prescribed regulatory norms.
Technology & Information Security Risk	• 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 cirucular. • 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 January 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Risk	Risk Response Strategies
Compliance Risk	• 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, broking systems audit, 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 requierments. • The company has implemented business-specific Compliance Manuals, limit monitoring systems and AML/ KYC policies and enhanced risk based supervision systems. • 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. The compilations of these reports are reviewed by the Audit Committee/Board and are also submitted to regulatory authorities, periodically. Besides, the internal auditors verify the compliances as part of their audit process.
Human Resource Risk	• 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	• 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 organization pays special attention to issues that may create a Reputational risk. Events that can negatively impact the organization position are handled cautiously ensuring utmost compliance and in line with the values of the organization.
Risk Culture	• 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Risk	Risk Response Strategies
Fraud & Operational Risk	• Internal Audit 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 company periodically reviews the processes and controls and also updates its systems to meet the business requirements. • In addition to this, employees are provided with continuous trainings and there is effective segregation of duties to reduce risk of fraud.
Market Risk	• 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.

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 organization.

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 Chairman 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 recognized 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, 2019, our Company had 1,993 employees, including 136 engineers, 363 MBA graduates and 25 chartered accountants.

IIFL Securities is now a 'Great Place to Work' certified as on March 31, 2019.

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 successfully re-audited ISO 27001:2013 certificate during the year and implemented effective information security processes reinforcing our commitment to provide robust and secure technology for all our customers.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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, 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, 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

The outlook for Indian economy remains optimistic as there is a sustained rise in consumption and a gradual revival in investments, especially with a greater focus on infrastructure development. It is expected that the government will focus on faster policy implementation and encourage private sector spending to boost investments. While focusing on government spending, India needs to maintain fiscal deficit within the target range. Meeting the revenue collection and disinvestment targets would be crucial to ensure the budgeted reduction in the fiscal-deficit-to-GDP ratio. Continued implementation of structural and financial sector reforms with efforts to reduce public debt is important to ensure the economy's growth prospects. In the near term, continued fiscal consolidation is needed to bring down India's elevated public debt. This should be supported by strengthening Goods & Services Tax compliance and further reducing subsidies.

That said, the economy remains vulnerable to domestic and geopolitical risks, especially economic and political changes that can affect relative crude oil and other prices and hurt current and fiscal account deficit. Trade tensions are also high on account of trade wars between countries. As said above, fiscal expansion is the key to growth. However, the pressure will be on government spending if private investments loose steam.

Our company in past few years has made substantial investments in people, processes and technology and continues to focus on delivering steady performance. We are cognizant of the changes in the financial services sector and well prepared to overcome challenges and sustain performance.

For IIFL Securities Limited

Kranti Sinha
Chairman
DIN: 00001643

Date: August 14, 2019
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 2019, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with 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, 2019, profit, total comprehensive income, changes in equity and cash flows for the year ended on that date.

Basis for Opinion

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

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

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

INDEPENDENT AUDITOR'S REPORT (Contd.)

conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Matter of Emphasis

We draw attention Note No. 1.1 of the Financial Statements which describes the implementation of the Composite Scheme of Arrangement amongst' the Company, IIFL Holdings Limited, India Infoline Media and Research Services Limited, IIFL Wealth Management Limited, India Infoline Finance Limited, IIFL Distribution Services Limited and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme"),in Parts, based on the legal opinion obtained by the Company. The Scheme has been approved by the National Company Law Tribunal vide its order dated 07 March 2019 and filed with the Registrar of Companies on 11 April 2019.

Our report is not modified in respect of this matter.

Other Matters

The comparative financial information of the Company for the year ended 31st March, 2018 and the transition date opening balance sheet as at 1st April, 2017 included in these financial statements, are based on the previously issued statutory financial statements prepared in accordance with Companies (Accounting Standards) Rules, 2016 audited by us for the year ended 31st March 2018, our report dated 1st May, 2018 and audited by the predecessor auditor for the year ended 31st March, 2017 whose report dated 3rd May, 2017 expressed an unmodified opinion on those financial statements, as adjusted for the differences in accounting principles adopted by the company on transition to the Ind AS, which have been audited by us except for the figures relating to Securities Business Undertaking included in these financial statements which have been audited by other auditors whose reports have been furnished to us by the management.

We did not audit the financial statements of Securities Business Undertaking included in the financial statements (consequent to the Composite Scheme of Arrangement as referred to in Note 1.1 of the financial statements), whose financial statements reflect total assets of Rs 1444.73 Millions and net assets of Rs 1414.99 Millions as at 31st March, 2019, total revenues of Rs 406.77 Millions and net cash outflows/(inflows) amounting to Rs 140.75 Millions for the year ended on that date, as considered in the financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by

INDEPENDENT AUDITOR'S REPORT (Contd.)

the management and our opinion on the, in so far as it relates to the amounts and disclosures included in respect of the said undertaking and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the said undertaking is based solely on the reports of the other auditors.

As required by Ind AS 103 on Business Combinations under Appendix C - Business Combinations of Entities under Common Control, the financial information for the year ended 31st March, 2018 and as on 1st April, 2017 are restated for giving effect of the composite scheme of arrangement referred to in Note 1.1 to the financial statements.

Our opinion on the standalone financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

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

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

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

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

   c) The Balance Sheet, the Statement of Profit and Loss (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.

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

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

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

   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 29 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
(Firm's Registration No. 109208W)

G Sankar
Partner
(Membership No. 46050)
Place: Mumbai
Date: May 13, 2019

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 2019

(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, Paragraph 3(ii) of the Order is not applicable to the Company

(iii) Company has granted loan to 2 companies covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"), in respect of which:

(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 2019 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 Disputed Dues	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. 233.58 outstanding out of total demand of Rs. 241.32	01.04.2014 to 31.03.2016	CESTAT
Service Tax, 1994	Service Tax on FII Brokerage	Rs. 90.50 outstanding out of total demand of Rs. 94.45	01.04.2014 to 30.09.2014	CESTAT

(viii) According to the information and explanation given to us, 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. However it has raised monies by way of Commercial Papers and the monies

ANNEXURE A To The Independent Auditor's Report (Contd.)

raised were utilized for the purpose for which these were raised.

(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
(Firm's Registration No. 109208W)

G Sankar
Partner
(Membership No. 46050)
Place: Mumbai
Date: May 13, 2019

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 accounts for the year ended 31st March 2019

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

We have audited the internal financial controls over financial reporting of IIFL Securities Limited (formerly known as India Infoline Limited) ("the Company") as of March 31st, 2019 in conjunction with our audit of the 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

ANNEXURE B To The Independent Auditor's Report (Contd.)

financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

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

G Sankar
Partner
(Membership No. 46050)
Place: Mumbai
Date: May 13, 2019

STANDALONE BALANCE SHEET

As at March 31, 2019

(₹ in Millions)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
(1) Financial Assets				
(a) Cash and cash equivalents	3	4,099.32	2,947.80	1,081.40
(b) Bank Balance other than (a) above	4	5,706.57	4,322.80	2,585.29
(c) Receivables				
(I) Trade receivables	5	84.36	134.01	82.35
(II) Other receivables	5	28.53	13.99	93.85
(d) Loans	6	920.55	782.04	-
(e) Investments	7	1,891.55	1,871.29	2,636.54
(f) Other financial assets	8	6,111.01	10,539.41	10,655.91
Sub-total		**18,841.89**	**20,611.34**	**17,135.34**
(2) Non-Financial Assets				
(a) Current tax assets (net)		88.52	74.73	98.25
(b) Deferred tax assets (net)	9	386.59	391.72	265.10
(c) Property, Plant and Equipment	10	190.50	148.34	95.42
(d) Capital work-in-progress	10	5.18	4.44	18.63
(e) Goodwill	10	-	-	1.14
(f) Other intangible assets	10	35.91	52.71	12.70
(g) Other non-financial assets	11	62.45	64.71	94.07
Sub-total		**769.15**	**736.65**	**585.31**
Total Assets		**19,611.04**	**21,347.99**	**17,720.65**
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	12	9.54	25.62	12.57
(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	12	177.60	243.58	342.30
(b) Debt securities	13	-	-	626.55
(c) Borrowings (other than debt securities)	14	1,005.37	5,375.92	-
(d) Other financial liabilities	15	11,729.79	9,817.92	12,778.77
Sub-total		**12,922.30**	**15,463.04**	**13,760.19**
(2) Non-Financial Liabilities				
(a) Current tax liabilities (net)		-	-	53.43
(b) Provisions	16	24.46	21.08	17.86
(c) Other non-financial liabilities	17	217.51	211.48	92.65
Sub-total		**241.97**	**232.56**	**163.94**
(3) EQUITY				
(a) Equity share capital	18	638.41	637.96	635.82
(b) Other equity	19	5,808.36	5,014.43	3,160.70
Sub-total		**6,446.77**	**5,652.39**	**3,796.52**
Total Liabilities and Equity		**19,611.04**	**21,347.99**	**17,720.65**
See accompanying notes forming part of standalone financial statements	1 - 39			

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 13, 2019

For and on behalf of Board of Directors

Venkataraman Rajamani
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Jayesh Upadhyay
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2019

(₹ in Millions)

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations			
(a) Interest income	20	522.17	268.91
(b) Fees and commission income	21	6,384.55	6,815.31
Total revenue from operations		**6,906.72**	**7,084.22**
(a) Other income	22	151.33	342.35
Total income (I)		**7,058.05**	**7,426.57**
Expenses			
(a) Finance costs	23	508.61	371.78
(b) Fees and commission expense	23(a)	1,092.44	1,188.95
(c) Employee benefits expenses	24	2,134.43	1,811.13
(d) Depreciation, amortization and impairment	25	116.32	107.28
(e) Other expenses	26	1,043.52	1,534.68
Total expenses (II)		**4,895.32**	**5,013.82**
Profit/(loss) before exceptional items and tax (I) - (II) =(III)		**2,162.73**	**2,412.75**
Exceptional items (IV)		-	-
Profit/(loss) before tax (III)+(IV)=(V)		**2,162.73**	**2,412.75**
Tax expense:			
(a) Current Tax	27	713.01	930.62
(b) Deferred Tax	27	0.87	(122.74)
(c) Short/(excess)	27	(0.54)	29.79
Total tax expenses (VI)		**713.34**	**837.67**
Profit/(loss) for the period from continuing operations (V) - (VI) = (VII)		**1,449.39**	**1,575.08**
Profit/(loss) from discontinued operations		-	-
Tax Expense of discontinued operations		-	-
Profit/(loss) from discontinued operations (after tax) (VIII)		**-**	**-**
Profit/(loss) for the period (VII) + (VIII) = (IX)		**1,449.39**	**1,575.08**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or (loss)		12.19	(11.11)
(ii) Income tax relating to items that will not be reclassified to profit or (loss)		(4.26)	3.88
Other Comprehensive Income (X)		**7.93**	**(7.23)**
Total Comprehensive Income for the period (IX) + (X) (Comprising Profit/(Loss) and other Comprehensive Income for the period)		**1,457.32**	**1,567.85**
Earnings per share (for continuing operations)			
Basic (in ₹)	28	4.54	4.95
Diluted (in ₹)	28	4.54	4.95
See accompanying notes forming part of standalone financial statements	1 - 39		

As per our attached report of even date
For V Sankar Aiyar & Co.
Chartered Accountants
Firm's Registration No.109208W

For and on behalf of Board of Directors

G. Sankar
Partner
Membership No.: 046050

Venkataraman Rajamani
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Place : Mumbai
Dated : May 13, 2019

Jayesh Upadhyay
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2019

A. Equity share capital

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
Equity Shares	**No. of Shares**	**₹ in Millions**	**No. of Shares**	**₹ in Millions**	**No. of Shares**	**₹ in Millions**
At the beginning of the year	-	-	16,900,100	169.00	16,900,100	169.00
Add: Shares issued during the year	-	-	1,818,181	18.18	-	-
Closing at the end of year	-	-	18,718,281	187.18	16,900,100	169.00
Less : Shares to be cancelled under Composite Scheme of Arrangement (Refer note 1.1)	-	-	(18,718,281)	(187.18)	(16,900,100)	(169.00)
Add: Shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	318,979,026	637.96	317,908,193	635.82	317,908,193	635.82
Add: Further additional shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	224,066	0.45	1,070,833	2.14	-	-
Share suspense account	**319,203,092**	**638.41**	**318,979,026**	**637.96**	**317,908,193**	**635.82**

B. Other equity

(₹ in Millions)

Particulars	Reserves and Surplus				Other items of Other Comprehensive Income	Total
	Capital Reserve	**Securities Premium**	**Retained Earnings**	**Share options outstanding account ***		
Balance as at April 01, 2017	**-**	**749.00**	**1,493.46**	**-**	**-**	**2,242.46**
Addition due to Composite Scheme of Arrangement (Refer note 1.1)	1,188.92	-	-	-	-	1,188.92
Adjustments on account of transition to IND AS	-	-	(270.68)	-	-	(270.68)
Opening restated balance as on April 01, 2017	**1,188.92**	**749.00**	**1,222.78**	**-**	**-**	**3,160.70**
Addition due to Composite Scheme of Arrangement (Refer note 1.1)	(677.77)	-	-	-	-	(677.77)
Securities premium received on issue of shares during the year	-	1,481.82	-	-	-	1,481.82
Total comprehensive income for the year	-	-	1,575.08	-	(7.23)	1,567.85
Transfer to Capital Reserve (Refer note 1.1)	506.55	-	(507.75)	-	1.20	-
Appropriation towards dividend paid (including corporate dividend tax)	-	-	(518.17)	-	-	(518.17)
Balance as at March 31, 2018	**1,017.70**	**2,230.82**	**1,771.94**	**-**	**(6.03)**	**5014.43**
Addition due to Composite Scheme of Arrangement (Refer note 1.1)	(256.11)	-	-	21.83	-	(234.28)
Addition due to slump sale (Refer note 19)	(90.62)	-	-	-	-	(90.62)
Total comprehensive income for the year	-	-	1,449.39	-	7.93	1,457.32
Appropriation towards dividend paid (including corporate dividend tax)	-	-	(338.49)	-	-	(338.49)
Balance as at March 31, 2019	**670.97**	**2,230.82**	**2,882.84**	**21.83**	**1.90**	**5808.36**

* Shares stock options account 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)

See accompanying notes forming part of standalone financial statements (1 -39)

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 13, 2019

For and on behalf of Board of Directors

Venkataraman Rajamani
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Jayesh Upadhyay
Company Secretary

STANDALONE STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flows from operating activities		
Net profit/(loss) before taxation, and extraordinary item	2,162.73	2,412.75
Adjustments for:		
Depreciation, amortisation and impairment	116.32	107.28
Interest expenses	508.61	371.78
Dividend income	(4.44)	(6.03)
Interest income	(60.90)	(62.53)
Net loss/(gain) on fair value of investments	(32.06)	(138.25)
Net loss/(gain) on sale of fixed assets	(0.46)	0.18
Operating Profit/(Loss) Before working capital changes	**2,689.80**	**2,685.18**
(Increase)/Decrease in loan	(138.51)	(782.04)
(Increase)/Decrease in trade and other receivables	35.13	28.18
(Increase)/Decrease in other financial assets	4,912.22	116.50
(Increase)/Decrease in other non-financial assets	2.26	29.36
Increase/(Decrease) in trade and other payable	(82.06)	(85.67)
(Increase)/Decrease in other financial liabilities	1,426.53	(2,971.94)
Increase/(Decrease) in provisions	3.37	3.22
Adjustment due to Composite Scheme of Arrangement (Refer note 1.1)	(93.08)	(810.48)
Increase/(Decrease) in other non-financial liabilities	6.03	118.83
Cash generated from operations	**8,761.69**	**(1,668.86)**
Current tax expense	(726.26)	(990.34)
Net cash flow from/(used in) operating activities (A)	**8,035.43**	**(2,659.20)**
Cash flows From investing activities		
(Purchase)/Sale of Fixed Assets (net)	(141.97)	(185.06)
(Investment)/Redemption of fixed deposit	(1,383.77)	(1,737.51)
Purchase consideration under slump sale (Refer note no.- 19)	(76.90)	-
Interest income	60.90	62.53
Dividend income	4.44	6.03
Purchase/Sale of Investments (including subsidiaries)	11.79	903.51
Net cash flow from/(used in) investing activities (B)	**(1,525.51)**	**(950.50)**
Cash flows from financing activities		
Proceed from issuance of share capital	-	1,500.00
Dividend paid(including dividend distribution tax)	(338.49)	(518.17)
Increase/(decrease) in borrowings	(4,370.55)	4,749.37
Interest expenses	(508.61)	(371.78)
Net cash flow from/(used in) financing activities (C)	**(5,217.65)**	**5,359.42**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**1,292.27**	**1,749.72**
Cash and cash equivalents at beginning of year	2,947.80	1,081.40
Cash and cash equivalents at end of year	4,099.32	2,947.80
Cash and cash equivalents transferred through Composite Scheme of Arrangement (Refer note 1.1)	140.75	(116.68)
Net Increase/(Decrease) in cash and cash equivalents	**1,292.27**	**1,749.72**

See accompanying notes forming part of the standalone financial statements (1 to 39)

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
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Jayesh Upadhyay
Company Secretary

Place : Mumbai
Dated : May 13, 2019

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019

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.

1.1 Composite Scheme of Arrangement between IIFL Holdings Limited and IIFL Securities Limited.

"The Board of Directors of the Company and IIFL Holdings Limited ("IIFL Holdings") as at its meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst the Company, IIFL Holdings, India Infoline Finance Limited (""IIFL Finance"), 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, envisages 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 the Company;

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 is opening hours of April 01, 2017 and for all the other demergers/transfers/amalgamation, the Appointed Date is opening hours of April 01, 2018.

The shareholders of the respective Companies have approved the Scheme. The National Company Law Tribunal Bench at Mumbai (Tribunal) has approved the aforementioned Scheme on March 07, 2019 under the applicable provisions of the Companies Act, 2013.

Certified copy of the said order of the Tribunal was received by IIFL Holdings on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019.

Clause 56.2.4 of the Scheme states that Part V of the Scheme dealing with the merger of IIFL Finance with IIFL Holdings shall be made effective upon receipt of Non-Banking Finance Company (NBFC) registration by IIFL Holdings from the Reserve Bank of India (RBI). Pending the receipt of NBFC registration from RBI and based on the legal opinion obtained by IIFL Holdings, the Board of Directors of the respective companies at its 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 to be given effect after receipt of necessary registration from the RBI.

On the record date each shareholder of IIFL Holdings will be entitled to:

a) additional 1 fully paid up equity share of ₹ 2 each in IIFL Securities for every 1 share held in IIFL Holdings for the demerger of Securities Business Undertaking;

b) additional 1 fully paid up equity share of ₹ 2 each in IIFL Wealth for every 7 shares held in IIFL Holdings for the demerger of Wealth Business Undertaking;

After aforesaid merger of IIFL Finance with IIFL Holdings, each shareholder of IIFL Finance whose name is recorded in the register of members of IIFL Finance on the record date will be entitled to 135 fully paid up equity shares of ₹ 2 each in IIFL Holdings for every 100 shares held in IIFL Finance. In accordance with the said Composite Scheme of Arrangement:

a. The whole of the undertaking including all assets and liabilities of the Securities Business Undertaking will be transferred to and vested from IIFL Holdings to the Company at respective book values with effect from April 01, 2018, the appointed date.

b. The equity share capital of the Company comprising of 18,718,281 equity share of ₹ 10 each held by IIFL Holdings will be cancelled and in lieu of the same Company will be issuing 1 equity shares of ₹ 2 each for 1 equity share held by the shareholders of IIFL Holdings, whose names as are appearing in the Register of Members of IIFL Holdings on the Record Date.

c. The excess of net assets value of Securities Business Undertaking transferred to the Company over the value of equity shares to be issued as referred below, as reduced by the value of the equity share capital of the Company to be cancelled, referred in (b) above, has been recorded as "Capital Reserve".

d. In accordance with the scheme, the investments made by IIFL Holdings Limited in the followings companies have been transferred to the Company.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

i) IIFL Commodities Limited (Formerly India Infoline Commodities Limited)

ii) IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)

iii) IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)

iv) IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)

(v) IIFL Wealth UK Limited

(vi) IIFL Assets Reconstruction Limited

(vii) IIFL Capital Inc

The Company has become the holding company of the above companies and above have become subsidiaries and of the Company by virtue of the said composite scheme and hence financial statements has been prepared by the Company for first time.

Accordingly these financial result of the Company has been drawn up after giving effect to the Scheme of demerger of the Securities Undertaking Business (as defined in the Scheme) of IIFL Holdings into the Company

The demerger has been accounted under the "pooling of interest" method in accordance with Appendix C of IND AS 103 "Business Combination" and comparative have been vested from the beginning of the earliest previous years presented in these financial statement viz April 01, 2017.

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Net assets value of Securities Business Undertaking (a)	1,415.00	1,470.16	1,655.74
Profit for the year transfer under the scheme (b)	178.67	-	-
ESOP reserve (c)	21.83	-	-
Equity share capital to be cancelled (d)	187.18	187.18	169.00
New equity share capital to be issued (e)	638.41	637.96	635.82
Impact of differential tax rate - deferred tax (f)	1.68	1.68	-
Capital reserve created out of above (a-b-c+d-e-f)	**761.59**	**1,017.70**	**1,188.92**

1.2 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.

2. Significant Accounting Policies and Key Accounting Estimates and Judgements

2.1 Significant Accounting Policies:

a) Basis of Preparation of Standalone Financial Statements:

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).

The comparative financial information of the Company for the year ended March 31, 2018 and the opening balance sheet as at April 01, 2017 included in these Ind-AS financial statements are based on the financial accounts prepared by the management after making adjustments for converting the audited standalone financials into Ind AS and giving effect to the Composite Scheme of Arrangement, as required by Appendix C of Ind AS 103 on Business Combination and detailed in Note 1.1 of the financial statements, as if the business combination was in effect from the first day of preceding previous year viz., April 01, 2017. In giving effect to the Composite scheme of arrangement in these financial statements, the figures in respect of the Securities Business Undertaking for the current financial year and the previous periods included in these financial statements have been compiled from the carved out financial statements of IIFL Holdings Limited which have been approved by the Board of Directors of IIFL Holdings Limited on May 13, 2019. All the accounting policies adopted by the Company have been consistently applied in all the financial years presented in these 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). These Financial Statements of the Company are presented in Indian Rupees ("INR") and all values are rounded to nearest Millions upto two decimal places, except otherwise indicated.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

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 recognized 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 recorded as a gain in other comprehensive income and 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.

On transition to Ind AS, the Company has elected not to apply Ind AS 103 retrospectively to past business combinations that occured before the transition date of April 01, 2017.

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 recognized. 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 amortization 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.

d) Property, Plant and Equipment:

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

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

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenses related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value for all Property, Plant & Equipment as recognised in its IGAAP financials as deemed cost at the transition date of April 01, 2017.

Depreciation:

Depreciation on each item of property, plant and equipment is provided using the Straight-Line Method based on the useful lives of the assets as estimated by the Management and is charged to the Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Significant components of assets identified separately pursuant to the requirements under Schedule II of the Companies Act, 2013 are depreciated separately over their useful life.

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of lease.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

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

Class of assets	Useful life in years
Buildings	20
Computers	3
Electrical equipment	5
Office equipment	5
Furniture and fixtures	5
Vehicles	5

Capital work in progress and Capital advances:

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

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 capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets with finite useful life are carried at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets with indefinite useful lives, that are acquired separately, are carried at cost/fair value at the date of acquisition less accumulated impairment loss, if any.

On transition to Ind AS, the Company has elected to continue with the carrying value for all intangible assets as recognised in its IGAAP financials as deemed cost at the transition date of April 01, 2017.

Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss.

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

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 derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

f) **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. After initial recognition, an entity shall measure all of its investment properties in accordance with Ind AS 16's requirements for cost model.

On transition to Ind AS, the Company 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.

Derecognition:

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

g) **Impairment:**

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

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

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

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 assets

Initial recognition and measurement:

The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

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

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

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

account when pricing the financial asset.

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

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

i) The Company business model for managing the financial asset and

ii) The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i) Financial assets measured at amortized cost

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

iii) Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

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

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated. Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the 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 amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization 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 amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

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

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

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

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

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

iii. 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

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

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 each of the reporting dates, there are no equity instruments measured at FVOCI.

iv. Investments in equity instruments of subsidiaries & associates

Investments in equity instruments of subsidiaries & associates are accounted at cost.

v. Financial assets measured at FVTPL:

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

Reclassifications:

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

Derecognition:

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

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

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

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

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

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

Impairment of financial assets:

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

i. Trade receivables and lease receivables

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

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

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

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

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

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

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

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

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

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

Financial liabilities and equity:

Initial recognition and measurement:

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

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

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

Subsequent measurement:

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

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company 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 Company are recognised at the proceeds received, net of direct issue costs.

Derecognition:

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

i) Fair Value:

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

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market 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 categorized within the fair value hierarchy that categorizes 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 that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization 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 recognized in the Statement of 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) 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
- income and expenses are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income.

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:

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

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

Deferred tax:

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

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

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

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

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

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

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if 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 recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration require 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 recognized 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/ addressed from time to time. The penalties/ actions if any are being considered for disclosure as contingent liability only after finality of the representation of appeals before the lower authorities.

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

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

m) Cash and Cash Equivalents :

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

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

n) Revenue Recognition

The Company has adopted Ind AS 115, Revenue from Contracts with Customers, with effect from April 01, 2018.

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

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

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

Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract.

Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed.

Amounts retained by the customers until the satisfactory completion of the contracts are recognised as receivables.

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 terms of the financial instrument in estimating the cash flow.

ii. Fees & Commission

Fees and commission income is recognized based on the 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, Merchant banking and income in respect of other heads is accounted on accrual basis.

c. Profit / loss on sale of investment are recognised on trade date basis. Profit / loss on sale of investments are determined after consideration of cost on weighted average basis.

d. 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.

iii. Dividend income

a. When the right to receive the payment is established,

b. it is probable that the economic benefits associated with the dividend will flow to the entity and

c. the amount of the dividend can be measured reliably.

o) Employee Benefits

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. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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.

Short Term Employee Benefits:

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

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

Post-Employment Benefits:

I. Defined contribution plans:

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

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

II. Defined benefit plans:

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

Recognition and measurement of defined benefit plans:

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

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

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

p) Lease accounting :

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

Finance lease as lessee:

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

Finance lease as lessor:

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

Operating lease as lessor:

In respect of assets given on operating lease, lease rentals are recognised on a straight line basis over the term of lease unless;

i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or

ii) The payments to the lessor are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases, in which case the rental are recognised based on contractual term.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

Operating lease as lessee:

In respect of assets taken on operating lease, lease rentals are recognised on a straight line basis over the term of lease unless;

i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or

ii) The payments by lessee are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases, in which case the rental are recognised based on contractual term.

q) Borrowing Cost:

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

r) 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.

s) Segment Reporting:

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

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 Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets/ liabilities".

2.2 key accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

a. Income taxes

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

b. Property, Plant and Equipment

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

c. Defined Benefit Obligation

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

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

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

d. Fair value measurement of Financial Instruments

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

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.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

3. Cash and cash equivalents

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash on hand	0.23	0.18	0.16
Cheques in hand	18.62	11.10	178.16
Balance with banks :			
- in current accounts	671.24	404.64	183.21
- in client accounts	3,409.23	2,531.88	719.87
Total Cash and cash equivalents	**4,099.32**	**2,947.80**	**1,081.40**

4. Bank balances other than above

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
In deposits accounts with original maturity more than 3 months			
- Lien marked *	5,704.08	4,321.80	2,584.29
- Other deposit	2.49	1.00	1.00
Total	**5,706.57**	**4,322.80**	**2,585.29**

* 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.

5. Receivables

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(i) Trade receivables			
- Receivables considered good - unsecured	59.86	101.87	71.95
- Receivables which have significant increase in Credit Risk	30.79	35.91	13.98
- Receivables - credit impaired	10.68	15.07	4.42
Total (i) Gross	**101.33**	**152.85**	**90.35**
- Less : Impairment loss allowance	(16.97)	(18.84)	(8.00)
Total (i) Net	**84.36**	**134.01**	**82.35**
(ii) Other receivables			
- Receivables considered good - unsecured	28.53	13.99	93.85
Total (ii) Net	**28.53**	**13.99**	**93.85**

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, 2019, March 31, 2018 and April 01, 2017.

b) No trade receivables and other receivables are interest bearing.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

6. Loans

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Loan repayable on demand			
Margin trading facility balances *	780.55	782.04	-
Loan to related parties (Refer note 35) #	140.00	-	-
Total	**920.55**	**782.04**	**-**

* Loans to customers are secured by pledge of Shares/Bonds/Mutual Funds

Transferred pursuant to the Composite Scheme of Arrangement

7. Investments

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
A) At cost			
Investment in equity shares of subsidiaries (Refer note 1.1)			
- IIFL Facilities Services Limited	321.40	321.40	321.40
- IIFL Commodities Limited	20.00	20.00	20.00
- India Infoline Insurance Brokers Limited	33.41	33.41	33.41
- IIFL Management Services Limited	10.00	10.00	10.00
- IIFL Wealth (UK) Limited	11.20	11.20	11.20
- IIFL Capital Inc	40.29	40.29	40.29
- IIFL Asset Reconstruction Limited	44.13	44.13	-
- IIFL Securities IFSC Limited (100% subsidiary w.e.f 06.08.2018)	5.00	-	-
Investment in equity share of associate			
- IIFL Asset Reconstruction Limited	-	-	20.50
Investment in preference shares of subsidiaries			
- IIFL Management Services Limited (0.1 % Redeemable Non Convertible Non Cumulative)	283.78	283.78	283.78
Investment in Non Convertible Debentures			
- Arch Agro Industries Private Limited (Non Convertible Debentures)	36.34	36.34	36.34
B) At fair value through profit or (loss)			
Mutual fund			
- HDFC Charity Fund for Cancer Cure	20.06	20.06	20.05
- Kotak Liquid Direct Plan Growth	-	-	780.22
Investment in AIF			
- India Alternative Private Equity Fund - Category II - AIF Class S	613.69	545.41	388.46
- IIFL Income Opportunities Fund Series - Special Situation Category II- AIF	60.05	98.73	131.59
- IIFL Real Estate Fund (Domestic) – Series 2 Category II- AIF	374.32	393.74	508.82
- IIFL Income Opportunity Fund Category II AIF - Class	-	-	3.28
Investment in preference shares			
- Compulsory convertible preference share of Giskard Datatech Private Limited	14.51	-	-
Investment in equity shares			**-**
- Bombay Stock Exchange Limited	39.71	49.14	63.54
- Giskard Datatech Private Limited @	0.00	-	-
Total -Gross (A)	**1,927.89**	**1,907.63**	**2,672.88**
- Less: Allowance for impairment loss (B)	(36.34)	(36.34)	(36.34)
Total -Net (C) = (A) - (B)	**1,891.55**	**1,871.29**	**2,636.54**
- Investment outside India	51.49	51.49	51.49
- Investment in India	1,840.06	1,819.80	2,585.05
Total Net (C)	**1,891.55**	**1,871.29**	**2,636.54**

@ Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

8. Other financial assets

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Clients and Exchanges receivables (net of provision) #	5,571.65	9,019.18	8,610.16
Interest accrued on deposits and investments	59.54	45.18	14.39
Deposit with exchanges	63.75	70.05	56.95
Margin with exchanges	133.62	772.12	1,337.12
Security deposit with landlords and others*	216.10	602.38	598.01
Receivable from related parties (Refer note 35)	34.79	1.54	8.42
Other financial assets	31.56	28.96	30.86
Total	**6,111.01**	**10,539.41**	**10,655.91**

Includes receivable from directors & key managerial personnel of ₹ Nil (As at March 31, 2018 ₹ 0.00 Million and As at April 01, 2017 ₹ Nil)

* Includes deposit with related party of ₹ 132.97 Millions (As at March 31, 2018 ₹ 500.00 Millions and As at April 01, 2017 ₹ 500.00 Millions) refer note no.- 35

9. Deferred tax assets (net)

(₹ in Millions)

Particulars	As at March 31, 2019			
	Opening balance As at April 01, 2018	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 (net) (a) + (b)	**391.72**	**(0.87)**	**(4.26)**	**386.59**

(₹ in Millions)

Particulars	As at March 31, 2018			
	Opening balance As at April 01, 2017	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:				
Depreciation on property, plant and equipment	28.79	8.17	-	36.96
Provisions for doubtful receivables/other financial asset (Including expected credit loss)	249.22	175.17	-	424.39
Compensated absences and retirement benefits	3.87	3.33	3.88	11.08
Others	29.29	(29.29)	-	-
Total deferred tax assets (a)	**311.17**	**157.38**	**3.88**	**472.43**
Deferred tax liabilities:				
Unrealised profit on investments	(46.07)	(34.64)	-	(80.71)
Total deferred tax liabilities (b)	**(46.07)**	**(34.64)**	**-**	**(80.71)**
Deferred tax assets (net) (a) + (b)	**265.10**	**122.74**	**3.88**	**391.72**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

10. Property, Plant and Equipment

Tangible Assets:

(₹ in Millions)

Particulars	Building	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Vehicle	Total
Cost:							
As at April 01, 2017 #	**-**	**37.81**	**13.89**	**13.73**	**21.52**	**1.17**	**88.12**
Additions due to Composite Scheme of Arrangement (refer note 1.1)	7.22	-	-	-	0.08	-	7.30
Other additions	-	88.32	14.61	27.27	6.39	-	136.59
Deductions/Adjustments	-	(0.14)	(1.18)	(2.90)	(0.24)	(0.80)	(5.26)
As at March 31, 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
Disposals/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**
Accumulated Depreciation:							
As at April 01, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge for the year	0.70	36.93	13.18	14.59	13.60	0.51	79.51
Deductions/Adjustments	-	(0.02)	(0.26)	(0.56)	(0.12)	(0.14)	(1.10)
As at March 31, 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**

Net Book Value:

(₹ in Millions)

Particulars	Building	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Vehicle	Total
As at April 01, 2017 # *	7.22	37.81	13.89	13.73	21.60	1.17	95.42
As at March 31, 2018	6.52	89.08	14.40	24.07	14.27	-	148.34
As at March 31, 2019	**5.82**	**121.75**	**17.81**	**29.92**	**15.20**	**-**	**190.50**

Note :- Capital work in progress ₹ 5.18 Millions (As at March 31,2018 ₹ 4.44 Millions and As at April 01, 2017 ₹ 18.63 Millions) pertains to assets not yet capitalised (Refer note 1.1).

Cost as at April 01, 2017 is at deemed cost.

* Net book value as at April 01, 2017 includes assets acquired under the Composit Scheme of Arrangement for ₹ 7.30 Millions (Refer note 1.1).

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

Other intangible assets (other than internally generated):

(₹ in Millions)

Particulars	Software	Goodwill	Total
Cost:			
As at April 01, 2017 #	**7.40**	**1.14**	**8.54**
Additions due to Composite Scheme of Arrangement (refer note 1.1)	5.30	-	5.30
Other additions	66.64	-	66.64
Deductions/Adjustments	-	-	-
As at March 31, 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**
Accumulated Depreciation:			
As at April 01, 2017	**-**	**-**	**-**
Depreciation charge for the year	26.63	1.14	27.77
Deductions/Adjustments	-	-	-
As at March 31, 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**

Net Book Value:

(₹ in Millions)

Particulars	Software	Goodwill	Total
As at April 01, 2017 # *	12.70	1.14	13.84
As at March 31, 2018	52.71	-	52.71
As at March 31, 2019	**35.91**	**-**	**35.91**

Cost as at April 01, 2017 is at deemed cost.

* Net book value as at April 01, 2017 includes assets acquired under the Composit Scheme of Arrangement for ₹ 5.30 Millions (Refer note 1.1).

11. Other non-financial assets

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Prepaid expenses	40.72	25.72	27.04
Capital advances	7.26	8.33	28.37
Other advances	14.47	30.66	38.66
Total	**62.45**	**64.71**	**94.07**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

12. Payables

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(I) Trade Payable			
- Total outstanding dues of micro enterprises and small enterprises	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	9.54	25.62	12.57
Total (a)	**9.54**	**25.62**	**12.57**
(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	158.81	235.50	324.32
(b) Accrued salaries & benefits	16.17	5.05	4.02
(c) Others	2.62	3.03	13.96
Total (b)	**177.60**	**243.58**	**342.30**
Total (a)+(b)	**187.14**	**269.20**	**354.87**

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 Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(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	-	-	-

13. Debt Securities

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Zero Coupon Secured Redeemable Non Convertible debenture of face value ₹ 1 Million each redeemable on March 20, 2018 at premium (Maturity value ₹ 676.88 Millions)	-	-	626.55
Total	**-**	**-**	**626.55**
Debt securities in India	-	-	626.55
Debt securities outside India	-	-	-
Total	**-**	**-**	**626.55**

The Zero Coupon Secured Non convertible debentures are secured by way of pari passu charges over identified current assets and fixed assets of the Company. The Security cover as required under the terms of the issue of the said debenture is maintained. Please refer to note 32 for detail of assets pledged.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

14. Borrowings (other than Debt Securities)

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At amortised cost			
(a) Loans repayable on demand (from banks)			
- Working capital demand loan	1,000.00	-	-
- Bank Overdraft	5.37	437.47	-
(b) Other loans			
- Commercial Papers	-	4,938.45	-
Total (c) = (a)+ (b)	**1,005.37**	**5,375.92**	**-**
Borrowings in India	1,005.37	5,375.92	-
Borrowings outside India	-	-	-
Total	**1,005.37**	**5,375.92**	**-**

14.1 (a) Working Capital Demand Loan (WCDL) and bank overdraft are secured by way of fist pari-passu charge on all receivable to the tune of 1.25 times of the outstanding facility amount. Please refer to note 32 for details of asset pledged.

(b) Tenor of repayment :

(i) 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.

(ii) For bank overdraft 30 days or upto validity of facility i.e October 29, 2019 for each tranch.

(c) Interest Rate :

(i) For WCDL The rate of interest is fixed @ 10% p.a (Lending banks MCLR rate 8.70% + Spread 1.30%), Interest is payable monthly basis on the last date of each month.

(ii) For Bank Overdraft interest rate is bank MCLR 6 months + Spread of 1.25%."

14.2 Commercial papers as stated above are net of unexpired discount of ₹ Nil (March 31, 2018 ₹ 61.55 Millions and April 01, 2017 ₹ Nil) towards discount accrued but not due.

15. Other financial liabilities

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Clients and Exchanges payables #	11,353.92	9,473.35	12,035.52
Book overdraft	105.98	87.52	483.17
Deposits received from franchisee and others *	202.14	242.43	237.24
Payable to related parties (Refer note 35)	35.34	0.85	11.85
Provision for gratuity (funded) (Refer note 24)	8.63	10.45	7.75
Other payable	23.78	3.32	3.24
Total	**11,729.79**	**9,817.92**	**12,778.77**

Include payable to directors and key managerial personnel of ₹ 1.12 Millions (As at March 31, 2018 ₹ 0.03 Millions and As at April 01, 2017 ₹ 66.83 Millions)

* Include deposit by related party of ₹ 2.50 Millions (As at March 31, 2018 ₹ Nil and As at April 01, 2017 ₹ Nil) refer note no.- 35

16. Provisions

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provision for leave encashment	24.46	21.08	17.86
Total	**24.46**	**21.08**	**17.86**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

17. Other non-financial liabilities

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Income received in advance	3.53	1.25	0.72
Statutory dues (net of input credit)	213.92	210.00	86.28
Other payable	0.06	0.23	5.65
Total	**217.51**	**211.48**	**92.65**

18. Equity share capital

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

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Authorized Share Capital			
At the beginning of the year	200.00	170.00	170.00
Add: Increase in authorised share capital	-	30.00	-
Closing at the end of year	200.00	200.00	170.00
Less : Authorised share capital to be cancelled under Composite Scheme of Arrangement (Refer note 1.1)	(200.00)	(200.00)	(170.00)
500,000,500 Equity Shares of ₹ 2 each fully paid up (As at March 31,2018 500,000,500 Equity Shares and as at April 01, 2017 : 485,000,500 Equity Shares of ₹ 2 each fully paid up) pursuant to Composite Scheme of Arrangement (Refer note 1.1)	1,000.00	1,000.00	970.00
Issued, Subscribed and Paid-up Share Capital			
18,718,281 Equity Shares of ₹ 10 each fully paid up (As at March,2018 :18,718,281 Equity Shares and at April 01,2017 : 16,900,100 Equity Shares of ₹ 10 each fully paid up) to be cancelled pursuant to Composite Scheme of Arrangement (Refer note 1.1)	-	-	-
Share Suspense Account			
319,203,092 Equity Shares of ₹ 2 each fully paid up (As at March 31,2018 : 318,979,026 Equity Shares and as at April 01, 2017 : 317,908,193 Equity Shares of ₹ 2 each fully paid up) to be issued to the shareholders of IIFL Holdings Limited pursuant to Composite Scheme of Arrangement (Refer note 1.1)	638.41	637.96	635.82

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

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	(₹ in Millions)	No. of Shares	(₹ in Millions)	No. of Shares	(₹ in Millions)
Equity Shares						
At the beginning of the year	-	-	16,900,100	169.00	16,900,100	169.00
Add: Shares issued during the year	-	-	1,818,181	18.18		-
Closing at the end of year	-	-	18,718,281	187.18	16,900,100	169.00
Less : Shares to be cancelled under Composite Scheme of Arrangement (Refer note 1.1)	-	-	(18,718,281)	(187.18)	(16,900,100)	(169.00)
Add: Shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	318,979,026	637.96	317,908,193	635.82	317,908,193	635.82
Add: Further Additional Shares to be issued pursuant to composite scheme of arrangement (Refer note 1.1)	224,066	0.45	1,070,833	2.14	-	-
Share suspense account	**319,203,092**	**638.41**	**318,979,026**	**637.96**	**317,908,193**	**635.82**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

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

The List of the shareholders to whom the shares to be issued under the Composite Scheme of Arrangement & having more than 5% shareholdings are as under:

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	% of holding in the class	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 Ltd.	84,641,445	26.52	84,641,445	26.54	84,641,445	26.62
Nirmal Bhanwarlal Jain	46,402,000	14.54	47,952,000	15.03	51,252,000	16.12
HWIC Asia Fund Class A shares	28,362,530	8.89	28,362,530	8.89	27,910,000	8.78
Venkataraman Rajamani *	10,984,432	3.44	10,909,432	3.42	19,909,432	6.26
Madhu N Jain *	12,075,000	3.78	13,700,000	4.29	17,000,000	5.35

* Position as on March 31, 2019 and March 31, 2018 is given as they were shareholders with more than 5% shareholding as on April 01, 2017.

e. During the period of five years immediately preceding 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.

f. Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestments, including the terms and amount, refer note 19 other equity for details of shares reserved for issue under Employee Stock Option Plan of the Company.

19. Other equity

(₹ in Millions)

Particulars	Reserves and Surplus				Other items of Other Comprehen-sive Income	Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	Share options outstanding account		
Balance as at April 01, 2017	**-**	**749.00**	**1,493.46**	**-**	**-**	**2,242.46**
Addition due to composite scheme of arrangement (Refer note 1.1)	1,188.92	-	-	-	-	1,188.92
Adjustments on account of transition to Ind AS	-	-	(270.68)	-	-	(270.68)
Opening restated balance as on April 01, 2017	**1,188.92**	**749.00**	**1,222.78**	**-**	**-**	**3,160.70**
Addition due to composite scheme of arrangement (Refer note 1.1)	(677.77)	-	-	-	-	(677.77)
Securities premium received on issue of shares during the year	-	1,481.82	-	-	-	1,481.82
Total comprehensive income for the year	-	-	1,575.08	-	(7.23)	1,567.85
Transfer to Capital Reserve (Refer note 1.1)	506.55		(507.75)		1.20	-
Appropriation towards dividend paid (including corporate dividend tax)	-	-	(518.17)	-	-	(518.17)

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	Reserves and Surplus				Other items of Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	Share options outstanding account		
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 (including corporate dividend tax)	-	-	(338.49)	-	-	(338.49)
Balance as at March 31, 2019	**670.97**	**2,230.82**	**2,882.84**	**21.83**	**1.90**	**5,808.36**

During the year, the Company has acquired all the assets and liabilities pertaining to undertaking for commodities business carried out on the exchange platform of MCX & NCDEX from a subsidiary IIFL Commodities Limited under slump sale for a consideration of ₹ 76.90 Millions. The same has resulted into a negative Capital Reserve (i.e Goodwill) as detailed out below:

Slump sale transaction	(₹ in Millions)
Total assets acquired	483.82
Total liabilities acquired	497.54
Net liability	(13.72)
Less : Purchase consideration	(76.90)
Capital Reserve (i.e Goodwill)	**(90.62)**

Footnotes: Nature and purpose reserves

i) **Capital reserves :** Capital reserve is created due to slump sale transaction and (Refer note above) as per the 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) **Retained earnings :** The balance in retained earnings primarily represents the surplus after payment of dividend (including tax on dividend) and transfer to reserves.

iv) **Share options outstanding account :** Share stock options account 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)

20. Interest income

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Interest on deposits with banks *	394.23	251.48
Interest on loan (Margin Funding Facilities)	126.22	15.87
Other interest income	1.72	1.56
Total	**522.17**	**268.91**

* interest received on fixed deposit with bank which are pledged with exchanges for margin money requirement.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

21. Fees and commission income

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Brokerage & related income	4,971.14	5,049.18
Investment Banking income	334.13	819.74
Commission & other advisory fees (incl. cross sell)	1,079.28	946.39
Total	**6,384.55**	**6,815.31**

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 Company reportable segments.

Current year

(₹ in Millions)

Particulars	Stock Market Activity	Investment Banking	Total
Brokerage and related income	4,971.14	-	4,971.14
Investment Banking income	-	334.13	334.13
Commission & other advisory fees (incl. cross sell)	1,079.28	-	1,079.28
Total Fee and commission income	**6,050.42**	**334.13**	**6,384.55**

Previous year

(₹ in Millions)

Particulars	Stock Market Activity	Investment Banking	Total
Brokerage and related income	5,049.18	-	5,049.18
Investment Banking income	-	819.74	819.74
Commission & other advisory fees (incl. cross sell)	946.39	-	946.39
Total Fee and commission income	**5,995.57**	**819.74**	**6,815.31**

22. Other income

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Capital gain on investments	22.80	63.91
Gain on financial assets measured at fair value through Profit and Loss account	32.06	138.25
Interest income on		
- Income tax refund	10.28	-
- Inter corporate deposit *	16.99	15.52
- Fixed deposit	0.17	0.12
- Investment	43.74	46.88
Dividend income	4.44	6.03
Gain on derecognisation of property, plant and equipment	0.46	-
Other income	20.39	71.64
Total	**151.33**	**342.35**

* Income of Securities Business Undertaking division pursuant to the Composite Scheme of Arrangement (Refer note 1.1)

23. Finance cost measured at amortised cost

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Interest on borrowings	447.23	274.60
Interest on debt securities	-	49.83
Other borrowing cost	61.38	47.35
Total	**508.61**	**371.78**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

23(a) Fees and commission expense

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Sub brokerage charges	610.63	734.87
Commission & other advisory fees (incl. cross sell)	204.58	231.11
Others	277.23	222.97
Total	**1,092.44**	**1,188.95**

24. Employee benefits expenses

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Salaries and wages	2,029.98	1,721.79
Contribution to provident and other funds	55.31	44.21
Share based payments (Refer note 19)	8.40	13.84
Staff welfare expenses	17.46	17.94
Gratuity	13.35	5.00
Leave encashment	9.93	8.35
Total	**2,134.43**	**1,811.13**

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 Millions)

Particulars	FY 2018-19	FY 2017-18
Defined Benefit Obligation at beginning of the year	119.30	112.76
Interest cost	9.17	7.98
Current service cost	12.54	12.68
Past services cost	-	(8.22)
Liability transferred In/ acquisitions	1.00	3.41
(Liability transferred out/ divestments)	1.54	(4.30)
(Benefit paid directly by the Employer)	-	(0.02)
(Benefit paid from the fund)	(12.94)	(14.63)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions assumptions	0.48	(9.22)
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(17.68)	11.11
Actuarial (gains)/losses on obligations - due to experience	5.90	7.75
Defined Benefit Obligation at year end	**119.31**	**119.30**

(ii) Reconciliation of opening and closing balances of fair value of Plan Assets

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Change in the fair value of plan assets		
Fair value of plan assets at beginning of the year	108.85	105.01
Interest income	8.36	7.44
Contributions by the employer	2.50	12.50
Expected return on plan assets (excluding interest)	0.89	(1.47)
Assets transferred in/acquisitions	3.02	-
(Benefit paid from the fund)	(12.94)	(14.63)
Fair value of Plan Assets at the end of the year	**110.68**	**108.85**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(iii) Amount Recognized in the Balance Sheet

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
(Present Value of Benefit Obligation at the end of the year)	**(119.31)**	**(119.30)**
Fair value of Plan Assets at the end of the year	110.68	108.85
Net (liability)/Asset recognized in the balance sheet (surplus/ (deficit))	(8.63)	(10.45)

(iv) Expenses recognised during the year

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
In Income statement		
Current service cost	12.54	12.68
Net interest cost	0.81	0.54
Past service cost	-	(8.22)
Expense recognised in the Statement of Profit and Loss under " Employee benefits expenses	**13.35**	**5.00**
In other comprehensive income		
Actuarial (gains)/Losses on obligation for the period	(11.30)	9.64
Return on plan assets, excluding interest income	(0.89)	1.47
Change in asset ceiling	-	-
Net (income)/expense for the year recognized in OCI	**(12.19)**	**11.11**

(v) Balance sheet reconciliation

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Opening net liability	**10.45**	**7.75**
Expenses Recognized in Statement of Profit or Loss	13.35	5.00
Expenses Recognized in OCI	(12.19)	11.11
Net Liability/(Asset) Transfer In	1.00	3.41
Net (Liability)/Asset Transfer Out	(1.48)	(4.30)
(Benefit Paid Directly by the Employer)	-	(0.02)
(Employer's Contribution)	(2.50)	(12.50)
Net liability/(asset) recognized in the balance sheet	**8.63**	**10.45**

(vi) Investment Details

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Category of assets		
Insurance fund	110.68	108.85
Total	**110.68**	**108.85**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(vii) Actuarial assumptions

Particulars	FY 2018-19	FY 2017-18
Expected return on plan assets	7.64%	7.53%
Rate of discounting	7.64%	7.53%
Rate of salary increase	5.00%	7.00%
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 trade, 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 Millions)

Particulars	FY 2018-19	FY 2017-18
Projected Benefit Obligation on Current Assumptions	**119.31**	**119.30**
Delta Effect of +1% Change in Rate of Discounting	(9.00)	(10.12)
Delta Effect of -1% Change in Rate of Discounting	10.44	11.84
Delta Effect of +1% Change in Rate of Salary Increase	8.56	9.53
Delta Effect of -1% Change in Rate of Salary Increase	(7.86)	(8.58)
Delta Effect of +1% Change in Rate of Employee Turnover	2.81	1.26
Delta Effect of -1% Change in Rate of Employee Turnover	(3.18)	(1.45)
Weighted Average Duration of the Projected Benefit Obligation	10	11

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.

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 Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(ix) Maturity Analysis of the Benefit Payments: From the Fund

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
1st Following Year	14.14	11.36
2nd Following Year	8.78	7.69
3rd Following Year	8.83	7.86
4th Following Year	8.75	8.00
5th Following Year	10.05	8.01
Sum of Years 6 To 10	45.25	44.23
Sum of Years 11 and above	171.12	210.39

B. Defined Contribution Plans:

The Company have recognised the following amounts as an expense in the Statement of Profit and Loss:

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Contribution to provident fund	28.99	21.19
Contribution to ESIC	4.78	5.07
Contribution to labour welfare fund	0.06	0.05
Contribution to EPS	20.16	17.17
Contribution to NPS	1.32	0.73
Total	**55.31**	**44.21**

25. Depreciation, amortization and impairment

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Depreciation on property, plant and equipment	86.38	79.51
Amortization of intangible assets	29.94	27.77
Total	**116.32**	**107.28**

26. Other expenses

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Advertisement expense	112.00	45.51
Books and Periodicals charges	0.48	0.44
Bank charges	2.15	3.00
Communication expense	54.60	42.54
Custodian charges	19.92	21.97
Corporate social responsibility expenses (Refer note 31)	25.62	19.46
Directors sitting fees	0.76	0.68
Donation	0.49	3.48
Electricity charges	49.47	45.23
Exchange and statutory charges	3.82	10.18
Expected credit loss (including provision for doubtful and bad debts)	0.20	498.89
Franking charges	6.06	7.23
Insurance	1.59	1.77
Legal and professional charges	113.17	105.38
Loss on sale of assets	-	0.18
Marketing and commission expenses	109.55	128.06
Meeting seminar and subscription	3.32	1.61

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Office expenses	85.34	71.61
Postage and courier	15.08	14.54
Printing and stationery	14.49	11.75
Rent expense	197.96	202.76
Rates and taxes	6.61	2.87
Repairs and maintenance		
- Computer	2.53	5.64
- Others	12.05	20.82
Remuneration to Auditors :		
- As auditors - Statutory Audit	1.70	2.30
- Certification work and other matters	0.83	-
- Out of pocket expenses	0.19	-
Software charges	120.74	173.82
Travelling and conveyance	78.27	86.61
Miscellaneous expenses	4.53	6.35
Total	**1,043.52**	**1,534.68**

27. Income Tax

Amount Recognised in profit or (loss)

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Current tax expenses		
Current Year	713.01	930.62
Changes in estimates related to prior years	(0.54)	29.79
Deferred tax expenses		
Origination and reversal of temporary differences	0.87	(122.74)
Total	**713.34**	**837.67**

Reconciliation of effective tax rates :

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Profit before tax	2,162.73	2,412.75
Tax using domestic tax rates	34.944%	34.608%
Tax amount	755.74	835.00
Tax effect of :		
Non-deductible expenses	5.54	9.68
Tax-exempt income	(5.02)	(5.03)
Change in tax rate	-	(4.39)
Fair value on investment	(6.11)	(13.32)
Tax impact due to Composite Scheme of Arrangement (Refer note 1.1)	-	(2.92)
Adjustment in respect of current income tax of prior years	(0.54)	29.79
Fair value of assets acquired under the slump sale	(75.77)	-
Recognition of previously unrecognised deductible temporary differences	39.50	(11.14)
Total Income Tax Expense	**713.34**	**837.67**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

28. Earnings per share

Particulars		FY 2018-19	FY 2017-18
Face value of equity shares in ₹ fully paid up		2	2
BASIC			
Profit after tax as per statement of profit and loss (₹ in Millions)	A	1,449.39	1,575.08
Weighted average number of equity shares outstanding	B	319,061,399	318,293,090
Basic EPS (In ₹)	A/B	4.54	4.95
DILUTED			
Weighted average number of equity shares for computation of basic EPS		319,061,399	318,293,090
Add: Potential equity shares on account conversion of Employees Stock Options		383,975	-
Weighted average number of equity shares for computation of diluted EPS	C	319,445,374	318,293,090
Diluted EPS (In ₹)	**A/C**	**4.54**	**4.95**

29. Capital, Other commitments and contingent liabilities at Balance Sheet date:

Capital and Other Commitment

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(i) Capital Commitment	45.33	18.13	55.53
(ii) Other Commitment	60.18	51.31	60.98

Contingent Liabilities

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(i) In respect of Income Tax Demands (see note 1)	7.20	7.20	-
(ii) In respect of Service Tax Demands (see note 2)	335.77	-	-
(iii) Bank Guarantees	6,050.00	5,331.00	4,931.00
(iv) In respect of Legal Case/Penalties	61.93	60.36	62.06
Total	**6,454.90**	**5,398.56**	**4,993.06**

Notes : 1) Amount paid under protest with respect to income tax demand ₹ 7.20 Millions (As at March 31, 2018 ₹ 7.20 Millions, As at April 01, 2017 ₹ Nil)

2) Amount paid under protest with respect to service tax demand ₹ 11.69 Millions (As at March 31, 2018 ₹ Nil, As at April 01, 2017 ₹ Nil)

3) 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.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

30 Minimum lease rentals outstanding on assets taken on operating lease

The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same has been charged to Statement of Profit and Loss. The agreements are executed for a period ranging 1 to 5 years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days.

(₹ in Millions)

Minimum Lease Rentals	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Due for			
Up to One year	35.66	30.00	31.81
One to Five years	16.26	6.54	17.93
Total	**51.92**	**36.54**	**49.74**

31. Corporate Social Responsibility

During the period ended March 31, 2019 the Company has spent ₹ 25.62 Millions (Previous year ₹ 19.46 Millions) out of the total amount of ₹ 25.62 Millions (Previous year ₹ 19.46 Millions) 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.

32. Assets pledged as security

The carrying amounts of assets pledged as security for borrowings are:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Financial assets			
First charge			
Cash and bank balances	-	-	71.57
Trade and other receivables	-	-	17.91
Investments	-	-	1,423.92
Other financial assets	6,669.10	9,476.55	-
Non financial assets	**-**	**-**	**-**
First charge	**-**	**-**	**-**
Freehold buildings	-	-	14.07
Total assets pledged as security	**6,669.10**	**9,476.55**	**1,527.47**

33. Financial Risk Management

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 assets.

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 Millions)

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**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2018			
	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	101.87	35.91	15.07	152.85
Less : Impairment loss allowance	-	(3.76)	(15.07)	(18.83)
Carrying amount	**101.87**	**32.15**	**-**	**134.02**
Other financial assets	7,252.56	4,208.84	269.94	11,731.34
Less : Impairment loss allowance	-	(921.99)	(269.94)	(1,191.93)
Carrying amount	**7,252.56**	**3,286.85**	**-**	**10,539.41**

(₹ in Millions)

Particulars	As at April 01, 2017			
	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	71.95	13.98	4.42	90.35
Less : Impairment loss allowance	-	(3.58)	(4.42)	(8.00)
Carrying amount	**71.95**	**10.40**	**-**	**82.35**
Other financial assets	7,867.17	3,455.42	44.66	11,367.25
Less : Impairment loss allowance	-	(666.68)	(44.66)	(711.34)
Carrying amount	**7,867.17**	**2,788.74**	**-**	**10,655.91**

Movement of ECL (Trade receivable and other financial assets)

(₹ in Millions)

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 01, 2017	670.26	49.08	719.34
Increase/(decrease) net	255.49	235.93	491.42
March 31, 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

A.2. Collateral held

The Company holds collateral of securities and other credit enhancements against its credit exposures.

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 in order to compare it with the credit risk at the transition date. 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.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

33. 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 companying 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 Millions)

Particulars	Carrying amount up to 1 year			Carrying amount from 1 year to 5 year		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade payables & other payable	187.14	269.20	354.87	-	-	-
Debt securities	-	-	626.55	-	-	-
Commercial paper		4,938.45	-	-	-	-
Working capital demand Loan	1,000.00	-	-	-	-	-
Bank overdraft	5.37	437.47	-	-	-	-
Other financial liabilities	11,522.43	9,568.03	12,537.64	207.36	249.89	241.13
Total	**12,714.94**	**15,213.15**	**13,519.06**	**207.36**	**249.89**	**241.13**

33. C. Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument.

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.

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Bank overdraft	5.37	437.47	-
Working capital demand loan	1,000.00	-	-
Weighted average rate	9.83%	9.25%	-
Annualised interest cost	98.78	40.47	-

Sensitivity analysis for impact on interest cost

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Increase in 1% change in ROI	10.05	4.37	-
Decrease in 1% change in ROI	(10.05)	(4.37)	-

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

C.2. Fair value sensitivity analysis for fixed-rate instruments

The Company's fixed-rate financial liabilities (commercial paper) 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.

C.3. Exposure to currency risks

The Company is operating internationally and is exposed to foreign exchange risk arising form foreign currency transaction. Below is table showing net gap between foreign assets and liabilities.

(in Millions)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Foreign currency	Amount in INR	Foreign currency	Amount in INR	Foreign currency	Amount in INR
Foreign Currency Assets						
USD	0.09	6.30	0.07	4.46	-	-
GBP	0.03	2.84	-	-	-	-
Foreign Currency Liabilities						
USD	0.50	34.64	0.02	1.38	0.09	6.03
GBP	-	-	-	-	0.02	1.22
AED	-	-	-	-	0.25	4.39
HKD	-	-	0.01	0.05	-	-
Net Gap						
USD	(0.41)	(28.34)	0.05	3.08	(0.09)	(6.03)
GBP	0.03	2.84	-	-	(0.02)	(1.22)
AED	-	-	-	-	(0.25)	(4.39)
HKD	-	-	(0.01)	(0.05)	-	-

The effect of upward movement of 5% in the exchange rate reduce the profit/reserve by ₹ 1.28 Millions and downward movement of 5% will increase profit/reserve by ₹ 1.28 Millions for FY 2019-20

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 Alternate Investment Funds under various schemes and its exposure.

(₹ in Millions)

Particulars	Equity Shares (Other than Subsidiary)	Mutual Funds	Alternate Investment Funds	Preference Shares	Total
Market Value as on March 31, 2019	39.71	20.06	1,048.06	14.51	1,122.34
Market Value as on March 31, 2018	49.14	20.06	1,037.88	-	1,107.08
Market Value as on April 01, 2017	63.54	800.27	1,032.15	-	1,895.96

The effect of upward movement of 5% in the price affects the projected net income by ₹ 56.12 Millions and for forward downward movement of 5% the projected net loss will be ₹ 56.12 Millions for FY 2019-20.

33D. 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.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

The Company's strategy is to maintain gearing ratio as per industry norms. The gearing ratio is as follows

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Total debt	1,005.37	5,375.92
Cash & cash equivalent (excluding client bank balance)	(690.09)	(415.92)
Net debt	**315.28**	**4,960.00**
Total equity	6,446.77	5,652.39
Net debt to equity	**0.05**	**0.88**

33E. 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.

The Company uses widely recognised valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps, that use only observable market data and require little management judgement and estimation.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. 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.

The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

E.1. Financial instruments measured at fair value – Fair value hierarchy

(₹ in Millions)

Financial instruments 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*	39.71	-	0.00	39.71
Preference Shares	-	-	14.51	14.51
Alternate Investment Funds	-	-	1,048.06	1,048.06
Total Assets	**59.77**	**-**	**1,062.57**	**1,122.34**

* Amount is less than ₹ 0.01, hence shown ₹ 0.00 Millions, wherever applicable.

(₹ in Millions)

Financial instruments measured at fair value	Recurring fair value measurements as at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds	20.06	-	-	20.06
Equity instruments	49.14	-	-	49.14
Preference Shares	-	-	-	-
Alternate Investment Funds	-	-	1,037.88	1,037.88
Total Assets	**69.20**	**-**	**1,037.88**	**1,107.08**

Notes forming part of Standalone Financial Statement
For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Financial instruments measured at fair value	Recurring fair value measurements as at April 01, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	800.27	-	-	800.27
Equity instruments	63.54	-	-	63.54
Preference Shares	-	-	-	-
Alternate Investment Funds	-	-	1,032.15	1,032.15
Total Assets	**863.81**	**-**	**1,032.15**	**1,895.96**

E.2. 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.

(₹ in Millions)

Particulars	As at March 31, 2019				
	Level 1	Level 2	Level 3	Total fair value	At amortised cost
Assets					
Investment in Equity Share of Subsidiaries (at cost)	-	-	-	-	485.43
Investment in Preference Share of Subsidiaries (at cost)	-	-	-	-	283.78
Cash and cash equivalents	-	-	-	-	4,099.32
Bank balance	-	-	-	-	5,706.57
Trade and other receivable	-	-	-	-	112.89
Loans	-	-	-	-	920.55
Security deposit with Landlord	-	-	141.19	141.19	185.94
Security deposit others	-	-	-	-	30.16
Other financial asset (net of impairment)	-	-	-	-	5,894.91
Total Assets	**-**	**-**	**141.19**	**141.19**	**17,719.55**
Liabilities					
Borrowings	-	-	-	-	1,005.37
Trade and other payables	-	-	-	-	187.14
Security deposit with Landlord	-	-	2.05	2.05	2.50
Security deposit others	-	-	-	-	199.64
Other financial liabilities	-	-	-	-	11,527.65
Total Liabilities	**-**	**-**	**2.05**	**2.05**	**12,922.30**

(₹ in Millions)

Particulars	As at March 31, 2018				
	Level 1	Level 2	Level 3	Total fair value	At amortised cost
Assets					
Investment in Equity Share of Subsidiaries (at cost)	-	-	-	-	480.43
Investment in Preference Share of Subsidiaries (at cost)	-	-	-	-	283.78
Cash and cash equivalents	-	-	-	-	2,947.80
Bank balance	-	-	-	-	4,322.80
Trade and other receivable	-	-	-	-	148.00
Loans	-	-	-	-	782.04
Security deposit with Landlord	-	-	513.85	513.85	554.30
Security deposit others	-	-	-	-	48.03
Other financial asset (net of impairment)	-	-	-	-	9,937.03
Total Assets	**-**	**-**	**513.85**	**513.85**	**19,504.26**
Liabilities					
Borrowings	-	-	-	-	5,375.92
Trade and other payables	-	-	-	-	269.20
Security deposit others	-	-	-	-	242.43
Other financial liabilities	-	-	-	-	9,575.49
Total Liabilities	**-**	**-**	**-**	**-**	**15,463.04**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	As at April 01, 2017				
	Level 1	Level 2	Level 3	Total fair value	At amortised cost
Assets					
Investment in Equity Share of Subsidiaries (at cost)	-	-	-	-	456.80
Investment in Preference Share of Subsidiaries (at cost)	-	-	-	-	283.78
Cash and cash equivalents	-	-	-	-	1,081.40
Bank balance	-	-	-	-	2,585.29
Trade and other receivable	-	-	-	-	176.20
Security Deposit with Landlord	-	-	487.11	487.11	597.01
Security Deposit others	-	-	-	-	1.00
Other financial assets (net of impairment)	-	-	-	-	10,057.90
Total Assets	**-**	**-**	**487.11**	**487.11**	**15,239.38**
Liabilities					
Trade and other payables	-	-	-	-	354.87
Debt securities	-	-	-	-	626.55
Security Deposit others	-	-	-	-	237.24
Other financial liabilities	-	-	-	-	12,541.53
Total Liabilities	**-**	**-**	**-**	**-**	**13,760.19**

The carrying amount of financial assets and financial liabilities whose fair value are not disclosed above and that are not measured at fair value are approximation of fair value.

E.3. 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 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 Preference shares/ Equity share	These indicates thinly traded / non traded securities as defined in SEBI Regulations and Guidelines and the fair value is value using input based on information / other data that are available.	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	6.25% - 6.85% based on SBI Deposit rate	Not Applicable

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

34. List of Related Parties

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
Director or their relatives	Mr. Kranti Sinha
	Mr. Venkataraman Rajamani (Director upto November 17, 2016)
	Mr. Mohan Radhakrishnan
	Mr. Narendra Jain
	Ms. Geetha Mathur (upto May 8, 2019)
	Mr. Aniruddha Dange
	Mr. Arindam Chanda (from January 24, 2017 to March 26, 2018)
Key Management Personnel	Arindam Chanda-CEO (from March 27, 2018)
Subsidiaries Company (Refer note 1.1)	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
	India Infoline Foundation
	IIFL Assets Reconstruction Limited (from May 9, 2017)
Joint Venture / Associates	Meenakshi Tower LLP (Joint venture of wholly owned subsidiary, IIFL Management Services Limited)
	IIFL Asset Reconstruction Limited (from April 11, 2016 to May 8, 2017)
Other Related Parties (Fellow subsidiaries upto April 01, 2018) #	India Infoline Finance Limited
	IIFL Home Finance Limited
	Samasta Microfinance Limited
	Ayusha Dairy Private 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

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

Nature of relationship	Name of party
	IIFL Wealth Securities IFSC Limited
	IIFL Altiore Advisors Private Limited (Formerly Altiore Advisors Private Limited)
	IIFL Wealth Advisors(India) Limited (Formerly Wealth Advisors (India) Private Limited)
Other Related Parties (Holding Company upto April 01, 2018) #	IIFL Holdings Limited
Other Related Parties	FIH Mauritius Investments Limited
	Giskard Datatech Private Limited
	5Paisa Capital Limited
	5Paisa P2P Limited
	5paisa Insurance Brokers Limited
	Mr. Nirmal Jain - Promoter
	Mr. Venkataraman Rajamani - Promoter (appointed as Director from May 13, 2019)
	Orpheous Trading Private Limited
	Sunder Bhanwar Holiday Home Private Limited (up to March 04, 2018)
	MNJ Consultants Private Limited
	Sunder Bhawar Ventures Private Limited
	Kalki Family Private Trust
	Nirmal Madhu Family Private Trust
	India Infoline Employee Trust
	Ardent Impex Private Limited

* IIFL Wealth Management Limited has dis-invested with effect from IIFL Private Wealth (Suisse) SA and accordingly does not hold any stake in IIFL Private Wealth (Suisse) SA. (Effective date of disinvestment: February 27, 2019)

* *IIFL Private Wealth (Hongkong) Limited' has ceased to carry its business operations and is in process of winding up.

Date of Demerger – April 01, 2018 being the appointed date in terms of the Composite Scheme of Arrangement amongst India Infoline Finance Limited ("IIFL Finance"), IIFL Holdings Limited ("IIFL Holdings"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), 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") approved by the Board of Directors of the Holding Company at its meeting held on January 31, 2018, and approved by the National Company Law Tribunal Bench at Mumbai (Tribunal) on March 07, 2019 under the applicable provisions of the Companies Act, 2013.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

35. Related Party Transaction

(A) As per Ind AS 24, the disclosures of transactions with related parties are given below

(₹ in Millions)

Nature of transaction	FY 2018-19	FY 2017-18
Purchase of Investment in Equity & Preference shares:-		
a) Subsidiaries		
IIFL Securities IFSC Limited	5.00	-
b) Other Related Parties		
Giskard Datatech Private Ltd.	14.51	-
Brokerage Income/Delayed Paying Charges Income/Depository Participate Income/ Upfront Income etc. :-		
a) Subsidiaries		
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	0.22
IIFL Management Services Limited (Formerly Known as India Infoline Insurance Services Limited)	4.49	-
b) Other Related Parties		
India Infoline Finance Limited	5.04	0.73
IIFL Wealth Management Limited	0.20	0.01
IIFL Asset Management Limited (Formerly Known as India Infoline Asset Management Company Limited)	0.03	-
IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited)	0.02	0.03
Mr. Nirmal Jain	0.71	1.04
Mr. Venkataraman Rajamani	0.11	0.39
Ardent Impex Private Limited	0.02	0.04
Orpheous Trading Private Limited	-	0.03
c) Directors , Key Managerial Persons & their relatives		
Mr. Arindam Chanda	0.00	0.01
Mr. Mohan Radhakrishnan	0.05	0.17
Mr. Aniruddha Dange	0.10	0.46
Mr. Narendra Jain	0.00	-
Interest Income - Inter Corporate Deposit/Others :-		
a) Subsidiaries		
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	0.00
IIFL Management Services Limited (Formerly Known as India Infoline Insurance Services Limited)	1.23	0.66
b) Other Related Parties		
India Infoline Employee Trust	-	0.01
India Infoline Finance Limited	-	1.15
IIFL Wealth Management Limited	-	0.29
5Paisa Capital Limited	15.76	4.13
NCD Taken and Repaid		
a) Subsidiaries		
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	676.38
Deposit		
a) Subsidiaries (Given-Received Back)		
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	500.00	-
b) Other Related Parties (Received)		
5Paisa Capital Limited	2.50	-
Deposit (Given) :-		
a) Subsidiaries		
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	132.97	-

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Nature of transaction	FY 2018-19	FY 2017-18
b) Other Related Parties		
India Infoline Finance Limited	0.10	0.20
5Paisa Capital Limited	-	0.20
Investment Banking Income :-		
a) Other Related Parties		
India Infoline Finance Limited	1.00	-
IIFL Wealth Management Limited	65.16	-
Advance Given :-		
a) Subsidiaries		
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	0.20
Advance Given (Received Back) :-		
a) Subsidiaries		
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	0.20
Commission Income/Arranger fees/Advisory Fees Income/Research Income/Referral Income/Marketing :-		
a) Other Related Parties		
IIFL Wealth Management Limited	-	22.50
India Infoline Finance Limited	221.35	-
IIFL Asset Management Limited (Formerly Known as India Infoline Asset Management Company Limited)	54.31	30.97
IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited)	26.79	11.27
Remuneration :-		
Directors #	35.30	46.22
Key Managerial Perssonel	15.14	-
Sitting Fees		
Ms. Geeta Mathur	0.32	0.30
Mr. Kranti Sinha	0.35	0.38
Rent Income :-		
a) Other Related Parties		
5Paisa Capital Limited	4.82	-
Interest Expenses Inter Corporate Deposit :-		
a) Subsidiaries		
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	23.28	0.91
b) Other Related Parties		
India Infoline Finance Limited	28.04	10.01
Corporate Social Responsibility Expenses :-		
a) Subsidiary		
India Infoline Foundation	25.62	19.46
Purchase Consideration :-		
a) Subsidiaries		
IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)	76.90	-
Rent Expenses :-		
a) Subsidiaries		
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	225.29	159.00
IIFL Management Services Limited (Formerly Known as India Infoline Insurance Services Limited)	-	1.04

Directors' Salary of ₹ 22.76 Millions in FY17-18 was paid from IIFL Holdings Limited

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Nature of transaction		FY 2018-19	FY 2017-18
Rent Income :-			
a)	**Other Related Parties**		
	5paisa Capital Limited	4.82	-
Referral Fees Expenses/Authorised Person/marketing Expenses/Arranger Fees expenses/Support fees/Commission & Brokerage expenses :-			
a)	**Subsidiaries**		
	IIFL Capital Inc	210.61	141.16
	IIFL Wealth U.K Limited	19.78	17.45
b)	**Other Related Parties**		
	IIFL Wealth Management Limited	-	109.62
	5Paisa Capital Limited	4.56	4.83
Inter Corporate Deposit Taken :-			
a)	**Subsidiaries**		
	IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	9,435.00	-
b)	**Other Related Parties**		
	India Infoline Finance Limited	26,280.00	14,050.00
	5Paisa Capital Limited	-	140.00
Inter Corporate Deposit Taken and Repaid :-			
a)	**Subsidiaries**		
	IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	9,435.00	-
b)	**Other Related Parties**		
	India Infoline Finance Limited	26,280.00	14,050.00
	5Paisa Capital Limited	-	140.00
Inter Corporate Deposit Given : -			
a)	**Subsidiaries**		
	IIFL Management Services Limited (Formerly Known as India Infoline Insurance Services Limited)	260.00	183.00
b)	**Other Related Parties**		
	India Infoline Finance Limited	-	1,500.00
	IIFL Wealth Management Limited	-	165.00
	5Paisa Capital Limited	1,010.00	510.00
	India Infoline Employee Trust	-	35.00
Inter Corporate Deposit Given Received Back : -			
a)	**Subsidiaries**		
	IIFL Management Services Limited (Formerly Known as India Infoline Insurance Services Limited)	250.00	183.00
b)	**Other Related Parties**		
	India Infoline Finance Limited	-	1,500.00
	IIFL Wealth Management Limited	-	165.00
	5Paisa Capital Limited	880.00	510.00
	India Infoline Employee Trust	-	35.00
b)	**Other Related Parties**		
	IIFL Asset Management Limited (Formerly Known as India Infoline Asset Management Company Limited)	0.00	0.04
	IIFL Wealth Management Limited	13.99	48.58
	India Infoline Finance Limited	604.35	109.65
	IIFL Wealth Management Limited	0.07	-
	IIFL Home Finance Limited (Formerly Known as India Infoline Housing Finance Limited)	45.69	25.48
	5paisa Capital Limited	41.02	27.76

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Nature of transaction		FY 2018-19	FY 2017-18
Others Paid :-			
a)	**Subsidiaries**		
	IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	0.39	2.48
	IIFL Commodities Limited (Formerly Known as India Infoline Commodities Limited)	0.77	0.68
	IIFL Management Services Limited (Formerly Known as India Infoline Insurance Services Limited)	0.09	0.08
	IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	0.02	0.14
b)	**Other Related Parties**		
	India Infoline Finance Limited	3.14	4.62
	5paisa Capital Limited	0.42	0.11
	IIFL Home Finance Limited (Formerly Known as India Infoline Housing Finance Limited)	0.05	0.39
	IIFL Wealth Management Limited	0.12	0.74
	IIFL Distribution Services Limited	-	0.11
Others Received :-			
a)	**Subsidiaries**		
	IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	0.47	3.92
	IIFL Commodities Limited (Formerly Known as India Infoline Commodities Limited)	0.82	0.62
	IIFL Management Services Limited (Formerly Known as India Infoline Insurance Services Limited)	0.45	0.07
	India Infoline Foundation	0.70	0.11
	IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	2.75	0.58
b)	**Other Related Parties**		
	India Infoline Finance Limited	8.49	3.32
	5paisa Capital Limited	0.14	2.29
	IIFL Home Finance Limited (Formerly Known as India Infoline Housing Finance Limited)	1.31	0.99
	IIFL Asset Management Limited (Formerly Known as India Infoline Asset Management Company Limited)	0.00	0.01
	IIFL Investment Advisors & Trustee Services Limited	0.47	-
	IIFL Wealth Management Limited	0.06	0.18
	IIFL Distribution Services Limited	0.02	0.08
	IIFL Wealth Finance Limited	-	0.01

Note:

i) 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 persons is not included above.

ii) Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million, wherever applicable.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(B) Closing Balance

(₹ in Millions)

Nature of transaction	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Sundry Payable :-			
a) Subsidiaries			
IIFL Capital Inc	34.63	0.46	6.02
IIFL Management Services Limited (Formerly Known as India Infoline Insurance Services Ltd)	0.26	-	-
b) Other Related Parties			
IIFL Wealth Finance Ltd	-	-	0.02
IIFL Wealth Management Ltd	0.45	0.39	0.13
IIFL Private Wealth Management (Dubai) Ltd	-	-	4.39
IIFL Wealth U.K. Ltd.	-	-	1.29
Nirmal Jain	-	13.88	0.10
c) Director			
Mr. Mohan Radhakrishnan	0.00	0.03	0.00
Mr. Aniruddha Dange	1.12	-	65.86
Mr. Narendra Jain	0.00	-	-
d) Key Managerial Persons			
Mr. Arindam Chanda	0.00	0.00	0.97
Security Deposit			
Other Related Parties			
5paisa Capital Limited	2.50	-	-
Sundry Receivable :-			
a) Subsidiaries			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate limited)	0.11	-	-
IIFL Management Services Limited (Formerly Known as India Infoline Insurance Services Ltd)	-	0.23	0.22
IIFL Securities Services IFSC Limited	0.12	-	-
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	0.08	1.31	0.77
b) Other Related Parties			
IIFL Home Finance Limited (Formerly Known as India Infoline Housing Finance Limited)	0.94	-	-
India Infoline Finance Limited	23.74	-	-
IIFL Wealth Management Ltd	-	-	7.43
IIFL Asset Management Ltd (Formerly Known as India Infoline Asset Management Company Ltd)	9.16	-	-
5paisa Capital Limited	0.64	-	-
Orpheus Trading Private Limited	-	0.00	0.00
c) Director			
Mr. Venkataraman Rajamani	-	0.00	-
Mr. Aniruddha Dange	-	0.00	-
Inter Corporate Deposit			
a) Subsidiaries			
IIFL Management Services Limited	10.00	-	-
b) Other Related Parties			
5paisa Capital Limited	130.00	-	-
Security Deposit Receivable			
a) Subsidiaries			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	132.97	500.00	500.00

Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million, wherever applicable.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

36. Disclosure as per Ind AS -108 "Segment Reporting":

The Company has reported segment information as per Indian Accounting Standard (Ind AS) 108 on 'Operating segments'. As per Ind AS 108, segments are identified based on Management's evaluation of financial information for allocating resources and assessing performance. Accordingly, the Company has identified two reportable segments namely i) Stock market activity ii) Investment banking.

Business Segment	Principal activities
i) Stock market activity	Broking and other related activities including distribution of financial services spaces offering capital market services such as equity/ currency broking/ commodity broking, depository participant services and third party financial product distribution services.
ii) Investment banking	Merchant banking business.

(₹ in Millions)

Particulars	As at March 31, 2019		
	Stock Market Activity	**Investment Banking**	**Total**
I) Segment revenue			
a) External	6,723.92	334.13	7,058.05
Inter segment revenue			-
Total Revenue			**7,058.05**
II) Results			
a) Segment results	1,921.96	240.77	2,162.73
Less : - Unallocated			-
Profit before tax			**2,162.73**
b) Interest income	511.89	-	511.89
Add : - Unallocated			10.28
Net interest income			**522.17**
c) Interest expense	508.61	-	508.61
Add : - Unallocated			-
Net interest expense			**508.61**
d) Current tax			713.34
e) Net profit after tax			1,449.39
III) Segment assets	19,096.69	39.23	19,135.92
Add : - Unallocated			475.12
Net assets			**19,611.04**
IV) Segment liabilities	13,154.54	9.73	13,164.27
Add : - Unallocated			-
Net liabilities			**13,164.27**
V) Capital Expenditure	26.10		26.10
VI) Depreciation	116.32		116.32

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars			As at March 31, 2018		
			Stock Market Activity	Investment Banking	Total
I)	Segment revenue				
	a)	External	6,606.83	819.74	7,426.57
		Inter segment revenue			-
Total Revenue					**7,426.57**
II)	**Results**				
	a)	Segment results	1,669.00	743.75	2,412.75
		Less : - Unallocated			-
		Profit before tax			**2,412.75**
	b)	Interest income	268.91	-	268.91
		Less : - Unallocated			-
		Net interest income			**268.91**
	c)	Interest expense	371.78		371.78
		Less : - Unallocated			
		Net interest expense			**371.78**
	d)	Current tax			837.67
	e)	Net profit after tax			1,575.08
III)	**Segment assets**		20,842.31	39.23	20,881.54
	Add : - Unallocated				466.45
	Net assets				**21,347.99**
IV)	**Segment liabilities**		15,669.02	26.58	15,695.60
	Less : - Unallocated				-
	Net liabilities				**15,695.60**
V)	**Capital Expenditure**		77.60		77.60
VI)	**Depreciation**		107.28		107.28

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

37. The table below shows as analysis of assets and liabilities analysed according to when they are expected to be received or settled.

(₹ in Millions)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
(1) Financial Assets									
(a) Cash and cash equivalents	4,099.32	-	4,099.32	2,947.80	-	2,947.80	1,081.40	-	1,081.40
(b) Bank Balance other than (a) above	5,695.81	10.76	5,706.57	4,310.78	12.02	4,322.80	2,562.14	23.15	2,585.29
(c) Receivables									
(I) Trade receivables	84.36	-	84.36	134.01	-	134.01	82.35	-	82.35
(II) Other receivables	28.53	-	28.53	13.99	-	13.99	93.85	-	93.85
(d) Loans	920.55	-	920.55	782.04	-	782.04	-	-	-
(e) Investments	60.04	1,831.51	1,891.55	98.74	1,772.55	1,871.29	783.51	1,853.03	2,636.54
(f) Other financial assets	5,831.16	279.85	6,111.01	10,366.98	172.43	10,539.41	10,000.95	654.96	10,655.91
Sub-total	**16,719.77**	**2,122.12**	**18,841.89**	**18,654.34**	**1,957.00**	**20,611.34**	**14,604.20**	**2,531.14**	**17,135.34**
(2) Non-Financial Assets									
(a) Current tax assets (net)	-	88.52	88.52	-	74.73	74.73	-	98.25	98.25
(b) Deferred tax assets (net)	-	386.59	386.59	-	391.72	391.72	-	265.10	265.10
(c) Property, Plant and Equipment	-	190.50	190.50	-	148.34	148.34	-	95.42	95.42
(d) Capital work-in-progress	-	5.18	5.18	-	4.44	4.44	-	18.63	18.63
(e) Goodwill	-	-	-	-	-	-	-	1.14	1.14
(f) Other intangible assets	-	35.91	35.91	-	52.71	52.71	-	12.70	12.70
(g) Other non-financial assets	60.25	2.20	62.45	63.27	1.44	64.71	92.54	1.53	94.07
Sub-total	**60.25**	**708.90**	**769.15**	**63.27**	**673.38**	**736.65**	**92.54**	**492.77**	**585.31**
Total Assets	**16,780.02**	**2,831.02**	**19,611.04**	**18,717.61**	**2,630.38**	**21,347.99**	**14,696.74**	**3,023.91**	**17,720.65**
LIABILITIES									
(1) Financial Liabilities									
(a) Payables									
(I) Trade payables									
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	9.54	-	9.54	25.62	-	25.62	12.57	-	12.57
(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	177.60	-	177.60	243.58	-	243.58	342.30	-	342.30
(b) Debt securities	-	-	-	-	-	-	626.55	-	626.55
(c) Borrowings (Other than debt securities)	1,005.37	-	1,005.37	5,375.92	-	5,375.92	-	-	-
(e) Deposits	-	-	-	-	-	-	-	-	-
(f) Subordinated Liabilities	-	-	-	-	-	-	-	-	-
(d) Other financial liabilities	11,522.43	207.36	11,729.79	9,568.03	249.89	9,817.92	12,537.64	241.13	12,778.77
Sub-total	**12,714.94**	**207.36**	**12,922.30**	**15,213.15**	**249.89**	**15,463.04**	**13,519.06**	**241.13**	**13,760.19**
(2) Non-Financial Liabilities									
(a) Current tax liabilities (Net)	-	-	-	-	-	-	-	53.43	53.43
(b) Provisions	5.45	19.01	24.46	4.01	17.07	21.08	3.70	14.16	17.86
(c) Other non-financial liabilities	217.51	-	217.51	211.48	-	211.48	92.65	-	92.65
Sub-total	**222.96**	**19.01**	**241.97**	**215.49**	**17.07**	**232.56**	**96.35**	**67.59**	**163.94**
Total Liabilities	**12,937.90**	**226.37**	**13,164.27**	**15,428.64**	**266.96**	**15,695.60**	**13,615.41**	**308.72**	**13,924.13**
Net	**3,842.12**	**2,604.65**	**6,446.77**	**3,288.97**	**2,363.42**	**5,652.39**	**1,081.33**	**2,715.19**	**3,796.52**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

38. First time adoption of Indian Accounting Standards

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2017, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2017 and the financial statements as at and for the year ended March 31, 2018.

Exemptions applied

1. Mandatory Exemptions:-

a) Estimates

The estimates at April 01, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model

  The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2017, the date of transition to Ind AS and as of March 31, 2018.

b) De-recognition of financial assets and financial liability

The Company has applied the de-recognition requirements under Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c) Classification and Measurement of Financial Assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS

d) Fair Value of Financial Assets and Liabilities

As per Ind AS exemption, the Company has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

2. Optional exemptions

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 in order to compare it with the credit risk at the transition date. 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.

a) Deemed cost-Previous GAAP carrying amount

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of Property, Plant and Equipment and Intangible Assets as recognised in its Indian GAAP financial as deemed cost at the transition date.

b) Arrangements containing a lease

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

c) Designate of previously recognised financial instrument

The Company has elected this exemption and opted to

- Designate an investment in equity shares as FVPTL, as per Ind AS 109, based on facts and circumstances exist on transition date.

d) Past Business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 01, 2017. Consequently,

a) the Company has kept the same classification for the past business combinations as in its previous GAAP financial statements

b) the Company has not recorded assets and liabilities that were not recognised in the previous GAAP; and the Company has not excluded from its Opening Balance Sheet those items recognized in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS.

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

Effect of Ind AS adoption on the Standalone Balance Sheet as at March 31, 2018 and April 01, 2017

(₹ in Millions)

Particulars	Note No.	As at March 31, 2018				As at April 01, 2017			
		Indian GAAP	Merger of Securities under-taking	Adjust-ment	As per Ind AS	Indian GAAP	Merger of Securities under-taking	Adjust-ment	As per Ind AS
ASSETS									
(1) Financial Assets									
(a) Cash and cash equivalents		2,760.55	187.25	-	2,947.80	1,010.83	70.57	-	1,081.40
(b) Bank Balance other than (a) above		4,320.31	2.49	-	4,322.80	2,584.29	1.00	-	2,585.29
(c) Receivables									
(I) Trade receivables	(i)	121.82	23.04	(10.85)	134.01	79.42	10.93	(8.00)	82.35
(II) Other receivables		12.45	1.54	-	13.99	86.86	6.99	-	93.85
(d) Loans		782.04	-	-	782.04	-	-	-	-
(e) Investments	(ii)	258.05	1,256.68	356.56	1,871.29	247.38	2,164.49	224.67	2,636.54
(f) Other financial assets	(i & v)	11,657.21	35.75	(1,153.55)	10,539.41	11,299.40	20.13	(663.62)	10,655.91
Sub-total		**19,912.43**	**1,506.75**	**(807.84)**	**20,611.34**	**15,308.18**	**2,274.11**	**(446.95)**	**17,135.34**
(2) Non-Financial Assets									
(a) Current tax assets (Net)		74.73	-	-	74.73	98.25	-	-	98.25
(b) Deferred tax assets (Net)	(iii)	63.46	(10.09)	338.35	391.72	49.64	19.24	196.22	265.10
(c) Property, Plant and Equipment		141.77	6.57	-	148.34	88.12	7.30	-	95.42
(d) Capital work-in-progress		4.44	-	-	4.44	18.63	-	-	18.63
(e) Goodwill		-	-	-	-	1.14	-	-	1.14
(f) Other intangible assets		49.09	3.62	-	52.71	7.40	5.30	-	12.70
(g) Other non-financial assets		57.30	7.41	-	64.71	92.66	1.41	-	94.07
Sub-total		**390.79**	**7.51**	**338.35**	**736.65**	**355.84**	**33.25**	**196.22**	**585.31**
Total		**20,303.22**	**1,514.26**	**(469.49)**	**21,347.99**	**15,664.02**	**2,307.36**	**(250.73)**	**17,720.65**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	Note No.	As at March 31, 2018				As at April 01, 2017			
		Indian GAAP	Merger of Securities undertaking	Adjustment	As per Ind AS	Indian GAAP	Merger of Securities undertaking	Adjustment	As per Ind AS
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		25.62	-	-	25.62	13.93	(1.36)		12.57
(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		221.09	22.49	-	243.58	314.62	27.68	-	342.30
(b) Debt securities		-	-	-	-	-	626.55	-	626.55
(c) Borrowings (Other than debt securities)		5,375.92	-	-	5,375.92	-	-	-	-
(d) Other financial liabilities	(iv)	9,776.59	7.54	33.79	9,817.92	12,767.49	(8.67)	19.95	12,778.77
Sub-total		**15,399.22**	**30.03**	**33.79**	**15,463.04**	**13,096.04**	**644.20**	**19.95**	**13,760.19**
(2) Non-financial liabilities									
(a) Current tax liabilities (Net)		-		-	-	53.43		-	53.43
(b) Provisions		19.26	1.82	-	21.08	16.60	1.26		17.86
(c) Other non-current liabilities		197.55	13.93	-	211.48	86.49	6.16		92.65
Sub-total		**216.81**	**15.75**	**-**	**232.56**	**156.52**	**7.42**	**-**	**163.94**
(3) EQUITY									
(a) Equity share capital		187.18	450.78		637.96	169.00	466.82	-	635.82
(b) Other equity	(i to vi)	4,500.01	1,017.70	(503.28)	5,014.43	2,242.46	1,188.92	(270.68)	3,160.70
Sub-total		**4,687.19**	**1,468.48**	**(503.28)**	**5,652.39**	**2,411.46**	**1,655.74**	**(270.68)**	**3,796.52**
Total		**20,303.22**	**1,514.26**	**(469.49)**	**21,347.99**	**15,664.02**	**2,307.36**	**(250.73)**	**17,720.65**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

Reconciliation of Total Comprehensive Income for the year ended March 31, 2018

(₹ in Millions)

Particulars	Note No.	Indian GAAP	Merger of Securities undertaking	Adjustments	As per Ind AS
Revenue from operations					
(a) Interest income		268.91	-	-	268.91
(b) Fees and commission income		5,995.56	819.75	-	6,815.31
Total revenue from operations		**6,264.47**	**819.75**	**-**	**7,084.22**
(a) Other income	(ii)	81.91	128.55	131.89	342.35
Total income (I)		**6,346.38**	**948.30**	**131.89**	**7,426.57**
Expenses					
(a) Finance costs		321.58	50.20	-	371.78
(b) Fees and commission expense		1,188.95	-	-	1,188.95
(c) Employee benefits expenses	(iv & v)	1,737.44	69.12	4.57	1,811.13
(d) Depreciation, amortization and impairment		104.04	3.24		107.28
(e) Others expenses	(i)	1,010.35	31.54	492.79	1,534.68
Total expenses (II)		**4,362.36**	**154.10**	**497.36**	**5,013.82**
Profit/(loss) before exceptional items and tax (I) -(II) = (III)		1,984.02	794.20	(365.47)	2,412.75
Exceptional items (IV)		-	-	-	-
Profit/(loss) before tax (III) + (IV) = (V)		**1,984.02**	**794.20**	**(365.47)**	**2,412.75**
Tax Expense:					
(a) Current tax		693.40	237.22	-	930.62
(b) Deferred tax	(iii)	(13.82)	29.98	(138.90)	(122.74)
(b) Short/(excess)		10.55	19.24	-	29.79
Total tax expenses (VI)		**690.13**	**286.44**	**(138.90)**	**837.67**
Profit/(loss) for the period from continuing operations(V-VI) =VII		1,293.89	507.76	(226.57)	1,575.08
Profit/(loss) from discontinued operations		-	-	-	-
Tax Expense of discontinued operations		-	-	-	-
Profit/(loss) from discontinued operations (After tax) (VIII)		-	-	-	-
Profit/(loss) for the period (VII - VIII) = IX		**1,293.89**	**507.76**	**(226.57)**	**1,575.08**
Other Comprehensive Income					
(i) Items that will not be reclassified to profit or loss (A)		-	(1.84)	(9.27)	(11.11)
(ii) Income tax relating to items that will not be reclassified to profit or loss (B)		-	0.64	3.24	3.88
Other Comprehensive Income (A + B) (X)		-	(1.20)	(6.03)	(7.23)
(Xi) Total Comprehensive Income for the period (iX+X)		**1,293.89**	**506.56**	**(232.60)**	**1,567.85**

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

Explanatory Notes to Reconciliation of Total Equity and Total Comprehensive Income

(i) Expected Credit Loss

As per the previous GAAP, the Company was providing for financial assets based on incurred loss model. As per Ind AS 109, provision for impairment of financial asses is required to be made based on forward looking expected credit loss model. This has resulted in recognition of additional provision for expected credit loss as on transition date of April 01, 2017 and during the year ended March 31, 2018.

(ii) Fair Valuation of Investments

Under previous GAAP, current investments were measured at lower of cost or fair value. Under Ind AS, these financial assets have been classified as FVTPL on the date of transition. The fair value changes are recognised in the Statement of Profit and Loss. On transitioning to Ind AS, these financial assets have been measured at their fair values which is higher than cost as per previous GAAP.

(iii) Deferred Tax:

Ind AS requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Deferred tax adjustments are recognised in relation to the underlying transaction either in retained earnings or a separate component of equity (OCI).

(iv) Share Based Payments

Under previous GAAP, the cost of employee share-based payments was recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based payments is recognised in the statement of profit and loss for the year ended March 31, 2018 based on the fair value of the options as on the grant date with consequent increase in the amount payable to the holding company.

(v) Defined Benefit Liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on the basis of actuarial valuation. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurement comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability)are recognised in OCI.

(vi) Financial Assets Classified at Fair Value Through Profit and Loss Account

Under Indian GAAP, the Company has recorded long term investments in quoted equity shares as investment and measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTPL investments. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised through the Profit and Loss Account. Similarly, for the year ended March 31, 2018, fair value gain or loss recognised in Profit and Loss Account.

39. Standard Issued but not effective

Ind AS 116 Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 01, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

Notes forming part of Standalone Financial Statement

For the year ended March 31, 2019 (Contd.)

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

The Company is currently evaluating the effect of this amendment on the standalone financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute 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.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 01, 2019. The Company will adopt the standard on April 01, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 01, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

Amendment to Ind AS 12 – Income Taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 19 – Plan Amendment, Curtailment or Settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company does not have any impact on account of this amendment.

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 13, 2019

For and on behalf of Board of Directors

Venkataraman Rajamani
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Jayesh Upadhyay
Company Secretary

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 subsidiaries(Holding Company and its subsidiaries together referred to as "the Group"), which comprise of the consolidated Balance Sheet as at 31st March 2019, 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 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, 2019, 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 Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report and other information included in the Annual 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 Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies 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; 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 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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (Contd.)

The respective Board of Directors of the companies 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 company which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the 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 reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

We did not audit the financial statements of Securities Business Undertaking included in the financial statements of Holding Company (consequent to the Composite Scheme of Arrangement as referred to in Note 1.1 of the financial statements), whose financial statements reflect total assets of Rs 1444.73 Millions and net assets of Rs 1414.99 Millions as at 31st March, 2019, total revenues of Rs 406.77 Millions and net cash outflows/(inflows) amounting to Rs 140.75 Millions for the year ended on that date, as considered in the financial statements along with comparative financial information of the said undertaking for the year ended 31st March, 2018 and the transition date opening balance sheet as at 1st April, 2017 included in these financial statements, as adjusted for the differences in accounting principles adopted on

INDEPENDENT AUDITOR'S REPORT (Contd.)

transition to the Ind AS. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the, in so far as it relates to the amounts and disclosures included in respect of the said undertaking and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the said undertaking is based solely on the reports of the other auditors.

We did not audit the financial statements of two wholly owned subsidiaries outside India included in the consolidated financial statements, whose financial statements reflect total assets of Rs 151.57 Millions, net assets of Rs 108.34 Millions as at 31st March, 2019, total revenues of Rs 359.15 Millions and net cash outflows amounting to Rs 18.63 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 Holding Company's Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors. The said subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the Management of the Company and audited by us.

The comparative financial information of the company for the year ended 31st March 2018 and the opening balance sheet as at 1st April 2017 included in these consolidated Ind-AS financial statements, are based on the consolidated financial accounts prepared by the management considering the audited standalone financial statements of all subsidiaries and associate for the financial years ended March 31, 2018 and March 31, 2017 after making adjustments for converting the audited standalone financials into Ind AS and giving effect to the Composite Scheme of Arrangement as required by Appendix C of Ind AS 103 on Business Combination and detailed in Note 1.1 of the consolidated financial statements, as if the business combination was in effect from the first day of preceding previous year viz., April 01, 2017.

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, 2019 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, 2019 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 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 subsidiaries

INDEPENDENT AUDITOR'S REPORT (Contd.)

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 37 to the consolidated financial statements.

ii. The Holding Company and its subsidiaries incorporated in India 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 Group.

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

G Sankar
Partner
(Membership No. 46050)

Place: Mumbai
Date: May 13, 2019

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 2019

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

We have audited the internal financial controls over financial reporting of IIFL Securities Limited (formerly known as India Infoline Limited) (hereinafter referred to as "the Holding Company") and its subsidiaries incorporated in India as of March 31st, 2019 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries incorporated in India 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with 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 of the Company and its subsidiaries which are companies 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

ANNEXURE To The Independent Auditor's Report (Contd.)

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

Opinion

In our opinion, the Holding Company and its subsidiaries which are 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, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

G Sankar
Partner
(Membership No. 46050)

Place: Mumbai
Date: May 13, 2019

CONSOLIDATED BALANCE SHEET

As at March 31, 2019

(₹ in Millions)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
1. Financial Assets				
(a) Cash and cash equivalents	3	4,812.23	3,877.35	1,533.68
(b) Bank balance other than (a) above	4	5,838.29	4,676.33	2,889.90
(c) Receivables				
(I) Trade receivables	5	248.37	252.74	209.06
(II) Other receivables	5	81.53	65.05	93.85
(d) Loans	6	4,332.38	816.14	-
(e) Investments	7	1,396.17	1,594.59	2,252.19
(f) Other financial assets	8	6,089.65	10,424.36	10,473.03
Sub-total		**22,798.62**	**21,706.56**	**17,451.71**
2. Non-Financial Assets				
(a) Current tax assets (net)		457.72	356.68	353.64
(b) Deferred tax assets (net)	9	456.76	496.04	374.26
(c) Investment property	10	48.38	51.86	55.63
(d) Property, Plant and Equipment	11	3,839.46	4,999.79	4,632.67
(e) Capital work-in-progress	11	859.01	840.11	639.04
(f) Goodwill	12	-	-	1.14
(g) Other intangible assets	12	42.45	63.59	12.87
(h) Assets held for sale	13	1,355.46	-	-
(i) Other non-financial assets	14	641.66	104.26	838.14
Sub-total		**7,700.90**	**6,912.33**	**6,907.39**
Total Assets		**30,499.52**	**28,618.89**	**24,359.10**
LIABILITIES AND EQUITY				
LIABILITIES				
1. Financial Liabilities				
(a) Payables				
(I) Trade payables				
(i) Total outstanding dues of micro enterprises and small enterprises	15	-	0.03	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	15	24.30	46.41	30.28
(II) Other payables				
(i) Total outstanding dues of micro enterprises and small enterprises	15	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	15	241.10	296.45	416.26
(b) Debt securities	16	486.40	841.11	1,386.14
(c) Borrowings (other than debt securities)	17	6,605.22	10,128.61	4,086.68
(d) Subordinated liabilities	18	500.38	-	408.73
(e) Other financial liabilities	19	12,981.68	10,786.26	13,677.03
Sub-total		**20,839.08**	**22,098.87**	**20,005.12**
2. Non-Financial Liabilities				
(a) Current tax liabilities (net)		17.37	21.09	60.25
(b) Provisions	20	27.19	23.48	19.97
(c) Other non-financial liabilities	21	2,306.44	241.56	128.71
Sub-total		**2,351.00**	**286.13**	**208.93**
3. Equity				
(a) Equity share capital	22	638.41	637.96	635.82
(b) Other equity	23	6,671.03	5,595.93	3,509.23
(c) Non controlling interest		-	-	-
Sub-total		**7,309.44**	**6,233.89**	**4,145.05**
Total Liabilities and Equity		**30,499.52**	**28,618.89**	**24,359.10**
See accompanying notes forming part of the consolidated financial statements	1-44			

As per our attached report of even date
For V Sankar Aiyar & Co.
Chartered Accountants
Firm's Registration No.109208W

For and on behalf of Board of Directors

G. Sankar
Partner
Membership No.: 046050

Venkataraman Rajamani
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Jayesh Upadhyay
Company Secretary

Place : Mumbai
Dated : May 13, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2019

(₹ in Millions)

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations			
(a) Interest income	24	621.38	287.49
(b) Rental income		544.07	554.53
(c) Fees and commission income	25	7,185.85	7,505.08
Total revenue from operations		**8,351.30**	**8,347.10**
(a) Other income	26	404.35	1,124.83
Total income (I)		**8,755.65**	**9,471.93**
Expenses			
(a) Finance costs	27	1,144.95	1,445.06
(b) Fees and commission expense	28	881.38	1,067.88
(c) Employee benefits expenses	29	2,566.35	2,109.29
(d) Depreciation, amortisation and impairment	30	418.98	365.10
(e) Others expenses	31	1,127.75	1,691.11
Total expenses (II)		**6,139.41**	**6,678.44**
Profit before share of profit/(loss) of associates and joint ventures and exceptional items (I) - (II) = (III)		**2,616.24**	**2,793.49**
Share of profit/(loss) of associates and joint ventures (IV)		(35.43)	(58.18)
Profit before exceptional items and tax (III) + (IV) = (V)		**2,580.81**	**2,735.31**
Exceptional items (VI)		-	-
Profit before tax (V) - (VI) = (VII)		**2,580.81**	**2,735.31**
Tax expense:			
(a) Current tax	32	839.08	1,055.52
(b) Deferred tax	32	31.36	(141.98)
(c) Short/excess	32	(3.96)	16.01
Total tax expense (VIII)		866.48	929.55
Profit/(loss) for the period from continuing operations (VII) - (VIII) = (IX)		**1,714.33**	**1,805.76**
Profit/(loss) from discontinued operations		-	-
Tax expense of discontinued operations		-	-
Profit/(loss) from discontinued operations(after tax) (X)		-	-
Profit/(loss) for the period (IX) + (X) = (XI)		**1,714.33**	**1,805.76**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss statement		10.40	(12.35)
(ii) Income tax relating to items that will not be reclassified to profit or loss statement		(3.72)	4.22
Other Comprehensive Income (XII)		**6.68**	**(8.13)**
Total Comprehensive Income for the period (XI) + (XII)		**1,721.01**	**1,797.63**
Attributable to:			
(a) Owners of the Company		1,721.01	1,797.63
(b) Non controlling interest		-	-
Earnings per equity share			
Basic (₹)	33	5.37	5.67
Diluted (₹)	33	5.37	5.67
See accompanying notes forming part of the consolidated financial statements	1-44		

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 13, 2019

For and on behalf of Board of Directors

Venkataraman Rajamani
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Jayesh Upadhyay
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2019

A. Equity share capital

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
At the beginning of the year	-	-	16,900,100	169.00	16,900,100	169.00
Add: Shares issued during the year	-	-	1,818,181	18.18	-	-
Closing at the end of year	-	-	18,718,281	187.18	16,900,100	169.00
Less : Shares to be cancelled under Composite Scheme of Arrangement (Refer note 1.1)	-	-	(18,718,281)	(187.18)	(16,900,100)	(169.00)
Add : Shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	318,979,026	637.96	317,908,193	635.82	317,908,193	635.82
Add : Further additional shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	224,066	0.45	1,070,833	2.14	-	-
Share suspense account	**319,203,092**	**638.41**	**318,979,026**	**637.96**	**317,908,193**	**635.82**

B. Other equity

(₹ in Millions)

Particulars	Reserves and Surplus					Share options outstanding account #	Exchange differences on translating the financial statements of a foreign operation	Other items of other comprehensive income	Total
	Capital reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings				
Balance as at April 01, 2017	**1,188.91**	**749.00**	**60.01**	**399.19**	**1,109.12**	**-**	**3.00**	**-**	**3,509.23**
Total comprehensive income for the year	-	-	-	-	1,805.76	-	-	(8.13)	1,797.63
Appropriation towards dividend paid (including corporate dividend tax)	-	-	-	-	(518.16)	-	-	-	(518.16)
Additions during the year	-	1,481.82	-	-	-	-	-	-	1,481.82
Addition due to Composite Scheme of Arrangement (Refer note 1.1)	(677.77)	-	-	-	-	-	-	-	(677.77)
Transfer of capital reserve	506.55	-	-	-	(507.75)	-	-	1.20	-
Other additions	-	-	(14.72)	14.72	-	-	3.18	-	3.18
Total as at March 31, 2018									
Balance as at March 31, 2018	**1,017.69**	**2,230.82**	**45.29**	**413.91**	**1,888.97**	**-**	**6.18**	**(6.93)**	**5,595.93**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2019

(₹ in Millions)

Particulars	Reserves and Surplus					Share options outstanding account #	Exchange differences on translating the financial statements of a foreign operation	Other items of other comprehensive income	Total
	Capital reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings				
Total comprehensive income for the year	-	-	-	-	1,714.33	-	-	6.68	1,721.01
Appropriation towards dividend paid (including corporate dividend tax)	-	-	-	-	(413.77)	-	-	-	(413.77)
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	**761.58**	**2,230.82**	**45.29**	**413.91**	**3,189.53**	**21.83**	**8.32**	**(0.25)**	**6,671.03**

\# 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)

See accompanying notes forming part of the consolidated financial statements (1 - 44)

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 13, 2019

For and on behalf of Board of Directors

Venkataraman Rajamani
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Jayesh Upadhyay
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31, 2019

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flows from operating activities		
Net profit/(loss) before taxation, and extraordinary item	2,580.81	2,735.31
Adjustments for:		
Depreciation, amortisation and impairment	418.98	365.10
Interest expenses	1,144.95	1,445.06
Dividend income	(4.60)	(6.03)
Share of (profit)/loss of associates and joint ventures	35.43	58.18
Interest income	(182.17)	(661.39)
Net loss/(gain) on fair value of investments	(32.12)	(140.89)
Net loss/(gain) on sale of fixed assets	(7.16)	(6.53)
Operating profit/(loss) before working capital changes	**3,954.12**	**3,788.81**
(Increase)/Decrease in loans	(3,516.24)	(816.14)
(Increase)/Decrease in trade and other receivables	(12.10)	(14.88)
(Increase)/Decrease in other financial assets	4,334.70	48.67
(Increase)/Decrease in other non-financial assets	(535.26)	737.06
Increase/(Decrease) in trade and other payable	(112.91)	(161.83)
Increase/(Decrease) in other financial liabilities	2,205.82	(2,903.12)
Increase/(Decrease) in provisions	3.71	3.50
Increase/(Decrease) in non-financial liabilities	2,064.87	112.85
Adjustment due to Composite Scheme of Arrangement (Refer note 1.1)	(93.08)	(810.48)
Cash generated from operations	**8,293.63**	**(15.56)**
Current tax expense	(935.69)	(1,089.30)
Net cash flow from/(used in) operating activities (A)	**7,357.94**	**(1,104.86)**
Cash flows from investing activities		
(Purchase)/Sale of fixed assets (net)	(601.23)	(972.57)
(Investment)/Redemption of fixed deposit	(1,161.95)	(1,786.43)
Interest income	182.17	661.39
Dividend income	4.60	6.03
(Purchase)/Sale of investments	230.54	798.48
Net cash flow from/(used in) investing activities (B)	**(1,345.87)**	**(1,293.10)**
Cash flows from financing activities		
Dividend paid (including dividend distribution tax)	(413.77)	(518.16)
Increase/(Decrease) in borrowings	(3,377.72)	5,088.17
Proceed from issuance of share capital	-	1,500.00
Interest expenses	(1,144.95)	(1,445.06)
Net cash flow from/(used in) financing activities (C)	**(4,936.44)**	**4,624.95**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**1,075.63**	**2,226.99**
Cash and cash equivalents at beginning of year	3,877.35	1,533.68
Cash and cash equivalents at end of year	4,812.23	3,877.35
Cash and cash equivalents transferred through Composite Scheme of Arrangement (Refer note 1.1)	140.75	(116.68)
Net increase/(decrease) in cash and cash equivalents	**1,075.63**	**2,226.99**

See accompanying notes forming part of the consolidated financial statements (1 - 44)

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 13, 2019

For and on behalf of Board of Directors

Venkataraman Rajamani
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Jayesh Upadhyay
Company Secretary

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019

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, 2019.

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 42.

Note: 1.1 Composite Scheme of Arrangement between IIFL Holdings Limited and IIFL Securities Limited.

"The Board of Directors of the Company and IIFL Holdings Limited ("IIFL Holdings") as at its meeting held on January 31, 2018, had approved the Composite Scheme of Arrangement amongst the Company, IIFL Holdings, India Infoline Finance Limited (""IIFL Finance"), 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, envisages 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 the Company;

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 is opening hours of April 01, 2017 and for all the other demergers/transfer/amalgamation, the Appointed Date is opening hours of April 01, 2018.

The shareholders of the respective Companies have approved the Scheme. The National Company Law Tribunal Bench at Mumbai (Tribunal) has approved the aforementioned Scheme on March 07, 2019 under the applicable provisions of the Companies Act, 2013. Certified copy of the said order of the Tribunal was received by IIFL Holdings on March 15, 2019 and filed with the Registrar of Companies on April 11, 2019.

Clause 56.2.4 of the Scheme states that Part V of the Scheme dealing with the merger of IIFL Finance with IIFL Holdings shall be made effective upon receipt of Non-Banking Finance Company (NBFC) registration by IIFL Holdings from the Reserve Bank of India (RBI). Pending the receipt of NBFC registration from RBI and based on the legal opinion obtained by IIFL Holdings, the Board of Directors of the respective companies at its 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 to be given effect after receipt of necessary registration from the RBI.

On the record date each shareholder of IIFL Holdings will be entitled to:

a) additional 1 fully paid up equity share of ₹ 2 each in IIFL Securities for every 1 share held in IIFL Holdings for the demerger of Securities Business Undertaking;

b) additional 1 fully paid up equity share of ₹ 2 each in IIFL Wealth for every 7 shares held in IIFL Holdings for the demerger of Wealth Business Undertaking;

After aforesaid merger of IIFL Finance with IIFL Holdings, each shareholder of IIFL Finance whose name is recorded in the register of members of IIFL Finance on the record date will be entitled to 135 fully paid up equity shares of ₹ 2 each in IIFL Holdings for every 100 shares held in IIFL Finance.

In accordance with the said Composite Scheme of Arrangement:

a. The whole of the undertaking including all assets and liabilities of the undertaking will be transferred to and vested from IIFL Holdings to the Company at respective book values with effect from April 01, 2018, the appointed date.

b. The equity share capital of the Company comprising of 18,718,281 equity share of ₹ 10 each held by IIFL Holdings will be cancelled and in lieu of the same Company will be issuing 1 equity shares of ₹ 2 each for 1 equity share held by the shareholders of IIFL Holdings, whose names as are appearing in the Register of Members of IIFL Holdings on the Record Date.

c. The excess of net assets value of Securities Business Undertaking transferred to the Company over the value of equity shares to be issued as reduced by the face value of the equity share capital of the Company to be cancelled, referred in (b) above, has been recorded as "Capital Reserve".

d. In accordance with the scheme, the investments made by IIFL Holdings Limited in the followings companies have been transferred to the Company.

   i) IIFL Commodities Limited (Formerly India Infoline Commodities Limited)

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

ii) IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)

iii) IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)

(iv) IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)

(v) IIFL Wealth UK Limited

(vi) IIFL Assets Reconstruction Limited

(vii) IIFL Capital Inc

The Company has become the holding company of the above companies and the above have become subsidiaries of the Company by virtue of the said composite scheme and hence consolidated financial statements have been prepared by the Company for first time.

Accordingly these financial results of the group has been drawn up after giving effect to the Scheme for demerger of the Securities Business Undertaking (as defined in the Scheme) of IIFL Holdings into the Company. The demerger has been accounted under the pooling of interests method in accordance with Appendix C of Ind AS 103 Business Combinations and comparatives have been restated from the beginning of the earliest previous year presented in these financial statements viz April 01, 2017 as if the business combination had occurred from that date. Accordingly the capital reserve as at each of the reporting periods arrived at as below;

(₹ in Millions)

Particulars	As At March 31, 2019	As At March 31, 2018	As At April 01, 2017
Net assets value of Securities Business Undertaking (A)	1,414.99	1,470.15	1,655.73
Profit for the year transfer under the scheme (B)	178.67	-	-
ESOP reserve (C)	21.83	-	-
Equity share capital to be cancelled (D)	187.18	187.18	169.00
New equity share capital to be issued (E)	638.41	637.96	635.82
Impact of differential tax rate - deferred tax (F)	1.68	1.68	-
Capital reserve created out of above (A-B-C+D-E-F)	**761.58**	**1,017.69**	**1,188.91**

Note: 1.2 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

Note 2. Significant Accounting Policies and Key Accounting Estimates and Judgements

2.1 Significant Accounting Policies:

a) Basis of preparation of financial statements:

The Company has prepared consolidated financial statements for the first time for the financial year 2018-19 since it has become holding company of certain subsidiaries with effect from April 01, 2018 (Refer Note 1.1).

These consolidated 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).

The comparative financial information of the Company for the year ended March 31, 2018 and the opening balance sheet as at April 01, 2017 included in these consolidated Ind-AS financial statements, are based on the consolidated financial accounts prepared by the management considering the audited standalone financial statements of all subsidiaries and associates for the financial years ended March 31, 2018 and March 31, 2017 after making adjustments for converting the audited standalone financials into Ind AS and giving effect to the Composite Scheme of Arrangement, as required by Appendix C of Ind AS 103 on Business Combination and detailed in Note 1.1 of the consolidated financial statements, as if the business combination was in effect from the first day of preceding previous year viz., April 01, 2017.

In giving effect to the Composite Scheme of Arrangement in these Consolidated Ind AS Financial Statements of the Group for the year ended March 31, 2019 and in providing the comparative figures for the year ended March 31, 2018 and as at April 01, 2017, the figures in respect of the Securities Business Undertaking included in the respective financials have been compiled from the audited carved out financial statements of IIFL Holdings Limited which have been approved by the Board of Directors of IIFL Holdings Limited on May 13, 2019.

These consolidated financial statements all the accounting policies adopted by the Group have been consistently applied in all the financial years presented in these consolidated financial statements.

These Consolidated Financial Statements of the Group are presented as per Schedule III (Division III) of the Companies

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA).

These Consolidated Financial Statements of the Group are presented in Indian Rupees (INR), which is the functional currency of the Group and all values are rounded off to the nearest Million upto two decimal places, except otherwise indicated.

b) 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 43. 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 conformity 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 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 recognize 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.

c) 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

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assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and 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 harmonies 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.

On transition to Ind AS, the Group has elected not to apply Ind AS 103 retrospectively to past business combinations that occurred before the transition date of April 01, 2017.

d) 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 Group.

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 Group 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 recognised in the Statement of Profit and Loss. An impairment loss recognised 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.

e) Property, Plant & Equipment (PPE)

Recognition and initial measurement:

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

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar 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.

On transition to Ind AS, the group has elected to continue with the carrying value for all properties, plant & equipment as recognised in its IGAAP financials as deemed cost at the transition date of April 01, 2017.

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.

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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.

Class of assets	Useful life in years
Buildings	20
Computers	3
Electrical equipment	5
Office equipment	5
Furniture and fixtures	5
Vehicles	5

Capital work in progress and Capital advances:

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

f) Intangible assets:

Recognition and initial measurement:

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. On transition to Ind AS, the Group has elected to continue with the carrying value for all intangible assets as recognised in its IGAAP financials as deemed cost at the transition date of April 01, 2017.

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.

g) Investment Property

Recognition and initial measurement:

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 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 of all of its investment properties recognised as at April 01 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the investment properties.

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

Notes forming part of Consolidated Financial Statements

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asset is recognised in the statement of profit and loss in the period of de-recognition.

h) Impairment:

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.

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.

i) Assets held for sale

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

Assets held for sale and disposal groups are measured at the lower of their carrying amount or the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, Plant and Equipment and Intangible Assets once classified as held for sale are not depreciated or amortised.

j) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement:

The Group recognizes 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.

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.

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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 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:

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

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

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

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

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

Notes forming part of Consolidated Financial Statements

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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 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 recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognizes 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 recognizing 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 recognizes 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 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

Notes forming part of Consolidated Financial Statements

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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.

k) 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 advantages market for the asset or liability.

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

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.

l) 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 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 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 currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

Notes forming part of Consolidated Financial Statements

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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
- income and expenses are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income.

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.

m) 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) Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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.

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 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 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 realize the asset and settle the liability simultaneously. In case of deferred tax assets and

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

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 Company.

n) Provisions and Contingencies:

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

o) Cash and Cash Equivalents :

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

p) Revenue Recognition

Revenue from contracts with customers

The group has adopted Ind AS 115 with effect from April 01, 2018.

The Company is in the business of providing financial services space 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 also earns revenue from other business which comprises of financial services, facilities and ancillary services, real estate broking/ advisory services and insurance broking services which are carried out by separate subsidiaries of the Company.

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts such as taxes collected on behalf of third parties.

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 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, Merchant banking and Income in respect of other heads is accounted on accrual basis.

c. Profit / loss on sale of investment are recognised on trade date basis. Profit / loss on sale of investments are determined after consideration of cost on weighted average basis.

d. 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.

iii. Dividend income

a. When the right to receive the payment is established,

b. it is probable that the economic benefits associated with the dividend will flow to the entity and

c. the amount of the dividend can be measured reliably

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

satisfactory completion of the contracts are recognised as receivables.

q) Employee Benefits

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. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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.

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. The Group 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 Group 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 Group 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 recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Group during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is 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 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 :

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

Finance lease as lessee:

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

Finance lease as lessor:

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Group net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group net investment outstanding in respect of the leases.

Operating lease as lessor:

In respect of assets given on operating lease, lease rentals are recognised on a straight line basis over the term of lease unless;

i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or

ii) The payments to the lessor are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases, in which case the rentals are recognised in accordance with the contractual terms.

Operating lease as lessee:

In respect of assets taken on operating lease, lease rentals are recognised on a straight line basis over the term of lease unless;

i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or

ii) The payments by lessee are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases, in which case the rentals are recognised in accordance with the contractual terms.

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) 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".

u) 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 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. 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 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.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

b. Property, Plant and Equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of 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 costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services.

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

d. Fair value measurement of Financial Instruments

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

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.

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019

3. Cash and cash equivalents

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash on hand	0.23	0.18	0.16
Cheques in hand	18.62	15.10	205.49
Balance with banks			
- In current accounts	1,381.52	624.25	376.70
- In client accounts	3,411.86	2,697.82	951.33
- In deposit account with original maturity less than 3 months	-	540.00	-
Cash and cash equivalents	**4,812.23**	**3,877.35**	**1,533.68**

4. Bank balance other than above

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
In deposit account with original maturity more than 3 months			
- Lien Marked*	5,708.08	4,617.43	2,876.77
- Other deposit	130.21	58.90	13.13
Total	**5,838.29**	**4,676.33**	**2,889.90**

* 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.

5. Receivables

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(I) Trade receivables			
- Receivables considered good - unsecured	179.41	141.46	133.87
- Receivables which have significant increase in credit risk	85.18	131.34	103.07
- Receivables - credit impaired	84.05	80.67	20.06
Total (I)- Gross	**348.64**	**353.47**	**257.00**
- Less: Allowance for credit loss	(100.27)	(100.73)	(47.94)
Total (I)- Net	**248.37**	**252.74**	**209.06**
(II) Other receivables			
- Receivables considered good - unsecured	81.53	65.05	93.85
Total (II)- Gross	**81.53**	**65.05**	**93.85**
- Less: Allowance for credit loss	-	-	-
Total (II)- Net	**81.53**	**65.05**	**93.85**
Total (I+II)	**329.90**	**317.79**	**302.91**

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 March 31, 2019, March 31, 2018, April 01, 2017.

b) No trade receivables and other receivables are interest bearing.

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

6. Loans

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Loans repayable on demand			
- Inter corporate deposits (Refer note 42)	290.00	-	-
- Loans to others *	3,232.15	-	-
- Margin trading facility balances *	780.55	782.04	-
Leasing (please refer disclosure below)			
- Asset given under finance lease	29.68	34.10	-
Total - Gross	**4,332.38**	**816.14**	**-**
- Less: Impairment loss allowance	-	-	-
Total - Net	**4,332.38**	**816.14**	**-**

* Loans to customers are secured by pledge of Shares/Bonds/Mutual Funds

Disclosure for assets given under finance lease:-

(₹ in Millions)

a) Minimum lease payment receivable for asset given on finance lease	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
- Not later than one year	6.75	5.91	-
- Later than one year and not later than five years	22.92	26.23	-
- Later than five year	-	1.96	-
Total	**29.68**	**34.10**	**-**
b) Unearned finance income	1.10	3.88	-

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 beautification 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.

7. Investments

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At amortised cost (i) + (ii) + (iii) = (I)	**240.37**	**444.01**	**392.56**
Non convertible debentures - India Infoline Finance Limited (i)	**204.03**	**407.67**	**334.73**
- 11.25% unsecured redeemable non convertible debentures. Date of maturity September 05, 2020 (Face Value ₹ 10,00,000 each)	204.03	206.83	209.64
- 12.75% unsecured redeemable non convertible debentures. Option I. Date of maturity September 20, 2018 (Face Value ₹ 1,000 each)	-	158.19	110.78
- 12.75% Unsecured redeemable Non Convertible Debentures. Option II. Date of Maturity September 17, 2018 (Face Value ₹ 1,000 each)	-	10.29	6.79
- Zero coupon unsecured redeemable non convertible debentures. Option III. Date of Maturity September 17, 2018 (Face Value ₹ 1,000 each)	-	32.36	7.52

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non convertible debentures - others (ii)	**36.34**	**36.34**	**36.34**
- Arch Agro Industries Private Limited	36.34	36.34	36.34
Investment in equity share of associates (iii)	**-**	**-**	**21.49**
- IIFL Asset Reconstruction Limited	-	-	21.49
At fair value through profit and loss (i) + (ii) + (iii) + (iv) + (v) = (II)	**1,192.14**	**1,186.92**	**1,895.97**
Mutual Funds (i)	**48.29**	**99.89**	**800.27**
- HDFC Charity Fund for Cancer Cure	20.06	20.06	20.05
- L & T Money Market Fund Direct Plan - Growth	-	79.83	-
- L & T Liquid Fund Direct Plan - Growth	28.23	-	-
- Kotak Liquid Direct Plan Growth	-	-	780.22
Alternate Investment Funds (ii)	**1,078.02**	**1,037.88**	**1,032.15**
- IIFL Special Opportunities Fund Category II AIF Scheme - Class A1	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	9.28	-	-
- IIFL Income Opportunity Fund Category II AIF - Class S	-	-	3.28
- India Alternative Private Equity Fund - Category II - AIF Class S	613.69	545.41	388.46
- IIFL Income Opportunities Fund Series - Special Situation Category II- AIF	60.05	98.73	131.59
- IIFL Real Estate Fund (Domestic) – Series 2 Category II- AIF	374.32	393.74	508.82
Equity shares (iii)	**39.72**	**49.15**	**63.55**
- BSE Limited	39.72	49.15	63.55
- Giskard Datatech Private Limited *	0.00	-	-
Preference shares (iv)	**14.51**	**-**	**-**
- Compulsory convertible preference share of Giskard Datatech Private Limited	14.51	-	-
Debt fund (v)	**11.60**	**-**	**-**
- Piramal - India REIT Fund Scheme V	11.60	-	-
Total - Gross (I) + (II)	**1,432.51**	**1,630.93**	**2,288.53**
- Less: Impairment loss allowance	(36.34)	(36.34)	(36.34)
Total - Net	**1,396.17**	**1,594.59**	**2,252.19**
- Investments outside India	-	-	-
- Investments in India	1,396.17	1,594.59	2,252.19
Total - Net	**1,396.17**	**1,594.59**	**2,252.19**

*Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million wherever applicable.

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

8. Other financial assets

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Receivable from related parties (Refer note 42)	54.43	-	9.87
Interest accrued on deposits/loans and investments	76.20	94.84	42.27
Deposit with exchange	84.75	92.05	145.06
Margin with exchange	148.62	1,031.88	1,337.12
Security deposit with landlords and others (net of provisions)	122.23	125.71	143.13
Clients and exchanges receivables (net of provisions)	5,571.68	9,048.91	8,761.50
Other financial assets	31.74	30.97	34.08
Total	**6,089.65**	**10,424.36**	**10,473.03**

9. Deferred tax (As at March 31, 2019)

(₹ in Millions)

Particulars	Opening balance	Recognised in profit or loss	MAT Credit utilised	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:					
Depreciation on property, plant and equipment	77.67	1.69	-	-	79.36
Provisions for doubtful receivables / other financial asset (Including expected credit loss)	460.60	(32.86)	-	-	427.74
Compensated absences and retirement benefits	12.73	4.14	-	(3.72)	13.15
Minimum alternate tax carry-forward	27.82	6.91	(11.11)	-	23.62
Total deferred tax assets (a)	**578.82**	**(20.12)**	**(11.11)**	**(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**	**(24.45)**	**(11.11)**	**(3.72)**	**456.76**

Deferred tax (As at March 31, 2018)

(₹ in Millions)

Particulars	Opening balance	Recognised in profit or loss	MAT Credit utilised	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:					
Depreciation on property, plant and equipment	66.34	11.33	-	-	77.67
Provisions for doubtful receivables / other financial asset (Including expected credit loss)	266.57	194.03	-	-	460.60
Compensated absences and retirement benefits	5.46	3.05	-	4.22	12.73
Minimum alternate tax carry-forward	52.23	5.88	(30.29)	-	27.82
Others	29.29	(29.29)	-	-	-
Total deferred tax assets (a)	**419.89**	**185.00**	**(30.29)**	**4.22**	**578.82**
Deferred tax liabilities:					
Depreciation on property, plant and equipment	-	(0.51)	-	-	(0.51)
Unrealised profit on investments	(46.07)	(36.08)	-	-	(82.15)
Others	0.44	(0.56)	-	-	(0.12)
Total deferred tax liabilities (b)	**(45.63)**	**(37.15)**	**-**	**-**	**(82.78)**
Deferred tax assets (a) + (b)	**374.26**	**147.85**	**(30.29)**	**4.22**	**496.04**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

10. Investment Property

(₹ in Millions)

Particulars	Land	
	As at March 31, 2019	As at March 31, 2018
Opening block *	**51.86**	**55.63**
(Deductions)/Adjustments during the year	(3.48)	(3.77)
Closing block	48.38	51.86
Less : Amortisation	-	-
Net block	**48.38**	**51.86**

* Opening block as at April 01, 2017 is at deemed cost.

(i) Amounts recognised in profit or loss for investment properties

(₹ in Millions)

Particulars	FY 2018 - 19	FY 2017 - 18
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	-	-

(ii) Fair value

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Investment properties	222.57	205.15	187.73

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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

11. Property, Plant and Equipment (As at March 31, 2019)

(₹ in Millions)

Particulars	Land/ Lease-hold Land	Buildings (including land)	Furni-ture & Fixture	Office Equip-ment	Electrical Equipment	Air Con-ditioner	Com-puters	Vehicles	Total
Cost as at April 01, 2018	**1,766.36**	**3,080.95**	**207.48**	**43.04**	**90.02**	**6.75**	**131.21**	**0.51**	**5,326.32**
Additions	-	301.10	111.49	10.61	32.07	19.92	107.97	-	583.16
Effect of change in foreign currency*	-	-	(0.03)	(0.00)	-	-	(0.01)	-	(0.04)
Deductions/ adjustments**	(1,075.85)	(355.14)	(1.97)	(0.37)	(4.48)	(1.12)	(4.61)	-	(1,443.54)
As at March 31, 2019	**690.51**	**3,026.91**	**316.97**	**53.28**	**117.61**	**25.55**	**234.56**	**0.51**	**4,465.90**
Depreciation									
As at April 01, 2018	**2.79**	**171.82**	**63.05**	**17.86**	**30.59**	**1.61**	**38.30**	**0.51**	**326.53**
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**	(3.25)	(72.28)	(1.61)	(0.33)	(2.80)	(0.68)	(4.58)	-	(85.53)
Upto March 31, 2019	**0.96**	**289.76**	**142.84**	**30.86**	**56.63**	**5.94**	**98.94**	**0.51**	**626.44**
As at March 31, 2019	**689.55**	**2,737.15**	**174.13**	**22.42**	**60.98**	**19.61**	**135.62**	**-**	**3,839.46**

*Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million wherever applicable.

11. Property, Plant and Equipment (As at March 31, 2018)

(₹ in Millions)

Particulars	Land/ Lease-hold Land	Buildings (Including Land)	Furni-ture & Fixture	Office Equip-ment	Electrical Equipment	Air Con-ditioner	Com-puters	Vehicles	Total
Cost as at April 01, 2017@#	**1,766.36**	**2,593.83**	**126.19**	**31.65**	**65.35**	**6.93**	**41.18**	**1.18**	**4,632.67**
Additions	-	487.12	90.70	12.25	28.62	1.70	91.57	-	711.96
Effect of change in foreign currency*	-	-	0.01	0.00	-	-	0.01	-	0.02
Deductions/ adjustments	-	-	(9.42)	(0.86)	(3.95)	(1.88)	(1.55)	(0.67)	(18.33)
As at March 31, 2018	**1,766.36**	**3,080.95**	**207.48**	**43.04**	**90.02**	**6.75**	**131.21**	**0.51**	**5,326.32**
Depreciation									
As at April 01, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the year	2.79	171.82	66.69	18.57	32.07	2.41	39.48	0.51	334.34
Effect of change in foreign currency*	-	-	0.01	0.00	-	-	0.01	-	0.02
Deductions / adjustments	-	-	(3.65)	(0.71)	(1.48)	(0.80)	(1.19)	-	(7.83)
Upto March 31, 2018	**2.79**	**171.82**	**63.05**	**17.86**	**30.59**	**1.61**	**38.30**	**0.51**	**326.53**
As at March 31, 2018	**1,763.57**	**2,909.13**	**144.43**	**25.18**	**59.43**	**5.14**	**92.91**	**-**	**4,999.79**

@ Cost as at April 01, 2017 includes of assets acquired under the Composite Scheme of Arrangement for ₹ 7.30 Millions (refer note 1.1)

\# Cost as at April 01, 2017 is at deemed cost.

** Please refer note 13 for assets held for sale.

* Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million wherever applicable.

Note :-

(a) Capital work in progress ₹ 859.01 Millions (as at March 31, 2018 ₹ 840.11 Millions and as at April 01, 2017 ₹ 639.04 Millions) pertains to assets not yet capitalised.

(b) Please refer to note 40 for assets given on pledge.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

12. Other intangible assets

(₹ in Millions)

Particulars	Software		Goodwill
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018
Cost as at April 1 @ * #	**91.06**	**12.87**	**1.14**
Additions due to Composite Scheme of Arrangement (Refer note 1.1)	-	0.83	-
Additions due to business combination	-	-	2.15
Other additions	12.37	77.36	-
Cost as at March 31	**103.43**	**91.06**	**3.29**
Amortisation			
As at April 1	27.47	-	-
Amortisation/impairment for the year	33.51	27.47	3.29
As at March 31	**60.98**	**27.47**	**3.29**
Net Block	**42.45**	**63.59**	**-**

@ Cost as at April 01, 2017 includes of assets acquired under the Composite Scheme of Arrangement for ₹ 5.30 Millions (Please Refer note 1.1)

* Cost as at April 01, 2017 is at deemed cost.

Goodwill was created on demerger of "Financial Services undertaking" from IIFL Holdings Limited through the Scheme of Arrangement and the same has been amortised over the period of five years.

13. Assets held for Sale

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Building	282.86	-	-
Land	1,072.60	-	-
Total	**1,355.46**	**-**	**-**

14. Other non-financial assets

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Service tax/VAT/GST/other tax input credit	0.71	8.26	0.91
Prepaid expense	53.54	35.49	37.75
Capital advance	559.98	27.90	756.66
Other advances	14.55	31.89	39.31
Other non-financial assets	12.88	0.72	3.51
Total	**641.66**	**104.26**	**838.14**

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

15. Payables

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(1) Trade Payable			
- Total outstanding dues of micro enterprises and small enterprises	-	0.03	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	24.30	46.41	30.28
Total (a)	**24.30**	**46.44**	**30.28**
(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	217.79	275.04	386.38
(b) Accrued salaries & benefits	16.86	9.00	7.02
(c) Others	6.45	12.41	22.86
Total (b)	**241.10**	**296.45**	**416.26**
Total (a)+(b)	**265.40**	**342.89**	**446.54**

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 Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(a) Principal amount remaining unpaid to any supplier at the year end	-	0.03	-
(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	-	-	-

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

16. Debt Securities

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
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 Millions)	486.40	445.23	407.55
Zero Coupon Secured Redeemable Non convertible debentures of face value ₹ 1 Million each redeemable on March 20, 2018 at premium (Maturity value ₹ 676.88 Millions)	-	-	626.55
Zero Coupon Secured Non convertible debentures of face value ₹ 1 Million each redeemable on September 14, 2018 at premium (Maturity value ₹ 415.47 Millions)	-	395.88	352.04
Total	**486.40**	**841.11**	**1,386.14**
Debt securities in India	486.40	841.11	1,386.14
Debt securities outside India	-	-	-
Total	**486.40**	**841.11**	**1,386.14**

Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, the wholly own subsidiary 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 FY 2017-18 and FY 2018-19 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, 2018.

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. Please refer to note 40 for details of asset pledged.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

17. Borrowings (other than debt securities)

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At amortised cost			
(a) Loans from related parties			
- Inter corporate deposits (Refer note 42)	882.50	-	-
(b) Loans repayable on demand			
- Bank overdraft	5.37	437.47	-
- Working capital demand loan	1,000.00	-	-
(c) Other Loan			
- Commercial papers	4,717.35	9,691.14	4,086.68
Total	**6,605.22**	**10,128.61**	**4,086.68**
Borrowings in India	6,605.22	10,128.61	4,086.68
Borrowings outside India	-	-	-
Total	**6,605.22**	**10,128.61**	**4,086.68**

17.1 Inter corporate deposits are borrowed on short term basis as per the business requirement. These ICDs are subject to interest basis CD PSU 3 months average rate +300 bps for borrowings <= 90 days and SBI 1 year MCLR + 200 bps for > 90 days which are comparable with interest charged on such borrowings by the outsiders, applicable rate of interest as at March 31, 2019 @ 10.31%, as at March 31, 2018 @ 9.25% and as at April 01, 2017 @ 9.5%.

17.2 (a) Working capital demand loan (WCDL) and bank overdraft are secured by way of fist pari-passu charge on all receivable to the tune of 1.25 times of the outstanding facility amount. Please refer to note 40 for details of asset pledged.

(b) Tenor of repayment :

(i) 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.

(ii) For bank overdraft 30 days or upto validity of facility i.e October 29, 2019 for each tranch.

(c) Interest Rate :

(i) For WCDL current tranche rate of interest is fixed @ 10% p.a (Lending banks MCRL rate 8.70% + Spread 1.30%), interest is payable monthly basis on the last date of each month.

(ii) For Bank overdraft Interest rate is lending bank 6 months MCLR + Spread of 1.25% applicable rate of interest as at March 31, 2019 9.65% and March 31, 2018 9.25%.

17.3 Commercial papers as stated above are net of unexpired discount of ₹ 32.65 Millions (As at March 31, 2018 ₹ 108.86 Millions and as at April 01, 2017 ₹ 63.32 Millions) towards discount accrued but not due.

18. Subordinated liabilities

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At amortised cost			
9.30% Unsecured unlisted redeemable non convertible debentures ₹ 1 Million. Series U01. Date of maturity on June 28, 2019	500.38	-	-
9.25% Unsecured non convertible debentures of face value ₹ 1 Million each redeemable on June 20, 2018 at par	-	-	408.73
Total	**500.38**	**-**	**408.73**
Subordinated liabilities in India	500.38	-	408.73
Subordinated liabilities outside India	-	-	-
Total	**500.38**	**-**	**408.73**

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

19. Other financial liabilities

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Book overdraft	1,004.39	87.52	483.17
Deposits received from franchisee, tenant and others#	355.66	393.07	364.09
Payable to joint venture (net of investments)	133.84	98.42	40.24
Provision for gratuity (funded)	10.47	12.78	7.72
Payable to related parties (Refer note 42)	20.52	0.39	4.53
Clients and exchanges payables *	11,360.36	10,190.51	12,773.75
Other payable	96.44	3.57	3.53
Total	**12,981.68**	**10,786.26**	**13,677.03**

* Includes payable to director and key managerial personnel ₹ 1.12 Millions (March 31, 2018 ₹ 0.03 Millions and April 01, 2017 ₹ 66.83 Millions)

Includes deposit from related party of ₹ 22.01 Millions (March 31, 2018 ₹ Nil and April 01, 2017 ₹ Nil) (Refer note 42)

20. Provisions

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provision for leave encashment	27.19	23.48	19.97
Total	**27.19**	**23.48**	**19.97**

21. Other non-financial liabilities

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Income received in advance	3.53	1.25	0.72
Statutory dues (net of input credit)	249.90	225.48	108.44
Advances received from customers			
- Asset held for sale	2,030.00	-	-
- others	22.95	14.60	13.91
Other payable	0.06	0.23	5.64
Total	**2,306.44**	**241.56**	**128.71**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

22. Equity share capital

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

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Authorised Share Capital			
At the beginning of the year	200.00	170.00	170.00
Add: Increase in authorised share capital	-	30.00	-
Closing at the end of year	200.00	200.00	170.00
Less : Authorised share capital to be cancelled under Composite Scheme of Arrangement	(200.00)	(200.00)	(170.00)
500,000,500 Equity Shares of ₹ 2 each fully paid up (as at March 31, 2018 500,000,500 Equity Shares and as at April 01, 2017 : 485,000,500 Equity Shares of ₹ 2 each fully paid up) pursuant to Composite Scheme of Arrangement (Refer note 1.1)	1,000.00	1,000.00	970.00
Issued, Subscribed and Paid-up Share Capital			
18,718,281 Equity Shares of ₹ 10 each fully paid (as at March 31, 2018 : 18,718,281 Equity Shares and as at April 01, 2017 : 16,900,100 Equity Shares of ₹ 10 each fully paid up) to be cancelled due to Composite Scheme of Arrangement (Refer note 1.1)	-	-	-
Share Suspense Account			
319,203,092 Equity Shares of ₹ 2 each fully paid up (as at March 31, 2018 : 318,979,026 Equity Shares and as at April 01, 2017 : 317,908,193 Equity Shares of ₹ 2 each fully paid up) to the shareholders of IIFL Holdings Limited pursuant to Composite Scheme of Arrangement (Refer note 1.1)	638.41	637.96	635.82

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

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
Equity Shares						
At the beginning of the year	-	-	16,900,100	169.00	16,900,100	169.00
Add: Shares issued during the year	-	-	1,818,181	18.18	-	-
Closing at the end of year	-	-	18,718,281	187.18	16,900,100	169.00
Less : Shares to be cancelled under Composite Scheme of Arrangement (Refer note 1.1)	-	-	(18,718,281)	(187.18)	(16,900,100)	(169.00)
Add : Shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	318,979,026	637.96	317,908,193	635.82	317,908,193	635.82
Add : Further additional shares to be issued pursuant to Composite Scheme of Arrangement (Refer note 1.1)	224,066	0.45	1,070,833	2.14	-	-
Share suspense account	**319,203,092**	**638.41**	**318,979,026**	**637.96**	**317,908,193**	**635.82**

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 Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

d. Details of shareholders holding more than 5% shares in the Company:

The list of shareholders to whom the shares to be issued under the Composite Scheme of Arrangement having more than 5% shareholdings are as under.

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity share of ₹ 2 each fully paid up						
FIH Mauritius Investments Ltd.	84,641,445	26.52	84,641,445	26.54	84,641,445	26.62
Nirmal Bhanwarlal Jain	46,402,000	14.54	47,952,000	15.03	51,252,000	16.12
HWIC Asia Fund Class A shares	28,362,530	8.89	28,362,530	8.89	27,910,000	8.78
Mr. Venkataraman Rajamani *	10,984,432	3.44	10,909,432	3.42	19,909,432	6.26
Ms. Madhu N Jain *	12,075,000	3.78	13,700,000	4.29	17,000,000	5.35

* Position as on March 31, 2019 and March 31, 2018 is given as they were shareholders with more than 5% shareholding as on April 01, 2017.

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.

f. Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestments, including the terms and amount, Refer note 23 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

23. Other equity

(₹ in Millions)

Particulars	Reserves and Surplus					Share options outstanding account	Exchange differences on translating the financial statements of a foreign operation	Other items of other comprehensive income	Total
	Capital reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings				
Balance as at April 01, 2017	**1,188.91**	**749.00**	**60.01**	**399.19**	**1,109.12**	**-**	**3.00**	**-**	**3,509.23**
Total comprehensive income for the year	-	-	-	-	1,805.76	-	-	(8.13)	1,797.63
Appropriation towards dividend paid (including corporate dividend tax)	-	-	-	-	(518.16)	-	-	-	(518.16)
Additions during the year	-	1,481.82	-	-	-	-	-	-	1,481.82
Addition due to Composite Scheme of Arrangement (Refer note 1.1)	(677.77)	-	-	-	-	-	-	-	(677.77)
Transfer to capital reserve	506.55	-	-	-	(507.75)	-	-	1.20	-
Other additions	-	-	(14.72)	14.72	-	-	3.18	-	3.18

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	Reserves and Surplus					Share options outstanding account	Exchange differences on translating the financial statements of a foreign operation	Other items of other comprehensive income	Total
	Capital reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings				
Balance as at March 31, 2018	**1,017.69**	**2,230.82**	**45.29**	**413.91**	**1,888.97**	**-**	**6.18**	**(6.93)**	**5,595.93**
Total comprehensive income for the year	-	-	-	-	1,714.33	-	-	6.68	1,721.01
Appropriation towards dividend paid (including corporate dividend tax)	-	-	-	-	(413.77)	-	-	-	(413.77)
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	**761.58**	**2,230.82**	**45.29**	**413.91**	**3,189.53**	**21.83**	**8.32**	**(0.25)**	**6,671.03**

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.

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).

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, 2019 and March 31, 2018.

24. Interest income

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Interest on loans	219.38	15.87
Interest on deposits with banks *	400.28	270.05
Other interest income	1.72	1.57
Total	**621.38**	**287.49**

* Interest received on fixed deposit with bank which are pledged with exchange for margin money requirement.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

25. Fees and commission income

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Brokerage & related income	5,047.93	5,140.85
Investment banking income	334.13	819.74
Commission & other advisory fees (incl. cross sell)	1,803.79	1,544.49
Total	**7,185.85**	**7,505.08**

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 Millions)

FY 2018-19	Stock Market Activity	Merchant Banking	Facilities & Ancillary	Others	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		274.17	352.30	1,823.56
Less : - Inter segment					(234.86)
Total fee and commission income (a)	**6,437.74**	**334.13**	**296.54**	**352.30**	**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)	**6,437.74**	**334.13**	**1,086.86**	**352.30**	**7,729.92**

(₹ in Millions)

FY 2017-18	Stock Market Activity	Merchant Banking	Facilities & Ancillary	Others	Total
Brokerage and related income	5,282.23	-	-	-	5,282.23
Investment banking income		819.74	-	-	819.74
Commission & other advisory fees (incl. cross sell)	1,040.27	-	258.83	262.85	1,561.95
Less : - Inter segment					(158.84)
Total fee and commission income (a)	**6,322.50**	**819.74**	**258.83**	**262.85**	**7,505.08**
Rental Income	-	-	736.39	-	736.39
Less : - Inter segment	-	-	-	-	(181.86)
Total rental income (b)	**-**	**-**	**736.39**	**-**	**554.53**
Contractual revenue from operations (a) + (b)	**6,322.50**	**819.74**	**995.22**	**262.85**	**8,059.61**

26. Other income

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Capital gains on Investments	110.93	154.34
Interest income on		
- Investment	72.95	76.74
- Inter corporate deposit/ Lease	101.55	580.13
- Fixed deposits	7.68	4.52
- Income tax refund	14.56	16.74
Gain on derecognition of property, plant and equipment	8.44	10.61
Gain on financial assets measured at fair value through profit & loss account	34.75	140.89
Dividend income	4.60	6.03
Other income	48.89	134.83
Total	**404.35**	**1,124.83**

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27. Finance costs measured at amortised cost

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Interest on borrowings	1,022.44	1,246.79
Interest on debt securities	60.76	127.14
Interest on subordinated liabilities	0.38	23.68
Other finance expense	61.37	47.45
Total	**1,144.95**	**1,445.06**

28. Fees and commission expense

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Sub-brokerage charges	629.95	772.41
Commission & other advisory fees (incl. cross sell)	204.58	231.11
Others	46.85	64.36
Total	**881.38**	**1,067.88**

29. Employee benefits expenses

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Salaries and wages	2,423.10	1,993.56
Contribution to provident and other funds	71.92	56.02
Share based payments (Refer note 23)	8.76	14.39
Staff welfare expenses	36.43	29.11
Gratuity	14.49	6.51
Leave encashment	11.65	9.70
Total	**2,566.35**	**2,109.29**

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 Millions)

Particulars	FY 2018-19	FY 2017-18
Defined benefit obligation at beginning of the year	**131.54**	**123.06**
Interest cost	9.90	8.69
Current service cost	13.53	14.56
Past services cost	-	(8.58)
Liability transferred In/ acquisitions	1.05	10.05
(Liability transferred out/ divestments)	(2.00)	(10.30)
(Benefit Paid directly by the employer)	(0.08)	(0.05)
(Benefit paid from the fund)	(14.10)	(16.83)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	0.58	(9.78)
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(16.83)	12.23
Actuarial (gains)/losses on obligations - due to experience	6.85	8.49
Defined benefit obligation at period end	**130.44**	**131.54**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

(ii) Reconciliation of opening and closing balances of fair value of plan assets

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Change in the fair value of plan assets		
Fair value of plan assets at beginning of the year	**118.76**	**115.34**
Interest income	8.94	8.16
Contributions by the employer	5.37	13.50
Expected return on plan assets (excluding interest)	1.00	(1.41)
Assets transferred in/acquisitions	-	-
(Benefit paid from the fund)	(14.10)	(16.83)
Fair value of plan assets at the end of the period	**119.97**	**118.76**

(iii) Amount recognised in the balance sheet

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
(Present value of benefit obligation at the end of the period)	**(130.44)**	**(131.54)**
Fair value of Plan Assets at the end of the year/period	119.97	118.76
Net (liability)/asset recognised in the balance sheet (surplus/ (deficit))	(10.47)	(12.78)

(iv) Expenses recognised during the period

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
In income statement		
Current service cost	13.53	14.56
Net interest Cost	0.96	0.53
Past service cost	-	(8.58)
Expense recognised in the Statement of Profit and Loss under " Employee benefits expenses"	**14.49**	**6.51**
In other comprehensive income		
Actuarial (gains)/losses on obligation for the period	(9.40)	10.94
Return on plan assets, excluding interest income	(1.00)	1.41
Net (income)/expense for the period recognised in OCI	**(10.40)**	**12.35**

(v) Balance sheet reconciliation

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Opening net liability	**12.78**	**7.72**
Expenses recognised in statement of profit or loss	14.49	6.51
Expenses recognised in OCI	(10.40)	12.35
Net liability/(asset) Transfer In	1.05	10.05
Net (liability)/asset Transfer Out	(2.00)	(10.30)
(Benefit paid directly by the employer)	(0.08)	(0.05)
(Employer's contribution)	(5.37)	(13.50)
Net liability/(asset) recognised in the balance sheet	**10.47**	**12.78**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

(vi) Investment Details :

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Category of assets		
Insurance fund	119.97	118.76
Total	**119.97**	**118.76**

(vii) Actuarial assumptions

Mortality Table (IALM)	FY 2018-19	FY 2017-18
Expected return on plan assets	6.69% - 7.79 %	7.50% to 7.73%
Rate of discounting	6.69% - 7.79 %	7.50% to 7.73%
Rate of salary increase	5% to 9%	5% to 11%
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 23% to 52% p.a. & thereafter 1% to 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 trade ,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:

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Projected benefit obligation on current assumptions	**130.44**	**131.54**
Delta effect of +1% change in rate of discounting	(10.11)	(11.35)
Delta effect of -1% change in rate of discounting	11.76	13.33
Delta effect of +1% change in rate of salary increase	9.58	10.69
Delta effect of -1% change in rate of salary increase	(8.82)	(9.67)
Delta effect of +1% change in rate of employee turnover	2.81	1.35
Delta effect of -1% change in rate of employee turnover	(3.19)	(1.56)
Weighted average duration of the projected benefit obligation	15	14

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, 2019 (Contd.)

(ix) Maturity analysis of the benefit payments: from the fund

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
1st following year	16.54	13.63
2nd following year	9.07	8.10
3rd following year	9.14	8.28
4th following year	9.06	8.44
5th following year	10.38	8.46
6 to 10 years	47.89	46.77
Year 11 and above	197.20	241.03

B Defined contribution plans:

The subsidiary companies have recognised the following amounts as an expense in the Statement of Profit and Loss:

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Contribution to Provident Fund	31.81	23.53
Contribution to ESIC	5.07	5.30
Contribution to Labour Welfare Fund	0.06	0.05
Contribution to EPS	22.27	18.64
Contribution to NPS	1.42	0.74
Other funds	11.29	7.76
Total	**71.92**	**56.02**

30. Depreciation, amortisation and impairment

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Depreciation on property, plant and equipment	385.47	334.34
Amortisation of intangible asset	33.51	30.76
Total	**418.98**	**365.10**

31. Others expenses

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Advertisement expense	112.60	46.99
Books & periodicals charges	0.49	0.44
Brokerage and related expenses	0.97	2.46
Bank charges	3.35	7.56
Communication expense	62.21	49.53
Corporate social responsibility expenses (Refer note 39)	30.60	23.29
Custodian charges	19.92	21.97
Directors remuneration & sitting Fees	1.54	1.40
Donation	0.49	3.48
Exchange and statutory charges	9.00	13.86
Franking charges	6.06	7.23
Insurance	2.59	2.99
Legal and professional charges	136.19	134.97
Loss on derecognition of property, plant and equipment	1.28	4.07
Loss on financial assets measured at fair value through profit & loss account	2.64	-

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Marketing and commission expenses	153.72	167.67
Meeting seminar & subscription	6.34	2.44
Office expenses	142.43	107.71
Postage and courier	15.35	14.68
Printing and stationery	15.72	12.81
Expected credit loss (including provision for doubtful and bad debts)	5.38	572.86
Rent, electricity, rates & taxes	132.51	153.26
Repairs & maintenance		
- Computers	2.79	5.67
- Others	22.33	30.32
Remuneration to auditors		
- As auditors - Statutory Audits	5.71	6.52
- Certification work and other matters	0.83	0.67
- Out of pocket expenses	0.25	0.04
Software charges	125.38	181.17
Travelling and conveyance	100.31	103.43
Miscellaneous expenses	8.77	11.62
Total	**1,127.75**	**1,691.11**

32. Income Tax

Amount recogniesed in profit or loss (₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Current tax expenses		
Current Year	839.08	1,055.52
Changes in estimates related to prior years	(3.96)	16.01
Deferred tax expenses		
Origination and reversal of temporary differences	31.36	(141.98)
Total	**866.48**	**929.55**

Reconciliation of effective tax rates (₹ in Millions)

Particulars	FY 2018-19	FY 2017-18
Profit before tax	2,580.81	2,735.31
Tax using domestic tax rates	34.944%	34.608%
Tax amount	901.84	946.64
Tax effect of :		
Non-deductible expenses	17.49	26.90
Differential tax rate on Income	(22.93)	(36.23)
Change in income tax rate	1.00	3.02
Adjustment in respect of current income tax of prior years	(3.96)	16.01
Differential rate in subsidiaries and associates	(31.72)	(1.43)
Tax-exempt income		
- Dividend	(1.60)	(2.09)
- Others	(3.60)	(3.01)
Tax Impact due to Composite Scheme of Arrangement (Refer note 1.1)	-	(2.92)
Recognition of previously unrecognised deductible temporary differences	9.96	(17.34)
Total income tax expense	**866.48**	**929.55**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

33. Earnings per equity share

Particulars		FY 2018-19	FY 2017-18
Face value of equity shares in ₹ fully paid up		2	2
BASIC			
Profit after tax as per statement of profit and loss (₹ in Millions)	**A**	1,714.33	1,805.76
Weighted average number of equity shares outstanding	**B**	319,061,399	318,293,090
Basic EPS (In ₹)	**A/B**	5.37	5.67
DILUTED			
Weighted average number of equity shares for computation of basic EPS		319,061,399	318,293,090
Add: Potential equity shares on conversion of Employees Stock Options (Refer note 23)		383,975	-
Weighted average number of equity shares for computation of diluted EPS	**C**	319,445,374	318,293,090
Diluted EPS (In ₹)	**A/C**	5.37	5.67

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

34. 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 Millions)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months
ASSETS									
1. Financial Assets									
(a) Cash and cash equivalents	4,812.23	4,812.23	-	3,877.35	3,877.35	-	1,533.68	1,533.68	-
(b) Bank balance other than (a) above	5,838.29	5,822.79	15.50	4,676.33	4,640.92	35.41	2,889.90	2,864.62	25.28
(c) Receivables									
(I) Trade receivables	248.37	248.37	-	252.74	252.74	-	209.06	209.06	-
(II) Other receivables	81.53	81.53	-	65.05	65.05	-	93.85	93.85	-
(d) Loans	4,332.38	4,309.46	22.92	816.14	787.95	28.19	-	-	-
(e) Investments	1,396.17	124.83	1,271.34	1,594.59	379.39	1,215.20	2,252.19	784.51	1,467.68
(f) Other financial assets	6,089.65	5,886.37	203.28	10,424.36	10,186.72	237.64	10,473.03	10,076.52	396.51
Sub-total	**22,798.62**	**21,285.58**	**1,513.04**	**21,706.56**	**20,190.12**	**1,516.44**	**17,451.71**	**15,562.24**	**1,889.47**
2. Non-Financial Assets									
(a) Current tax assets (net)	457.72	-	457.72	356.68	-	356.68	353.64	-	353.64
(b) Deferred tax assets (net)	456.76	-	456.76	496.04	-	496.04	374.26	-	374.26
(c) Investment property	48.38	-	48.38	51.86	-	51.86	55.63	-	55.63
(d) Property, Plant and Equipment	3,839.46	-	3,839.46	4,999.79	-	4,999.79	4,632.67	-	4,632.67
(e) Capital work-in-progress	859.01	-	859.01	840.11	-	840.11	639.04	-	639.04
(f) Goodwill	-	-	-	-	-	-	1.14	-	1.14
(g) Other intangible assets	42.45	-	42.45	63.59	-	63.59	12.87	-	12.87
(h) Assets held for sale	1,355.46	1,355.46	-	-	-	-	-	-	-
(i) Other non-financial assets	641.66	68.60	573.06	104.26	79.53	24.73	838.14	108.99	729.15
Sub-total	**7,700.90**	**1,424.06**	**6,276.84**	**6,912.33**	**79.53**	**6,832.80**	**6,907.39**	**108.99**	**6,798.40**
Total Assets	**30,499.52**	**22,709.64**	**7,789.88**	**28,618.89**	**20,269.65**	**8,349.24**	**24,359.10**	**15,671.23**	**8,687.87**

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(₹ in Millions)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months
LIABILITIES									
1. Financial Liabilities									
(a) Payables									
(I) Trade payables									
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	0.03	0.03	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	24.30	24.30	-	46.41	46.41	-	30.28	30.28	-
(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	241.10	241.10	-	296.45	296.45	-	416.26	416.26	-
(b) Debt securities	486.40	-	486.40	841.11	395.88	445.23	1,386.14	626.56	759.58
(c) Borrowings (other than debt securities)	6,605.22	6,605.22	-	10,128.61	10,128.61	-	4,086.68	4,086.68	-
(d) Subordinated liabilities	500.38	500.38	-	-	-	-	408.73	-	408.73
(e) Other financial liabilities	12,981.68	12,620.80	360.88	10,786.26	10,385.47	400.79	13,677.03	13,317.37	359.66
Sub-total	**20,839.08**	**19,991.80**	**847.28**	**22,098.87**	**21,252.85**	**846.02**	**20,005.12**	**18,477.15**	**1,527.97**
2. Non-Financial Liabilities									
(a) Current tax liabilities (net)	17.37	17.37	-	21.09	21.09	-	60.25	60.25	-
(b) Provisions	27.19	6.25	20.94	23.48	4.59	18.89	19.97	4.22	15.75
(c) Other non-financial liabilities	2,306.44	2,305.29	1.15	241.56	240.66	0.90	128.71	127.81	0.90
Sub-total	**2,351.00**	**2,328.91**	**22.09**	**286.13**	**266.34**	**19.79**	**208.93**	**192.28**	**16.65**
Net	**7,309.44**	**388.93**	**6,920.51**	**6,233.89**	**(1,249.54)**	**7,483.43**	**4,145.05**	**(2,998.20)**	**7,143.25**

Notes forming part of Consolidated Financial Statements
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35. Financial Risk Management

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.

(₹ in Millions)

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	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**

(₹ in Millions)

Particulars	As at March 31, 2018			
	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	141.46	131.34	80.67	353.47
Less : Impairment loss allowance	-	(20.06)	(80.67)	(100.73)
Carrying amount	**141.46**	**111.28**	**-**	**252.74**
Other financial assets	7,137.51	4,208.84	303.29	11,649.64
Less : Impairment loss allowance	-	(921.99)	(303.29)	(1,225.28)
Carrying amount	**7,137.51**	**3,286.85**	**-**	**10,424.36**

(₹ in Millions)

Particulars	As at April 01, 2017			
	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	133.87	103.07	20.06	257.00
Less : Impairment loss allowance	-	(27.88)	(20.06)	(47.94)
Carrying amount	**133.87**	**75.19**	**-**	**209.06**
Other financial assets	7,684.29	3,455.42	58.01	11,197.72
Less : Impairment loss allowance	-	(666.68)	(58.01)	(724.69)
Carrying amount	**7,684.29**	**2,788.74**	**-**	**10,473.03**

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Movement of ECL (Trade receivable and other financial assets) (₹ in Millions)

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 01, 2017	**694.56**	**78.07**	**772.63**
Increase/(Decrease) net	247.49	305.89	553.38
March 31, 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**

A.2. Collateral held

The group holds collateral of securities and other credit enhancements against its credit exposures.

A.3. Measurement of ECL

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 recognised in order to compare it with the credit risk at the transition date. 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.

35B. 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.

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.

As at March 31, 2019 (₹ in Millions)

Particulars	Carrying amount	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**	**-**

As at March 31, 2018 (₹ in Millions)

Particulars	Carrying amount	Up to 1 year	1-5 years	5-10 years	More than 10 years
Trade & other payable	342.89	342.89	-	-	-
Non convertible debentures	841.11	395.88	445.23	-	-
Commercial Paper	9,691.14	9,691.14	-	-	-
Bank overdraft	437.47	437.47	-	-	-
Other financial liabilities	10,786.26	10,385.47	372.39	28.40	-
Total liabilities	**22,098.87**	**21,252.85**	**817.62**	**28.40**	**-**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

As at April 01, 2017 (₹ in Millions)

Particulars	Carrying amount	Up to 1 year	1-5 years	5-10 years	More than 10 years
Trade & other payable	446.54	446.54	-	-	-
Non convertible debentures	1,794.87	626.55	1,168.32	-	-
Commercial Paper	4,086.68	4,086.68	-	-	-
Other financial liabilities	13,677.03	13,317.38	348.18	11.47	-
Total liabilities	**20,005.12**	**18,477.15**	**1,516.50**	**11.47**	**-**

35C. Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in futures cash flows that may result from a change in the price of a financial instrument.

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, 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 of borrowings on variable interest rate

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Bank overdraft	5.37	437.47	-
Inter corporate deposit	882.50	-	-
Working capital demand loan	1,000.00	-	-
Total	**1,887.87**	**437.47**	**-**
weighted average rate	9.99%	9.25%	-
Annualised interest cost	188.60	40.47	-

Sensitivity analysis for impact on interest cost

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Increase in 1% change in ROI	18.88	4.37	-
Decrease in 1% change in ROI	(18.88)	(4.37)	-

C.2. Fair value sensitivity analysis for fixed-rate instruments

The groups fixed-rate financial liabilities (commercial paper & non convertible debentures) are carried at amortised cost. Therefore there is no risk of change in interest rates at the reporting date, since neither the carrying amount nor the future cash flows will fluctuate.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

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, 2019		As at March 31, 2018		As at April 01, 2017	
	Foreign curreny in Millions	₹ in Millions	Foreign curreny in Millions	₹ in Millions	Foreign curreny in Millions	₹ in Millions
Foreign currency assets						
USD	1.47	102.46	1.56	99.75	0.96	62.08
HKD	-	-	-	-	-	-
AED	-	-	-	-	-	-
GPB	0.27	24.18	0.35	31.72	0.35	28.25
Foreign currency liabilities						
USD	0.51	35.70	0.44	27.97	0.22	14.35
HKD	-	-	0.01	0.05	-	-
AED	-	-	-	-	0.25	4.39
GPB	0.09	8.10	0.09	8.10	0.10	8.43
Net gap						
USD	0.96	66.76	1.12	71.78	0.74	47.74
HKD	-	-	(0.01)	(0.05)	-	-
AED	-	-	-	-	(0.25)	(4.39)
GPB	0.18	16.09	0.26	23.62	0.24	19.82

The effect of upward movement of 5% in the exchange rate increase the profit/reserve by ₹ 4.14 Millions and downward movement of 5% will reduce profit/reserve by ₹ 4.14 Millions for FY 2019-20.

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 under various scheme and its exposure.

(₹ in Millions)

Particulars	Equity Shares	Mutual Funds	Alternate Investment Funds	Preference Shares	Debt Fund	Total
Market value as on March 31, 2019	39.72	48.29	1,078.02	14.51	11.60	1,192.14
Market value as on March 31, 2018	49.15	99.89	1,037.88	-	-	1,186.92
Market value as on April 01, 2017	63.55	800.27	1,032.15	-	-	1,895.97

The effect of upward movement of 5% in the price affects the projected net income by ₹ 59.61 Millions and downward movement of 5%, the projected net loss will be ₹ 59.61 Millions for FY 2019-20.

35D. 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

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

The group strategy is to maintain gearing ratio as per industry norms. The gearing ratio is as follows

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Total debt	7,592.00	10,969.72	5,881.55
Cash & cash equivalent (excluding client bank balance)	(1,400.37)	(1,179.53)	(582.35)
Net debt	**6,191.63**	**9,790.19**	**5,299.20**
Total equity	7,309.44	6,233.89	4,145.05
Debt to Equity	**0.85**	**1.57**	**1.28**

35E. 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.

The Group uses widely recognised valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps, that use only observable market data and require little management judgment and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgment 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. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

E.1. Financial instruments measured at fair value - Fair value hierarchy

(₹ in Millions)

Financial instruments measured at fair value	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
Alternate investment funds	-	-	1,078.02	1,078.02
Debt fund	-	-	11.60	11.60
Total Assets	**88.01**	**-**	**1,104.13**	**1,192.14**

*Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million wherever applicable.

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Financial instruments measured at fair value	Recurring fair value measurement as at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Mutual fund	99.89	-	-	99.89
Equity instruments	49.15	-	-	49.15
Alternate investment funds	-	-	1,037.88	1,037.88
Total Assets	**149.04**	**-**	**1,037.88**	**1,186.92**

(₹ in Millions)

Financial instruments measured at fair value	Recurring fair value measurement as at April 01, 2017			
	Level 1	Level 2	Level 3	Total
Mutual fund	800.27	-	-	800.27
Equity instruments	63.55	-	-	63.55
Alternate investment funds	-	-	1,032.15	1,032.15
Total Assets	**863.82**	**-**	**1,032.15**	**1,895.97**

E.2. 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.

(₹ in Millions)

Particulars	As at March 31, 2019				
	Level 1	Level 2	Level 3	Total fair value	At amortised cost
Assets					
Investment in non convertible debentures (at cost and net of impairment)	-	201.30	-	201.30	204.03
Cash and cash equivalents	-	-	-	-	4,812.23
Bank balance	-	-	-	-	5,838.29
Trade and other receivable	-	-	-	-	329.90
Loans	-	-	-	-	4,332.38
Security deposit with landlords	-	-	43.34	43.34	56.20
Security deposit others	-	-	-	-	66.03
Other financial assets	-	-	-	-	5,967.42
Total Assets	**-**	**201.30**	**43.34**	**244.65**	**21,606.48**
Liabilities					
Borrowings (other than debt securities)	-	-	-	-	6,605.22
Non convertible debentures (Long term)	-	480.30	-	480.30	486.40
Non convertible debentures (Current maturity)	-	-	-	-	500.38
Trade and other payables	-	-	-	-	265.40
Security deposit from tenants	-	-	124.18	124.18	156.02
Security deposit others	-	-	-	-	199.64
Other financial liabilities	-	-	-	-	12,626.02
Total Liabilities	**-**	**480.30**	**124.18**	**604.48**	**20,839.08**

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2018				
	Level 1	Level 2	Level 3	Total fair value	At amortised cost
Assets					
Investment in non convertible debentures (at cost and net of impairment)	227.63	208.16	-	435.79	407.67
Cash and cash equivalents	-	-	-	-	3,877.35
Bank balance	-	-	-	-	4,676.33
Trade and other receivable	-	-	-	-	317.79
Loans	-	-	-	-	816.14
Security deposit with landlords	-	-	52.87	52.87	66.93
Security deposit others	-	-	-	-	58.78
Other financial assets	-	-	-	-	10,298.65
Total Assets	**227.63**	**208.16**	**52.87**	**488.66**	**20,519.64**
Liabilities					
Borrowings (other than debt securities)	-	-	-	-	10,128.61
Non convertible debentures (Long term)	-	844.89	-	844.89	841.11
Trade and other payables	-	-	-	-	342.89
Security deposit from tenants	-	-	105.89	105.89	122.82
Security deposit others	-	-	-	-	270.25
Other financial liabilities	-	-	-	-	10,393.19
Total Liabilities	**-**	**844.89**	**105.89**	**950.77**	**22,098.87**

(₹ in Millions)

Particulars	As at April 01, 2017				
	Level 1	Level 2	Level 3	Total fair value	At amortised cost
Assets					
Investment in non convertible debentures (at cost and net of impairment)	131.16	211.14	-	342.30	334.73
Investment in equity share of associates (at cost)	-	-	-	-	21.49
Cash and cash equivalents	-	-	-	-	1,533.68
Bank balance	-	-	-	-	2,889.90
Trade and other receivable	-	-	-	-	302.91
Security deposit with landlords	-	-	64.29	64.29	82.01
Security deposit others	-	-	-	-	61.12
Other financial assets	-	-	-	-	10,329.90
Total Assets	**131.16**	**211.14**	**64.29**	**406.58**	**15,555.74**
Liabilities					
Borrowings (other than debt securities)	-	-	-	-	4,086.68
Non convertible debentures (Long term)	-	1,174.61	-	1,174.61	1,168.32
Non convertible debentures (Current maturity)					626.55
Trade and other payables	-	-	-	-	446.54
Security deposit from tenants	-	-	86.55	86.55	97.20
Security deposit others	-	-	-	-	266.89
Other financial liabilities	-	-	-	-	13,312.94
Total Liabilities	**-**	**1,174.61**	**86.55**	**1,261.16**	**20,005.12**

Note: The carrying amount of financial aasets and financial liabilities whose fair value are not disclosed above and that are not measured at fair value are approximation of fair value.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

E.3. 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
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 valued using input based on information / other data that are available	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	6.25% - 6.85% based in SBI FD Rate for respective period of Deposit	Not Applicable

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

36. Capital and other commitments at Balance Sheet date

(₹ in Millions)

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(i)	Capital commitment	65.74	60.73	80.68
(ii)	Other commitment	60.18	55.53	60.98

37. Contingent liabilities

The Group is subject to legal proceedings and claims which have arisen 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 Group's financial position.

(₹ in Millions)

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(i)	In respect of income tax demands (see note 1)	7.20	7.32	-
(ii)	In respect of service tax demands (see note 2)	342.29	6.52	6.52
(iii)	Bank guarantees	6,050.50	5,639.13	5,499.13
(iv)	In respect of legal case/penalties	107.95	61.23	63.88

Notes :

1) Amount paid under protest with respect to income tax demand ₹ 7.20 Millions (March 31, 2018 ₹ 7.32 Millions and April 01, 2017 ₹ Nil).

2) Amount paid under protest with respect to service tax demand ₹ 12.00 Millions (March 31, 2018 ₹ 0.30 Millions and April 01, 2017 ₹ 0.30 Millions)

3) IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited") ("IICL") was a member of National Spot Exchange Limited (NSEL). NSEL had defaulted in its settlement obligations to investors including pay-out of ₹ 281.66 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. IICL and its officials have been fully cooperating in the investigations and submitting all the required information's 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 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. The Government of India, Ministry of Corporate Affairs, passed an order dated February 12, 2016, directing amalgamation of NSEL with its holding company i.e. 63 Moons Technologies Ltd. (Erstwhile Financial Technologies (India) Limited), in the larger interest of Public with a view to inter alia leverage the combines assets, capital and reserves and gainful settlements of rights and liabilities of shareholders and creditors. 63 Moons Technologies Ltd. preferred an appeal against the said order before the Bombay High Court and the same has been dismissed.63 moons technologies has filed a special leave petition (SLP) in the Supreme Court challenging the High Court order directing merger of NSEL with FTIL. A Special Leave Petition (SLP) was filed by 63 Moons Technologies Ltd. in the Supreme Court challenging the Order of the High Court directing merger of NSEL with 63 Moons Technologies Ltd.. The Supreme Court of India on April 30, 2019 set aside the Order of MCA to merge NSEL with FTIL.

   SEBI vide its Order dated February 22, 2019, declared IICL is "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 has preferred an Appeal against the said SEBI Order dated February 22, 2019 before the Securities Appellate Tribunal, Mumbai on April 11, 2019. The matter is yet to be listed.

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

38. Minimum lease rentals outstanding on assets taken on operating lease

(₹ in Millions)

Minimum Lease Rentals	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Due for			
- Up to One year	73.34	58.70	34.63
- One to Five years	91.89	85.91	20.13

39. Corporate social responsibility

During the year ended March 31, 2019 the Group spent ₹ 30.60 Millions (Previous year ended March 31, 2018 ₹ 23.29 Millions) out of the total amount of ₹ 30.60 Millions (Previous year ended March 31, 2018 ₹ 23.39 Millions) 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.

40. Assets pledged as security

The carrying amounts of assets pledged as security for borrowings are:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Financial assets			
First charge			
Trade & other receivables	7.02	14.39	39.70
Cash and bank balance	-	-	71.57
Investments	-	-	1,423.92
Other financial assets	6,669.10	9,476.55	-
Non-financial assets			
First charge			
Freehold buildings	117.86	129.91	156.03
Total assets pledged as security	**6,793.98**	**9,620.85**	**1,691.22**

41. Disclosure as per Ind AS -108 "Segment Reporting"

The Group has reported segment information as per Indian Accounting Standard (Ind AS) 108 on 'Operating segments'. As per Ind AS 108, segments are identified based on management's evaluation of financial information for allocating resourses and assessing performance. Accordingly, the Group has identified four reportable segments namely i) Stock market activity ii) Investment banking iii) Facility & ancillary iv) Others.

Business Segment		Principal activities
i)	Stock market activity	Broking and other related activities including distribution of financial services spaces offering capital market services such as equity/ currency/ commodity broking, depository participant services and third party financial product distribution services.
ii)	Investment banking	Merchant banking business.
iii)	Facility & ancillary	Facilities and ancillary services includes real estate broking and other advisory services.
iv)	Others	Insurance broking services and other ancillary services.

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

As at March 31, 2019

(₹ in Millions)

Particulars	Stock Market Activity	Investment Banking	Facilities & Ancillary	Others	Total
I Segment revenue					
a External	7,121.28	334.13	1,454.02	370.27	9,279.70
Inter segment revenue					(524.05)
Total revenue					**8,755.65**
II Results					
a Segment result	2,037.24	240.77	219.72	173.70	2,671.43
Less : - Unallocated					(90.62)
Profit before tax					**2,580.81**
b Interest income	1,377.58	-	172.79	4.03	1,554.40
Add : - Unallocated					14.56
Net interest income					**1,568.96**
c Interest expense	485.32	-	659.62	0.01	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	18,400.76	39.23	10,955.09	189.96	29,585.04
Add : - Unallocated corporate assets					914.48
Net assets					**30,499.52**
IV Segment liabilities	13,167.86	9.73	9,974.95	20.16	23,172.70
Add : - Unallocated corporate liabilities					17.37
Net liabilities					**23,190.07**
V Capital expenditure	143.01	-	442.94	28.46	614.41
VI Depreciation	117.65	-	288.59	12.74	418.98

As at March 31, 2018

(₹ in Millions)

Particulars	Stock Market Activity	Investment Banking	Facilities & Ancillary	Others	Total
I Segment revenue					
a **External**	6,978.25	819.74	1,729.57	304.79	9,832.35
Inter segment revenue					(360.42)
Total revenue					**9,471.93**
II Results					
a Segment result	1,726.77	743.74	53.72	211.08	2,735.31
Less : - Unallocated					-
Profit before tax					**2,735.31**
b Interest income	674.08	-	563.48	-	1,237.56
Add : - Unallocated					16.74
Net interest income					**1,254.30**
c Interest expense	361.69	-	1,083.37	-	1,445.06
Add : - Unallocated					-
Net Interest expense					**1,445.06**
d Current tax					929.55
e Net profit after tax					1,805.76
III Segment assets	20,482.47	39.23	6,986.50	257.98	27,766.18
Add : - Unallocated corporate assets					852.71
Net assets					**28,618.89**
IV Segment liabilities	16,457.37	26.58	5,867.93	12.03	22,363.91
Add : - Unallocated corporate liabilities					21.09
Net liabilities					**22,385.00**
V Capital expenditure	193.57	-	782.71	14.93	991.21
VI Depreciation	107.95	-	251.79	5.36	365.10

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

42. Related parties disclosures

(i) List of related parties where control exists as on March 31, 2019

Relationship	Name of the related party
Director	Mr. Venkataraman Rajamani (Director upto November 17, 2016)
	Mr. Mohan Radhakrishnan
	Mr. Narendra Jain
	Mr. Kranti Sinha
	Ms. Geetha Mathur (upto May 08, 2019)
	Mr. Aniruddha Dange
	Mr. Arindam Chanda (from January 24, 2017 to March 26, 2018)
Key Management Personnel	Mr. Arindam Chanda - CEO (from March 27, 2018)
Subsidiaries	India Infoline Foundation
Joint Venture and Associates	Meenakshi Tower LLP (Joint venture of wholly owned subsidiary, IIFL Management Services Limited)
	IIFL Asset Reconstruction Limited (from April 11, 2016 to May 08, 2017)
Other Related Parties * (Fellow subsidiaries upto April 01, 2018)	India Infoline Finance Limited
	IIFL Home Finance Limited
	Samasta Microfinance Limited
	Ayusha Dairy Private 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
	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)
Other Related Parties (Holding Company upto April 01, 2018) *	IIFL Holdings Limited
Other Related Parties	FIH Mauritius Investments Limited
	Giskard Datatech Private Limited
	5paisa Capital Limited
	5paisa P2P Limited
	5paisa Insurance Brokers Limited
	Mr. Nirmal Jain - Promoter
	Mr. R Venkataraman - Promoter (appointed as Director from May 13, 2019)
	Orpheous Trading Private Limited
	India Infoline Employee Trust
	Sunder Bhanwar Holiday Home Private Limited (upto March 04, 2018)
	Kalki Family Private Trust
	Nirmal Madhu Family Private Trust
	MNJ Consultants Private Limited
	Sunder Bhawar Ventures Private Limited
	Ardent Impex Private Limited

* Date of Demerger – April 01, 2018 being the appointed date in terms of the Composite Scheme of Arrangement amongst

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

India Infoline Finance Limited ("IIFL Finance"), IIFL Holdings Limited ("IIFL Holdings"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), 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") approved by the Board of Directors of the Holding Company at its meeting held on January 31, 2018, and approved by the National Company Law Tribunal Bench at Mumbai (Tribunal) on March 07, 2019 under the applicable provisions of the Companies Act, 2013.

(ii) Transactions during the year with related parties:

(₹ in Millions)

Nature of transactions	FY 2018-19	FY 2017-18
Brokerage/commission income/delayed payin/upfront income :		
a) Director		
Mr. Arindam Chanda	-	0.01
Mr. Mohan Radhakrishnan	0.05	0.17
Mr. Aniruddha Dange	0.10	0.46
Mr. Narendra Jain	0.00	-
b) Key managerial personnel		
Mr. Arindam Chanda	0.00	-
c) Other related parties		
Mr. Nirmal Jain	0.71	1.04
Mr. Venkataraman Rajamani	0.11	0.39
India Infoline Finance Limited	5.04	0.73
IIFL Wealth Management Limited	0.20	0.01
IIFL Home Finance Limited	0.02	0.03
IIFL Asset Management Limited	0.03	0.86
Ardent Impex Private Limited	0.02	0.04
Orpheus Trading Private Limited	-	0.03
Interest income on inter corporate deposit :		
a) Other related parties		
India Infoline Finance Limited	114.41	635.79
IIFL Wealth Management Limited	-	0.29
5paisa Capital Limited	21.96	4.31
IIFL Home Finance Limited	-	0.28
India Infoline Employee Trust	-	0.01
PMS/Research income/Investment banking income:		
a) Other related parties		
IIFL Wealth Management Limited	65.16	22.50
IIFL Asset Management Limited	54.31	1.71
India Infoline Finance Limited	1.00	-
Advisory/Referral fee income/Marketing support fees:		
a) Other related parties		
India Infoline Finance Limited	305.90	-
IIFL Asset Management Limited	-	28.41
IIFL Home Finance Limited	26.79	19.99
IIFL Asset Management (Mauritius) Limited	125.12	55.22
Rent income:		
a) Other related parties		
India Infoline Finance Limited	43.09	44.99
5 Paisa Capital Limited	24.82	26.33
IIFL Home Finance Limited	19.24	19.99
IIFL Wealth Management Limited	232.34	217.98
IIFL Distribution Services Limited	16.91	16.91
IIFL Asset Management Limited	14.09	14.04
IIFL Wealth Finance Limited	-	0.68
Samasta Microfinance Limited	-	0.01

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Nature of transactions	FY 2018-19	FY 2017-18
Interest expenses on inter corporate deposits:		
a) Other related parties		
India Infoline Finance Limited	38.29	10.01
IIFL Wealth Management Limited	2.11	-
IIFL Home Finance Limited	1.41	0.39
Marketing Support Expenses /Commission /Brokerage/Consultancy/ Authorised Person:		
a) Other related parties		
5paisa Capital Limited	4.56	9.68
IIFL Wealth Management Limited	-	109.62
Dividend Paid:		
a) Other related parties		
IIFL Holdings Limited	343.31	430.52
IIFL Wealth Management Limited	-	0.00
Corporate Social Responsibility Expenses:		
a) Subsidiaries		
India Infoline Foundation	30.60	23.29
Remuneration:		
Director's #	35.30	46.22
Key managerial personnel	15.14	-
Director Sitting Fees:		
Geeta Mathur	0.32	0.30
Kranti Sinha	0.35	0.38
Interest accrued but not due:		
a) Other related parties		
India Infoline Finance Limited	12.82	45.29
Investment in equity share and preference share		
a) Other related parties		
Giskard Datatech Private Limited	14.51	-
Deposit - Taken:		
a) Other related parties		
India Infoline Finance Limited	11.70	-
5paisa Capital Limited	13.55	-
Advance received:		
a) Other related parties		
IIFL Wealth Management Limited	1,700.00	-
Deposit - Repaid:		
a) Other related parties		
5paisa Capital Limited	3.23	-
Inter corporate deposit taken:		
a) Other related parties		
India Infoline Finance Limited	52,012.50	45,870.50
IIFL Wealth Management Limited	65.00	-
IIFL Home Finance Limited	1,500.00	6,050.00
Inter corporate deposit repaid:		
a) Other related parties		
India Infoline Finance Limited	51,195.00	45,870.50
IIFL Home Finance Limited	1,500.00	6,050.00

#Director's salary of ₹ 22.76 Millions in FY 17-18 is paid from IIFL Holdings Limited

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

(₹ in Millions)

Nature of transactions		FY 2018-19	FY 2017-18
Inter corporate deposit given:			
a)	**Other related parties**		
	India Infoline Finance Limited	21,270.00	324,766.05
	5paisa Capital Limited	1,983.58	500.00
	IIFL Home Finance Limited	-	1,080.00
	India Infoline Employee Trust	-	35.00
	IIFL Wealth Management Limited	-	165.00
Inter corporate deposit given received back:			
a)	**Other related parties**		
	India Infoline Finance Limited	21,270.00	324,766.05
	IIFL Wealth Management Limited	-	165.00
	5paisa Capital Limited	1,693.58	500.00
	IIFL Home Finance Limited	-	1,080.00
	India Infoline Employee Trust	-	35.00
Allocation/Reimbursement of expenses paid:			
a)	**Other related parties**		
	India Infoline Finance Limited	26.63	24.79
	IIFL Home Finance Limited	13.96	10.50
	5paisa Capital Limited	0.33	0.15
Allocation / Reimbursement of expenses received:			
a)	**Other related parties**		
	IIFL Wealth Management Limited	14.07	49.12
	India Infoline Finance Limited	651.77	131.65
	IIFL Asset Management Limited	0.01	1.44
	IIFL Home Finance Limited	67.75	34.97
	5paisa Capital Limited	56.26	40.14
Others paid:			
a)	**Other related parties**		
	IIFL Wealth Management Limited	0.84	0.75
	India Infoline Finance Limited	34.65	5.74
	IIFL Home Finance Limited	0.07	0.39
	5paisa Capital Limited	0.42	0.21
	IIFL Asset Management Limited	0.46	0.01
	IIFL Distribution Services Limited	-	0.11
Purchase of investment (Non convertible debenture):			
a)	**Other related parties**		
	India Infoline Finance Limited	-	79.42
Sale of investment (Non convertible debenture):			
a)	**Other related parties**		
	India Infoline Finance Limited	197.10	-
Others Received:			
a)	**Subsidiaries**		
	India Infoline Foundation	0.70	0.11
b)	**Other related parties**		
	IIFL Wealth Management Limited	0.06	1.10
	India Infoline Finance Limited	9.35	548.36
	IIFL Distribution Services Limited	0.02	0.08
	IIFL Asset Management Limited	0.00	0.01
	IIFL Home Finance Limited	3.61	2.57
	5paisa Capital Limited	0.14	2.33
	IIFL Wealth Finance Limited	-	0.01

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

(iii) Balance outstanding

(₹ in Millions)

Nature of transactions	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Sundry Payable:			
a) Other related parties			
India Infoline Finance Limited	0.02	-	-
IIFL Asset Management Limited	2.30	-	0.01
IIFL Wealth Finance Limited	0.72	-	0.02
IIFL Private Wealth Management (Dubai) Limited	-	-	4.39
IIFL Wealth Management Limited	-	0.39	-
IIFL Investment Advisors & Trustee Services Limited	-	-	0.04
IIFL Wealth Management Limited	17.47	-	0.13
Mr. Nirmal Jain	0.00	13.88	0.10
b) Joint venture			
Meenakshi Tower LLP	133.84	98.42	40.24
c) Director's			
Mr. Mohan Radhakrishnan	0.00	0.03	0.00
Mr. Aniruddha Dange	1.12	-	65.86
Mr. Arindam Chanda		0.00	0.97
d) Key managerial personnel			
Mr. Arindam Chanda	0.00	-	-
Sundry Receivable:			
a) Other related parties			
India Infoline Finance Limited	40.74	-	-
5paisa Capital Limited	2.09	-	-
IIFL Home Finance Limited	1.62	-	-
IIFL Asset Management Limited	9.16	-	-
IIFL Wealth Finance Limited	-	-	0.12
IIFL Private Wealth Management (Dubai) Limited	-	-	2.37
IIFL Wealth Management Limited	-	-	7.43
IIFL Inc.	0.82	-	-
Orpheus Trading Private Limited	-	0.00	0.00
b) Director			
Mr. Aniruddha Dange	-	0.00	-
Inter corporate deposit payable:			
a) Other related parties			
India Infoline Finance Limited	817.50	-	-
IIFL Wealth Management Limited	65.00	-	-
Inter corporate deposit receivable:			
a) Other related parties			
5paisa Capital Limited	290.00	-	-
Security deposit payable			
a) Other related parties			
5paisa Capital Limited	10.32	-	-
India Infoline Finance Limited	11.70	-	-
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			
India Infoline Finance Limited	200.00	397.10	317.68

Note:

i) Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million wherever applicable.

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.

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

43. 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	
			As at March 31, 2019	As at March 31, 2018
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	UK	100.00%	100.00%
7	IIFL Asset Reconstruction Limited	India	100.00%	100.00%
8	IIFL Securities Services IFSC Limited	India	100.00%	-

b) Additional information, as required under schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiaries and associates.

As at March 31, 2019

Particulars	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated Net Assets	(₹ in Millions)	As % of consolidated Profit or Loss	(₹ in Millions)	As % of consolidated Other Comprehensive Income	(₹ in Millions)	As % of consolidated Total Comprehensive Income	(₹ in Millions)
Parent								
IIFL Securities Limited	88.20%	6,446.77	84.55%	1,449.39	118.69%	7.93	84.68%	1,457.32
Subsidiaries								
Indian								
1 IIFL Insurance Brokers Limited	4.48%	327.82	7.04%	120.66	-17.99%	(1.20)	6.94%	119.46
2 IIFL Management Services Limited	4.90%	358.09	1.61%	27.68	-10.14%	(0.68)	1.57%	27.00
3 IIFL Facilities Services Limited	9.21%	673.55	7.16%	122.77	1.41%	0.09	7.14%	122.86
4 IIFL Commodities Limited	1.52%	111.03	3.94%	67.46	8.03%	0.54	3.95%	68.00
5 IIFL Asset Reconstruction Limited	0.65%	47.26	0.12%	2.08	-	-	0.12%	2.08
6 IIFL Securities Services IFSC Limited	0.07%	4.88	-0.01%	(0.12)	-	-	-0.01%	(0.12)
Foreign								
1 IIFL Capital Inc.	1.30%	94.76	1.34%	22.99	-	-	1.34%	22.99
2 IIFL Wealth UK	0.19%	13.58	-0.58%	(9.95)	-	-	-0.58%	(9.95)
Elimination	-10.51%	(768.30)	-5.17%	(88.63)	-	-	-5.15%	(88.63)
Total	**100.00%**	**7,309.44**	**100.00%**	**1,714.33**	**100.00%**	**6.68**	**100.00%**	**1,721.01**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2019 (Contd.)

44. Standard issued but not effective

Ind AS 116 Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 01, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application.

  Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute 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.

The standard permits two possible methods of transition -

i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 01, 2019. The Group will adopt the standard on April 01, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 01, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the consolidated financial statements.

Amendment to Ind AS 12 - Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 01, 2019.

The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

Amendment to Ind AS 19 - plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

Notes forming part of Consolidated Financial Statements
For the year ended March 31, 2019 (Contd.)

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Group does not have any impact on account of this amendment.

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 13, 2019

For and on behalf of Board of Directors

Venkataraman Rajamani
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Jayesh Upadhyay
Company Secretary

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

(₹ in Millions)

Sr. No.	Particulars	IIFL Management Services Limited	IIFL Facilities Services Limited	IIFL Insurance Brokers Limited	IIFL Commodities Limited	IIFL Capital Inc.	IIFL Wealth (UK) Limited	IIFL Asset Reconstruction Limited	IIFL Securities Services IFSC Limited
1	Share Capital	2.81	90.00	5.00	3.14	40.29	11.20	41.00	5.00
2	Other Equity	355.29	583.55	322.82	107.90	54.46	2.39	6.26	(0.12)
3	Total Assets	1,810.98	9,484.84	347.90	118.21	130.24	21.33	47.48	5.00
4	Total Liabilities	1,452.89	8,811.29	20.08	7.18	35.49	7.74	0.22	0.12
5	Investments	41.56	204.03	-	28.23	-	-	-	-
6	Total Turnover	334.17	1,119.84	367.27	36.21	243.33	115.82	3.00	-
7	Profit/(loss) before tax	60.63	159.09	170.89	94.81	29.81	(11.22)	2.82	(0.12)
8	Provision for taxation (including deferred tax)	32.95	36.32	50.23	27.35	6.82	(1.27)	0.74	-
9	Profit/(loss) after tax	27.68	122.77	120.66	67.46	22.99	(9.95)	2.08	(0.12)
10	Total Comprehensive Income	27.00	122.86	119.46	68.00	22.99	(9.95)	2.08	(0.12)
11	Exchange Rate	-	-	-	-	69.38	90.36	-	-
12	Reporting Currency	INR	INR	INR	INR	USD	GBP	INR	INR
13	Proposed Dividend	-	-	-	-	-	-	-	-
14	% of share holding	100	100	100	100	100	100	100	100

Notes:

1. **All subsidiaries have common year end of March 31, 2019 hence no additional information under Section 129(3) read with rule 5 has been disclosed.**
2. **Names of subsidiaries which are yet to commence operations**

   IIFL Securities Services IFSC Limited

   IIFL Asset Reconstruction Limited
3. **Names of subsidiaries which have been liquidated or sold during the year.**

   No subsidiaries has been liquidated or sold

For and on behalf of Board of Directors

Venkataraman Rajamani
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Jayesh Upadhyay
Company Secretary

Place : Mumbai
Dated : May 13, 2019

ANNEXURE – A to the Consolidated Financial Statements (contd.)

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 Millions)

Sl. No.	Name of associates/Joint Ventures	Meenakshi Towers LLP
1	Latest audited Balance Sheet Date	March 31, 2019
2	Shares of Associate/Joint Ventures held by the company on the year end	
	(i) Number	NA
	(ii) Amount of Investment in Associates/Joint Venture	0.05
	(iii) Extend of Holding%	50.0%
3	Description of how there is significant influence	There is a significant influence due to % of capital
4	Reason why the associate/joint venture is not consolidated	NA
5	Net worth attributable to shareholding as per latest audited Balance Sheet	(133.84)
6	Profit/Loss for the year	
(i)	Considered in Consolidation (to the extent of owner share)	(35.43)
(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
Director
(DIN: 00011919)

Narendra Jain
Director
(DIN: 01984467)

Arindam Chanda
Chief Executive Officer

Bhawani Jhanwar
Chief Financial Officer

Jayesh Upadhyay
Company Secretary

Place : Mumbai
Dated : May 13, 2019

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. Aniruddha Dange
Non Executive 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

NOMINATION AND REMUNERATION COMMITTEE

Ms. Rekha Warriar
Chairman, Independent Director

Mr. Kranti Sinha
Member, Independent Director

Mr. Aniruddha Dange
Member, Non Executive Director

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Ms. Rekha Warriar
Chairman, Independent Director

Mr. Kranti Sinha
Member, Independent Director

Mr. Narendra Jain
Member, Whole Time Director

CSR COMMITTEE

Mr. Kranti Sinha
Chairman, Independent Director

Mr. Narendra Jain
Member, Whole Time Director

Mr. Mohan Radhakrishnan
Member, Whole Time Director

CHIEF FINANCIAL OFFICER

Mr. Bhawani Jhanwar

COMPANY SECRETARY

Mr. Jayesh Upadhyay

AUDITORS

M/s. V. Sankar Aiyar & Co.
Chartered Accountants

INTERNAL AUDITORS

Mahajan & Aibara
Chartered Accountants

CORE MANAGEMENT TEAM

Mr. Arindam Chanda	Chief Executive Officer & Retail Broking
Mr. H. Nemkumar	President, Institutional Equities
Mr. Nipun Goel	President, Investment Banking
Mr. Vasudev Jagannath	President, Institutional Sales
Mr. R Mohan	Chief Compliance Officer
Mr. Narendra Jain	President, Operations
Mr. Chintan Modi	Partner Channel
Mr. Anurag Naik	Insurance Distribution
Mr. Ravi Ramchandra	Legal
Mr. Utkarsh Prajapati	Technology
Mr. G. V. Giri	Institutional Research
Mr. Abhimanyu Sofat	Research
Mr. Prasad Umarale	Compliance Officer
Mr. Dharmendra Narang	Customer Services
Ms. Khushnum Ichhaporia	Marketing & Corporate Communication
Ms. Geetha Menon	Human Resources

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

IIFL TECH CENTRE

6th Floor, Ackruti Centre Point,
MIDC Central Road, Andheri East,
Mumbai – 400 093

LIST OF CORPORATE BANKERS

Axis Bank Limited
Citibank
HDFC Bank Limited
ICICI Bank Limited
IndusInd Bank Limited
Punjab National Bank Limited
Yes Bank Limited

CAUTIONARY STATEMENT

This document contains forward-looking statement and information. Such statements are based on our current expectations and certain assumptions and are therefore, subject to certain risk and uncertainties. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary. IIFL Securities Limited does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differs from those anticipated.

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IIFL SECURITIES

IIFL SECURITIES LIMITED
(Formerly known as India Infoline Limited)
CIN - U67120MH2004PLC147365
IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC,
Thane Industrial Area, Wagle Estate, Thane - 400604
Tel:+91 22 41035000
Email - investor.relations@iifl.com | secretarial@iifl.com
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