



**IIFL**  
SECURITIES

PRODUCTS



**REACHING  
CUSTOMERS**



PLACES

PLATFORMS

# Stories Inside



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## Investor Information

● BSE Code	542773
● NSE symbol	IIFLSEC
● Bloomberg code	IIFLSEC:IN
● Dividend declared	₹ 1.0 per share



## Financial Statements

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114	Standalone
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To view this report online, please log in:  
<https://www.iifl.com/ii-fl-securities/investor-relations?tab=Annual%20Reports>

## Basis of Reporting

### Our approach to adoption of <IR>

Integrated Reporting (<IR>) based on the framework of International Integrated Reporting Council (IIRC) has emerged as a global best practice for corporate reporting. We have aligned ourselves to this trend and FY 2020-21 is our first year of such reporting.

Through <IR> we intend to provide our stakeholders with an all-inclusive depiction of our value creation process using both qualitative and quantitative information across financial and non-financial resources. We provide insights into the challenges and

associated risks in achieving our long-term objectives in context of the external operating environment. Certain <IR> related data in this Report may be management estimates.

### Reporting principle

The financial and statutory data presented in this Report comply with the requirements of the Companies Act, 2013 (and the Rules made thereunder), Indian Accounting Standards, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards. The Report is guided by the IIRC's framework.

### Reporting period, Scope and Boundary

The Report covers the key statutory financial information and activities of the Company in FY 2020-21. Comparative figures and notable events of past years have been reported to provide a holistic view to stakeholders. The non-financial information in the Integrated Report largely covers data on the Indian operations of IIFL Securities Limited.

### Forward-looking statement

The report contains statements that relate to the Company's future operations and performance. These statements can be identified by the usage of words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

These forward-looking statements are dependent on assumptions, data or methods that may be inaccurate or imprecise and hence are not guarantees of future operating, financial and other results. They constitute our current expectations based on reasonable assumptions. The Company's actual results could materially differ from those projected in any forward-looking statements due to various future events, risks, and uncertainties some of which are beyond our control. The Company does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# Reaching Customers

## PRODUCTS, PLACES, PLATFORMS



At IIFL Securities, we are a one-stop digital financial supermarket with a growing customer franchise. We are constantly reaching out to more and more customers, drawing upon our accumulated knowledge, nurturing new ideas to maximise value creation and achieving sustainable business growth. We manage our resources responsibly – products, places, platforms – to deliver the best possible outcomes.

We possess the right talent and expertise in stock broking, investment management and customer-centricity. Our research team and product specialists have decades of accumulated capital market knowledge covering the macro-economy and diverse sectors.

We provide a full-suite and wide range of products and services spanning retail and institutional equities, financial products distribution, commodity broking, currency broking, investment banking, financial planning and wealth management. Through our competitive pricing, innovative products, superior experience and robust advice, we facilitate our customers in growing their financial assets.

We are one of the pioneers in bringing technology-led innovation to the broking industry in India. We are continuously investing in our technological capabilities, providing new digital solutions and platforms and harnessing state-of-the-art infrastructure across the value chain to effectively reach out to an increasing number of customers and drive operational efficiency.

**A combination of cutting-edge technology, diverse product offerings, management expertise, a wide network of branches across India and digital marketing reach, our single-minded objective is to widen our reach and better serve more and more customers. With this, we fulfill their financial needs, provide rewarding experiences and enable them in their wealth creation journey.**

# Chairman and Managing Director's Message



Given our ability to think ahead and act swiftly, we managed to deliver sustained performance in an extraordinary year.

“

We see our customers as invited guests to a party, and we are the hosts. It's our job every day to make every important aspect of the customer experience a little bit better.”

– Jeff Bezos

This is the mantra we live by. Our focus on understanding the needs of our customers and catering to them in the best possible manner continues to hold us in good stead. Increasingly, we are providing customers with varied solutions, on multiple platforms, using channels of their choice. Our apps – IIFL Markets and Advisor Anytime Anywhere (AAA) are used extensively for uninterrupted service. We open accounts using a completely digital mode, and offer all our products on an open architecture model. With this, we are living our purpose of 'Always putting customers first and empowering them with the right tools and information'. Today, our full suite of financial solutions, across physical and digital platforms enables us to create superior customer experiences.

## COVID-19 HAS LEFT AN INDELIBLE MARK

The COVID-19 pandemic has left economies, businesses and societies counting the costs with the lockdown impacting lives and livelihoods significantly. Domestic demand and exports plummeted sharply and financial markets went through extreme volatility in the first half of the year. However, the second half witnessed better-than-expected economic recovery. The Reserve Bank of India (RBI) adopted an accommodative stance and worked proactively to ensure sufficient liquidity within the system. The Government made several positive announcements in the Union Budget to propel growth of multiple sectors. Foreign institutional investors (FII) inflows remained buoyant during the year, providing strong support. Nifty 50 started the year at around 8,598 levels and ended with gains of about 70.9% at 14,691. As I write this message, it is clear that the war against the pandemic is not over and we could see multiple waves. We have to accelerate the pace of vaccination and remain vigilant, to build a strong herd immunity.

## LONG-TERM OUTLOOK REMAINS SANGUINE

“

It's a wonderful thing to be optimistic. It keeps you healthy and it keeps you resilient.”

– Daniel Kahneman

We believe, India is on a long-term sustainable growth path. Medium-term outlook though remains clouded by uncertainty regarding the pandemic. Factors such as favourable demographics, rebound in private capex and continued spending by the Government could propel recovery in the economy. Accelerated shift of household savings from physical assets to financial savings will drive growth of the capital markets in the long term.

Financial services sector in India remains under-penetrated, relative to other countries. Being a prominent financial services player, we are playing an active role in bridging this gap. Our well-defined strategies and wide array of offerings are empowering us to seize several macro opportunities.

### ENSURING BUSINESS CONTINUITY DURING THE CRISIS



The entrepreneur always searches for change, responds to it, and exploits it as an opportunity.”

– Peter Drucker

Given our ability to think ahead and act swiftly, we managed to deliver sustained performance in an extraordinary year. The health and safety of our people remains our top-most priority. Our technology team worked with high agility to provide our people with the requisite infrastructure to work from home. Our call centre operations were successfully migrated to the work from home format.

We accelerated our digital journey and evolved new ways of working. Our online platforms – AAA, mobile app and trading software were instrumental in providing convenience and speed to our customers. In June 2020, we launched ‘ASK IIFL’ chatbot to address all customer queries and grievances 24x7.

As the economy started opening up, our branches became operational. From mid-March 2021, the second wave grew stronger, and partial lockdowns came into effect. This time around, we were better prepared and used the learnings from the first wave.

### CUSTOMERS AT THE HEART OF OUR STRATEGIES



You’ve got to start with the customer experience and work back toward the technology, not the other way around.”

– Steve Jobs

Our constant focus on providing need-based and superior experiences to customers has helped us build enduring relationships with them. A robust trading platform, domain expertise and wide footprint are some other factors distinguishing us from our peers. We continue to leverage and strengthen our technology, people and process capabilities. Improving and fortifying our research content, providing best advice and a comprehensive product mix to our customers remain an integral part of our strategy.

### A STABLE FINANCIAL PERFORMANCE

During the year, we registered a stable performance, once again demonstrating the strength and resilience of our business model. Growing number of retail investors and continued momentum in existing ones led to a surge in trading volumes. Our total income stood at ₹ 8.68 billion, up 10% y-o-y, while Profit After Tax (TCI) (Before exceptional items in FY 2019-20) grew 52% y-o-y to ₹ 2.21 billion. During Q4, we acquired ~1.1 million demat accounts from Karvy Stock Broking and started migration of these accounts to IIFL Securities. We successfully completed the buyback of 17 million equity shares at an outlay of ₹ 1,058 million.

₹8.68 billion

Total Revenue

10%

Y-O-Y



₹2.21 billion

Profit After Tax (TCI)

52%\*

Y-o-Y



### SUPPORTING OUR COMMUNITIES

During the pandemic, IIFL Foundation provided education to the under-privileged children via several online platforms (such as Zoom and Google Meet, among others). It also donated oxygen concentrators in Palghar district. We are confident that together, we will conquer the outbreak of COVID-19.

During the year, Shri Kranti Sinha stepped down as the Chairman of IIFL Securities, after completing his full term. We will miss his guidance and counselling. Sinhaji has been associated with the IIFL Group, since our listing in 2005.

Regards,

**R. Venkataraman**  
Chairman and Managing Director

\*Excluding exceptional items in FY 2019-20

# Management Bytes

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A sharp rise in passive flows and underwritten blocks had a negative impact on our market share in FY 2020-21. We maintained our top research rankings for the year and we are looking to further improve it. We also made large investments in upgrading our trading systems this year. The focus for the next year will be to improve yields by focussing on block placements and expanding our client coverage universe.

**– Mr. H. Nemkumar**

President, Institutional Equities



IIFL Securities continues to be a market leader in the ECM space. FY 2020-21 has been a strong year for the investment banking team with 29 transactions completed by us across equity capital markets and private equity advisory. Superior client focus, unbiased advice and solid execution have resulted in high repeat business which continues to be the hallmark of our strategy. Our strong pipeline should help us to continue the momentum in the current year.

**– Mr. Nipun Goel**

President, Investment Banking



In our endeavour to deliver growth and value to our shareholders, we have been working towards transforming our retail broking business into a technology led investment platform company. We will continue to focus on our core strength of providing most suitable investment solutions and advise leveraging Artificial Intelligence and Machine Learning to manage the entire investment lifecycle of our customers.

We are building “Investment As A Service: Platform” to create an ecosystem of innovative trading and investment products and services for our retail and HNI customers, through effective collaboration with fintechs, partners and other financial services companies.

**– Mr. Sandeep Bhardwaj**

CEO, Retail Broking



Our technology platforms and back end processes quickly adapted the lockdown period and we met the expectations of our customers. We benefited from our continued focus on providing services to our customers through our digital platforms and seamless trading experience with our highly rated mobile app and advisory tools.

FY 2020-21 saw revolutionary changes in the margin system and we successfully managed the risks associated with this development. We would continue to focus on better product delivery, robust operations and digital service delivery to our customers.

**– Mr. Narendra Jain**

Director

# One-Stop Shop in Financial Services Space

We are one of the largest independent full-service retail and institutional broking house, along with being a leading investment advisory firm in India. We offer diversified financial services and products to our customers, in sync with their evolving needs and preferences.



## What sets us apart

We are a one-stop shop offering services in retail and institutional equities, financial products distribution, commodity broking, currency broking, investment banking, financial planning and wealth management.

## Whom do we serve

We serve over 3 million customers through a distribution network of over 2,500 points of presence covering the branches and business partners in over 500 cities and towns in India.

## How we win

Driven by research and powered by end-to-end technology platforms, we are also well supported by an experienced management and a vast branch network across India.

## How we create value

We are a customer-centric company, constantly striving to enable individuals to grow their wealth through the wide range of products and services.

## Our pride of parentage

We are a part of IIFL Group, one of India's largest and most respected financial services groups, and a pioneer in the Indian financial services space in various technological and product aspects.

## Our Performance

**₹8,676 million**  
Total Revenue

**250+**  
Stocks Covered

**₹2,210 million**  
Profit After Tax (TCI)

**₹159 trillion\***  
Aggregate Market Cap

\*Accounting for 80% of India's market capitalisation

**₹437 billion**  
Assets Under Management

**29+**  
Research Analysts

**0.29 million**  
Active Retail Customers

**1,050+**  
Relationship Managers

**720+**  
Institutional Clients

**1,500+**  
Partners

**2,500+**  
Touchpoints

**1,950+**  
Employees

**500+**  
Cities

**₹1.0 per share**  
Dividend



## Our Vision

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

## Our 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 in all our dealings with people, internal or external.



### TRANSPARENCY

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

## Strategic Framework of Strengths

### PRODUCTS AND SERVICES



- Wide range of financial products and services
- Targeted towards retail, corporate and institutional clients

### RESEARCH



- With a team of 29 analysts with wide experience, we offer in-depth research and content to aid better financial planning and investments
- Coverage includes 250 stocks, with an aggregate market capitalisation of ₹ 159 trillion, accounting for over 80% of India's total market capitalisation

### GOVERNANCE



- Led by an independent Board and highly experienced management
- We are committed to upholding the highest standards of ethical behaviour and transparency, which create long-term stakeholder value. Strong governance and integrity form the bedrock of our corporate culture

### DISTRIBUTION NETWORK



- Large and diverse distribution network comprising branches, franchises and partners
- Present in 2,500+ locations and 500+ cities across India

### TECHNOLOGY THRUST



- Advanced technology platforms and infrastructure
- Digital presence across mobile apps and mobile office solution AAA

24.4%

Public and Others

6.9%

Foreign Institutional Investors (FIIs)



31.4%

Promoter and Promoter Group

37.3%

Fairfax

# Our Diversified Product Mix



## Retail Broking

### WHAT WE OFFER

- Equities (both cash and derivatives), Commodities, Currency Broking
- Advisory services including Financial Planning, Depository Participant Services, Distribution of Mutual Funds and Bonds, Portfolio Management Services, Alternative Investment Funds, Retirement Planning and Estate Planning

### WHOM WE SERVE

- Retail and mass affluent investors

### OUR PROFICIENCIES

- Diversified and customer-centric products
- Full-service and multi-channel platforms
- Wide branch network
- Open architecture model
- Strong research team covering 250+ companies across sectors

### OPERATIONAL HIGHLIGHTS OF FY 2020-21

- 0.29 Million active customers
- ₹ 437 billion AUM
- 2,500+ touchpoints and presence in 500+ cities
- 2.3 Million downloads of IIFL Markets app
- Acquired 1.1 million demat accounts from Karvy through a formal bidding process, valued at ₹ 1,129 million



## Institutional Broking

### WHAT WE OFFER

- Broking services
- Corporate access
- In-depth sector-wise and company-wise research

### WHOM WE SERVE

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

### OUR PROFICIENCIES

- Dedicated sales team of 80 members with offices in India, New York and London, connecting investors and corporates
- Wide customer base covering sovereign wealth funds, foreign portfolio investors, mutual funds, insurance companies, banks, pension funds and alternate investment funds
- Strong research team with domain knowledge
- Ranked among the top players, consistently

### OPERATIONAL HIGHLIGHTS OF FY 2020-21

- Team of 29 analysts
- 720+ active institutional clients (Domestic and Overseas)
- 250+ stocks across 20 sectors under research coverage, accounting for over 80% of India's market capitalisation
- Initiated research on 19 new stocks
- Focussed on expanding coverage in large-cap and mid-cap space



## Investment Banking

### WHAT WE OFFER

- Initial Public Offerings, Qualified Institutional Placement, Rights Issues, Preferential Placement, Follow-on Public Offer, Mergers & Acquisitions, Share Buybacks, Tender Offers and Delistings
- Advisory services including private equity placements and mergers & acquisitions

### WHOM WE SERVE

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

### OUR PROFICIENCIES

- Customised solutions
- Wide distribution network
- Strong execution capabilities
- Industry knowledge

### OPERATIONAL HIGHLIGHTS OF FY 2020-21

- Completed 29 transactions across capital markets and advisory, including 9 IPOs, 7 QIPs, 9 private equity and 1 offer for sale, apart from a number of corporate and debt advisory mandates
- Filed a number of DRHPs, IPOs, private equity and other capital market transactions, which are in various stages of execution
- Sustained No. 1 ranking in raising equity for private sector IPOs during FY 2017-18 to FY 2020-21 (As per Prime Database League Rankings)
- Marquee deals included QIPs for ICICI Bank, HDFC and Info Edge (India)
- Robust future pipeline across product categories in different stages of execution



## Financial Product Distribution

### WHAT WE OFFER

- Third-party financial products distribution including Mutual Funds, Insurance, Portfolio Management Services, Alternate Investment Funds, Fixed Deposits, Loans and Pension Products

### WHOM WE SERVE

- Retail and mass affluent investors

### OUR PROFICIENCIES

- Wide product portfolio
- Expert advisory and research
- Understanding of customer behaviour
- Growing physical and digital reach
- Open architecture model

### OPERATIONAL HIGHLIGHTS OF FY 2020-21

- AUM of ₹ 122 billion
- Mutual Fund AUM grew to ₹ 51.5 billion vs ₹ 28.3 billion in the previous year
- SIP AUM grew to ₹ 10.2 billion with monthly average transaction count of 90,816
- 42% YoY growth in insurance premiums (Life and Non-life) at ₹ 1,463 million

# Strong Research Capabilities

## Market Cap mix of stocks under coverage

Market Cap	IIFL Research Universe
● Above USD 10 billion	49
● Between USD 5 billion & USD 10 billion	38
● Between USD 3 billion & USD 5 billion	44
● Between USD 1 billion & USD 3 billion	57
● Between USD 500 million & USD 1 billion	37
● Below USD 500 million	25
<b>Total</b>	<b>250</b>



## Sector-wise mix of stocks under coverage



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

## Select IPOs and QIPs

<p>IPO ₹ 5,829 million</p>  <p>Nazara Technologies Mar 2021</p>	<p>IPO ₹ 7,600 million</p>  <p>Anupam Rasayan India Mar 2021</p>	<p>IPO ₹ 5,808 million</p>  <p>Suryoday SFB Mar 2021</p>	<p>IPO ₹ 8,237 million</p>  <p>Craftsman Automation Mar 2021</p>	<p>IPO ₹ 6,964 million</p>  <p>MTAR Technologies Feb + Mar 2021</p>
<p>IPO ₹ 38,000 million</p>  <p>Brookfield India REIT Feb 2021</p>	<p>IPO ₹ 3,000 million</p>  <p>Antony Waste Handling Cell Dec 2020</p>	<p>IPO ₹ 5,405 million</p>  <p>Mrs. Bectors Food Specialities Dec 2020</p>	<p>QIP ₹ 36,852 million</p>  <p>Embassy Office Parks REIT Dec 2020</p>	<p>QIP ₹ 37,880 million</p>  <p>Punjab National Bank Dec 2020</p>
<p>QIP ₹ 2,500 million</p>  <p>INOX Leisure Ltd. Nov 2020</p>	<p>IPO ₹ 5,176 million</p>  <p>Equitas Small Finance Bank Oct 2020</p>	<p>QIP ₹ 150 million</p>  <p>ICICI Bank Aug 2020</p>	<p>QIP ₹ 140 million</p>  <p>HDFC Aug 2020</p>	<p>QIP ₹ 18,750 million</p>  <p>Info Edge (India) Aug 2020</p>

## Select Other Transactions

<p>Offer for Sale ₹ 43,744 million</p>  <p>Indian Railway Catering and Tourism Corp. Dec 2020</p>	<p>Secondary Private Placement ₹ 2,920 million</p>  <p>Etechaces Marketing and Consulting Fiscal 2021</p>	<p>Secondary Private Placement ₹ 9,500 million</p>  <p>National Stock Exchange of India Fiscal 2021</p>
<p>Private Placement ₹ 41,650 million</p>  <p>Nepra Resource Management Nov 2020</p>	<p>Buyback ₹ 1,919 million</p>  <p>Emami July 2020</p>	<p>Public Issue of NCDs</p>  <p>IIFL Finance March 2021</p>

# Operating Context

Several external factors affected business, both positively and negatively. There were also several business opportunities that formed a major part of the long-term value of the business.



## Global & Indian Economy

At a macro-economic level, due to peak margin regulations, intra-day volumes were impacted. There has been gradual recovery and the economy is getting back on track. Despite the onset of the COVID-19 pandemic, India is still expected to be the fastest growing economy (according to the International Monetary Fund). India had earlier set a target to achieve USD 5 trillion GDP by 2025. As this happens, the funding needs for corporate India will continue to rise, and opportunities for institutional broking and investing banking will be enormous.



## Regulatory Landscape

Several regulations were released by the capital market regulator to protect the interest of retail investors and make them have full control over funds and securities, which benefit the capital market's sustainable growth.



## Retail Participation in Equity Markets

Number of demat accounts opened and number of clients transacting on stock exchanges are witnessing an increase. Untapped potential for new clients, favourable demographics, rising financial literacy levels, increasing smartphone and internet penetration are the key drivers for increased retail participation.



## Under-Penetrated Financial Market

An under-penetrated financial services market exists in India, which includes formal banking, insurance, credit or wealth management.



## Increasing Digitalisation

Work from home, client engagements through electronic channels and online sales proved the key role played by digitalisation.



## Competitive Industry

The industry is increasingly becoming competitive and technology-driven, with newer format players making a foray and making use of technology and pricing-based disruptions.



## Financialisation of Household Savings

There is a gradual increase in the number of customers seeking assistance with financial services players for a asset allocation. Financialisation of household savings in India is opening up unprecedented opportunities for intermediaries.

# Awards & Accolades



IIFL Group awarded the 'Great Place to Work' certification for the third year in a row



'Top Business Performer' in OTB segment in FY 2019-20



'Customer Services Champion Award' at Asia Innovation Congress and Award



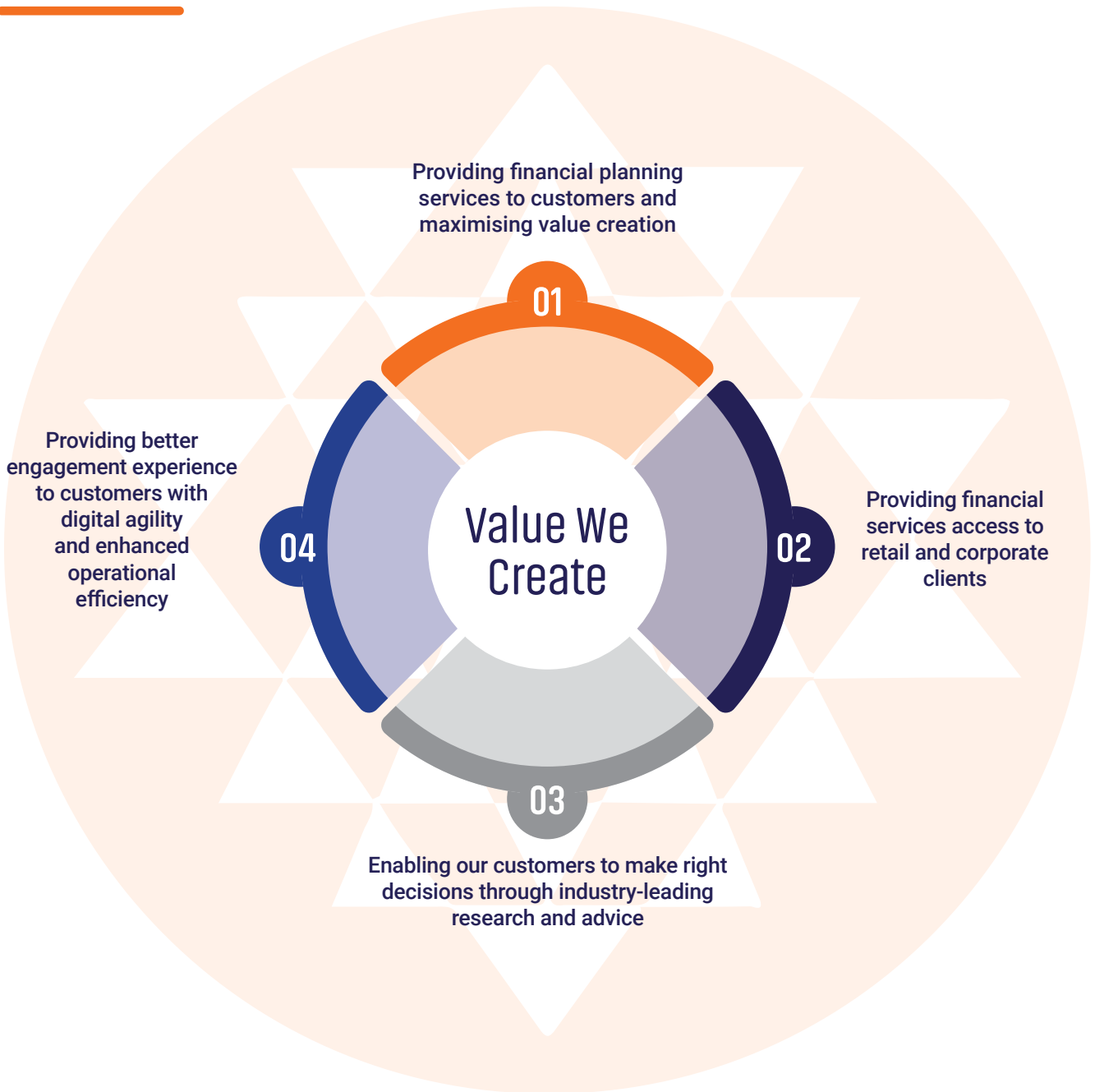
'Golden Peacock Award for National Training 2020' under Financial Services category



'Best Product Launch PR Campaign 2019 award for AAA – Advisor, Anytime, Anywhere'



# Creating, Delivering and Sustaining Value





## Overview of Our Capitals



### FINANCIAL CAPITAL

Represents funds employed in the business to support our operations and generate profit to strengthen balance sheet and maximise shareholder value.



### MANUFACTURED CAPITAL

Represents our physical facilities such as branches, call centres, technological infrastructure and capabilities to serve customers better and ensure operational efficiency.



### INTELLECTUAL CAPITAL

Represents our knowledge, research capabilities and expertise in stock broking, advisory, investment banking and servicing to drive wealth creation for customers and strengthen our competitive market advantage.



### HUMAN CAPITAL

Represents employees who help us run our business and drive growth. We engage with them closely for initiatives around welfare, engagement, skilling, health and safety.



### SOCIAL & RELATIONSHIP CAPITAL

Represents our engagement with customers, community and business partners.



### NATURAL CAPITAL

Represents the natural resources we use during the course of our business. We are minimising their usage and make the business more sustainable.

# Our Value Creation Model

## INPUTS



### Financial Capital

Total equity	₹ 9,676 million
Outstanding debt	₹ 2,916 million



### Manufactured Capital

Call Centers (Nos.)	2
Call Center Executives (Nos.)	61
Locations (Nos.)	2,500+



### Intellectual Capital

Research analysts (Nos.)	29
Institutional equities team (Nos.)	80
Capex for technology infrastructure	₹ 60 million



### Human Capital

Employees (Nos.)	1,968
Gender Ratio (Male:Female) (%)	75:25
Hours of training (Nos.)	52,019
Average hours of training	32.9



### Social and Relationship Capital

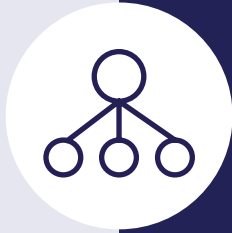
Total spend on CSR initiatives	₹ 45 million
Active retail customers (Nos.)	0.29 million
Institutional customers (Nos.)	720+
Relationship manager (Nos.)	1,050+



### Natural Capital

Key resources used	Water, Electricity and Land
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## HOW WE CREATE VALUE



### Governance

- Vision
- Mission
- Code of Conduct
- Policy Framework
- Governance Structure



### Key Aspects

- Knowledge and research capabilities
- Strong Management Team
- Consistent Performance
- Strategy and Resource Allocation
- Stakeholder Engagement
- Risks & Opportunities
- Outlook



### Business Segments

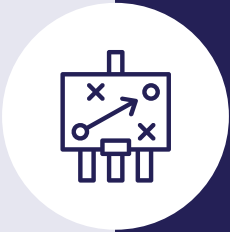
- Retail
- Institutional
- Investment Banking

# Our Value Creation Model



## Key Strengths

- Independent Board
- Capital market expertise
- Domain knowledge
- Research capabilities
- Advanced technology
- Growing distribution network



## Strategy

- Building high ROE and low-risk business



## Risk Mitigation Architecture

- Key mitigation efforts



## Support Functions

- Human Resources
- Information Technology
- Compliance
- Secretarial
- Finance & Accounts
- Marketing
- Legal
- Customer Service
- Risk
- Research
- Corporate Communications



## OUTCOMES

## Long-term value we are creating

Brand equity

Average Daily Turnover (including Futures & Options)  
₹ 295.9 billion  
(Up 47% Y-o-Y)

Total Assets Managed  
₹ 437 billion

Number of customers added  
378.3 ('000)

Y-o-Y growth in active customers  
29%

Investment Banking deals  
29

Total Market Share  
1.1%

Cash Market Share  
2.8%

## OUTPUTS (Value created in FY 2020-21)

## Financial Capital

Revenue	₹ 8,676 million
- Retail and Institutional brokerage	₹ 4,231 million
- Investment Banking	₹ 736 million
- Distribution	₹ 1,223 million
- Other Ancillary Business Income	₹ 2,486 million
PAT (TCI)	₹ 2,210 million
EPS	₹ 7.0
Dividend Payout	₹ 303 million
Return on Equity	24%
Cost to Income Ratio	67%
Total Assets	₹ 35,441 million



## Intellectual Capital

Research coverage (Number of Stocks)	250+
Market Cap of Stocks Covered – Out of Total Market Cap	80%



## Human Capital

Great Place to Work certified



## Social and Relationship Capital

- Customers active for more than 5 years	46%
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## CSR Beneficiaries

- Arogya - health check-up initiative	250 Villages and 12,421 Children
- Eye camp at Barsana	1 Lakh individuals benefited
- Education of girl child in Rajasthan	29,941 girls enrolled



## Natural Capital

Reduction in travel	68%
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# Engaging With Our Stakeholders

Continuous conversations and collaboration with our stakeholders provide insights into matters of relevance to them. Engagement with them provides an understanding of matters they are most concerned about. These matters help us define our strategic priorities and guide our initiatives.

While IIFL Securities has ultimate responsibility for stakeholder engagement efforts, the process of engaging with stakeholders forms an integral part of our operations and business segments. Each business

segment reports regularly on its stakeholder engagement to internal teams.

We understand the short-term and long-term needs of our stakeholders and have different strategies to meet

them. These relationships enable us to maintain and create value for all stakeholders. We remain committed to nurturing impactful relationships that deliver mutual benefits.

STAKEHOLDERS	MODE OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT	MATTERS IMPORTANT TO THEM
Customers	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Toll-free number</li> <li>Digital platforms</li> <li>Social media</li> <li>Customer relationship managers</li> <li>Customer satisfaction surveys</li> <li>Media campaigns and advertising</li> <li>Knowledge seminars and events</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Weekly</li> <li>Monthly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Trust</li> <li>Data &amp; cyber security</li> <li>Quality of customer service</li> <li>Investment in new technologies</li> </ul>
Business Partners & Vendors	<ul style="list-style-type: none"> <li>Online one-to-one meeting with the top management</li> <li>Product/process trainings for new and old partners</li> <li>Industry Speak and Product Team Webinars for product updates</li> <li>Channel partner meets</li> <li>Conferences and Forums</li> <li>Written communications</li> <li>Engagement portal</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Weekly</li> <li>Monthly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining relationships</li> <li>Growth opportunities</li> <li>Quick and efficient payments</li> <li>Quick response to queries</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Review meets</li> <li>Townhall meetings</li> <li>Employee surveys</li> <li>Learning and development initiatives</li> <li>Newsletters and portals</li> <li>Discussions with senior leaders</li> <li>Engagement initiatives/offsites</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Weekly</li> <li>Monthly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Training and development</li> <li>Grievance redressal</li> <li>Reward and Recognition</li> <li>Employee engagement activities</li> <li>Career progression</li> </ul>



STAKEHOLDERS	MODE OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT	MATTERS IMPORTANT TO THEM
Regulatory Bodies	<ul style="list-style-type: none"> <li>Industry associations</li> <li>Corporate Presentations</li> <li>Written Communications</li> <li>One-to-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>Weekly</li> <li>Annually</li> <li>Event-based</li> </ul>	<ul style="list-style-type: none"> <li>Market credibility</li> <li>Contribution to policy formation</li> <li>Industry discussions</li> <li>Ethical practices</li> <li>Contribution to exchequer</li> </ul>
Shareholders & Investors	<ul style="list-style-type: none"> <li>Annual General Meetings</li> <li>Roadshows / Sector specific conferences</li> <li>Investor and Analyst meets, Conference calls</li> <li>Annual Reports</li> <li>Investor Presentations, Yearly and Quarterly Earnings Update, Company announcements</li> <li>Website</li> <li>Media Releases</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Half-yearly</li> <li>Annually</li> <li>Event-based</li> </ul>	<ul style="list-style-type: none"> <li>Brand reputation and trust</li> <li>Strong and sustained financial performance</li> <li>Share price performance and dividend payment</li> <li>Strong risk management mechanism</li> <li>Business strategy</li> <li>Governance, ethics and transparency</li> <li>Stability and security of IT systems</li> </ul>
Rating Agencies	<ul style="list-style-type: none"> <li>Presentations and written communications</li> <li>Online meetings on strategy, financial plans, risk management, and other business-related updates</li> </ul>	<ul style="list-style-type: none"> <li>Event-based</li> </ul>	<ul style="list-style-type: none"> <li>Liquidity and risk management, and risk mitigation strategies</li> <li>Growth plans</li> </ul>
Communities	<ul style="list-style-type: none"> <li>CSR initiatives</li> <li>Empowerment programs</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Weekly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Society empowerment</li> <li>Inclusive growth</li> </ul>

# Risks & Opportunities

Risk management is a key element of our business strategy and is integrated seamlessly across all our business operations. We seek to foster a strong and disciplined risk management culture across all our business departments and all levels of employees.

We take a holistic view of risk management and undertake an enterprise-wide risk management approach under the Enterprise Risk Management (ERM) Framework. This provides a sound foundation to ensure that the risk-taking activities

across the Company are in line with the business and the risk appetite approved by the Board and regulatory requirements.

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, we seek to promote a strong risk culture throughout the organisation.

A strong risk culture is designed to help reinforce resilience by encouraging a holistic approach to the management of risk throughout the organisation. Over the years, we have invested in people, processes and technology to mitigate risks posed by the external environment. A strong risk management team ensures risks are properly identified and addressed in a timely manner to ensure minimal impact on our growth and performance.

## Our 'Three lines-of-Defence' Model



### Risk Management Framework

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

## Broad Risk Categorisation

RISK	RESPONSE STRATEGIES
OPERATIONAL RISK	<ul style="list-style-type: none"> <li>The entire risk management system with regard to clients trading, exposure limits, margins, collection of margin / pay-in of funds / securities are administered through automated process and it is managed through centralised risk team. The monitoring of client level risk positions is carried out on real-time basis and necessary mitigating actions are taken as and when required.</li> <li>As per the regulatory requirements, securities are accepted as margins only in 'Margin Pledge' form and not accepted as transfer from a client's account.</li> <li>Periodical settlement of funds / securities is ensured through automated process in accordance with prescribed regulatory norms. As the securities are held in customers' own account with margin pledge, the settlement is not applicable.</li> </ul>



## RISK

## OPERATIONAL RISK (contd.)

- The risk management system, with regard to customers' trading, exposure limits, margins, collection of margin / pay-in of funds / securities, are administered through an automated process and managed through a centralised risk team. Monitoring of client level risk positions is carried out on real-time basis and necessary risk actions are initiated, as and when required.
- Risk alerts are communicated to customers via an online system and through SMS, branches and relationship managers to ensure smooth communication and operations.
- While customers' funds and securities are handled in a completely segregated manner as per SEBI/Exchange prescribed guidelines, any shortfall in the settlement to the exchanges are met through own or borrowed funds as permitted by the regulator.

## TECHNOLOGY &amp; INFORMATION SECURITY RISK

- We have formulated a comprehensive Cyber Security and Cyber Resilience policy. System Audit is undertaken by exchanges / depositories recognised auditors on a periodical basis and their reports, along with necessary action taken reports, are reviewed by the Audit Committee.
- The management periodically reviews various technology risks such as protecting sensitive customer data, identity theft, cybercrimes, data leakage, business continuity and access controls. It puts in processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting.
- Initiatives are taken to automate processes to reduce the risk of manual errors and frauds. We have successfully completed the ISO 27001:2013 annual re-certification in January 2021.

## COMPLIANCE AND LEGAL RISK

- We have 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 entities are also registered with US-IRS under the Foreign Account Tax Compliance Act (FATCA), wherever applicable, in compliance with regulatory requirements.
- A dedicated inhouse compliance team.

## MARKET RISK

- We aim to mitigate inherent market risks by using sound investment policies, dedicated product advisory teams, investment committees, requirement of investment justifications and regular monitoring of performance. While the customers' trading and the settlement risk are managed and monitored through the centralised Risk Management Systems as per SEBI / Exchange norms, the same are meticulously complied. We do not have a proprietary trading business.
- We have de-risked our business model by diversifying into different business segments.

## HUMAN RESOURCE RISK

- We have taken several actions to ensure that the talent pipeline for the Company is strong especially when it comes to key management positions.
- We also have a strong focus on ensuring that employees are adequately trained in their job functions and on all compliance related trainings.
- The HR function ensures all statutory compliances with labour laws and other relevant statutes are in place. It has set up strong background screening standards to minimise any risk of fraud from incoming employees.

## REPUTATION RISK

- We have 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. Our policy and processes ensure close monitoring and strict disciplinary actions against those deviating from the same.
- We pay special attention to issues that may create a reputational risk. Events that can negatively impact the our position are handled cautiously ensuring utmost compliance and in line with the values of the organisation.

## ASSET RISK

- All properties including the premises are fully insured through office umbrella policy. Besides, we as a process have adequate and mandatory insurance coverage through Directors & Officer policy, Brokers indemnity policy, Employee Group Insurance policy, IRDA professional indemnity policy, which adequately insures the business and assets.

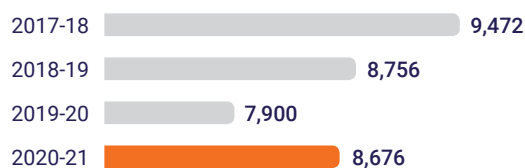
# The Value We Create Across Our Capitals

## Financial Capital

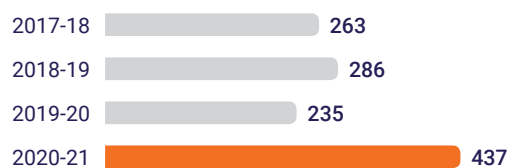
Financial Capital represents the amount of capital employed in the business to support our operations and business strategy and generate value for our stakeholders.



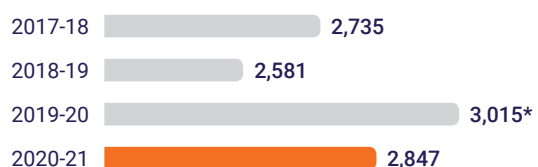
### Total Revenue (₹ million)



### Assets Under Management (₹ billion)



### Profit Before Tax (₹ million)



\*Including exceptional items

### Profit After Tax (TCI) (₹ million)

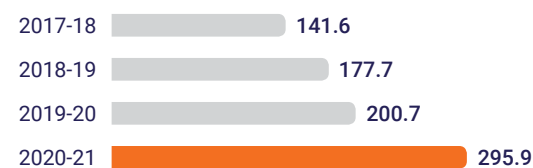


\*Including exceptional items

### Retail Brokerage Income (₹ million)

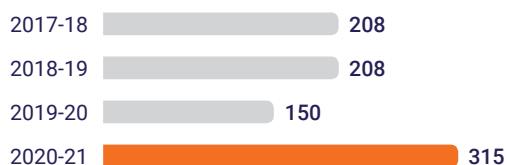


### Average Daily Turnover (₹ billion)



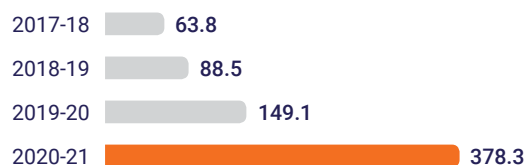
## DP Assets AUM

(₹ billion)



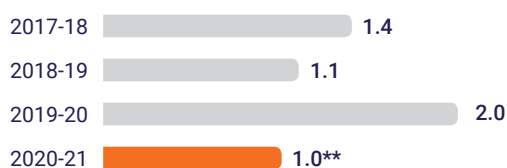
## Customer Acquisitions

('000)



## Dividend Per Share

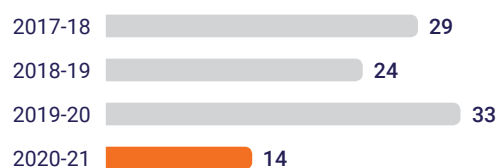
(₹)



\*\*Additionally, the Company paid ₹ 1.06 billion to buy back 17 million shares during the year

## Dividend Pay-out Ratio

(%)



## ROE

(%)



\*Including exceptional items

## Net Worth

(₹ billion)



## Book Value Per Share

(₹)



## Earnings Per Share

(₹)



\*Including exceptional items

# Human Capital



Our people are the architects of our future. Their skills, knowledge and competencies underpin our customer offerings and the impact we have on all capitals. We are building a distinctive culture, shaping how we work, and setting the standards to be a part of IIFL Securities.

At IIFL Securities, through our values and culture, we attract leaders with vision and entrepreneurial zeal. We are investing further in human capital to establish an even high-performing workforce.

## We are Great Place to Work Certified

**Great Place To Work®**

We have developed a strong culture of service over the years. We have created a Great Place to Work for all the employees

through the five dimensions which are hallmarks of a high trust and high-performance culture. We met the minimum criteria on the Trust Index© Employee Survey on consistency of experience across demographics and on the Culture Audit© People Practices Framework.

We leverage technology and social media to engage with our employees. Apart from having regular touchpoints through HR connects and townhall, chat-bots are used to connect with employees as a pre-emptive measure to know the concerns that may need addressing. Learning and development are crucial to the growth of the organisation and the employees. Hence, structured learning interventions are undertaken.

### Listening – Upward communication

We formed functional and business-wise groups to communicate, collaborate, exchange views, post important work-related communication, publish rewards & recognitions, communicate important business updates, policies

and processes, conduct quiz and polling and appreciate colleagues at work. This platform is widely used by employees to share “On the Spot” feedback on system and process issues faced in their day-to-day functioning, which is addressed by senior management and respective support teams.

The HR strategy is aimed at infusing a culture that fosters continuous learning, agile mindset and behaviour for long-term success of the organisation. It places a key role in the way teams work

together and embrace change, and also attract and retain top-performing talent.

- High performance culture
- Development opportunities
- Customer-centricity
- Training and Development
- Performance management
- Succession planning
- Reward and recognition
- Talent hiring and retention

## Training & Development

Training and development is a key employee value proposition at IIFL Securities and forms an integral part of our human resource policies. In the ever-changing world and rapidly evolving landscape, our aim is to develop an agile, diverse, digitally-savvy and relationship-driven team. Our objective is to help them acquire new skills and sharpen existing ones, perform at their peak and increase their productivity.

We see enormous value in organised training and development programmes for our employees and enabling capacity building through specific learning and development programmes by way of on-the-job training, rotation and leveraging new opportunities. Training and development activities make employees up-to-date with new technology in the most productive way.

Even during the lockdown period, employees were trained through webinars and workshops.

**52,019**

**Aggregate employee training hours**

**13.9**

**Average training hours of each employee**

## Gender-wise average training hours



## Employee Engagement

Engaging employees is critical for retaining valuable talent. We understand that employees who are engaged are more likely to be motivated and are committed to work. They lead to long-term employee retention, higher levels of productivity and improved quality of work. Engaged and satisfied employees are also the best to interact with the customers. This leads to achieving our business goals and helping drive the organisation forward. We are constantly working to create an environment that encourages employees to care deeply about their work. We motivate employees with rewards and recognition initiatives to improve business performance.

### Key Initiatives on Employee Engagement

#### 01 REWARDS & RECOGNITION

- **Long Service Award:** Recognises loyalty and contribution of employees having completed 10 or more years with the organisation.
- **Business Performers:** The best performing team of retail broking is given due recognition and felicitation.
- **Virtual R&R:** Virtual rewards & recognition sessions are organised for support & sales functions,

where employees were engaged in fun activities and also felicitated for having delivered through challenging times.

#### 02 WOMEN MENTORING

Mentoring programmes are a versatile solution to help women avoid gender disparities and build gender equality. Such programmes help women develop their careers, facilitate leadership skill development and get into leadership roles. By preparing women for management roles and career advancement, we understand that we can bring diverse perspectives to the direction of the Company.

Yoga and health & fitness sessions were also conducted, along with an insightful and interactive session on work life balance for working mothers.

#### 03 FUN AND CELEBRATION AT WORK

Employees were encouraged to participate in online fun and team-building activities, including Cultural Celebrations, Talentine and 21 Days Challenge, among others.

#### 04 COVID SPECIAL HEALTH SESSIONS

With an aim to become the fittest organisation, Go Fit, a health and wellness initiative was launched during the pandemic. This gave IIFL-ites the opportunity to check

their immunity level and meet their fitness goals on Healthify Me app. Tele-medicine and EAP services were provided to help the employees cope with the pandemic, in addition to complimentary consultation from Dr. Batra's Clinic.

#### 05 COVID SUPPORT

- Free vaccination drive was announced for all employees
- Paid leave for employees who test positive for COVID-19
- 24/7 helpline set up for employees who need assistance in medical care



## Employee Engagement through Amber

We reach out to our employees through Amber, a smart AI Assistant BOT, at various junctures with an intent to engage with them and gauge their feelings as they cross critical milestones in the organisation. Amber is a humanised and personalised way of connecting with employees, which connects on the basis of employee tenure and lifecycle.

## COVID-related engagement

During the lockdown, the organisation arranged engagement programmes to make the family members of the employees feel like a part of the organisation. This included engaging to improve health of the employees and their family members.

## Leadership Lessons

Leadership interactions and webcasts were leveraged for the second year to guide and inspire the employees and motivate them to excel at work.

### Senior Management Townhall

A live townhall is conducted every month as Facetime with R. Venkataraman. Through this platform, the employees pose questions, the senior management shares their thoughts, vision and direction. The senior management also conducts similar sessions in their respective businesses to channelise the efforts of their team members in the right direction.

### Facetime Live with Business Heads

During the lockdown, leaders conducted live sessions to interact and motivate the employees as they continued working from home, sharing their thoughts and key updates. Best performers were announced and their achievements were virtually celebrated.

## Spotlight on Future Leaders

Leadership and behavioural training programmes were conducted for branch managers and management trainees on problem-solving, time management, performance and effective team management, conflict resolution, and handholding a new manager, among others.

## MoneyVersity Channels

COVID-19	We ensured our employees were updated with authentic information on COVID-19, besides sharing preventive measures and myths regarding the pandemic.
WORK FROM HOME	Employees gained insights on work from home tips and managed teams virtually. Managers undertook instructor-led sessions on managing teams remotely and conducting virtual meetings.
LOCKDOWN LEARNING	Events like Learnathon, SME Back to Basics and LearnYWood were conducted across employees and business groups.
DIGITAL LEARNING	We leveraged partner tie-ups to onboard professional learning courses through LinkedIn, Harvard University, amongst others.
PREMIUM CHANNEL	During the lockdown, we curated and extended quality content and provided free access to 10,000 premium customers.
STAY MOTIVATED	We launched an exclusive channel on motivational videos to motivate employees during the lockdown.
KARUNA VS CORONA	Safety guidelines and branch Standard Operating Procedures were shared with employees, based on social distancing and hygiene norms mandated by the authorities.

# Intellectual Capital



This consists of our knowledge intangibles, our advisory excellence, our digital readiness and managing investments prudently that enables us to create value.

We maintain a leading edge in a competitive and technology-driven industry. We continue to invest in technology to maximise customer experience and for operating ease, security and transparency and to bring down the need of physical processes. Building on our earlier successes, we aim to improve our digital offerings in the retail broking business.

## Strengthening our Core Technology Platform

We are implementing future-ready technologies to achieve superior business results and leverage advancements in the evolving ecosystem.

### Our digital priorities



Superior  
Customer Experience



Enhancing  
Employee Productivity



### Our technology objectives

Establishing industry leading benchmarks

Leveraging emerging technologies

Enabling anytime, anywhere service

Driving superior customer experience with choice of platforms

### Partnership with Players and Fintech ecosystem

#### INVESTMENT IN TRENDLYNE

A stake in Trendlyne helps IIFL Securities in deeper integration, especially in the first-mover benefit on new features being added by them. Trendlyne offers several product platforms for key investor pain-points, as below:

- Access to actionable intelligence – stock scores and customisable querying

- Time spent on analytics and research – result thermostat and backtesting
- Trust in recommendations – alerts engine and activity stream

#### TIE-UP WITH SENSIBULL

We have deeply integrated Sensibull, India's biggest option trading platform, on our trading platforms. Their key offerings include:

- **Easy options** - Provide a relevant options strategy based on investors' assessment of market direction
- **Virtual Trading**
- **Strategy Builder** - To use popular option strategies or create own with rich payoff visualisation and greeks
- **Option Analytics** - Rich options analytics including IV charts, signals, greeks and PCR

#### OTHER TIE-UPS

- International investing
- Smallcase
- Global investment platform\*

\*Subject to FINRA approval

## Our Digital Platforms

### IIFL Markets App

#### Comprehensive features

- Markets and stock related notifications
- Real-time and customised charts
- Advanced research capabilities
- NSE and BSE commodity trading app
- Independent forum for investor-related queries

#### New features introduced

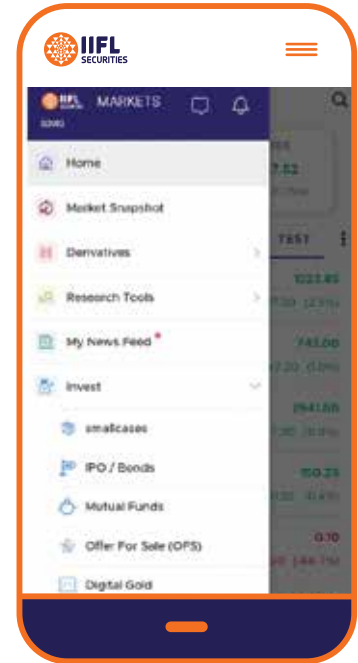
- Sensibull and Smallcases on IIFL Platforms
- Advanced charting tools with ability to buy/sell directly from charts
- Updates to key reports (Net position now shows carry-forward FnO positions)
- SWOT analysis for each company
- Pledge and repledge shares from the App
- Apply for SGB and Bonds and OFS via the App

#### Queries resolved through Chatbot

App: 24 lakh+  
WhatsApp: 1.6 lakh+

**2.3 million**  
App Downloads

**28%**  
Growth in Downloads







## Advisor Anytime Anywhere (AAA)

### Our Fund Management strategy

Our AAA platform is seeing tremendous tractions amongst all categories of business partners. The app is constantly updating cutting-edge technology to ensure the platform provides best-in-class experience to all its partners. AAA Web and Mobile App are in the process of getting launched soon to increase further penetration. There is a strong influx of partners and client additions on the platform through our business partners. The addition of AAA Web and Mobile App will help us penetrate better and more rapidly. To enable faster addition of partners, we are handholding them digitally. We ensure our partners have access to a rich library of training with the Company and are well-versed with developments in the financial market through various modes of digital communications and platforms.

### Comprehensive features

- Trade execution for financial products
- Effective financial planning through IIFL View
- Monitoring of business performance
- Detailed client reports, real-time trade book updation
- Comprehensive 360-degree client MIS report

## IIFL Mutual Funds App

IIFL Mutual Funds App is for Mutual Fund advisory, investments and investment management. It is steadily building on its customer base by offering them the power of financial planning at the tips of their fingers. It also provides adequate guidance to customers to invest, track and monitor performance of mutual fund schemes, besides getting regular updates and recommendations. It is a user-friendly and feature-rich app and has been designed to cater to customers' requirements.

### Comprehensive features

- Quick, seamless and fully digital SIP registration
- Single view of all holdings of all mutual funds
- SIP in new fund offers
- Video-based in-person verification for onboarding – first in industry
- Online transfer of MF holdings from other distributors

### New features introduced

- Digital mandate through debt card
- Financial health check-up credit score + investment analysis basis CAMS/CAS statement
- My SIPs section with option to pause/renew SIPs
- UPI for fund transfer and investment
- Investment baskets
- Enabling non-demat transactions of demat clients
- DP portfolio view and transactions
- Taxation report
- UPI Autopay mandate creation



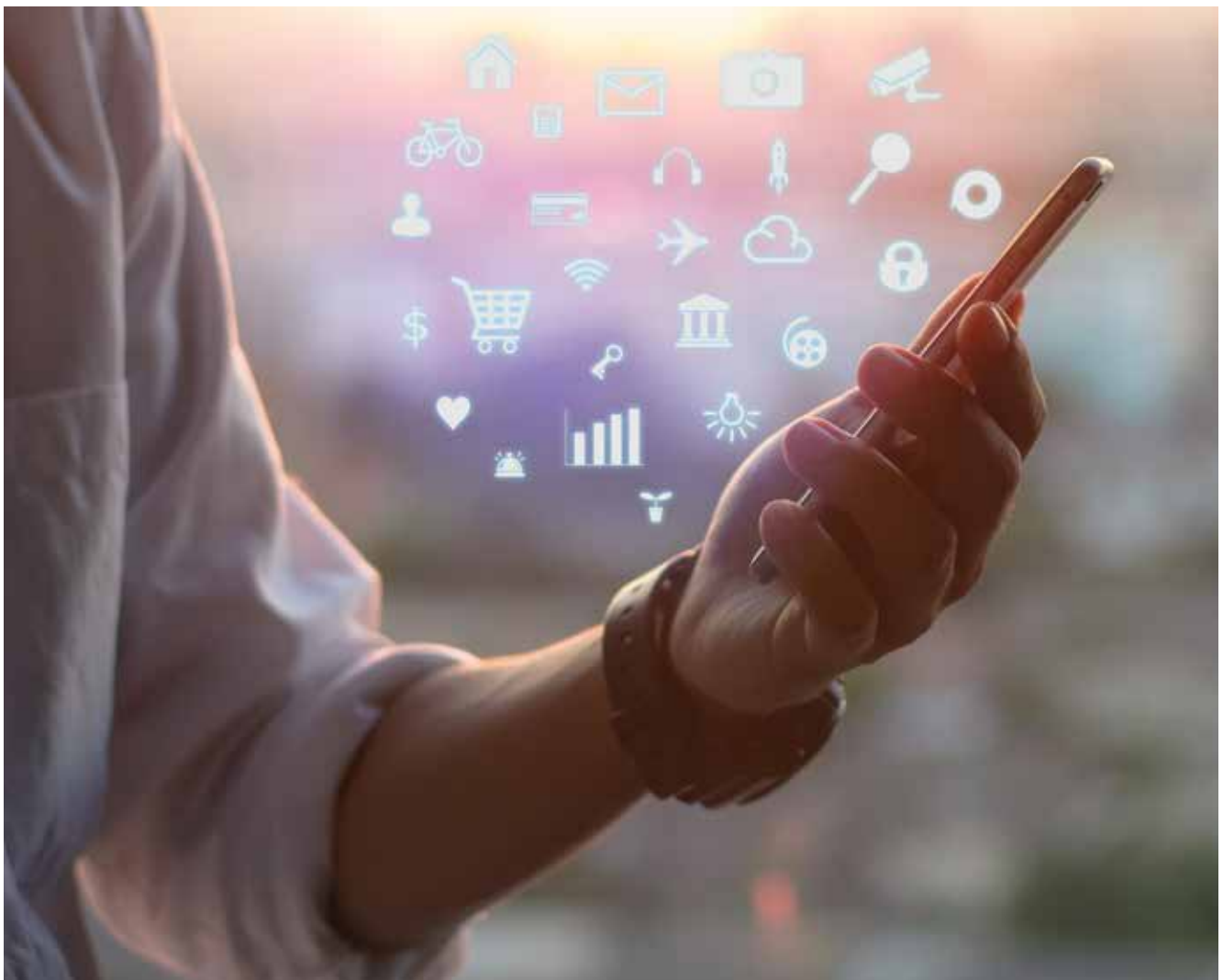
**0.9 million**  
Downloads

# Natural Capital



At IIFL Securities, we drive our environmental focus through how best we minimise our environmental impact through digitalisation of our processes, by reducing energy consumption and by managing and reducing waste.

We provide stock broking, investment banking, depository participant services, portfolio management services, structured product, financial planning and distribution of financial products. Most of the business operations of the Company are conducted online via our mobile app or web portal in a paperless manner, thus creating minimal impact on the environment.



# Social & Relationship Capital



At IIFL Securities, creating social value is at the heart of our business model. This depicts the quality of our relationships with our customers, business partners and the community. Our relationship with them helps us enhance our reputation and grow our business. From our value creation perspective, our prime focus continues to be to partner in the wealth creation journey of our customers and manage their portfolio by providing them with the best ways to grow wealth.

## Customers

We are well-recognised for the quality of our advice, personalised service and use of cutting-edge technology. We ensure high customer satisfaction by identifying and meeting their unique needs. We have always been at the forefront in meeting customer needs through our innovated and differentiated product offerings.

### Customer Engagement

- We satiate their needs through our online trading and research-based advisory services for an entire range of financial products including stocks, derivatives, commodities, insurance, fixed deposits, loans, initial public offerings and bonds
- We offer research-driven advisory assistance for a spectrum of financial products
- We are popular among retail investors and traders for our personalised service through our relationship managers

- We provide them with a wide network of branches spread across all major cities in India
- We also offer NRIs, trading and investment services with local presence in New York and London.
- Through our robust grievance policy approved by the Board, we ensure fair treatment to all our customer queries and solve all customer complaints timely and courteously

### Leveraging Digitalisation

We have leveraged the power of digitalisation to strengthen our grievance redressal mechanism. This helps us ensure protection of consumer interests, higher transparency and improvement in customer grievance ratios.

### KEY INITIATIVES

- Making the onboarding experience hassle-free with seamless DIY onboarding
- Sending targeted communications to customers basis their profiling
- Seamless customer journeys for onboarding, investing, addressing grievances across our digital assets (website and app)
- Engagement activities and programmes for existing and new customers to boost engagement and business



## Customer Testimonials



I have been associated with IIFL Securities for over 12 years now and I have invested a lot of money in their various schemes for me and my wife with joint accounts. During all my interactions with the company, I have found that my relationship manager has been extremely efficient, quick to respond to my queries, given me all documents as and when I required them without any complaints or hesitation. I have been getting regular updates of all my investments and their values monthly. I have no hesitation in recommending this company to anyone who would wish to invest their hard earned money, where they will sit and work on your priorities and requirements before suggesting the schemes. I am grateful to the company and their team for looking after me till date.

*Dr Vivek Rege (Premia)*  
*Pediatric Surgeon & Pediatric Urologist*  
*Saifee Hospital, SRCC Childrens Hospital, Fortis Hospital*

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We have been dealing with IIFL Securities Ltd for so many years. We are more than satisfied with the quality of service & more importantly results. Their sense of ownership & personal touch / attention is much better than other wealth management companies we have used. We have no hesitations recommending IIFL to anyone who wants a quality committed long-term partner for the management of their personal finances.

*Dr. Deependra Nigam (Premia)*

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I am Jaydev Nair from Dubai. I moved to IIFL in 2020, the journey was seamless and looked paved. I am happy with the services given by the NRI Team, never thought a brokerage firm could be so professional. They have a unique approach. Best Wishes to the IIFL team.

*Jaydev Nair (NRI team)*

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Congratulations to the app team of IIFL. I needed an app like this desperately for a long time now. The ease of buying and selling is amazing.

*Mayur Shrivastava (Online)*

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I have been in relationship with IIFL since early 2007 and have made several investments through them. I am totally satisfied by the efforts of the relationship manager and well as the entire IIFL Group with respect to handling of this relationship, which was always in our best mutual interest.

During the entire period of our association, IIFL has continuously re-valuated my portfolio and given timely advice and solutions which have always been helpful.

I wish IIFL the very best for the future.

*Jesse B.A. Dourado (Premia)*

### Investor Conferences and Other Events Hosted

We hosted several virtual events during the year. Prominent ones are mentioned here.

#### 01 FEBRUARY 2021

Enterprising India XII-2021, a 5-day global investors conference was hosted virtually, themed “CEO Speak”. The specialist speakers included presentations from 45 CEOs and the participation of more than 600 investors. The CEOs were from a wide domain of industries including BFSI, FMCG, consumer durables and electricals, pharmaceuticals and real estate investment trusts, and information technologies, among others.

#### 02 JANUARY 2021

A series of webinars were conducted on building materials.

#### 03 DECEMBER 2020

We hosted a dedicated conference for Japanese investors.

#### 04 AUGUST 2020

A series of webinars were conducted on recovery in the rural markets.

#### 05 JUNE 2020

In this first virtual conference hosted, more than 48 corporates and 300 investors participated.

## Society and Communities

We continue to be a responsible and sustainable corporate citizen. CSR is an opportunity to contribute positively to the society and the nation. Through IIFL Foundation, the CSR arm of the IIFL Group, we aim at holistic development and transformation of some of the most difficult areas, which are critical and essential for nation building.



IIFL Foundation has received the coveted Golden Peacock Award, reckoning its impactful and long-term CSR interventions in the society.

## Awards won for CSR Activities



IIFL Foundation's flagship girl child literacy programme 'Sakhion Ki Baadi' received 'Women Empowerment Award' at Golden Globe Tigers International Awards



IIFL Foundation received 'Outstanding Contribution to the Cause of Education' award at National Award for CSR Excellence



IIFL Foundation's flagship girl child education initiative 'Sakhion Ki Baadi' received the 'Best CSR Impact Initiative Award' at National Award for CSR Excellence



Ms. Madhu Jain, Director, IIFL Foundation, received 'CSR Leadership Award' at Golden Globe Tigers International Awards 2020



IIFL Foundation's 'Sakhion Ki Baadi' initiative received the 'Most Promising CSR Programme' at Goodera Karma Awards



Ms. Madhu Jain, Director, IIFL Foundation, received 'CSR Leadership Award' at National Award for CSR Excellence

## Key Initiatives Under IIFL Foundation

### 01 Education of Girl Child in Rajasthan

#### OBJECTIVE

To support initiatives that work towards reducing female illiteracy from Rajasthan

#### INITIATIVES

IIFL Foundation started **100 schools** (50 schools each) in the backward and remote Kumbhalgarh block and Railmagra block of Rajsamand district, dominated by Bhil tribes. The activity is getting replicated at multiple locations across the state.

It works towards the eradication of female illiteracy in districts dominated by the scheduled tribe.

The primary objective of Sakhiyon ki Baadi is to create happy, confident, educated girls, empowering them to attain potential cognitive growth. It aims to help in quality, education, gender equality and reduced inequalities. It operates for 4 hours a day for 6 days a week and is operated by a learning facilitator.

During the pandemic, the team worked hand-in-hand with Anganwadi workers, Primary Health Care (PHC) centres and Panchayat Samiti to reach out to people requiring aid and relief.

#### BENEFICIARIES

**989**

Sakhiyon ki Baadi centres

**11**

Districts

**1,218**

Villages

**29,941**

Girls Enrolled

**3,030**

Boys Enrolled



## 02 Maa Bari Learning Centre

### OBJECTIVE

IIFL Foundation has partnered with Tribal Area Development Department (TADD), under Tribal Ministry of Rajasthan, to redevelop Maa Bari centres, operational at Udaipur and Pali districts in Rajasthan. These learning centres aim to promote education among the children belonging to indigenous tribal communities.

### INITIATIVES

Maa Bari centres prove to be beneficial as a primary source of formal education in remotest locations, in the absence of government schools in the vicinity. IIFL Foundation is working to elevate the learning outcomes of children by installing Digital Learning Tools (LED TV with AV learning material - Offline) and setting up library and regular training of teachers by subject matter experts. The Maa Bari centres are being painted to promote freshness and vibrancy and encourage children to regularly attend school.

### BENEFICIARIES

IIFL Foundation has enhanced the Maa Bari Learning Centers by:

- Installing solar panel, facilitating clean electricity
- Installing solar powered water pump to provide water for drinking and sanitation
- Providing batteries for storage of electricity
- Installing of a ceiling fan and water tank
- Repairing toilets and constructing play-area for children



## 03 Tribal and Rural Development in Maharashtra

### OBJECTIVE

To holistically transform sustainable livelihoods of tribals under the Gramvardhan programme of integrated development.

### INITIATIVES

IIFL Foundation works in the tribal belt of Maharashtra and imparts sustainable livelihood skills to tribals and create opportunities for them to earn a decent income. It has adopted the villages of Walvanda, Shiroshi and Kasatwadi.

## Education as a Key Focus Area for Tribal Development

### Career Counselling and Soft Skills

Earlier, the school dropout rate in the villages was extremely high at around 35%. IIFL Foundation offered career counselling and soft skills training to educate children of tribals and their parents regarding the importance of studying till Class 10 to get hold of opportunities. Consistent efforts on the part of IIFL Foundation brought down the dropout rate.

### KEY INITIATIVES

- In association with Pratham Books, IIFL Foundation provided 100 libraries to all classrooms in schools located in the adopted villages
- The process of introducing technology is also underway, which will reduce dependency on teachers
- Mission 50,000 project is being launched, under which IIFL employees can donate relevant books for Rajasthan school libraries

### Senior Secondary Scholarships

IIFL Foundation supports talented and meritorious students belonging to the under-privileged segments of the society to attain senior secondary and college education. Scholarships are awarded to students belonging to families with less than ₹ 0.4 million annual income, studying at government schools and having scored above 50%. A scholarship of ₹ 3,500 is awarded to students studying in Grade 9 and 10, while that of ₹ 5,000 to students in Grade 11 and 12.

### Scholarships for Higher Education

IIFL Foundation offers financial grants to Ashoka University to support students pursuing higher education and Ph.D Scholars. It also supported IIM Indore's Annual Program – Atharv'20, which was a management and cultural fest organised by students of its Integrated Management program. Scholarships were also awarded to winners of Pi Quiz, an event organised for school students in Class 9 and 10.

### Learning English Online

During the lockdown, IIFL Foundation introduced online training sessions on 'Learning English Language' for women in Rajasthan. The sessions were organised over online communication platform viz. Zoom, Google Meet. Through a unique volunteering programme, students from international universities such as Stanford (USA), Princeton (USA), Boston University (USA), Pomona College (USA) and University of Queensland (NZ) connected with teachers from rural hamlets and conducted sessions to impart knowledge on English as a language. The video calls enabled two-way communication for participants to converse, rectify and learn. The teachers shared their learnings with students at the Sakhiyon ki Baadi centres.

### Rathshaala

Rebaris, the pastoral nomads from Sirohi district of Rajasthan, migrate with their families and cattle for over 8 months in a year looking for newer

pastures for their cattle, along with trade and livelihood opportunities. IIFL Foundation's unique initiative Rathshaala is aimed at educating their upcoming generation through mobile schools, i.e., a makeshift learning centre hooked to a camel. The learning sessions are conducted each day. A member from within the community is trained to teach the children and is adequately facilitated with resource material.

### Chauras

IIFL Foundation initiated Chauras to address the need for education of the children of migrant construction workers. This learning centre cum crèche for children of migrant construction workers provides basic functional literacy and nutritional meals to the children. Presently, the children attending Chauras belong to Uttar Pradesh, West Bengal, Rajasthan, Odisha and Karnataka. Teachers show special interest in building a rapport with the children and their parents to encourage holistic development of the unit. The staff also addresses issues and discusses important topics including community sanitation, school attendance, crèche, school admission, cleanliness, personal hygiene and health. Presently, IIFL Foundation is operating a centre at Greater Noida, Uttar Pradesh, and is preparing to initiate 7 new centres by 2022 at different construction sites.



## BENEFICIARIES

Through 6 core pillars, Gramvardhan ensures a bottom-up approach, ownership and participation of tribals.

# ₹ 3,500

Scholarship awarded to Senior Secondary Students in Grade 9-10

# ₹ 5,000

Scholarship awarded to Senior Secondary Students in Grade 11-12

# 7

New centres to be launched under Chauras in Uttar Pradesh by 2022

# MISSION 50,000

Project aimed at employees to donate books to school libraries in Rajasthan

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Opportunity for girl students

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## 04 Preventive Health and Support

### OBJECTIVE

To provide preventive health check-ups and services to the unprivileged

### INITIATIVES

- Regular health check-up camps and awareness programmes
- Eye camps
- COVID-19 support initiatives
- Arogya - a health check-up initiative to improve health status of children in Rajasthan

#### Health Camp at Pandharpur

Regular health check-up camps and awareness programmes were conducted, especially in areas with several malnourishment. The first camp was held at Pandharpur where millions of devotees from far-flung areas arrive to seek blessings from Lord Vitthal and Rakhumai. Most of these devotees are from poor families and often their month-long walk makes them highly vulnerable to various health problems. Supported by IIFL Foundation, the preventive health camp proves to be a blessing, as every year over 0.2 million lakh devotees get themselves checked and treated at the camp.

#### Eye Camp at Barsana

This 10-day eye camp, in which IIFL Foundation is participating since four years, is one of the largest camps held in northern India. People from far-off places visit the camp to get themselves checked, treated and operated free of cost. Several doctors from overseas countries volunteer to participate in the camp.

#### Battling COVID-19

Being always at the forefront of humanitarian work, IIFL Foundation stepped forward during the COVID-19 pandemic to help the government

and its citizens battle the crisis. A sum of ₹ 50 million was contributed to the PM CARES Fund to strengthen existing healthcare infrastructure in the country. It also provided Personal Protective Equipment (PPEs) to various hospitals in Mumbai through its contribution to FICCI Socio Economic Development Foundation. It also offered donations to Mumbai Police Foundation, Chief Minister's Relief Fund, Andhra Pradesh Police Welfare Relief Fund, Saad Foundation and Breach Candy Hospital. It donated 24 oxygen concentrators to the community at Srinagar, Kashmir, to help patients recover from the virus. These oxygen units are mobile in nature and are provided to patients under home quarantine. Once the patient has recovered, the unit (oxygen concentrator) is then moved to the next patient's house.

#### Arogya

Arogya is a unique health check-up initiative to conduct primary health assessment of 35,000 girls in Rajasthan. Its primary objective is to improve the health status of children aged 6-14 years, particularly the girls. Another key objective is to make special care available to children in need of medical attention. A team of imminent and qualified medical

professionals equipped with health screening kits travel to the remotest villages and conduct primary medical screening including height, weight, eyesight, MUAC, pulse, oral and auricular hygiene for early detection of deficiencies, developmental delay, presence of a disease or a disorder. Cases needing immediate attention are subsequently referred to a hospital. These professionals travel to the remotest villages and conduct check-ups.

## BENEFICIARIES

## KEY BENEFICIARIES

**1 lakh**

people got their eyes checked at the camp

**250 villages**

Including Jalore, Ajmer, Dungarpur, Udaipur, Sirohi, Pratapgarh, Pali, Banswara and Rajsamand

**12,421 Children****10,000**

Individuals get their eyes operated every year



## 05 Financial Literacy & Inclusion

### OBJECTIVE

In 2013, IIFL launched FLAME (Financial Literacy Agenda for Mass Empowerment). Since then, it has conducted several financial literacy programmes and sessions. It has worked with millions of people to educate them on the nuances of financial literacy.

### INITIATIVES

- Financial literacy for CBSE school students
- Financial literacy for municipal school students in Mumbai
- Financial literacy for Thane municipal school students
- Financial literacy for M&S workers across India
- Financial literacy for women, men working in the unorganised sector and school children in West Bengal
- Financial literacy for blind, deaf and mute children in Mumbai
- Financial literacy for school children in Uttarakhand

### BENEFICIARIES

#### Online Sessions

Sessions conducted on financial literacy for female team members of Sakhiyon ki Baadi. These sessions included teachings on budgeting of household expenses, banking services and products, basic investment schemes and government schemes including pension, insurance, housing and saving for the girl child.



## CSR Initiatives planned for FY 2021-22



### HEALTH

- To expand Arogya-based health-related projects



### EDUCATION

- To expand the Sakhiyon ki Baadi programme to western Rajasthan by adding 200 new centres
- To add 120 additional Maa Bari centres
- To add 6-8 new centres under Chauras pan-India



### LIVELIHOOD

- Animal husbandry
- Women employment
- e-Mela



### POVERTY ALLEVIATION

- Financial literacy
- Micro finance

# Our Corporate Governance Framework

At IIFL Securities, we remain committed to sound corporate governance practices based on fairness, transparency and accountability in building confidence of our stakeholders, thereby paving the way for long-term success. We firmly believe that performance driven by integrity, adherence to business ethics and good governance will help us achieve our vision of being one of the most respected financial services companies in the capital markets space in India.

## Governance Framework

Our corporate governance framework is based on an effective Independent Board and the separation of the Board's supervisory role from the executive management. We have various policies in place which forms the base of strong corporate governance. These policies are reviewed periodically.

## Board Responsibilities

The responsibilities of the Board include setting the Company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship.

- Monitoring the effectiveness of governance practices
- Overseeing the process of disclosure and communications
- Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders
- Ensuring the integrity of accounting and financial reporting systems and that appropriate systems of control are in place for risk management, financial and operational control, and compliance with the law and relevant standards
- Maintaining high ethical standards and take into account the interests of stakeholders
- Exercising objective independent judgement on corporate affairs

## Board Diversity

We have a well-diversified Board comprising of Directors coming from various walks of life and having broad range of experience, in the areas of finance, accounting, technology, governance, risk management, etc. This facilitates the Board to have the benefit arising out of a multi-faceted talent-pool to leverage differences in thought, perspective, knowledge, skill and experiences to ensure effective corporate governance and sustained commercial success of the Company. The Board of Directors of the Company has an optimum combination of executive and non-executive directors (including one independent woman director). In terms of Companies Act, 2013, the approval of shareholders is sought by the Company for the appointment of all the Directors on the Board of the Company.

## Appropriate Policies

- Code of Conduct
- Prohibition of Insider Trading
- Preventing Bribery and Corruption
- Preventing Fraud
- Whistle Blower
- Anti-Money Laundering

## CODE OF CONDUCT

The objective of the code is to ensure that the Board of Directors and the Senior Management Personnel maintain the highest standards of conduct as enshrined in the Code and also become aware of situations where there is likely to be a potential conflict between the interest of the Company and the Directors / Senior Management and take necessary measures to handle/prevent such conflict.

## Prohibition of Insider Trading

We have adopted a Code of Conduct for Prevention of Insider Trading to regulate, monitor and report trading by its designated persons and immediate relatives of the designated persons. The Designated Persons and their immediate relatives have to adhere to the trade restrictions enshrined in the Code while dealing in the securities of the Company, as well as, other securities. The Designated Persons and their immediate relatives are also responsible to comply with the disclosure norms with respect to the trades executed by them.

## Whistle Blower Policy

We believe in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. We have adopted a Whistle Blower Policy ('the Policy') formulated in accordance with the applicable laws and amendments thereon, from time to time, with a view to provide for a vigil mechanism for directors, stakeholders, including individual employees and their representative bodies to report unethical, unlawful or improper practices, acts or activities and instances of leak/suspected leak of UPSI in the Company and to ensure that the whistle blowers are protected against victimisation / any adverse action and/or discrimination as a result of such a reporting, provided it is justified and made in good faith.

# Board of Directors

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## **Mr. R. Venkataraman**

### **Chairman and Managing Director**

Mr. R. Venkataraman is the Chairman and Managing Director, as well as, Co-Promoter of the Company. He holds Post Graduate Diploma in Management from Indian Institute of Management (IIM), Bangalore and Bachelor's degree in Electronics and Electrical Communications Engineering from IIT Kharagpur. He has been contributing immensely in the establishment of various businesses and spearheading key initiatives of the IIFL Group over the past 22 years. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of US and Barclays – BZW. He has worked as an Assistant Vice President of GE Capital Services India Limited in its private equity division. He has a varied experience of more than 30 years in the financial services sector.

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## **Ms. Rekha Warriar**

### **Independent Director**

Ms. Rekha Warriar is a Non-Executive Independent Director on the Board of the Company. She holds Masters degree in Applied Mathematics (University of Bombay) and in Public Policy (Princeton University NJ). She has over 30 years of experience of working with the Reserve Bank of India (RBI) 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 an 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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## **Mr. Shamik Das Sharma**

### **Independent Director**

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

## Committees

● Audit Committee

● Nomination and Remuneration Committee

● Stakeholders Relationship Committee

● Risk Management Committee

● CSR Committee

● Finance Committee



### Mr. Narendra Jain

#### Whole time Director

Mr. Narendra Jain is a Whole time Director on the Board of the Company. He holds a Bachelor's degree in Commerce from the University of Mumbai and is a qualified Chartered Accountant. He has over 26 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.



### Mr. Anand Bathiya

#### Independent Director

Mr. Anand Bathiya is a Non-Executive Independent Director on the Board of the Company and practicing Chartered Accountant with experience of working with world-leading accounting and professional consulting firms. He holds a Bachelor's degree in Commerce, as well as, in Law. He also holds a post-graduate diploma in Securities Law and Information Systems Audit. He is a Member of the Managing Committee of Bombay Chartered Accountants' Association. As a partner and practice-head with Bathiya & Associates LLP, Mr. Bathiya is engaged in advising businesses in negotiating, structuring, performing due diligence and executing domestic and international Mergers & Acquisitions (M&A) having advised more than 200 M&A transactions over last 15 years. He also advises businesses in capital market initiatives like IPOs, QIPs, rights issues, open offers, international listings, etc.



### Mr. V. Krishnan

#### Independent Director

Mr. V. Krishnan is an additional (Non-Executive Independent Director) on the Board of the Company and a seasonal financial services professional with diverse experience in operations, technology, operational risk, information security, compliance and internal control. He has worked in multiple areas of financial services like Custodial Services, Asset Management Companies, IT Services, Exchange and International Banks holding senior positions in various international and domestic organisations like Barclays, Deutsche Bank, JP Morgan, L&T, MCX, etc. His diverse experience is backed by professional qualifications in Information Security, Internal Audit, Fraud, Anti Money Laundering, and Business Continuity amongst others. Mr. Krishnan leads Kris Consulting, a unique boutique advisory and assurance firm, which focusses primarily on Governance, Risk & Compliance, Process Reengineering and full lifecycle of Human Capital needs of clients. He has been supporting marquee brands in the areas of Consulting and Training.

# Directors' Report

## Dear Stakeholders,

The Directors are pleased to present the Twenty-Sixth Annual Report of IIFL Securities Limited ('the Company' or 'IIFL Securities') along with the audited financial statements for the Financial Year (FY) ended March 31, 2021.

## 1. Financial Performance

The table below summarizes the financial performance of your Company for the financial year ended March 31, 2021:

(₹ in Million)

Particulars	Standalone		Consolidated	
	FY2020-21	FY2019-20	FY2020-21	FY2019-20
Gross Income	7,600.79	6,437.43	8,676.20	7,899.46
Profit/(Loss) before Depreciation and Tax	2,666.22	2,467.30	3,304.47	2,550.75
Depreciation	(442.92)	(480.60)	(458.76)	(553.09)
Profit/(Loss) before Tax	2,223.30	1,986.70	2,845.71	1,997.66
Share of profit/(loss) of associates and joint ventures	-	-	1.63	-
Exceptional items	-	-	-	1,017.19
Provision for Tax	(494.86)	(431.09)	(644.29)	(529.87)
Impact of change in rate on opening deferred tax	-	(129.41)	-	(145.54)
Non-controlling interest	-	-	0.30	0.32
Profit/(Loss) after Tax	1,728.44	1,426.20	2,203.35	2,339.76
Balance brought forward from previous year	3,598.04	2,882.84	4,766.89	3,189.53
Appropriation towards dividend paid	(302.94)	(638.47)	(302.94)	(638.47)
Dividend Distribution Tax	-	(72.53)	-	(123.92)
Surplus carried forward	5,023.54	3,598.04	6,667.30	4,766.89
Earnings per share on equity shares of ₹ 2 each				
Basic (in ₹)	5.46	4.47	6.97	7.33
Diluted (in ₹)	5.42	4.46	6.91	7.31

The table below summarizes the financial performance of the major subsidiaries of the Company for the financial year ended March 31, 2021:

(₹ in Million)

Name of the Company	Revenue	Profit after Tax
IIFL Facilities Services Limited	967.81	122.73
IIFL Insurance Brokers Limited	430.91	181.82
IIFL Management Services Limited	273.42	64.14
IIFL Capital Inc.	55.72	3.62
IIFL Wealth (UK) Limited	43.79	3.55

## 2. Macro-economic Overview

The Indian economy is expected to contract by 8.0% in FY2020-21, as compared to 4.2% economic growth recorded in FY2019-20. (Source: National Statistics Organisation). The economy witnessed the worst contraction ever of 23.9% YoY in the first quarter of FY2020-21 owing to the stringent pandemic-related lockdown imposed by the government. With gradual

removal of restrictions from the second quarter onwards, the economy started recovering.

As per the Economic Survey FY2020-21, India's economic growth was pegged at 11.0% in FY2021-22 which is the highest since independence. This indicates a sharp, 'V-shaped' recovery in the economy.



## Directors' Report

The Organisation for Economic Co-operation and Development (OECD), in its interim economic outlook report, estimated India's GDP growth at 12.6% in FY2021-22, driven by fiscal and quasi-fiscal measures, making it one of the fastest growing economies in the world and the highest among G-20 nations. Although rollout of vaccination had raised hopes of an end to the pandemic, spread of the second wave of COVID-19 and new variants of the virus pose concerns for the outlook. The second wave has been more severe than the first one and has put huge pressure on the country's medical infrastructure. Partial lockdowns have been imposed across most states to curb rise in new cases. While the situation has improved to some extent, the lockdowns could push back economic recovery by a couple of quarters, at least. Overall, economic recovery will largely be tied to the resolution of the pandemic and vaccination roll-out.

### 3. Industry Overview

Vaccination roll-outs across the globe, continued economic recovery, a fiscal stimulus in the US and dollar weakness kept investor sentiments strong for Emerging Market (EM) equities. This was further aided by strong portfolio inflows amid supportive surplus liquidity across the globe. Indian equity markets outperformed the broader EM indices, with the Nifty 50 increasing by 70.9% and Sensex rising 66.0% in the 12 months ending March 2021.

Foreign portfolio investors (FPI) invested over USD 37.1 billion in the Indian equity market during FY2020-21 – the highest ever investment by foreign investors into Indian equities in the last two decades. FPI inflows stood at USD 2.6 billion in FY2019-20. On the flipside, Domestic Institutional Investors (DIIs) remained strong sellers of Indian equities with net outflows of USD 19 billion in FY2020-21. DIIs net investment remained negative due to redemption pressures and profit-booking as equity valuations touched lifetime highs.

In the primary market, strong participation from retail as well as institutional investors was a key positive during CY2020. Highest ever amount raised through qualified institutional placements (QIPs) and launch of Infrastructure / Real Estate Investment Trusts were other highlights of the year. CY2020 witnessed all-time high fundraising through the public equity markets at ₹ 1,774.7 billion (versus ₹ 822.4 billion raised in CY2019).

Assets Under Management (AUM) of Indian mutual funds began rising post May 2020 to fully offset the overall decline during the Covid crisis. Total AUMs crossed ₹ 30 trillion, for the first time in November 2020 owing to the continuous rally in the equity market driven by ongoing recovery in high frequency economic indicators and liquidity. According to data from Association of Mutual Funds of India (AMFI), the industry's total AUM stood at ₹ 31 trillion as on March 31, 2021. As per SEBI data, new

demat account additions increased to an all-time high of 10.7 million between April 2020 and January 2021, from 4.7 million new accounts opened in FY2019-20.

The revival of several infrastructure projects by the government helped improvement in business conditions across the manufacturing and construction sectors. The low interest rates are supporting rebound in corporate earnings. A positive investment scenario supported by an improving macroeconomic performance, easing inflationary pressures, and regulatory and structural reforms by the government could further improve business confidence and attract investors to the Indian capital market in FY2021-22. However, any delay in combating the pandemic is a key downside risk.

India is facing a crisis situation with the strong second wave of COVID-19 cases. Market performance in FY2021-22 will depend on normalization of economic activities and timely vaccination.

### 4. Review of the operations and business, and the state of Company affairs

During the year under review, your Company's consolidated revenue was ₹ 8,676 million as against ₹ 7,899 million in FY2019-20, an increase of 10% YoY. The Company has earned Net profit after tax (TCL) of ₹ 2,210 million versus ₹ 1,450 million\* in FY2019-20, registering a YoY growth of 52%.

*\*Excluding exceptional item on sale of office property and write-down of deferred tax assets.*

#### I. Broking and Distribution

The Company's broking and distribution services continue to be a key player in both, the retail and institutional segments of the capital market, with 2,500+ points of presence (branches and business partners) in over 500 cities in India.

IIFL Securities provides varied offerings to its customers across the segments of equities, commodities & currency broking, mutual fund distribution, life insurance distribution, depository participant services, portfolio management services, structured products, and investment banking.

During the year, the average daily market turnover (including F&O) for the broking business was ₹ 295.91 billion (BSE + NSE), up 47% YoY, and the share of daily cash and total turnover stood at 2.8% and 1.1%, respectively. Retail broking revenue stood at ₹ 3,038 million, up 42% on YoY basis.

Mutual Funds and insurance segments gained good traction during the year. Insurance premiums stood at ₹ 1,463 million, recorded a 42% YoY growth in FY2020-21 and Mutual Fund AUM stood at ₹ 51.5 billion, up 82% on a YoY basis. Both these segments hold immense promise over the long term.

The Company's mobile trading app 'IIFL Markets' remains one of the highest rated on Android and iOS among peers, with over 2.3 million downloads. IIFL Securities' Mutual Fund App crossed 0.9 Million downloads. Continuous upgrades and enhancements makes these apps the top choice of most customers.

Economic activity has been hit due to the partial lockdowns imposed posed the onset of the second wave of COVID-19. Prolonged lockdown could affect both the financial sector as well as consumption demand. IIFL Securities' sound foundation and its continuous focus on providing superior customer experience have helped sustain performance. IIFL Securities is well prepared to navigate the volatile external environment and is leveraging the full potential of digitalization to serve its customers in the best possible manner.

## II. Institutional Equities

Revenue growth for the year was negatively impacted due to a combination of decline in FII market share due to increased share of passive flows (a segment in which your Company is not present) and a decline in blended yields due to competition pressure. Necessary steps are being taken to improve your Company's market share. On the research side, the focus was on expanding coverage; during the year, the team initiated coverage on 19 stocks taking total coverage to close to 250 stocks (representing in aggregate over four-fifths of India's market capitalization). The Company's institutional equities research continues to be ranked among the top in the industry.

## III. Investment Banking

FY2020-21 was a prolific year for the investment banking division. The division completed 29 transactions including 9 Initial Public Offers, 7 Qualified Institutional Placements, 9 private equity deals and 1 Offer for Sale transaction apart from a number of corporate and debt advisory mandates. The team has also filed a number of Draft Red Herring Prospectus for upcoming Initial Public Offers and is currently engaged in a number of private equity and other capital market transactions which are in various stages of execution.

IIFL Securities' investment banking team has retained leadership in private sector deals as per Prime Database League for Private sector Initial Public Offers in FY18-FY21. The outlook for the next year remains strong.

## IV. Response to COVID -19 challenges

All operations and servicing of customers were smoothly ensured without any interruptions, as the activities of trading, settlement, depository participant, stock exchanges and depository function are fully-automated

and follow seamless processes. This feat was achieved owing to your Company's investments in digitalization of processes and technology over the past few years. Your Company has been operating in the normal course and there have been no adverse impacts on the liquidity, revenues or operational parameters during the year. The Company is closely monitoring any material changes on a continuous basis.

Your Company's calibrated approach puts it in a position to adapt faster than the market. Benefits of a balanced revenue stream mix are even more evident in this turbulent environment. IIFL Securities will keep reviewing the situation constantly and further strengthened its ability to adapt to the changing environment in a swift manner.

Strong relationships with customers, employee dedication, robust balance sheet, best-in-class profitability and inherent resilience of the business model will enable IIFL Securities to navigate the challenges ahead and gain market share.

## V. Key Initiatives/Developments

### I. Acquisition of demat accounts held by Karvy Stock Broking Limited

Your Company emerged as a successful bidder for the transfer of demat accounts held by various clients of Karvy Stock Broking Limited (KSBL) in the formal bidding process held by NSDL and CDSL vide circular dated February 06, 2021. IIFL Securities has paid an amount of ₹ 1,129.11 million to CDSL and NSDL for the demat accounts so transferred. All accounts are being activated as per the onboarding process.

Karvy Stock Broking Limited has filed a writ petition before Hon'ble High Court of Bombay against NSDL, CDSL, NSE, BSE and MSEIL and also against IIFL Securities Limited. It has prayed to quash and set aside the sale and transfer of KSBL's demat and trading account to IIFL Securities Limited and Axis Securities Limited, respectively, and ad-interim relief to restrain NSDL, CDSL, NSE, BSE and MSEIL from completing the process of bidding. The Hon'ble Court vide its order dated March 18, 2021 rejected the ad-interim relief sought by KSBL and appointed valuers to submit the Valuation Reports in respect of valuation of the demat accounts and trading accounts of the clients of KSBL and further directed that the amount paid by the bidders shall be held by NSDL/CDSL/NSE/BSE/MSEIL as deposit. The matter is pending for further direction by the Hon'ble Court.

## Directors' Report

**II. Enterprising India Investor Conference**

IIFL Securities hosted a number of virtual events during the year. The first virtual conference was held in June 2020 with participation of over 48 corporates/300 investors. The Company did a series of webinars in August 2020 to cover the rural recovery theme. It was followed up with a similar series in January 2021 around the theme of building materials. The Company also hosted a dedicated conference for Japanese investors in December 2020.

IIFL Securities' flagship Enterprising India conference was also hosted virtually in February 2020. The theme of the conference was "CEO Speak". 45 CEOs presented at the conference and more than 700 investors participated. This turned out to be one of the most productive conferences the Company has done in the recent past.

**III. Open Application Programming Interface ("APIs")**

With open APIs, customers and partners can connect with the front end of their choice, integrate into their own programs and quickly set up a rule-based trading desk to boost their investing efficiency and market experience.

Investors and traders can access real-time IIFL Securities platforms in 9 different languages - Python, NodeJS, Java, Rust, GoLand, .Net, C#, PHP, Postman JSON Collection – making it India's most easily accessible platform.

This has also opened up doors for quick fintech integrations and the partners can easily connect with the Company's systems using secure authentication. All the APIs are free of cost and are allowed across mobile (IIFL Markets App) and desktop (TT Web application) platforms.

**IV. Permission for undertaking Insurance E-commerce activities in India through Insurance Self Networking Platform (ISNP)**

E-commerce has proven to lower the cost of transacting insurance business, making it efficient and enhancing its reach to a larger number of people. Digitalization is becoming increasingly popular among customers given its speed, efficiency and convenience.

In order to promote e-commerce in the insurance business, the Insurance Regulatory and Development Authority (IRDA) issued guidelines of Insurance Self Networking Platform (ISNP).

IIFL Insurance Brokers Limited, a wholly owned subsidiary of your Company, has received

permission from IRDA for undertaking insurance e-commerce activities (i.e. online sale and service of insurance policies) in India through ISNP.

**V. Awards and Accolades**

The Directors are happy to report that during the year, your Company has been recognized and felicitated for its exemplary performance in various fields.

**Some significant achievements are:**

- BSE felicitated IIFL Securities as 'Top Business Performer' in Offer To Buy (OTB) segment for FY2019-20;
- IIFL Securities received the 'Customer Services Champion' Award at Asia Innovation Congress and Awards;
- Mr. R. Venkataraman, Chairman, IIFL Securities Ltd., received the 'Most Innovative Leader of the Year' award at the World BFSI Congress & Awards 2020;
- IIFL Securities received 'Great Place to Work' certificate for a third time in a row.

**VI. Corporate Social Responsibility (CSR) Initiative**

In accordance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, and relevant circulars issued from time to time by the Ministry of Corporate Affairs (MCA), IIFL Securities has adopted a CSR policy indicating the CSR activities that can be undertaken by the Company and its subsidiaries. The CSR Policy is available on the website of the Company at <https://www.indiaonline.com/securities/reports/CSR-Policy.pdf>.

India Infoline Foundation (generally referred to as "IIFL Foundation"), a Section-8 Company under the Companies Act, 2013 and a wholly owned subsidiary of the Company, acts as the principal arm to undertake CSR initiatives on behalf of the Company and its subsidiaries. As per Rule 4(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, IIFL Foundation has registered itself with the central government by filing the form CSR 1 with the Registrar.

IIFL Foundation's activities are creating an impact among the communities through the ideology of HELP – **H**ealth, **E**ducation, **L**ivelihood and **P**overty alleviation. The activities meet UN's Sustainability Development Goals – Quality Education (SDG 4), Gender Equality (SDG 5), Reduced Inequalities (SDG 10), Good Health & Well-being (SDG 3) and Affordable and Clean Energy (SDG 13).

IIFL Foundation's flagship program – *Sakhion Ki Baadi* (SKB), is dedicated to provide basic education to out-of-school girls in Rajasthan and mainstream them into the public schools. During the lockdown, education of nearly 36,000 girls under this project continued seamlessly due to adoption of digital tools and online platforms. The SKB centers employ about 1,000 tribal women and train them in English, Digital platforms as well as basic financial literacy.

IIFL Foundation supports the government to promote literacy among children native to Scheduled Castes and Scheduled Tribes, by redevelopment of Maa Baadi centers, construction of schools, science laboratory and introduction of digital learning tools. Further, the Foundation has enabled farmers to generate secondary livelihood by undertaking dairy production through promotion of Animal Husbandry.

IIFL Foundation is working proactively to support communities in fighting the pandemic. Under its mission, Conquer COVID, the foundation has donated oxygen concentrators to several COVID care centers in Palghar, set up a makeshift COVID care center in Mumbai to support treatment of underprivileged patients, purchased oxygen concentrators for its own communities and so on.

During FY2020-21, your Company deployed 2% of its average net profits of the preceding years (computed as per the relevant provisions of the Companies Act, 2013) on CSR projects, fully utilizing the required amount on various social development activities, details thereof mentioned in the CSR Annual Report attached as **Annexure – 1** to the Directors' report.

## 6. Dividend

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), your Company has formulated the Dividend Distribution Policy which is available on the website of the Company at [https://www.indiaonline.com/securities/reports/Dividend\\_Distribution\\_Policy.pdf](https://www.indiaonline.com/securities/reports/Dividend_Distribution_Policy.pdf).

During FY2020-21, the Board of Directors of your Company declared an interim dividend of ₹ 1 per equity share (i.e. 50% of the face value of ₹ 2 per share) in accordance with the Dividend Distribution Policy of

the Company. This led to an outgo of ₹ 302.94 million. The same is considered as final.

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

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

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

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

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid dividend
2019-20	February 07, 2020	March 14, 2027
2020-21	March 10, 2021	April 15, 2028

The details pertaining to the same is available on the website of the Company at <https://www.indiaonline.com/securities/corporate-announcements.php>.

Shareholders, whose dividend/shares are transferred to the IEPF, may claim the same by making an application in prescribed form to the IEPF Authority in this regard, details of which are available on [www.iepf.gov.in](http://www.iepf.gov.in). No claims shall lie against the Company in respect of the dividend/shares so transferred. The members/claimants can file only one consolidated claim in a financial year as per the IEPF Rules.

## 8. Transfer to Reserves

During the year under review, the Company has transferred an amount of ₹ 1.37 million to the General Reserve.

## 9. 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.

## Directors' Report

**10. Share Capital**

As on March 31, 2021, the issued, subscribed and paid-up equity share capital of the Company stands at ₹ 605,870,660 (comprising 302,935,330 equity shares of ₹ 2 each).

During the year under review, the total paid up equity share capital of the Company changed from ₹ 639,218,924/- to ₹ 605,870,660/- pursuant to allotment of 324,262 equity shares of ₹ 2/- each under IIFL Securities Limited Employee Stock Option Scheme(s)- 2018 and 2,000 equity shares of ₹ 2 each under IIFL Securities Employees Stock Option 2019-Demerger Scheme to the eligible employees on December 05, 2020 and the said equity shares rank pari passu with the existing equity shares from the date of allotment. Further, the Company bought back 17,000,394 equity shares from the open market through the stock exchanges. The buyback commenced from December 30, 2020 and was closed on February 15, 2021.

**I. Buy back**

The Board of Directors of the Company at its meeting held on November 20, 2020 and the shareholders by way of a special resolution passed through postal ballot on December 22, 2020, accorded its approval for the Company to buy back its equity shares from the open market through the stock exchanges for a total amount not exceeding ₹ 900 million (Maximum buy back size) at a price not exceeding ₹ 54 per equity share (Maximum buy back price).

In accordance with the above, the Company has bought back a total of 1,70,00,394 equity shares and the total amount spent is ₹ 866.82 Million (excluding transaction costs and taxes), which represents 96.31% of the maximum buy back size. All the shares bought back have been extinguished as per the records of the depositories.

**II. Employees Stock Option Scheme (ESOS)**

Your Company has in force the following Employees Stock Option Schemes, prepared in terms of the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014:

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

During the year, 3,24,262 stock options and 2,000 stock options were exercised and allotted to the option

holders under IIFL ESOS Scheme-2018 and under the ISL Demerger Scheme, respectively, on December 05, 2020.

Pursuant to the IIFL ESOS Scheme-2018, the Nomination and Remuneration Committee, at its meeting held on January 07, 2021, granted 10,05,000 stock options to the eligible employees of IIFL Securities Limited.

As on March 31, 2021, 36,400 options have lapsed under the ISL Demerger Scheme and the same are not available for further grant. The aggregate number of stock options outstanding as on March 31, 2021 is 4,45,641 under the ISL Demerger Scheme. As on March 31, 2021, 6,55,000 options have lapsed under the IIFL ESOS Scheme -2018 and the same have been added back to the pool, and are available for further grant. The aggregate number of stock options outstanding as on March 31, 2021 stand at 89,37,938 under the IIFL ESOS Scheme- 2018.

There is no material change in the ISL Demerger Scheme and the IIFL ESOS Scheme – 2018, and the said schemes are in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"). IIFL Securities has received a certificate from the Auditors of the Company that the scheme has been implemented in accordance with the SBEB Regulations and the resolution passed by the members. The disclosures relating to ESOPs required to be made under the provisions of the Companies Act, 2013 and the rules made thereunder and the SEBI (Share Based Employee Benefits) Regulations, 2014 are provided on the website of the Company at [www.iiflsecurities.com](http://www.iiflsecurities.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 at [secretarial@iifl.com](mailto:secretarial@iifl.com), whereupon a copy would be provided.

The relevant disclosures in terms of IND AS 102, relating to share based payment, forms part of note 32 of the notes to the Standalone Financial Statements and note 44 of the notes to the Consolidated Financial Statements of the Company.

**11. Particulars of Employees**

The Board, on the recommendation of the Nomination & Remuneration Committee, has framed a Nomination and Remuneration policy for selection and appointment of Directors, Key Managerial Personnel, and senior management personnel of the Company and the same is amended from time to time. The Nomination & Remuneration policy along with the changes therein forms part of this Report as **Annexure – 2**

and is also available on the website of the Company at <https://www.indiainfo.com/securities/reports/NR-Policy-120521.pdf>.

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 – 3** of this report.

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rule 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. Any member interested in obtaining a copy thereof, may write to the Company Secretary at [secretarial@iifl.com](mailto:secretarial@iifl.com).

## 12. Prevention of Sexual Harassment (POSH)

Providing a safe working environment for women, free from sexual harassment and discrimination is among the key priorities of the Company. In compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has put in place a policy on Prevention of Sexual Harassment of Women at the workplace.

Also, the Company has constituted an Internal Complaints Committee for handling complaints under the said policy. The policy includes the scope, consequence of non-compliance and redressal mechanism along with contact details of the Committee members for raising any grievance/complaint under the said policy.

Awareness of the said policy is created amongst all the employees by exhibiting the policy on the notice boards. Also, the Company provides for mandatory online training on POSH for every new joiner, as well as, all employees on an annual basis.

During FY2020-21, there were no complaints received 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:

- Number of complaints received in the year: Nil
- Number of complaints disposed of during the year: Nil

- Number of cases pending for more than ninety days: Nil
- Number of workshops or awareness programs against sexual harassment carried out: The Company has conducted online training for creating awareness against sexual harassment against women at the work place.
- Nature of action taken by the employer or district officer: Not applicable.

## 13. Subsidiary and Associate Companies

### Subsidiary Companies

As on March 31, 2021, the Company has the following subsidiaries located in India and overseas:

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 Corporate Services Limited* (Formerly IIFL Asset Reconstruction Limited)
8	India Infoline Foundation* (Section 8 Company)
9	Shreyans Foundations LLP (Step down subsidiary company)
10	Meenakshi Towers LLP
11	IIFL Securities Services IFSC Limited*

\*Wholly-owned subsidiary

Pursuant to Regulation 16 and 24 of SEBI Listing Regulations, IIFL Facilities Services Limited was a Material Subsidiary of the Company for FY2020-21 and will continue to remain as such for FY2021-22.

### Associate Company

The Company had earlier made investment in Giskard Datatech Private Limited ("Trendlyne") constituting 14.94% of its share capital on a fully diluted basis. Trendlyne is a Bangalore based stock market analytics platform and marketplace for retail investors and is engaged in the business of developing cloud-based analytics and modelling platform for stock market. Their platform turns every financial data point into structured data, on which strategies can be created and back tested in real time. It provides retail investors, analysts and advisors with easy-to-use analytics tools.

## Directors' Report

In order to have a deeper integration and usage of Trendlyne premium features, the Company acquired additional 6.53% stake of Compulsorily Convertible Preference Shares (CCPS) i.e. 9,491 CCPS of ₹ 1 each of Giskard Datatech Private Limited resulting into total acquisition of 21.47% during the year under review. Accordingly, Giskard Datatech Private Limited has become an associate company w.e.f. November 06, 2020.

In accordance with Section 136(1) of the Companies Act, 2013, the financial statements including consolidated financial statements and all other documents required to be attached thereto and audited annual accounts of subsidiary companies, are available on the Company's website at <https://www.indiaonline.com/securities/financials.php>. 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 related subsidiaries, except on Saturdays, Sundays and Public Holidays. The Annual Report of all the subsidiaries will be uploaded on the website of the Company at <https://www.indiaonline.com/securities/financials.php>.

A report on the performance and financial position of each of the subsidiary and associate companies as per the Companies Act, 2013 is provided in the prescribed Form AOC-1 as 'Annexure A' and 'Annexure B' of the Consolidated Financial Statement and, hence, not repeated here for the sake of brevity.

During the year under review, there were no companies which have become or have ceased to be the subsidiary or joint venture of your Company.

Further, the Managing Director and CEO of your Company does not receive any remuneration or commission from its subsidiary companies.

The policy for determining material subsidiary is available on the website of the Company at [https://www.indiaonline.com/securities/reports/Policy\\_for\\_determining\\_material\\_subsidiaries.pdf](https://www.indiaonline.com/securities/reports/Policy_for_determining_material_subsidiaries.pdf).

## CONSOLIDATED FINANCIAL STATEMENT

Your Company has, in accordance with Section 129(3) of the Companies Act, 2013, prepared the annual consolidated financial statements, consolidating its financials with its subsidiary and the associate companies as mentioned above. The annual audited consolidated financial statements have been prepared in accordance with the requirements of IND AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, as applicable, and other accounting principles generally accepted in India and forms part of this Annual Report.

## 14. Management Discussion and Analysis Report

In accordance with Regulation 34 of the SEBI Listing Regulations, the Management Discussion and Analysis Report forms part of this Annual Report.

## 15. Business Responsibility Report

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

## 16. Directors and Key Managerial Personnel (KMP)

### Directors

Your Company has a well-diversified Board comprising of Directors from various backgrounds and having broad range of experience, in the areas of finance, accounting, technology, governance, risk management, among others. Their combined experience and expertise enables IIFL Securities to ensure effective corporate governance on one hand, and to take future-ready business decisions on the other. The Board of Directors ("Board") of your Company is well balanced between executive and non-executive directors (including one independent woman director). The Board provides leadership, strategic guidance and discharges its fiduciary duties of safeguarding the interest of the Company and its stakeholders.

As on date, the Board comprises of 6 directors.

Name	DIN	Designation
Mr. R. Venkataraman	00011919	Chairman and Managing Director
Mr. Narendra Jain	01984467	Executive Director
Ms. Rekha Warriar	08152356	Non-Executive Independent Director
Mr. Shamik Das Sharma	07779526	Non-Executive Independent Director
Mr. Anand Shailesh Bathiya	03084831	Non-Executive Independent Director
Mr. Viswanathan Krishnan	09026252	Additional Director (Non-Executive Independent Director)

### Changes during FY2020-21:

#### a) Appointment

Mr. Shamik Das Sharma (DIN: 07779526) was appointed as an Additional Director (Non-Executive Independent) on the Board of the Company w.e.f. January 14, 2020. Subsequent to the approval of the shareholders at the 25<sup>th</sup> Annual General Meeting of the Company held on June 30, 2020, he was

appointed as an Independent Director for a term of five consecutive years w.e.f. January 14, 2020.

Mr. Anand Bathiya (DIN: 03084831) was appointed as an Additional Director (Non-Executive Independent) on the Board of the Company w.e.f. September 22, 2020. Subsequent to the approval of the shareholders of the Company through postal ballot on December 22, 2020, he was appointed as an Independent Director for a term of five consecutive years w.e.f. September 22, 2020.

Mr. Viswanathan Krishnan (DIN: 09026252) was appointed as an Additional Director (Non-Executive Independent) on the Board of the Company w.e.f. January 21, 2021 to hold office till the conclusion of the ensuing Annual General Meeting (AGM), and subject to approval of the members in the ensuing AGM for appointment as an Independent Director to hold office for a term of five consecutive years w.e.f. January 21, 2021.

The Board is of the opinion that Mr. Shamik Das Sharma, Mr. Anand Bathiya and Mr. Viswanathan Krishnan possess the requisite qualification, experience, expertise and hold high standards of integrity.

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI Listing Regulations and that they are not aware of any circumstance or situation which exist or may be reasonably anticipated that could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence.

Pursuant to Rule 5 of Companies (Appointment and qualification of Directors) Rules, 2014 as amended w.e.f. December 01, 2019, all Independent Directors of the Company have registered themselves in the Independent Directors databank maintained with the Indian Institute of Corporate Affairs (IICA). Further, all the Independent Directors have also cleared the proficiency test conducted by IICA.

#### **Resignation and Retirement**

Mr. Kranti Sinha, Chairman, Independent Director (DIN: 00001643) retired from the Board and various committees of the Company w.e.f. July 27, 2020 upon completion of his tenure. Mr. R. Venkataraman (DIN: 00011919), Managing Director was appointed as the Chairman of the Company w.e.f. October 16, 2020.

Mr. Kranti Sinha, a veteran in the financial services sector, worked with Life Insurance Corporation of India (LIC) and was a Director and Chief Executive Officer of LIC Housing Finance Limited. He joined IIFL Group as an Independent Director in the year 2005 and has played an important role in the Group's success story so far. Under his guidance and oversight, there has been improvement in the Company's corporate governance practices.

The Board has placed on record its appreciation for the valuable contribution made by Mr. Sinha during his tenure.

Consequent to the resignation of Mr. Mohan Radhakrishnan (DIN: 00012070) due to personal reasons, he ceased to be an Executive Director and Chief Compliance Officer of the Company w.e.f. January 02, 2021.

The Board values the contribution made by Mr. Mohan Radhakrishnan during his tenure as an Executive Director and Chief Compliance Officer of the Company.

#### **b) Retirement by Rotation**

In accordance with Section 152 of the Companies Act, 2013 read with Article 157 of the Articles of Association of the Company, Mr. Narendra Jain (DIN: 01984467) 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.

#### **Key Managerial Personnel**

As on March 31, 2021, Mr. R. Venkataraman - Managing Director, Mr. Narendra Jain -Whole-Time Director, Mr. Ronak Gandhi- Chief Financial Officer and Ms. Meghal Shah- Company Secretary & Compliance Officer are the Key Managerial Personnel in terms of the provisions of the Companies Act, 2013 and rules made thereunder.

#### **Changes during FY2020-21**

Mr. Arindam Chanda resigned from the post of the Chief Executive Officer of the Company due to personal reasons w.e.f. December 22, 2020.

Mr. Roshan Dave resigned as the Company Secretary of the Company w.e.f. November 19, 2020 and in his place Ms. Meghal Shah was appointed as the Company Secretary w.e.f. November 20, 2020.

### **17. Meetings of Board**

Eight meetings of the Board of Directors were held during FY 2020-21. For further details, please refer to the report on Corporate Governance forming part of this Annual Report.

### **18. Audit Committee**

The composition of Audit Committee is covered under the Corporate Governance Report. During the year under



## Directors' Report

review, there were no instances, where the Board had not accepted any recommendation of the Audit Committee.

For details of various Committees constituted by the Board please refer to the report on Corporate Governance forming part of this Annual Report.

## 19. Risk Management

The Company has constituted a Risk Management Committee to oversee the risk management, governance structure, define and review the framework for identification, assessment, monitoring, mitigation and reporting of risks. The details of the Committee alongwith its terms of reference have been provided in the Corporate Governance Report forming part of this Annual Report.

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 follows a Risk Management Systems Policy for the securities broking and investment banking business, as mandated by the SEBI, Stock Exchange and depository.

### The directors, on a regular basis,

- (a) oversee and approve the Company's enterprise, wide risk management framework; and
- (b) oversee that all risks – such as strategic, financial, credit, market, liquidity, security, property, information technology, legal, regulatory, reputational and others – that the organization 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 specialized internal audits on the Broking, Depository Participant and Portfolio Management businesses, as per SEBI/ Exchanges/Depositories' norms. The findings on Audit Reports are reviewed by the Audit Committee/ Board at their periodical meetings and the reports are submitted to the Exchanges/Depositories. The Company's management monitors and reports the principal risks and concerns that can impact its ability to achieve its strategic objectives.

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

## 20. Annual Evaluation of the Board

The Nomination and Remuneration Committee has approved the Policy on Performance Evaluation, framed in accordance with the relevant provisions of the Companies Act, 2013, SEBI Listing Regulations and SEBI circular

dated January 5, 2017 which provides further clarity on the process of board evaluation ("SEBI Guidance Note"). The manner and criteria of the evaluation of performance of the Board of Directors, Board Committees and the individual Directors has been provided in the Corporate Governance Report forming part of this report.

## 21. Internal Financial Controls

Your Company has maintained adequate internal financial controls over financial reporting, which are constantly assessed and strengthened with new/ revised standard operating procedures. The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Audit Committee of the Board actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Audit Committee of the Board and Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors on the effectiveness of internal controls and the veracity of the financial statements. Such internal financial controls over financial reporting were operating effectively as of March 31, 2021.

During FY2020-21, no material or serious observation has been highlighted for inefficiency or inadequacy of such controls. The details of adequacy of Internal Financial controls are given at length in the Management Discussion and Analysis report.

## 22. Quality initiatives

The Company continues to sustain its commitment to the highest levels of quality, superior service management, robust information security practices and mature business continuity management. In FY2020-21, the Company successfully completed the InfoSec audits for industry specific quality certifications. The Company has also successfully completed the annual ISO 27001:2013 (ISMS) surveillance audit. Further, the Company has sustained compliance with respect to various applicable laws and regulations in terms of technology, business continuity management and information security from SEBI, BSE, NSE, MCX, NCDEX, CDSL, NSDL, among others.

The technology used in the Company comprises industry standard business applications and robust IT infrastructure. These capabilities are used to manage business operations, are scalable, improve overall

productivity & efficiency, and provide seamless and world class experience to the Company's customers.

The Company has strengthened its information and cyber security mechanisms and other risk measures to mitigate potential threats, risks and challenges.

The Company believes in skill development for staff and various e-learning modules on technology and other business areas have been enabled for employees via online training and mobile applications.

### **23. 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 Regulations. The said policy may be accessed on the website of the Company at <https://www.indiainfoline.com/securities/reports/Related-Party-Transaction-Policy-120521.pdf>.

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 entered into in accordance with the RPT Policy of the Company.

During FY2020-21, the Company has entered into material contract/arrangement/transaction with related parties, in accordance with Regulation 23 of SEBI Listing Regulations and relevant provisions of the Companies Act, 2013. You may refer to note no. 35 and note no. 45 to the Standalone Financial Statements and Consolidated Financial Statements respectively, which contain related party disclosures. Since the Company does not have any outstanding balance with the related party which are material hence Form AOC-2 disclosure is not applicable and hence it is not provided.

### **24. Statutory Auditors and their Report**

M/s V Sankar Aiyar & Co, Chartered Accountants, Mumbai (Firm Registration Number: 109208W) were appointed as the Statutory Auditor of the Company at the 22<sup>nd</sup> Annual General Meeting held on July 21, 2017, to hold office from the conclusion of the said meeting till the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company, subject to ratification of their appointment by the members at every intervening Annual General Meeting held thereafter. However, the requirement of seeking ratification of the members for continuance of their appointment has been dispensed with pursuant to the Companies (Amendment) Act, 2017 effective 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.

There are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors in their Audit Report for FY2020-21. The notes to the financial statements referred to 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.

### **25. Secretarial Audit and their Report**

Pursuant to the requirements of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI Listing Regulations, the Company had appointed M/s Nilesh Shah and Associates, Company Secretaries in Practice for conducting the Secretarial Audit for FY2020-21. The report of the Secretarial Audit is annexed herewith as **Annexure - 4**.

The Secretarial Auditor in their report has stated that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except for the composition of the Board of Directors which has been affected due to resignation of Directors for the period 27.07.2020 to 21.09.2020 and 02.01.2021 to 20.01.2021. Accordingly, the constitution of Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee was also affected during intermittent period of the financial year. The Company had taken effective steps within reasonable time for filling up the vacancies and have a proper constitution of the Board and its Committees as per the requirements of the Companies Act, 2013 and SEBI Listing Regulations.

#### **Management Response:**

Mr. Kranti Sinha retired as the Chairman and Independent Director of the Company on completion of his tenure w.e.f. July 27, 2020. Further, consequent to resignation of Mr. Mohan Radhakrishnan, he ceased to be the Whole-time Director and Chief Compliance Officer w.e.f. January 02, 2021. In compliance with the provisions of the Companies Act, 2013 and post requisite regulatory approvals, the Company appointed Mr. Anand Bathiya and Mr. Viswanathan Krishnan as an Additional Director (Non-Executive Independent) w.e.f. September 22, 2020 and January 21, 2021, respectively. The Committees were also duly re-constituted post the said appointments.

### **26. Maintenance of Cost Records**

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

## Directors' Report

**27. Reporting of Frauds by Auditors**

During FY2020-21, the Statutory Auditors and the Secretarial Auditor have not reported any instances of fraud committed in the Company, by its Officers or Employees, to the Audit Committee under Section 143(12) of the Companies Act, 2013, the details of which need to be mentioned in this Report.

**28. Particulars of Loans, Guarantees or Investments**

Particulars of loans extended and investments made are given in the notes 6 and 7 of the Standalone and Consolidated financial statements, respectively, for the year ended March 31, 2021.

**29. Annual Return**

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Annual Return of the Company for FY2020-21 is available on the Company's website at <https://www.indiaonline.com/securities/financials.php>.

**30. Material changes and commitments affecting the financial position of the Company**

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

**31. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo**

The 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 – 5** of this Report.

**32. Whistle Blower Policy/Vigil Mechanism**

Your Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI Listing Regulations, the Company has adopted a Whistle Blower Policy and established the necessary vigil mechanism for Directors, Employees and Stakeholders to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, which has been amended from time to time. Vigil Mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the Chairperson of the Audit Committee in exceptional cases. For further details, please

refer Report on Corporate Governance forming part of this Annual Report. The Company has disclosed the policy on the website of the Company at <https://www.indiaonline.com/securities/reports/Whistle-Blower-120521.pdf>.

During FY2020-21, no complaints were received under this policy.

**33. Corporate Governance**

The Company is committed to maintaining the highest standards of corporate governance and adhere to corporate governance requirements set out by the SEBI. The Report on Corporate Governance as stipulated under the SEBI Listing Regulations 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.

**34. General**

The Directors state that during FY2020-21:

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

**35. 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 ensured the annual accounts are prepared on a going concern basis;

- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### 36. Appreciation

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

The Directors also gratefully acknowledge all stakeholders of the Company, viz customers, members, dealers,

vendors, communities, banks, and other business partners, for their continued support during the year. Your involvement as shareholders is also greatly valued.

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

The Directors thank the Government of India, the State Governments where we have operations and other government agencies for their coordination and look forward to their continued support in the future.

**For and on behalf of the Board**

**R. Venkataraman**

Chairman and Managing Director  
DIN: 00011919

Date: May 04, 2021  
Place: Mumbai

## Annexure – 1 to the Directors' Report

### The Annual Report on Corporate Social Responsibility (CSR) Activities of IIFL Securities Limited

[Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

#### 1. OUTLINE OF CSR POLICY:-

The CSR Policy and projects of IIFL Securities Limited (hereinafter referred to as "IIFL Securities") are steered by the same values that guide the business of IIFL Securities & its subsidiaries. It can be summarized in one acronym – FIT, which stands for:

- Fairness in all our transactions
- Integrity and Honesty in letter, in spirit and in all our dealings with people
- Transparency in all our dealings

By applying these values to the CSR projects, IIFL Securities & its subsidiaries undertakes initiatives that create sustainable growth and empowers underprivileged sections of the society.

The focus areas prioritized by IIFL Securities & its subsidiaries in its CSR strategy are given below:-

- Literacy initiative for Females
- Support to Educational Research Programs
- Fight against outbreak of COVID-19 pandemic
- Promoting Education of the under privileged
- Livelihood

The CSR Project of IIFL Securities is managed by India Infoline Foundation (generally referred as "IIFL Foundation"), a wholly owned subsidiary of the Company.

#### 2. COMPOSITION OF THE CSR COMMITTEE:

IIFL Securities has constituted a CSR Committee of the Board in compliance with Section 135 of the Companies Act, 2013 (hereafter referred to as Section 135). The members constituting the Committee as on March 31, 2021 have been listed below:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Anand Bathiya	Independent Director (Chairman)	1	1
2	Mr. Narendra Jain	Executive Director (Member)	1	1
3	Mr. Viswanathan Krishnan	Independent Director (Member)	1	1

#### 3. WEB-LINK FOR DETAILS ON COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD:

##### Web-link for:

The Composition of CSR Committee: <https://www.indiainfoline.com/securities/corporate-governance.php>

The CSR Policy: <https://www.indiainfoline.com/securities/reports/CSR-Policy.pdf>

The details on projects: <https://iiffoundation.com>

#### 4. IMPACT ASSESSMENT OF CSR PROJECTS

Not applicable

#### 5. AMOUNT AVAILABLE FOR SET OFF

Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2020-21	NIL	NIL
2	2019-20	NIL	NIL
3	2018-19	NIL	NIL
<b>TOTAL</b>		<b>NIL</b>	<b>NIL</b>

## 6. PRESCRIBED CSR EXPENDITURE

### i. Average net profit for last three financial years:

The average net profit of IIFL Securities of the last three financial years calculated in terms of Section 198 as provided in the Section 135 of the Companies Act, 2013 was ₹ 1,97,86,40,049/-

### ii. Prescribed CSR Expenditure:

In terms of the provisions of Section 135 of the Companies Act, 2013, the recommended CSR expenditure for the financial year 2020-21 of IIFL Securities was ₹ 3,95,72,801/-

### iii. Amount Spent:

During the financial year 2020-21, IIFL Securities spent entire aforesaid budget amounting to ₹ 3,95,72,801/-, on various social development activities, thereby fulfilling its commitment of spending 2% on CSR activities.

### iv. Amount unspent: Nil

## 7.

Sl. No.	Financial Year	Amount (in ₹)
a.	Two percent of average net profit of the company as per Section 135(5)	3,95,72,801/-
b.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL
c.	Amount required to be set off for the financial year, if any	NIL
d.	<b>Total CSR obligation for the financial year (7a+7b- 7c)</b>	<b>3,95,72,801/-</b>

## 8. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:

During FY 2020-21, IIFL Securities spent a total of ₹ 3,95,72,801/- on CSR projects. A breakdown of the manner in which this expenditure was made has been depicted in the table given below.

### a) Amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
3,95,72,801/-	NIL	NIL	NIL	NIL	NIL

### b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
				State	District				Name	CSR Registration number		
1.	Sakhiyon ki Baadi	Promoting Education	No	Rajasthan	Ajmer, Pali, Jodhpur, Jalore	Ongoing	2,53,86,901/-	2,53,86,901/-	NIL	No	IIFL Foundation	CSR00002470
<b>TOTAL</b>							<b>2,53,86,901/-</b>					

## Directors' Report

## c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
1.	Shelter Home	Promoting Education	Yes	Maharashtra	Mumbai	12,00,000/-	NIL	No	IIFL Foundation	CSR00002470
2.	Matrubhoomi Education Society	Promoting Education	Yes	Maharashtra	Mumbai	13,10,000/-	NIL	No	IIFL Foundation	CSR00002470
3.	International Foundation for Research and Education	Promoting Education	No	India	-	1,00,00,000/-	NIL	No	IIFL Foundation	CSR00002470
4.	Fighting Covid-19	Health	Yes	Maharashtra	Mumbai	5,00,900/-	NIL	No	IIFL Foundation	CSR00002470
5.	Support to Elderly	Health	Yes	Maharashtra	Pune	6,75,000/-	NIL	No	IIFL Foundation	CSR00002470
6.	Livelihood Generation	Health	Yes	Maharashtra	Mumbai	5,00,000/-	NIL	No	IIFL Foundation	CSR00002470
<b>TOTAL</b>						<b>1,41,85,900/-</b>				

d) **Amount spent in Administrative Overheads:** The amount spent has been within the prescribed limit of 5% or below, of the overall cost.

e) **Amount spend on impact assessment:** Not applicable

f) **Total amount spent for the Financial Year:** ₹ 3,95,72,801/-

g) **Excess amount for set off, if any :** NIL

## 9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the Reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2019-20	NIL	3,48,27,224/-	-	-	-	-
2.	2018-19	NIL	2,56,22,134/-	-	-	-	-
3.	2017-18	NIL	1,94,58,838/-	-	-	-	-
<b>TOTAL</b>			<b>7,99,08,196/-</b>				

## (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration*	Total amount allocated for the project (in ₹)**	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed /Ongoing
1.	IIFL-CSR-SKB01	Sakhion ki Baadi	2016-17	10	2,53,86,901/-	2,53,86,901/-	5,28,35,873/-	Ongoing
<b>TOTAL</b>					<b>2,53,86,901/-</b>	<b>2,53,86,901/-</b>	<b>5,28,35,873/-</b>	

\*Project duration is from the year of commencement of the project

\*\*Represents budget for the financial year 2020-21

## Brief Description of Key Projects:

### i. Girl Child illiteracy eradication program:

It is a matter of great concern and shame that girls in large number continue to be out of school and remain illiterate. This problem is particularly severe in northern state of Rajasthan. India Infoline Foundation has vowed to change this in the next few years through starting community schools, which are multi grade multi-level schools started in the villages as per the convenience of the girls to enable them to get educated. IIFL Foundation has setup such 990 schools across 11 districts of Rajasthan for girls known as - Sakhiyon ki Baadi (SKB). This literacy initiative engages over 29,444 girls, primarily from eight tribal communities of Rajasthan and has completed 4 years. It has brought over 3000+ girls in the main fold education by their enrolment in government schools.

During the Covid-19 pandemic, owing to the subsequent lockdowns, the teaching and learning continued over online platform.

### ii. Shelter Home

IIFL Foundation supported a children's shelter home based at Mumbai. The shelter home supports children referred by Juvenile Justice Board, those termed as 'Child in need of care and protection' and orphans.

### iii. Education of Underprivileged

IIFL Foundation supported a school based in a slum settlement (Kandivali) to sustain the education of the under privileged children.

### iv. International Foundation for Education and Research

Extended financial support to the esteemed Ashoka University towards its research and fellowship programs.

### v. Fight against COVID-19 outbreak

Corona (Covid-19) pandemic has shaken countries across the world by bringing most of their operations to a lockdown. India has come together to fight the battle by initiating a lockdown and taking various economic and health measures to deal with the crisis. IIFL Foundation showed it's support to the efforts of corona warriors by making donations to Hospitals in Mumbai to make provisions for safety equipment for on-duty health workers.

### vi. Support to Elderly

IIFL Foundation extended its support to the 'Home of Ageing blind', to create 3 restrooms for quarantined inmates.

## 10. RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE:-

Through this report, IIFL Securities seeks to communicate its commitment towards CSR to the Ministry of Corporate

Affairs. The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policies as laid down in this report. The Board of the Company and the CSR Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All projects reported have been selected based on careful evaluation of the extent to which they create sustainable positive outcomes for marginalized segments of society. The Company has adopted measures to ensure that these projects are implemented in an effective and efficient manner so that they are able to deliver maximum potential impact. In line with the requirements of the Section 135, the Company has also established a monitoring mechanism to track the progress of its CSR projects.

The CSR Committee and the Board ensures that the funds disbursed have been utilised for the purposes and in the manner as approved by it and same is certified by the Chief Financial Officer of the Company.

## 11. IN CASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR (ASSET-WISE DETAILS).

- Date of creation or acquisition of the capital asset(s). - **Not Applicable**
- Amount of CSR spent for creation or acquisition of capital asset. - **Not Applicable**
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - **Not Applicable**
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). - **Not Applicable.**

## 12. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5).

During the financial year 2020-21, IIFL Securities spent entire aforesaid budget amounting to ₹ 3,95,72,801/-, on various social development activities, thereby fulfilling its commitment of spending 2% on CSR activities.

For IIFL Securities Limited

R. Venkataraman  
 Managing Director  
 (DIN: 00011919)

Anand Bathiya  
 Chairman of CSR Committee  
 (DIN: 03084831)

Date: April 20, 2021  
 Place: Mumbai



## Annexure – 2 to the Directors' Report

### NOMINATION AND REMUNERATION POLICY

#### I. OBJECTIVE:

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

#### II. DEFINITIONS:

1. "Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
2. "Board" means Board of Directors of the Company.
3. "Key Managerial Personnel" (KMP) means:
  - Managing Director, or Chief Executive Officer or Manager;
  - Whole-time Director;
  - Chief Financial Officer;
  - Company Secretary;
  - such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - 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" shall mean officers/ personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the "chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013/Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (wherever applicable) as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### III. ROLE OF COMMITTEE:

1. Formulate the criteria and manner for effective evaluation of performance of Board, its committees and individual directors and review its implementation and compliance;

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 –

- (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;

3. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
4. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
5. Devising a policy on diversity of the board of directors;
6. recommend to the board all remuneration, in whatever form, payable to senior management; and
7. Administration and superintendence of the ESOP Schemes.

#### IV. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

##### 1. Appointment Criteria and Qualifications:

- a) **A person being appointed as director, KMP or in senior management should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.**

**b) Independent Director:**

**(i) Qualifications of Independent Director:**

An Independent director shall possess appropriate skills, experience and knowledge in terms of the Board Diversity Policy of the Company.

**(ii) Positive attributes of Independent Directors:**

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

**2. 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.

**3. Retirement:**

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

**V. REMUNERATION:**

**A. Directors:**

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

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

(ii) The remuneration shall be subject to the approval of the Members of the Company in 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 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:**

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

(ii) 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.

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

(iv) 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.

(v) The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013.

**Directors' Report**

- (vi) The commission shall be payable on pro-rata basis to those Directors who occupy office for part of the year.

**B. KMP & Senior Managerial Personnel:**

The remuneration to the KMP and Senior Management Personnel will be based on following guidelines:

- a. maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- b. compensation should be reasonable and sufficient to attract retain and motivate KMP and senior management;
- c. Remuneration payable should comprise of a fixed component and a performance linked variable based on the extent of achievement of individual performance vis-a-vis overall performance of the company;
- d. Remuneration shall be also considered in form of long term incentive plans for key employees, based on their contribution, position and length of service, in the nature of ESOPS/ESPS.

**C. Research Analysts:**

- (i) The compensation of all individuals employed as Research Analyst shall be reviewed, documented and approved at least annually by the Committee
- (ii) While approving the compensation of the Research Analysts, the Committee shall not consider:

- a. Any specific merchant banking or investment banking or brokerage services transaction which might have happened because of the services of the Research Analyst; and
- b. Any contribution made by the Research Analyst to the Company's investment banking or merchant banking or brokerage services business other than that of preparing and/or providing research reports.

**VI. OTHER DETAILS:****Membership**

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

**Frequency of Meetings**

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

**Secretary**

The Company Secretary of the Company shall act as Secretary of the Committee. In absence of 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.

## Annexure – 3 to the Directors' Report

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014:

Sr. No.	Requirement	Disclosure																
1	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	<p><b>Executive Directors</b></p> <table border="1"> <tr> <td>Mr. R. Venkataraman</td> <td>76.19X</td> </tr> <tr> <td>Mr. Mohan Radhakrishnan</td> <td>NA</td> </tr> <tr> <td>Mr. Narendra Jain</td> <td>13.64X</td> </tr> </table> <p><b>Non-Executive Directors#</b></p> <table border="1"> <tr> <td>Mr. Kranti Sinha</td> <td>2.14X</td> </tr> <tr> <td>Ms. Rekha Warriar</td> <td>1.96X</td> </tr> <tr> <td>Mr. Shamik Das Sharma</td> <td>0.53X</td> </tr> <tr> <td>Mr. Anand Shailesh Bathiya</td> <td>NA</td> </tr> <tr> <td>Mr. Viswanathan Krishnan</td> <td>NA</td> </tr> </table>	Mr. R. Venkataraman	76.19X	Mr. Mohan Radhakrishnan	NA	Mr. Narendra Jain	13.64X	Mr. Kranti Sinha	2.14X	Ms. Rekha Warriar	1.96X	Mr. Shamik Das Sharma	0.53X	Mr. Anand Shailesh Bathiya	NA	Mr. Viswanathan Krishnan	NA
Mr. R. Venkataraman	76.19X																	
Mr. Mohan Radhakrishnan	NA																	
Mr. Narendra Jain	13.64X																	
Mr. Kranti Sinha	2.14X																	
Ms. Rekha Warriar	1.96X																	
Mr. Shamik Das Sharma	0.53X																	
Mr. Anand Shailesh Bathiya	NA																	
Mr. Viswanathan Krishnan	NA																	
2.	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	<p>There was no increase in the salary of the Executive Directors.</p> <table border="1"> <tr> <td>CEO</td> <td>Nil</td> </tr> <tr> <td>CFO</td> <td>30</td> </tr> <tr> <td>CS</td> <td>Nil</td> </tr> </table>	CEO	Nil	CFO	30	CS	Nil										
CEO	Nil																	
CFO	30																	
CS	Nil																	
3.	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was decreased by 3.16%. The calculation of % decrease in median remuneration is done based on comparable employees. For this the employees who were not eligible for any increment have been excluded.																
4.	The number of permanent employees on the rolls of the Company	The Company had 1804 employees on the rolls as on March 31, 2021.																
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	In Financial Year 2020-21, there is an average decrease of 2 % in the remuneration other than managerial personnel as compared to decrease of 32% in the remuneration of managerial personnel.																
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is confirmed																

### Note:

- The ratio of the remuneration of each director to the median employee's remuneration is prepared based on comparable remuneration i.e. 2019-20 and 2020-21.
- CEO- Chief Executive Officer, CFO- Chief Financial Officer, CS – Company Secretary.

\$Mr. Mohan Radhakrishnan resigned as an Executive Director of the Company w.e.f. January 02, 2021. Since his remuneration is for part of the year, hence the ratio of his remuneration is not comparable.

#Commission paid to the Independent Non –Executive Directors on pro rata basis for FY 2019-20 considering their tenure, attendance at the meeting, etc.

**For and on behalf of the Board**

**R. Venkataraman**

Chairman and Managing Director  
DIN: 00011919

Date: May 04, 2021  
Place: Mumbai

## Annexure – 4 to the Directors' Report

### FORM NO. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021

[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**  
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** (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 31<sup>st</sup> March, 2021, 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 31<sup>st</sup> March, 2021, according to the provisions of:

- (i) The Companies Act, 2013 and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of

Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as applicable to the Company;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, (SEBI LODR Regulations);
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent applicable;
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client.
  - (g) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018;
- (vi) Considering activities, the Company is also subject to compliance of the following laws specifically applicable to the Company:
  - (a) The Securities and Exchange Board of India (Stock-Brokers and Sub-Brokers) Regulations, 1992;
  - (b) The Securities and Exchange Board of India (Investment Advisors) Regulations, 2013;
  - (c) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993;
  - (d) The Securities and Exchange Board of India (Intermediaries) Regulations, 2008;
  - (e) The Securities and Exchange Board of India (Research Analyst) Regulations, 2014;
  - (f) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

- (g) The Securities and Exchange Board of India (Know Your Client) Regulations, 2011;
- (h) The Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992;
- (i) Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2015.

We have verified systems and mechanism which is in place and followed by the Company to ensure Compliance of these specifically applicable Laws i.e. laws mentioned in clause vi (in addition to the above mentioned Laws (i to v) and applicable to the Company) and we have also relied on the representation made by the Company and its Officers in respect of systems and mechanism formed / followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the 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 (Issue and Listing of Debt Securities) Regulations, 2008;
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has substantially 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 material 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 except for the composition of the Board of Directors which has been affected due to resignation of Directors for the period 27.07.2020 to 21.09.2020 and 02.01.2021 to 20.01.2021. Accordingly, the constitution of Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee was also affected during intermittent period of the financial year. The Company had taken effective steps within reasonable time for filling up the vacancies and have a proper constitution of the Board and Committees as per

the requirements of the Companies Act, 2013 and SEBI LODR Regulations. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

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

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

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of Acts, Laws and Regulations applicable to the Company, we report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period under review, the Company has evidenced following specific event/action:

- Pursuant to the approval of the Board of Directors of the Company and shareholders of the Company through postal ballot on November 20, 2020 and December 22, 2020 respectively, the Company commenced its buyback on December 30, 2020 and the same was closed on February 15, 2021.

Pursuant to above approval, the Company has come up with the Buy-back of equity shares of the Company from the open market through the stock exchanges for a total amount not exceeding ₹9,000 lakhs at a price not exceeding ₹ 54 per equity share (Maximum buy back price). The Company has bought back 17,000,394 equity shares under the buy-back scheme by utilizing ₹ 8,668.20 lakhs (excluding brokerage, transaction cost and taxes). All the shares bought back have been extinguished as per the records of the depositories.

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

**For Nilesh Shah & Associates**

**Nilesh Shah**

Company Secretaries

Date: 04.05.2021

FCS : 4554

Place: Mumbai

C.P. : 2631

UDIN: F004554C000237501

Peer Review No. 698/2020

## Annexure – A

To  
The Members,  
**IIFL Securities Limited**  
IIFL House, Sun Infotech Park,  
Road No. 16V, Plot No. B-23,  
Thane Industrial Area,  
Wagle Estate, Thane – 400 604

Dear Sir / Madam,

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records as was made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and we rely on Auditors Independent Assessment on the same.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
6. Due to COVID-19 outbreak and Lockdown situation, we have relied on the information, details, data, documents and explanation as provided by the Company and its officers and agents in electronic form without physically verifying their office and the documents shared to us were found to be adequate, to enable us to issue the report.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Nilesh Shah & Associates**

**Nilesh Shah**

Company Secretaries

FCS : 4554

C.P. : 2631

Peer Review No. 698/2020

Date: 04.05.2021

Place: Mumbai

UDIN: F004554C000237501

## Annexure – 5 to the Directors' Report

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

#### Conservation of energy:

The Company is engaged in providing financial services and, as such, its operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy. Several environment friendly measures were adopted by the Company which are:

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

The Management frequently puts circulars on the corporate intranet, India Infoline Web Desk information Network (IWIN), for its employees, educating them on ways and means to conserve electricity and other natural resources and ensures strict compliance of the same.

#### Technology absorption and innovation:

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

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

#### Highlights of the current year:

- The organization complied with various new norms, rules, changes & regulations raised by bodies such as SEBI, NSE, BSE, MCX & NCDEX in back office process, depository participant & front office applications.
- Client Reporting & Exchange reporting for these regulatory changes have been implemented as per given guidelines.
- The Company has partnered with Refinitiv for providing a much robust, scalable and the best in market trading solution. The solution provided will be entirely automated & managed by Refinitiv. This would avoid all kinds of manual intervention in the end of day/beginning of day process.
- New roll outs such as online Pledge for customers, Digi locker, UPI mandates for Mutual funds has helped us to comply with regulatory requirements & achieve customer satisfaction.
- We have increased our footprint on cloud technology which has in-turn helped us to have a more scalable and robust platform.
- As the Company continues to expand and amplify its business, we aim to further increase our digital presence and look forward to providing much better features, reports and service to our clients.



## Directors' Report

- The Company is doing continuous investments in skilled manpower, security & new technology to ensure that the organization is in line with the market trend, improve staff performance, enhance the security of data, expand storage and compute capacity.

As the Company continues to expand its geographic reach and enhance the scale of operations, it intends to further develop and integrate technology to support growth and improve service quality. Technology is a trusted ally in creating business value.

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

**Foreign Exchange Earnings/Outgo:**

Particulars	₹ in Million	
	FY 2020-21	FY 2019-20
<b>Earning in Foreign Currency</b>		
Advisory Fees & Research Income	290.48	124.88
<b>Total Earning</b>	<b>290.48</b>	<b>124.88</b>
<b>Expenses in Foreign Currency</b>		
Fees and Commission	53.38	133.12
Advertisement expense	16.92	11.96
Legal and professional charges	0.22	3.15
Marketing and commission expenses	7.57	2.41
Membership & subscription	0.58	0.35
Office expenses	1.72	0.45
Postage and courier	-	0.3
Software charges	57.92	45.08
Travelling and conveyance	1.20	1.67
<b>Total Expenses</b>	<b>139.51</b>	<b>198.49</b>

**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**

**R. Venkataraman**

Chairman and Managing Director

DIN: 00011919

Date: May 04, 2021

Place: Mumbai

# Business Responsibility Report

[Pursuant to Regulation 34(2)(f) of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	<b>Corporate Identity Number (CIN) of the Company</b>	L99999MH1996PLC132983
2	<b>Name of the Company</b>	IIFL Securities Limited
3	<b>Registered address</b>	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane- 400 604
4	<b>Website</b>	www.iiflsecurities.com
5	<b>E-mail ID</b>	secretarial@iifl.com
6	<b>Financial Year reported</b>	April 2020-March 2021
7	<b>Sector(s) that the Company is engaged in (industrial activity code-wise)</b>	NIC Code: 66120 and 66190 – The Company is engaged into broking and depository participant services, Investment banking and distribution of financial products
8	<b>List three key products/services that the Company manufactures/provides (as in balance sheet)</b>	Broking and depository participant services, Investment banking and distribution of financial products
9	<b>Total number of locations where business activity is undertaken by the Company</b>	
	(a) <b>Number of International Locations (Provide details of major 5)</b>	2 locations, USA and UK
	(b) <b>Number of National Locations</b>	IIFL Securities has a: Registered Office at Thane Corporate Office in Mumbai IIFL Securities and its subsidiaries have pan-India presence through a network of branches. The branches are spread over 15 states in India.
10	<b>Markets served by the Company– Local/State/ National/International</b>	IIFL Securities Limited serves its customers in national and international locations.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	<b>Paid up capital (₹)</b>	605,870,660
2	<b>Total turnover (₹ million)</b>	Consolidated : ₹ 8,676.20 Standalone : ₹ 7,600.79
3	<b>Total profit after taxes (₹ million)</b>	Consolidated: ₹ 2203.05 Standalone: ₹ 1,728.44
4	<b>Total Spending on Corporate Social Responsibility (CSR), spending as a percentage of profit after tax (%)</b>	₹ 39,572,801 i.e. 2% of its average net profit of last three financial years.
5	<b>List of activities in which expenditure in 4 above has been incurred</b>	Please refer <b>Annexure 1</b> of Board's Report forming part of the Annual Report.

## SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/Companies?**  
Yes – IIFL Securities Limited has 11 subsidiaries including step down subsidiary.
- Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**  
In FY2020-21, the Company and 3 of its subsidiaries undertook BR/CSR initiatives through India Infoline Foundation, which is the wholly-owned subsidiary of the Company.

## Business Responsibility Report

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

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

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### a) Details of the Director/Directors responsible for implementation of the BR policy/policies

No.	Particulars	Details
1	DIN	00011919
2	Name	R. Venkataraman
3	Designation	Chairman and Managing Director

#### b) Details of the BR head

No.	Particulars	Details
1	DIN (if applicable)	00011919
2	Name	R. Venkataraman
3	Designation	Chairman and Managing Director
4	Telephone number	+91 22 6108 6300
5	E-mail ID	secretarial@iifl.com

#### Principle-wise BR policy/policies

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

- P1** - Businesses should conduct and govern themselves with ethics, transparency and accountability
- P2** - Businesses should provide goods and services that are safe and that contribute to sustainability throughout their life cycle
- P3** - Businesses should promote the wellbeing of all employees
- P4** - Businesses should respect the interests of, and be responsive towards stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- P5** - Businesses should respect and promote human rights
- P6** - Businesses should respect, protect, and make efforts to restore the environment
- P7** - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- P8** - Businesses should support inclusive growth and equitable development
- P9** - Businesses should engage with and provide value to their customers and consumers in a responsible manner

#### a) Details of Compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for....	Y	Y (Refer note 1)	Y	Y	Y	NA (Refer note 2)	Y (Refer note 3)	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	NA	Y	Y	Y

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	The policies adopted by the Company are in conformity with the applicable rules and regulations.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Policies wherever stated have been approved by the Board/Committee of the Board/Senior Management of the Company and followed by the Company and its subsidiaries.								
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	NA	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	As per the provisions of the applicable laws, various policies of the Company have been uploaded on the website of the Company at <a href="https://www.indiaonline.com/securities/corporate-governance.php">https://www.indiaonline.com/securities/corporate-governance.php</a> . Other policies are internal documents and accessible only to employees of the Company.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the Company have an in-house structure to implement the policy/policies?	Yes, the Company has an in-house structure under the supervision of the management, where each business function is responsible for the implementation of the policies. These functions are headed by respective function heads, who manage and review the policies regularly. Further, the Company has constituted various Committees to oversee the implementation of these policies.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	NA	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	All policies and processes are reviewed annually by the Board and amended in line with the extant applicable regulations from time to time. All policies and processes are subject to internal audit and internal reviews from time to time.								

**Notes:**

- The Company is in the financial services business and hence this principle has limited applicability. The Company, however, comply with all applicable regulations in respect of their operations.
- The questions relating to principle 6 are not substantially relevant to the Company, given that it operates in the financial services sector. The Company complies with the applicable environmental norms in its areas of operations. The Company, along with its employees, makes continuous efforts to ensure that there is an optimum utilization of the available resources with minimum wastages.
- IIFL Securities Limited is the member of various associations; through which they provide various suggestions with respect to the development of the financial markets.

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

Keeping in view the nature of business of the Company such policy is not applicable.

## Business Responsibility Report

## 2. Governance related to BR

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

Annually.

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

The BR report for FY2020-21 is provided in the Annual Report and can be accessed through the following link: <https://www.indiainfoline.com/securities/financials.php>.

It is published annually.

including individual employees and their representative bodies to report, in good faith, unethical, unlawful or improper practices, acts or activities. The policy aims to administer good governance practices in the Company and to ensure that serious concerns are properly addressed. The policy provides direct access to the Chairman of the Audit Committee in exceptional cases. Also, the Company has in place Prevention of Sexual Harassment Policy for dealing with complaints of harassment. A report on the concerns received, if any and the manner in which they are dealt with is periodically placed before the Audit Committee/Board. During the FY 2020-21, the Company did not receive any complaint under Whistle Blower Policy and the Prevention of Sexual Harassment Policy.

Of the 44 customer complaints outstanding at the beginning of the year (April 1, 2020) and 2,832 complaints received during the period April 1, 2020 to March 31, 2021, 2,874 complaints have been resolved, indicating resolution rate of 99.93% and 2 complaints were pending on the date of this report.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

The Company is committed to act professionally, fairly and with integrity in all its dealings. The Company, through the Code of Conduct, has adopted a 'zero-tolerance' approach to bribery and corruption. The code is applicable to Directors and employees of the Company, as well as, its subsidiary companies.

Though, the Company's policies currently do not apply to external stakeholders such as suppliers, contractors, NGOs, etc.; it emphasizes on adherence to ethical business practises while dealing with such stakeholders.

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

Details of the number of complaints received from shareholders and attended during the financial year ended March 31, 2021 are given below:

Opening Balance	Received	Attended	Closing Balance
0	6	5	1

The Company has established a Vigil Mechanism/ Whistle Blower policy to enable Directors, Stakeholders,

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

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

IIFL Securities Limited is into stock broking, investment banking, depository participant services, portfolio management services, structured product and distribution of financial products.

Customers of the Company are provided online trading facilities through internet and offline trading through branches and customer care. All operations are carried out online through active support of branches and authorized persons under regulatory environment. All operations are in compliance with relevant rules and regulations. The Company's operations are seamless and communication with customers happens through mailers and text messages, thus creating minimal impact on the environment.

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

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

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

- i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?  
N.A.
  - ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?  
Please refer to the response under Principle 6.
- 3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**  
N.A.
- 4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**  
Wherever practically possible and feasible, IIFL Securities Limited has tried to improve the capacity and capability of local and small vendors by patronizing them to supply/provide different services required by the Company for its day-to-day administration/operations.
- 5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.**  
Considering that the Company is not a manufacturing unit, the reporting on recycle mechanism is not applicable. However, the solid waste management is done by using the recycled paper from disposed paper, tissue and cardboard waste. The Company has procedures in place to dispose e-waste through authorized e-waste vendors.

### **Principle 3 - Businesses should promote the wellbeing of all employees**

- 1. Please indicate the total number of employees.**  
The total number of employees as on March 31, 2021 stood at **1,804**.
- 2. Please indicate the total number of employees hired on temporary/contractual/casual basis.**  
The total number of employees hired on temporary/contractual/casual basis as on March 31, 2021 stood at 179.
- 3. Please indicate the number of permanent women employees.**  
The total number of women employees as on March 31, 2021 stood at 284.

**4. Please indicate the number of permanent employees with disabilities**

There are no employees with disability in the Company and its subsidiaries. However, the Company provides equal opportunity to all and does not discriminate on the basis of disabilities.

**5. Do you have an employee association that is recognized by the management?**

There is no employee association. However, mechanisms are in place for employees to represent their issues, if any, and the same are resolved amicably.

**6. What percentage of your permanent employees are members of this recognized employee association?**

N.A.

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

The Company does not engage in any form of child labour/forced labour/involuntary labour and does not implement any unfair employment practices. The Company has a Prevention of Sexual Harassment Policy (policy) and a formal process for dealing with complaints of harassment or discrimination. Also, the Company has constituted an Internal Complaints Committee for handling complaints under the said policy.

During FY2020-21, there were no complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**8. What percentage of your under mentioned employees were given safety and skill upgradation training in the last year?**

- (a) Permanent employees
- (b) Permanent women employees
- (c) Casual/Temporary/Contractual employees
- (d) Employees with disabilities

Employees' health and safety is of prime importance to the Company. The Company conducts robust and periodic training regarding fire safety and provides a good working knowledge of its Emergency Action Plan (EAP). Periodic fire evacuation drills and electrical and fire safety audits are conducted at the office locations, to sensitize employees about fire safety norms and regulations.

The Company has also taken various measures to help and support its employees during the COVID-19 pandemic. Most of the employees were enabled to work from

## Business Responsibility Report

home. The Company made necessary arrangement for temperature checks at entry points of the building, social distancing, installed hand sanitizer stations, undertook regular sanitization of high touch surfaces (like table tops, staircase railings, lift buttons, etc.). Employees who were infected got tested immediately with Company's mediclaim tie ups. Homeopathy medicines were given to all employees for building immunity.

IIFL Securities Limited has initiated various training and competency programs to strengthen capabilities of its people, and help them reach their full potential. There are specific training programs for new employee readiness and to prevent infant attrition in the Company. These programs enable employees of the Company to enhance their knowledge, skills and attitude. Our programs cover the areas of corporate induction, functional & compliance training, business orientation for VPs and above grade employees, and behavioral training. Regular structured training is imparted to employees on both domain as well as behavioral topics. Training is delivered through E-learning modes.

**Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders; especially those who are disadvantaged, vulnerable and marginalized.**

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

Yes.

The Company engages with various stakeholders namely, employees, customers, investors, shareholders, government and regulatory bodies, business associates, media, social organizations, etc. on a regular basis. The process of mapping of stakeholders is an ongoing exercise and is conducted on regular basis.

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

Yes. IIFL Securities Limited, through its wholly-owned subsidiary, India Infoline Foundation (IIFL Foundation) identifies disadvantaged, vulnerable and marginalized stakeholders. IIFL Foundation, through its dedicated team directs the CSR activities of the Company towards such stakeholders.

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

IIFL Securities Limited, through India Infoline Foundation, undertakes the following activities:

- Educating out-of-school girls in rural hamlets of Rajasthan.
- Supporting the government to promote literacy among children native to Scheduled Castes and Scheduled Tribes, by redevelopment of *Maa Baadi* centers, construction of schools, science laboratory and introduction of digital learning tools.
- Online training of women from rural areas, covering topics such as digital literacy, financial literacy and English language.
- Provides employment to over 1,000+ women through its flagship project, *Sakhiyon Ki Baadi*.
- Enabled farmers to generate secondary livelihood through promotion of animal husbandry.
- Donated oxygen concentrators to marginalized communities in Jammu and Kashmir, Palghar, etc.

IIFL Foundation's activities are focused around the areas of Health, Education, Livelihood and Poverty alleviation or HELP. The activities meet UN's Sustainability Development Goals – Quality Education (SDG 4), Gender Equality (SDG 5), Reduced Inequalities (SDG 10), Good Health & Well-being (SDG 3) and Affordable and Clean Energy (SDG 13).

More details are available in the Annual Report on CSR activities which is available in the **Annexure 1** to the Directors' Report.

**Principle 5 - Businesses should respect and promote human rights.**

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

Respecting and understanding human rights and addressing the potential human rights violation is important responsibility of any organization. IIFL Securities Limited has adopted several policies viz. Code of conduct, Policy against sexual harassment, Whistle Blower Policy, etc. to ensure that there are no violation of human rights in its conduct – externally or internally.

IIFL Securities Limited adheres to all statutes which embody the principles of human rights such as non-discrimination, prevention of child labour, prevention of sexual harassment, equal employment opportunities, etc. The Company provides a work environment in which all individuals are treated with fairness, respect

and dignity. Persons not directly connected to the Company viz., outside vendors, consultants, suppliers or customers are also expected to comply with principles of human rights in every respect.

**2. How many stakeholder complaints have been received in the past financial year and what percentage of these complaints were resolved satisfactorily by the management?**

The Company has not received any complaint governing this principle.

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

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

As mentioned under responses to Principle 2, given the nature of business of the Company, this principle is not substantially relevant to the Company. However, the Company and its subsidiaries comply with applicable environmental regulations.

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

The Company is engaged in the industry of providing services and not manufacturing of any goods, hence is a non-pollutant Company. However, being a responsible corporate citizen, the Company has been embracing sustainable products, processes, policies and practices. The Company emphasizes on cost efficient environment-friendly measures and on building awareness and consciousness of the environment among its employees. The Company's offices have been designed using energy efficient air conditioners, LED lights and other energy conservation measures. The Company has been reducing dependence on paper communications and encourages use of electronic means of communication which serves towards environmental protection and sustainable growth.

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

N.A.

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

The above question is not applicable to the Company as it is not a manufacturing Company.

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

As mentioned above, the Company participates in several initiatives in the area of environment and sustainability. The Company has also taken several measures to minimize the environmental impact due to business travel. These measures include carpooling, company bus service, video/audio conferencing facilities at all major offices. Further, the Company has adopted several digital platforms to reduce the use of paper and stationery.

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

The above question is not applicable to the Company as it is not a manufacturing Company.

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

Nil

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

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

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

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

During the year the Company has not taken up any issue through the aforesaid trade associations.

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

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

Yes. IIFL Securities Limited, through India Infoline Foundation, its wholly-owned subsidiary undertakes the following activities:



## Business Responsibility Report

IIFL Foundation is focusing on the four areas of Health, Education, Livelihood and Poverty Alleviation or HELP. IIFL Foundation's flagship program – *Sakhiyon Ki Baadi* (SKB), is dedicated to provide basic education to out-of-school girls in Rajasthan and mainstream them into the public schools. During the lockdown, education of nearly 36,000 girls under this project continued seamlessly due to adoption of digital tools and online platforms. IIFL Foundation supports the government to promote literacy among children native to Scheduled Castes and Scheduled Tribes, by redevelopment of *Maa Baadi* centers, construction of schools, science laboratory and introduction of digital learning tools. Further, the Foundation has enabled farmers to generate secondary livelihood by undertaking dairy production through promotion of Animal Husbandry.

IIFL Foundation is working proactively to support communities in fighting the pandemic. Under its mission, Conquer COVID, IIFL foundation has donated oxygen concentrators to several COVID care centers in Palghar, set up a makeshift COVID care center in Mumbai to support treatment of underprivileged patients, purchased oxygen concentrators for its own communities and so on.

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

IIFL Securities and its subsidiaries undertake various CSR projects through its wholly-owned subsidiary, India Infoline Foundation, a Section-8 Company under the Companies Act, 2013 (implementing agency).

**3. Have you done any impact assessment of your initiatives?**

India Infoline Foundation strictly monitors the activities undertaken pursuant to the CSR Policy of the Company. As per the provisions of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, impact assessment of the CSR projects undertaken for FY2020-21 is not applicable.

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

Please refer to Annual Report on CSR activities annexed to Directors' Report as **Annexure 1**.

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

Yes. All the community school programs are implemented with active participation of the community by constituting *Chaupal* Committee (a school inspiration committee) comprising members from community viz. *sarpanch*, *ward-panch*, elderly members, women

representative. They participate in decisions regarding the school such as location, appointment of teacher, school timing, etc. This ensures that the community owns the program and works towards achieving the goals and objectives. Community is made a part of the program and is encouraged to adopt the learning centres, thus promoting sustainability of the initiative.

The women participants that attend online training programs on digital literacy and English, are encouraged to hold training sessions for women and girls from their community and neighbourhood. They shall then in return, teach new set of women and girls.

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

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

The percentage of customer complaints pending as on date of this report – 0.07%

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

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

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

IIFL Securities Limited regularly advertises its products and offerings as per regulatory guidelines. Whenever the Company receives enquiries or issues by the regulators, the same are addressed promptly and it is ensured that the regulatory guidelines are adhered to.

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

The Company interacts with its clients for consumer survey/consumer satisfaction trends. The Company keeps track of responses/comments on its social media platforms.

For and on behalf of the Board

**R. Venkataraman**

Date: May 04, 2021  
Place: Mumbai

Chairman & Managing Director  
DIN: 00011919

# Corporate Governance Report

This report relates to FY2020-21 and has been prepared in accordance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations').

## 1. CORPORATE GOVERNANCE PHILOSOPHY

IIFL Securities Limited (the Company) follows sound corporate governance practices, staying true to its values of FIT, i.e. Fairness, Integrity and Transparency.

The Company firmly believes that performance driven by integrity, adherence to business ethics and good governance will help it realize its vision of 'being one of the most respected financial services companies in the capital markets space in India'.

The Company's corporate governance framework is based on an effective independent Board of Directors (Board) and the separation of the Board's supervisory role from the executive management.

### CORPORATE GOVERNANCE STRUCTURE



The Company has various policies in place which form the foundation of its strong corporate governance ethos. These include code of conduct for Directors, Senior Management and other employees, code of conduct for prevention of insider trading, whistle-blower policy, among others. The Company has a well-defined code of practices and procedures for fair disclosure of unpublished price sensitive information, based on the principles of transparency, timeliness, fairness and continuity of information. These policies are reviewed periodically and are implemented in a timely manner.

Succession planning is key to ensure the organisation sustains no major setback in case the talent exits, retires or even decease. IIFL Securities believes strongly in having a successful succession planning for its key positions. The process involves nurturing the next set of leaders by way of development programs incorporated from time to time in their careers. The talent is handpicked basis performance and potential. Skill sets

are identified and appropriate development interventions are done from time to time.

The Company provides various online trainings to the employees for creating awareness on diverse topics of ethical behavior.

A video module is designed to create awareness on the implications and penalties for:

- Non-compliance with Anti-Money Laundering laws
- Due diligence measures undertaken by the Company to deter money laundering and terrorist financing
- Familiarizing the employees with current practices for preventing money laundering and identifying financial crimes

To educate the employees about handling information security threats and minimizing their impact, an

## Corporate Governance Report

e-learning course has been introduced, namely, Information & Cyber Security Awareness and Policies.

An online course has also been designed to increase employee understanding of sexual harassment, its prevention and methods for reporting sexual harassment, if it happens.

Privacy has always been important for the Company and for its customers. But, as more of its data becomes digitalized, and the Company shares more information online, data privacy is taking on greater importance. The Company created a module for generating employee awareness on data privacy.

**Employees completed training on Anti-Money Laundering, Information & Cyber Security**

99%

As on March 31, 2021

**Employees completed the module on Sexual Harassment of Women at the Work place (Prevention, Prohibition and Redressal) Act, 2013**

82%

As on March 31, 2021

**Employees completed the module on data privacy awareness**

86%

As on March 31, 2021

## 2. BOARD OF DIRECTORS

### (a) Composition of the Board of Directors:

The Board of the Company comprises a combination of executive and non-executive directors (including one independent woman director), in accordance with the provisions of Companies Act, 2013 and SEBI Listing Regulations as amended from time to time. The Board provides leadership, strategic guidance and discharges its fiduciary duties of safeguarding the interest of the Company and its stakeholders.

The Chairman of the Board is an Executive Director and majority of the Board comprises Non-Executive Independent Directors. None of the Directors of the Company are related to each other. The Board has received declarations from the Independent Directors and in its opinion, the Independent Directors satisfy the criteria of independence as specified in the SEBI Listing Regulations as well as Companies Act, 2013 and are independent of the management.

The composition of the Board as on March 31, 2021 is as follows:

Category	Name of the Directors
<b>Executive Directors</b>	Mr. R. Venkataraman (Chairman & Managing Director) (Co-Promoter)
	Mr. Narendra Jain (Executive Director)
<b>Independent Directors</b>	Ms. Rekha Warriar (Independent Director-Non Executive)
	Mr. Shamik Das Sharma (Independent Director-Non Executive)
	Mr. Anand Shailesh Bathiya (Independent Director-Non Executive)
	Mr. Viswanathan Krishnan (Additional Director, Independent -Non Executive)

### (b) Matrix Chart of Core Skills/Expertise/Competencies of the Board Members

The Company's Board consists of members having diverse set of expertise, experience, skills and backgrounds. For purposes of Board composition, diversity includes, but is not limited to, educational and functional background, industry experience, geography, age, gender, and ethnicity. Accordingly, a matrix chart setting out the core skills, experience, and competencies of the Board of Directors is mentioned below.

Technical Skills/ Experience/competencies	Mr. R. Venkataraman	Mr. Narendra Jain	Ms. Rekha Warriar	Mr. Shamik Das Sharma	Mr. Anand Shailesh Bathiya	Mr. Viswanathan Krishnan
Sector knowledge	✓	✓	✓	✓	✓	✓
Accounting and Finance	✓	✓	✓	✓	✓	✓
Corporate Governance and Compliance	✓	-	✓	-	✓	✓
Marketing experience	✓	✓	-	-	-	-
Leadership and Strategy planning	✓	✓	✓	✓	✓	✓
Information Technology	✓	✓	-	✓	-	✓
Stakeholders Relationship	✓	✓	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓

### (c) Annual Evaluation of the Board

The Nomination and Remuneration Committee has approved the Policy on Performance Evaluation, framed in accordance with the relevant provisions of the Companies Act, 2013, SEBI Listing Regulations and SEBI circular dated January 5, 2017 which provides further clarity on the process of board evaluation ('SEBI Guidance Note').

In accordance with the said policy, the evaluation of performance of the Board of Directors, Board Committees and the individual Directors has been carried out on the basis of a structured questionnaire comprising of evaluation criteria forming part of the policy, through peer evaluation, excluding the Director being evaluated.

The criteria for performance evaluation are as under:

#### Evaluation of Individual Director:

The Individual Director's performance is evaluated based on his/her level of participation and contribution to the performance of Board/Committee(s) meetings, qualification & experience, knowledge and competency, fulfillment and ability to function as a team, initiatives taken, adherence to the rules/regulations, having independent views and judgement, providing guidance to senior management and Board members, etc.

#### Chairman's Performance Evaluation:

Providing effective leadership, setting effective strategic agenda of the Board, promoting effective participation by the Board members, establishing effective communication with all stakeholders, etc.

### Evaluation of Committees:

Sufficiency in the scope for addressing the objectives, effectiveness in performing the key responsibilities, adequacy in composition and frequency of meetings, quality of relationship of the Committee with the Board and the management, clarity of agenda discussed, discussion on critical issues, clarity of role and responsibilities, etc.

### Evaluation of the Board as a whole:

Providing entrepreneurial leadership to the Company, having clear understanding of the Company's core business and strategic direction, maintaining contact with management, ensuring integrity of financial controls and systems of risk management, making high quality decisions, maintaining high standards of integrity and probity, etc.

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

As mandated by the SEBI Listing Regulations, none of the Directors on the Board of the Company is a Member of more than 10 specified Committees and a Chairman of more than 5 specified Committees across all the Indian public limited companies in which they are Directors. The Board's composition and in respect of each Director, the category of directorship, the number of board meetings attended during the year, attendance at the last Annual General Meeting (AGM), number of directorship(s) in other companies, names of listed entities where he/she is a director, chairmanship(s) and membership(s) of Committees held by him/her in other public limited companies are given below.

Name of the Director (DIN)	Category	Number of Board Meetings held during the tenure	Number of Board Meetings attended	Attendance at last AGM	Number of Directorship(s) in other Indian Public Companies <sup>AA</sup>	Names of other listed entities where serving as a Director as on March 31, 2021	Membership/Chairmanship of Committees (including IIFL Securities Limited)&	
							Member	Chairman
Mr. Kranti Sinha <sup>S</sup> (00001643)	Chairman, Non-Executive Independent Director	2	2	Yes	NA	NA	NA	NA
Mr. Mohan Radhakrishnan* (00012070)	Whole-Time Director	5	5	Yes	NA	NA	NA	NA
Mr. Narendra Jain (01984467)	Whole-Time Director	8	8	Yes	3	Nil	2	0

## Corporate Governance Report

Name of the Director (DIN)	Category	Number of Board Meetings held during the tenure	Number of Board Meetings attended	Attendance at last AGM	Number of Directorship(s) in other Indian Public Companies <sup>^^</sup>	Names of other listed entities where serving as a Director as on March 31, 2021	Membership/Chairmanship of Committees (including IIFL Securities Limited)&	
							Member	Chairman
Ms. Rekha Warriar (08152356)	Non-Executive Independent Director	8	7	Yes	2	1. IIFL Wealth Prime Limited (Non-Executive Independent Director)	4	1
Mr. R. Venkataraman (00011919)	Chairman & Managing Director	8	8	Yes	5	1. IFL Finance Limited (Managing Director) 2. IIFL Wealth Management Limited (Non-Executive Director) 3. IIFL Home Finance Limited (Non-Executive Director)	3	1
Mr. Shamik Das Sharma* (07779526)	Non-Executive Independent Director	8	8	Yes	0	Nil	1	0
Mr. Anand Shailesh Bathiya <sup>@</sup> (03084831)	Non-Executive Independent Director	5	5	NA	2	1. Goldcrest Corporation Limited (Non-Executive Independent Director) 2. Cinline India Limited (Non-Executive Independent Director)	4	3
Mr. Viswanathan Krishnan <sup>#</sup> (09026252)	Non-Executive Independent Director	2	2	NA	0	Nil	1	1

**Note:**

<sup>§</sup>Mr. Kranti Sinha, Chairman and Independent Director retired from the Board and various committees of the Company w.e.f July 27, 2020 upon completion of his tenure. Mr. R. Venkataraman was appointed as the Chairman of the Company w.e.f. October 16, 2020.

\*Consequent to the resignation of Mr. Mohan Radhakrishnan due to personal reasons, he ceased to be an Executive Director & Chief Compliance Officer of the Company w.e.f. January 02, 2021.

<sup>†</sup>Mr. Shamik Das Sharma was appointed as an Additional Director (Independent-Non-Executive) of the Company w.e.f. January 14, 2020 and subsequent to the approval of the shareholders at the 25<sup>th</sup> Annual General Meeting of the Company held on June 30, 2020, he was appointed as an Independent Director for a term of five consecutive years w.e.f. January 14, 2020.

<sup>@</sup>Mr. Anand Bathiya was appointed as an Additional Director (Independent-Non-Executive) w.e.f. September 22, 2020 and subsequent to the approval of the shareholders of the Company through postal ballot on December 22, 2020 he was appointed as an Independent Director for a term of five consecutive years w.e.f. September 22, 2020.

<sup>#</sup>The Board approved the appointment of Mr. Viswanathan Krishnan as an Additional Director (Independent-Non-Executive) w.e.f. January 21, 2021 till the conclusion of the ensuing Annual General Meeting (AGM) and subject to the approval of the shareholders at the ensuing AGM for his appointment as an Independent Director for a term of five consecutive years w.e.f. January 21, 2021.

<sup>§</sup>The committees considered for the above purpose are those prescribed in the SEBI Listing Regulations viz. Audit Committee and Stakeholders' Relationship Committee.

<sup>^^</sup>Listed entities also include companies having debt securities listed on recognized stock exchanges and excludes directorships of private limited companies, foreign companies and Section 8 companies.

### Number of Board Meetings held, the dates thereof, and the information provided to the Board:

Except in case of emergent meetings, convened to take care of exigencies of business, the Company gives adequate notice of meetings to the Board of Directors. The meetings held at a shorter notice were attended by adequate number of Independent Directors and were in compliance with the provisions of the Companies Act, 2013. During FY2020-21, 8 board meetings were held on the following dates:

- May 15, 2020
- July 18, 2020
- September 15, 2020
- October 16, 2020
- November 20, 2020
- January 21, 2021
- February 12, 2021
- March 10, 2021

The gap between any two successive meetings did not exceed 120 days. For certain matters, the Board's approval was taken by passing resolution/s through circulation, as permitted by law, which were noted in the subsequent meeting/s of the Board of Directors.

During the year under review, the information mentioned in Part A of Schedule II of the SEBI Listing Regulations, was placed before the Board, from time to time, for their consideration, to the extent applicable and deemed appropriate by the management. This information was made available as a part of the agenda papers or in exceptional cases, tabled at the board meeting/s.

#### Overall attendance rate at Board meetings

97.92%

#### (e) Separate Meetings of Independent Directors:

In compliance with the provisions of the Companies Act, 2013 and Regulation 25 of SEBI Listing Regulations, a separate meeting of Independent Directors of the Company was held on March 01, 2021, *inter alia*, to discuss and review the following:

- Performance of Non-Independent Directors and the Board as a whole
- Performance of the Chairman of the Company
- 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.

#### (f) Familiarization program for Independent Directors:

Periodic presentations are made at the Board and Committee meetings on business and operations of

the Company, risk management, updates on relevant statutory changes, and so on. The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's operations, procedures and practices. The details of such familiarization programs of the Company can be accessed on the Company's website at [https://www.indiaonline.com/securities/reports/Familiarisation\\_Programme.pdf](https://www.indiaonline.com/securities/reports/Familiarisation_Programme.pdf).

### 3. Committees of the Board

The Board has constituted the following 6 Committees in accordance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. These Committees are re-constituted from time to time, wherever necessary.

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

The Chairman of the Board/Chairman of the respective Committees, in consultation with the Company Secretary determine the schedule for the Committee meetings. The minutes of all the Committee meetings are placed at its subsequent meeting for confirmation and also before the Board for its noting. The recommendations of the Committees are placed before the Board for approval, wherever required. During the year, all mandatory recommendations made by the Committees, were accepted by the Board.

The details with respect to the composition, terms of reference, meetings and attendance of various Committees, are given below:

#### A. AUDIT COMMITTEE

**The broad terms of reference of the Audit Committee are as under:**

1. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
2. Recommendation for appointment, re-appointment & replacement, remuneration and terms of appointment of auditors of the Company
3. Approval of payment to statutory auditors for any other services they have rendered to the Company

## Corporate Governance Report

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. 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
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by the management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications/modified opinions in the draft audit report
5. Reviewing, the quarterly financial statements with the management before submission to the Board for approval
6. 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 utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process
8. Scrutiny of inter-corporate loans and investments
9. Valuation of undertakings or assets of the Company, wherever necessary
10. Evaluation of internal financial controls and risk management systems
11. Monitoring the end use of funds raised through public offers and related matters, if any
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
13. Reviewing the adequacy of 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 internal audit
14. Discussing with internal auditors of any significant findings and following up there on
15. 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
16. Discussing with statutory auditors before the commencement of the audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
17. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statements 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
18. 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
19. To establish and review the functioning of the whistle blower mechanism
20. Approval of appointment of the Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate
21. Related Party Transactions:
 

Granting approval/omnibus approval for transaction(s) with the related parties, subject to conditions as may be prescribed under the policy on Related Party Transaction of the Company or any other applicable laws, regulations, guidelines or any subsequent modification in the transactions thereof
22. Review of:
  - a. Management Discussion and Analysis of financial condition and results of operations
  - b. Statement of significant related party transactions (as defined by the audit committee), submitted by the management
  - c. Management letters/letters of internal control weaknesses issued by the statutory auditors

- d. Internal audit reports relating to internal control weaknesses
- e. Appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the audit committee
- f. Statement of deviations including:
- i. 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 SEBI Listing Regulations
- ii. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations
- g. The utilization of loans and/or advances from/investment by the holding company in the subsidiary > ₹ 100 crore or 10% of asset size of the subsidiary, whichever is lower, including existing loans/advances/investments
23. To investigate into any matter in relation to the terms of reference of the Audit Committee or referred to it by the Board 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
24. Carrying out any other terms of reference as may be decided by the Board or specified/provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority

#### Composition, Meetings and Attendance

During FY2020-21, the Audit Committee of the Company met 4 times on:

- May 15, 2020
- July 18, 2020
- October 16, 2020
- January 21, 2021

The necessary quorum was present at the meetings. The gap between two Audit Committee meetings was not more than 120 days.

The constitution and the number of meetings attended by the members are as under:

Member*	Category	Meetings held#	Meetings attended
Mr. Kranti Sinha (Chairman)	Independent Director	02	02
Mr. Narendra Jain	Whole-Time Director	04	04
Ms. Rekha Warriar	Independent Director	04	04
Mr. Anand Shailesh Bathiya (Chairman)	Independent Director	01	01
Mr. Shamik Das Sharma	Independent Director	04	04
Mr. Viswanathan Krishnan	Independent Director	Nil	Nil

\* No. of meetings held during the tenure of the Director/Member in the Committee.

*\*During the year, the Audit Committee was re-constituted. As on March 31, 2021 the Committee comprised of three Independent Directors (Mr. Anand Bathiya, Mr. V. Krishnan and Ms. Rekha Warriar) and one Executive Director (Mr. Narendra Jain). Mr. Anand Bathiya, an Independent Director, is the Chairman of the Committee. All the members of the Audit Committee are financially literate and possess thorough knowledge of the financial services industry.*

Audit Committee meetings are attended by the Chief Financial Officer of the Company and partners/representatives of Statutory Auditors and Internal Auditors. 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 June 30, 2020.

#### B. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee works with the Board, in determining the attributes, skills and experience required for the Board as a whole, as well as, for individual members and recommends the appointment and remuneration of Directors/Senior Management.

#### The Broad Terms of Reference of Nomination and Remuneration Committee are as under:

1. Formulate criteria and manner for effective evaluation of performance of Board, its committees and individual Directors and review its implementation and compliance
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 –
  - 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



## Corporate Governance Report

- 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.
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal
  - Suggest whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors
  - Devise a policy on diversity of the Board of Directors
  - Recommend to the Board all remuneration, in whatever form, payable to the Senior Management
  - Administration of the Company's employee stock option schemes

**Composition, Meetings and Attendance**

During the year under review, the Nomination and Remuneration Committee of the Company met 3 times on:

- May 15, 2020
- November 20, 2020
- January 07, 2021

The necessary quorum was present at the meetings. The details of attendance of each member of the Committee at the Meeting of the Committee are given below:

**a) Details of Remuneration paid to Directors during FY2020-21 and details of the number of shares and convertible instruments held by Directors as on March 31, 2021 are as under:**

Name of the Director	Designation	Salary (₹ million)*	Perquisite (₹ million)	Commission (₹ million)	Sitting Fees (₹ million)	Contribution to PF and other funds (₹ million)	Stock options (quantity)	Number of shares held
Mr. Kranti Sinha	Independent Director	NA	NA	1	0.14	NA	NA	115,000
Mr. Mohan Radhakrishnan	Whole-Time Director	10.87	5.02	NA	NA	0.37	75,000	107,500
Mr. Narendra Jain	Whole-Time Director	6.34	0.29	NA	NA	NA	77,000	67,500
Ms. Rekha Warriar	Independent Director	NA	NA	0.92	0.44	NA	NA	NIL
Mr. R. Venkataraman	Managing Director	35.30	0.04	NA	NA	0.32	NA	11,184,432
Mr. Shamik Das Sharma	Independent Director	NA	NA	0.25	0.48	NA	NA	NIL
Mr. Anand Shailesh Bathiya	Independent Director	NA	NA	NA	0.32	NA	NA	NIL
Mr. Viswanathan Krishnan	Independent Director	NA	NA	NA	0.12	NA	NA	NIL

\*The above figures does not include gratuity, ex-gratia payment and administrative charges.

Members*	Category	Meetings held#	Meetings attended
Ms. Rekha Warriar (Chairperson)	Independent Director	3	3
Mr. Kranti Sinha	Independent Director	1	1
Mr. Shamik Das Sharma	Independent Director	3	3
Mr. Anand Bathiya	Independent Director	2	2

# No. of meetings held during the tenure of the Director/Member in the Committee.

\*During the year, the Nomination and Remuneration Committee was re-constituted. As on March 31, 2021 the Committee comprised three Independent Directors i.e. Ms. Rekha Warriar as the Chairperson, Mr. Anand Bathiya, Independent Director and Mr. Shamik Das Sharma, Independent Director.

The Company Secretary of the Company acts as the Secretary of the Committee. The Chairperson of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on June 30, 2020.

The Company's Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as **Annexure 2** to the Directors' Report and is also available on the website of the Company at <https://www.indiaonline.com/securities/reports/NR-Policy-120521.pdf>.

**Notes:**

1. Mr. Narendra Jain had been granted 2,000 ESOPs under IIFL Securities Employee Stock Option Scheme 2019-Demerger Scheme and 75,000 ESOPs under IIFL Securities Limited Employee Stock Option Scheme 2018.

During the year under review, Mr. Narendra Jain was allotted 2,000 ESOPs under IIFL Securities Employee Stock Option Scheme 2019-Demerger Scheme and 7,500 ESOPs under IIFL Securities Limited Employee Stock Option Scheme 2018.

2. Mr. Mohan Radhakrishnan had been granted 75,000 ESOPs under IIFL Securities Limited Employee Stock Option Scheme 2018.

During the year, Mr. Mohan Radhakrishnan was allotted 7,500 ESOPs under IIFL Securities Limited Employee Stock Option Scheme 2018.

3. Pursuant to the sections 178, 197, 198 and any other applicable provisions of the Companies Act, 2013 [including any statutory modification(s) or re-enactment(s) thereof] and SEBI Listing Regulations, and in terms of the approval of the Board vide resolution dated May 15, 2020 and the approval of the shareholders dated June 30, 2020, the Company has created a provision for payment of commission to Independent Directors for FY2020-21 of ₹ 10 lakh on a pro-rata basis, considering their tenure, contribution to the Board/committees, attendance at the meeting, among other things.
4. The term of office of Mr. R. Venkataraman as the Managing Director and Mr. Narendra Jain as the Whole-time Director is of five years from their respective date of appointment i.e. May 15, 2019 and May 13, 2019.
5. The term of office of Mr. Kranti Sinha expired w.e.f. July 27, 2020 upon completion of his tenure. The term of office of Ms. Rekha Warriar, Mr. Shamik Das Sharma and Mr. Anand Shailesh Bathiya as an Independent Director on the Board of the Company is five years from their respective date of appointment i.e. May 08, 2019, January 14, 2020 and September 22, 2020. Further, the term of office of Mr. Viswanathan appointed as an Additional Director (Independent Non-Executive) w.e.f. January 21, 2021 is till the conclusion of the ensuing Annual General Meeting (AGM) and thereafter, as an Independent Director for a term of five years w.e.f. January 21, 2021, subject to approval of the shareholders in the ensuing AGM.

**b) Remuneration to Non-Executive/Independent Directors:**

During the year under review, the Independent Directors were paid ₹ 30,000 towards sitting fees for attending each of the Board meeting, Audit Committee meeting

and Independent Directors' meeting and were paid ₹ 15,000 towards attending each of the other committee meetings plus the reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. The Company has not granted any Employee Stock Options to the Independent Directors. There are no pecuniary relationships or transactions of the Non-Executive Directors with the Company.

**C. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Stakeholders' Relationship Committee constituted by the Board oversees matters relating to the interest of the stakeholders as well as quality of investor services provided by the Company.

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

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
2. Review measures taken for effective exercise of voting rights by shareholders
3. Review adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent
4. Review the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company

**Composition, Meetings and Attendance**

During the year under review, the Stakeholders' Relationship Committee of the Company met once on March 01, 2021. The necessary quorum was present at the meeting.

The details of attendance of each member of the Committee at the meeting are given below:

Members*	Category	Meetings held#	Meetings attended
Ms. Rekha Warriar (Chairperson)	Independent Director	1	1
Mr. Kranti Sinha	Independent Director	NA	NA
Mr. Narendra Jain	Executive Director	1	0
Mr. Shamik Das Sharma	Independent Director	1	1

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*During the year, the Stakeholders' Relationship Committee was reconstituted. As on March 31, 2021, the members of the Committee comprised two Independent Directors i.e. (Ms. Rekha Warriar as the Chairperson and Mr. Shamik Das Sharma as the member) and one Executive Director i.e. Mr. Narendra Jain as the member.*

*\*No. of meetings held during the tenure of the Director/Member in the Committee.*

The Chairman of the Stakeholders' Relationship Committee was present at the last Annual General Meeting of the Company held on June 30, 2020.

Details of the number of complaints received from shareholders and attended during the financial year ended March 31, 2021 are given below:

Opening	Received	Attended	Closing Balance
0	6	5	1

Pursuant to Regulation 34(3) and Schedule V Part F of the SEBI Listing Regulations, there are no shares lying in the suspense account as on March 31, 2021. Further, no pledge has been created over the equity shares held by the promoters.

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

<b>Name and designation:</b>	Ms. Meghal Shah, Company Secretary & Compliance Officer
<b>Corporate Office Address:</b>	Office No 1, Gr Flr, Hubtown Solaris, N. S. Phadke Marg, Andheri, Vijay Nagar, Mumbai - 400 069
<b>Contacts:</b>	Tel: +91 22 6108 6300 E-mail: secretarial@iifl.com

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

#### D. Corporate Social Responsibility Committee

**The broad terms of reference of the Corporate Social Responsibility Committee (CSR) are mentioned below:**

1. Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subjects, specified in Schedule VII
2. Recommending the amount of expenditure to be incurred on CSR activities
3. Instituting a transparent monitoring mechanism for implementation of the CSR activities to be undertaken by the Company
4. Such other functions as may be entrusted to it by the Board of Directors, from time to time

#### Composition, Meeting and Attendance

During the year under review, the CSR Committee of the Company met once on March 24, 2021. The necessary quorum was present at the meetings.

The details of attendance of each member of the Committee at the meeting are given below:

Members*	Category	Meeting held#	Meeting attended
Mr. Kranti Sinha	Independent Director	NA	NA
Mr. Mohan Radhakrishnan	Executive Director	NA	NA
Mr. Narendra Jain	Executive Director	1	1
Mr. Anand Bathiya (Chairman)	Independent Director	1	1
Mr. Viswanathan Krishnan	Independent Director	1	1

*\*During the year, the CSR Committee was reconstituted. As on March 31, 2021 the members of the Committee comprised three Directors i.e. Mr. Anand Bathiya, Independent Director, as the Chairman, Mr. V. Krishnan, Independent Director and Mr. Narendra Jain, Executive Director.*

*\*No. of meetings held during the tenure of the Director/Member in the Committee.*

#### E. Risk Management Committee

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

1. To formulate and recommend to the Board the Risk Management policy of the Company
2. To review and monitor the implementation of the Risk Management policy of the Company and its regulated subsidiaries
3. To assess the risk profile of the Company and key areas of risk including cyber security
4. To oversee risk management process, systems and measures implemented to mitigate the same
5. Any other matter as may be mandated/referred by the Authority/Board

#### Composition, Meeting and Attendance

During the year under review, the Risk Management Committee met twice on

- October 16, 2020
- March 25, 2021

The necessary quorum was present at both the meetings.

The details of attendance of each member of the Committee at the meeting are given below:

Members*	Category	Meetings held#	Meetings attended
Ms. Rekha Warriar (Chairperson)	Independent Director	1	1
Mr. Mohan Radhakrishnan	Executive Director	1	1
Mr. Narendra Jain	Executive Director	2	2
Mr. Shamik Das Sharma	Independent Director	2	2
Mr. Arindam Chanda	Chief Executive Officer	1	1
Mr. Anand Bathiya	Independent Director	2	2
Mr. Viswanathan Krishnan (Chairman)	Independent Director	1	1

\*During the year, the Risk Management Committee was reconstituted. As on March 31, 2021 the Committee comprised four members i.e. Mr. V. Krishnan - Independent Director as the Chairman, Mr. Anand Bathiya - Independent Director, Mr. Narendra Jain- Executive Director, and Mr. Shamik Das Sharma-Independent Director.

#No. of meetings held during the tenure of the Director/Member in the Committee.

## F. Finance Committee

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

- To borrow funds for and on behalf of the Company up to the maximum amount as determined by the Board of Directors of the Company from time to time.
  - To invest funds of the Company from time to time in equity shares, preference shares, debt securities, bonds, whether listed or unlisted, secured or unsecured, fixed deposits, units of mutual fund, security receipts, securities, etc. taking into consideration all investment parameters up to the maximum amount as determined by the Board of Directors of the Company from time to time and also to enter into any agreements including but not limited to enter into Share Purchase Agreement, Share Subscription Agreement, Shareholders Agreement, etc. as may be required to give effect to such transaction(s)
  - To allot securities of the Company including equity shares, preference shares, debt securities, bonds, etc. from time to time
  - To borrow funds for meeting the short/long term requirements of the Company by issuing Commercial Paper including redemption and buyback of Commercial Paper and also to list the same as per the SEBI Regulations, term loan from bank, etc.
  - To avail intraday facilities from Banks/Financial Institution upto ₹ 3,000 crore
- To offer assurances on behalf of subsidiaries, in the form of guarantee, security, undertakings, letters (including without limitation, letter of comfort), deeds, declarations or any other instruments in connection with loan availed by them from Bank, Financial Institution, Non-Banking Financial Companies, other body corporates, etc. upto such limit, if applicable, as delegated/decided by the Board from time to time
  - Powers relating to issuance and allotment of debentures:
    - To determine terms and conditions and number of debentures to be issued
    - Determining timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of over subscription, if any and early redemption thereof
    - To approve and make changes to the Draft Prospectus, to approve the Final Prospectus, including any corrigendum, amendments, supplements thereto, and the issue thereof
    - To approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilization of the issue proceeds, modify or alter any terms and conditions, including size of the issue, as it may deem expedient, extension of issue and/or early closure of the issue.

### Composition, Meeting and Attendance

During the year under review, the Finance Committee met 3 times on:

- November 27, 2020
- December 16, 2020
- March 01, 2021

The details of attendance of each member of the Committee are given below:

Members*	Category	Meetings held#	Meetings attended
Mr. R. Venkataraman	Managing Director	3	3
Mr. Mohan Radhakrishnan	Executive Director	2	2
Mr. Narendra Jain	Executive Director	3	3
Mr. Arindam Chanda	Chief Executive Officer	2	2
Mr. Ronak Gandhi	Chief Financial Officer	3	3

## Corporate Governance Report

*\*During the year, the Finance Committee was re-constituted. As on March 31, 2021 the Committee comprised of Mr. R. Venkataraman – Managing Director, Mr. Narendra Jain - Executive Director and Mr. Ronak Gandhi - Chief Financial Officer.*

*\*No. of meetings held during the tenure of the Director/Member in the Committee.*

### BUY BACK COMMITTEE

During the year, the Board constituted an Adhoc Committee comprising of Mr. R. Venkataraman - Chairman & Managing Director, Mr. Narendra Jain - Whole Time Director and the Mr. Ronak Gandhi - Chief Financial Officer ("Buyback Committee") to do all such acts, deeds, matters and things in connection with the Buyback of equity shares of the Company.

#### The broad terms of reference of the Buyback Committee are as under:

- i. appoint any intermediaries/agencies/persons as may be required for the purposes of the Buyback and decide, settle and vary the remuneration for all such intermediaries/agencies/persons, including by the payment of commission, brokerage, fee, charges etc;
  - ii. to enter into escrow arrangements as may be required in terms of the Buyback Regulations;
  - iii. approving the terms of Buyback like the schedule of activities for Buyback including finalizing the date of opening and closing of Buyback, the timeframe for completion of the Buyback, acceptances of shares received from the shareholders in the Buyback;
  - iv. opening, operation and closure of all necessary accounts including bank accounts, escrow bank account, special escrow bank account, depository accounts (including escrow account), trading account with the Broker/Manager to the Buyback, for the purpose of payment and authorizing persons to operate the said accounts;
  - v. making all applications to the Appropriate Authority for their requisite approvals including approvals as may be required from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules and regulations framed there under, if any;
  - vi. approving and signing of the Buyback public announcement;
  - vii. approving extinguishment of dematerialized shares and physical destruction of share certificates as required under applicable law;
  - viii. sign, execute and deliver such other documents, deeds and writings and to do all such acts, matters and things as it may, in its absolute discretion deem necessary, expedient or proper, to be in the best interest of the shareholders for the implementation
- of the Buyback, and to initiate all necessary actions for preparation and issue of various documents and such other undertakings, agreements, papers, documents and correspondence as may be necessary for the implementation of the Buyback to the SEBI, RBI, ROC, stock exchanges, depositories and/or other Appropriate Authorities;
  - ix. obtaining all necessary certificates and reports from statutory auditors and other third parties as required under applicable law;
  - x. to give such directions as may be necessary or desirable and to settle any questions or difficulties whatsoever that may arise in relation to the Buyback;
  - xi. to delegate all or any of the authorities conferred on them to any Director(s)/Officer(s)/Authorized Signatory(ies)/Representative(ies) of the Company;
  - xii. to do all such acts as it may, in its absolute discretion deem necessary, expedient or proper for the implementation of the Buyback;
  - xiii. To authorise Director/Officer to place a "buy" order on a daily basis for the buyback of the Demat Shares, by indicating to the Company's broker, the number of equity shares which the Company intends to buy along with the price for the same; and
  - xiv. To close the Buyback of shares at such date as may be determined by the Board/Committee, in its absolute discretion after reaching minimum number of shares to be bought back, irrespective of whether the Maximum Buy-back Offer Shares have not been bought back, by giving an appropriate notice for such date and completing all formalities in this regard, in accordance with the applicable relevant laws and regulations.

#### Composition, Meeting and Attendance

During the year under review, the Buyback Committee met 3 times on:

- December 11, 2020
- December 23, 2020
- February 15, 2021

The details of attendance of each member of the Committee are given below:

Members	Category	Meetings	
		held	attended
Mr. R. Venkataraman	Managing Director	3	2
Mr. Narendra Jain	Executive Director	3	3
Mr. Ronak Gandhi	Chief Financial Officer	3	3

#### 4. PERIODIC REVIEW OF COMPLIANCES OF ALL APPLICABLE LAWS

The Company follows a system, whereby all the acts, rules and regulations applicable to the Company are identified and compliance with such acts, rules and regulations is monitored by a dedicated team on a regular basis. The regulatory inspection reports/advisory/orders, etc. are periodically examined and the necessary implementation/rectifications to the system and processes are initiated. Wherever, representations for reconsideration or appeals are preferred, the same are necessitated through appropriate forums or authorities from time to time and the status of the same are reviewed.

Further, verification of the compliances with major acts/regulations is carried out by suitable external auditors/lawyers/consultants and their reports and implementation of their observations are reported to the Board/Audit Committee. In addition, the audit and verification plan and actual status thereof are reviewed by the Board/Audit Committee periodically.

A consolidated compliance certificate based on the compliance status received in respect of various laws, rules and regulations applicable to the Company is reviewed by the Board periodically. Necessary reports are also submitted to the various regulatory authorities, as per the requirements from time to time.

#### 5. GENERAL BODY MEETINGS

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

Date of AGM	Location	Time	Special resolutions passed
June 30, 2020	Annual General Meeting held via video conferencing or Other Audio Visual Means (OAVM)	02.00 PM	1. Payment of remuneration by way of Commission to Non-Executive Directors including Independent Directors up to 1% of net profit of the Company 2. Issue of Non-Convertible Debentures on private placement basis
September 30, 2019	Hall Of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400 018	02.30 PM	1. Issue of Non-Convertible Debentures 2. Ratifying the 'IIFL Securities Employees Stock Option Scheme-2018'
July 30, 2018	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. b-23, Thane Industrial Area, Wagle Estate, Thane – 400 604	04.00 PM	1. Approval of offer or invitation to subscribe to Non-Convertible Debentures on private placement basis 2. Confirm appointment of Mr. Aniruddha Dange as Whole Time Director of the Company

During the year under review, no Extraordinary General Meeting was held. Also, no meeting has been held as per the order of the National Company Law Tribunal.

##### Postal Ballot:

During the year under review, shareholders of the Company passed the following special resolutions pursuant to the postal ballot notice dated November 20, 2020 (the 'Postal Ballot Notice'), and the results of which were announced on December 22, 2020.

- To approve to sell/dispose/lease assets of the material subsidiary(ies)

Votes in favor of the resolution	226,158,025
Votes against the resolution	5,119,797
Percentage of votes in favor of the resolution	97.79

- To approve buy back of equity shares

Votes in favor of the resolution	231,177,607
Votes against the resolution	215
Percentage of votes in favor of the resolution	99.99

The Board appointed Mr. Nilesh Shah, a Practicing Company Secretary, as a Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner.

No business required to be transacted through postal ballot is being proposed on or before the ensuing Annual General Meeting of the Company.

#### 6. DISCLOSURES

- Disclosure on Materially Significant Related-Party Transactions that may have Potential Conflict with the Interest of the Company at large:**

The Company has put in place a policy for Related-Party Transactions (an RPT policy), which has been approved by the Board of Directors and the same is available on the website of the Company at <https://www.indiaifoline.com/securities/reports/Related-Party-Transaction-Policy-120521.pdf>. 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 Regulations.

All transactions executed by the Company during the financial year with related parties were on arm's length

## Corporate Governance Report

basis and in the ordinary course of business. A detailed note on related party transactions is provided in the Directors' Report. The transactions with related parties have been disclosed in Note no. 35 and Note no. 45 to the Standalone Financial Statements and Consolidated Financial Statements, respectively. No materially significant related party transactions have been entered into during FY2020-21 that may have potential conflict of interest.

Further, in terms of the provisions of Regulation 23(9) of the SEBI Listing Regulations, disclosure of related party transactions on a consolidated basis, is made to the stock exchanges where the securities of the Company are listed, on a half-yearly basis. The same is also uploaded on the website of the Company.

#### ii. Details of Non-Compliance, Strictures and Penalties for last three financial years:

There have been no instances of material non-compliances by the Company on any matter related to the capital markets and no material penalties and/or strictures have been imposed on it by the stock exchanges or by SEBI or by any statutory authority on any matter related to the securities markets during the last three financial years. However, during the ordinary course of business, the SEBI has levied minor penalties and the same have been appealed before the relevant authorities and courts.

#### iii. Whistle Blower Policy/Vigil Mechanism:

The Company has established a Vigil Mechanism/Whistle Blower policy to enable Directors, Stakeholders, including individual employees and their representative bodies to report, in good faith, unethical, unlawful or improper practices, acts or activities. The said mechanism ensures that the whistle blowers are protected against victimization/any adverse action and/or discrimination as a result of such a reporting and provides a direct access to the Chairman of the Audit Committee in exceptional cases. The Company hereby affirms that none of its personnel have been denied access to the Audit Committee and that no complaints were received during the year.

The Whistle Blower Policy has been disclosed on the website of the Company at <https://www.indiaonline.com/securities/reports/Whistle-Blower-120521.pdf>

#### 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 Regulations to the extent applicable to the Company.

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

- **The Board** – The Managing Director is the Chairman of the Company
- **Shareholder Rights** - The quarterly financial results as well as all significant information/events disseminated to the stock exchanges are uploaded on the website of the Company and is available to all the shareholders.
- **Modified opinion(s) in the Audit Report** - The Auditors' Report on statutory financial statements of the Company is unmodified.
- **Reporting of Internal Auditor** - The Internal Auditor makes quarterly presentations to the Audit Committee on their reports.

#### v. Disclosure in Relation to Sexual Harassment of Women at the Work place (Prevention, Prohibition and Redressal) Act, 2013:

- Number of complaints filed during the financial year – Nil
- Number of complaints resolved during the financial year – Nil
- Number of complaints pending at the end of the financial year – Nil

#### vi. Prevention of Insider Trading

The Company has adopted the 'Code of Conduct for Prevention of Insider Trading' to regulate, monitor and report trading by its Designated Persons and their immediate relatives in the securities of the Company and other securities in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 (SEBI PIT Regulations) as amended from time to time, adopting minimum standards set out in Schedule B and Schedule C to the SEBI PIT Regulations.

The Company has also adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' under the aforesaid SEBI Regulations for preserving the confidentiality of Unpublished Price Sensitive Information (UPSI) and preventing misuse of such information and also ensuring timely, fair and adequate disclosure of events and occurrences that could impact price discovery in the market for the Company's securities. The same is available on the website of the Company at [https://www.indiaonline.com/securities/reports/Code\\_of\\_Practices\\_and\\_Procedures\\_for\\_Fair\\_Disclosure\\_of\\_Unpublished\\_Price\\_Sensitive\\_Information\\_%28UPSI%29.pdf](https://www.indiaonline.com/securities/reports/Code_of_Practices_and_Procedures_for_Fair_Disclosure_of_Unpublished_Price_Sensitive_Information_%28UPSI%29.pdf)

## 7. MEANS OF COMMUNICATION TO THE STAKEHOLDERS

The quarterly, half yearly and annual results of the Company are published in one English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region where the registered office of the Company is situated. The primary source of information, to the shareholders, customers, analysts and other stakeholders of the Company and to the public at large, is the Company website: [www.iiflsecurities.com](http://www.iiflsecurities.com).

The annual report, quarterly/annual financial results, shareholding pattern, material events, corporate actions, copies of press releases, investor presentation, etc. are uploaded on the Company's website. The same are also disseminated to the stock exchanges (i.e. NSE and BSE Ltd.) where the securities of the Company are listed, as required/prescribed under the SEBI Listing Regulations. The Board of Directors have approved a policy for determining materiality of events for the purpose of making disclosure to the stock exchanges. All the disclosures made to the stock exchanges shall be made available on the Company's website at [www.iiflsecurities.com](http://www.iiflsecurities.com).

### Go Green Initiative:

As a part of its go green initiative, the Company has taken necessary steps to send documents viz. notice of the general meeting, annual report, etc. at the registered email addresses of shareholders. Those who have not yet registered their email ids are requested to register the same with the RTA in case of physical holdings/ Depository Participants in case of electronic holdings with Depositories, to enable the Company to send the documents by the electronic mode. Physical copies of the said documents are sent to all those members whose email addresses are not registered with the Company/ RTA/Depository and to those who have requested the Company that they wish to receive the documents in physical mode. However, in view of the relaxation provided by the Securities and Exchange Board of India due to COVID-19 pandemic, no physical copies of the annual report for FY2020-21 will be issued by the Company. Members can access the documents at the website of the Company [www.iiflsecurities.com](http://www.iiflsecurities.com), as well as, the website of the stock exchanges i.e. BSE Ltd. ([www.bseindia.com](http://www.bseindia.com)) and National Stock Exchange of India ([www.nseindia.com](http://www.nseindia.com)).

## 8. GENERAL SHAREHOLDERS' INFORMATION

1.	<b>Annual General Meeting</b>	Wednesday, June 30, 2021 through Video Conferencing (VC)/Other Audio Visual Means (OAVM) at 12.00 noon
2.	<b>Financial year</b>	April 1, 2020 to March 31, 2021
3.	<b>Book closure date</b>	June 24, 2021 to June 30, 2021
4.	<b>Dividend</b>	During the year under review, the Company declared interim dividend of ₹ 1 per share (i.e. 50% of the face value of ₹ 2 per share); this led to an outgo of ₹ 302.93 million. The same is considered as final dividend.
5.	<b>Listing of equity shares on stock exchanges at</b>	<p><b>National Stock Exchange of India Limited</b> Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051</p> <p><b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001</p> <p>The Listing Fees for FY2020-21 has been timely paid to the aforesaid stock exchanges.</p>
6.	<b>Stock code</b>	National Stock Exchange of India Limited – IIFLSEC BSE Limited – 542773



## Corporate Governance Report

7 **Stock market data** – Table below gives the monthly high and low quotations and volume of shares traded at BSE Limited and the National Stock Exchange of India Limited for the Financial Year 2020-21.

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April, 2020	39.50	32.15	2,12,993	39.50	31.50	40,41,667
May, 2020	34.30	28.90	1,27,978	34.30	28.85	52,05,401
June, 2020	48.80	29.35	62,98,719	47.95	29.35	4,16,56,680
July, 2020	59.90	38	30,23,921	59.75	38.25	5,53,48,523
August, 2020	46.95	38.75	13,66,565	46.90	38.6	1,92,35,584
September, 2020	45.80	36	8,09,854	45.50	35.85	1,44,83,470
October, 2020	43.65	36	9,31,902	43.80	36.80	1,31,81,217
November, 2020	47.25	36.50	13,63,567	47.30	38.05	1,56,55,772
December, 2020	50.90	41.95	17,85,152	51	42	1,64,82,567
January, 2021	54.50	45.60	25,11,463	55	45.10	2,67,69,929
February, 2021	65.60	41.95	42,79,902	65.50	43.75	2,94,85,690
March, 2021	58.15	46	13,33,710	58.20	46	1,00,89,098

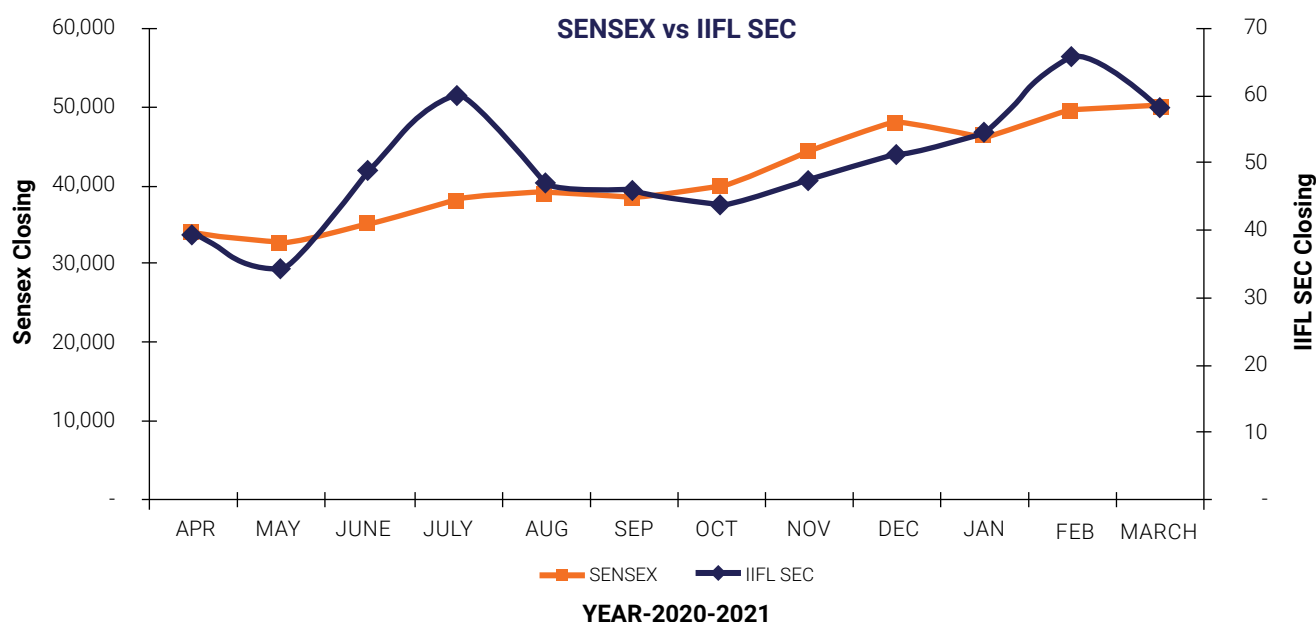
8.	<b>Demat ISIN numbers in NSDL and CDSL for equity shares</b>	INE489L01022
9.	<b>Registrar &amp; Transfer Agent</b>	<b>Link Intime India Private Limited</b> C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai -400083. Tel: 022-49186000 Email: rnt.helpdesk@linkintime.co.in
10.	<b>Share transfer system</b>	The Company's shares are compulsorily traded in dematerialized form.
11.	<b>Dematerialization of shares</b>	As on March 31, 2021, 99.91% of the paid-up share capital of the Company is in dematerialized form. Trading in equity shares of the Company is permitted only in dematerialized form through CDSL and NSDL, as per notifications issued by the Securities and Exchange Board of India.
12.	<b>Correspondence for dematerialization, transfer of shares, non-receipt of dividend on shares and any other query relating to the shares of the Company</b>	<b>Link Intime Private Limited</b> C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083. Contact Person: Sharmila Amin Tel: 022-49186000
13.	<b>Any query on Annual Report contact at corporate office</b>	Ms. Meghal Shah, Company Secretary and Compliance Officer Office No 1, Gr Flr, Hubtown Solaris, N. S. Phadke Marg, Andheri, Vijay Nagar, Mumbai - 400 069 Email: secretarial@iifl.com
14.	<b>Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity</b>	As on March 31, 2021, Company has 4,45,641 stock options outstanding under IIFL Securities Employee Stock Option 2019-Demerger Scheme and 89,37,938 stock options outstanding under IIFL Securities Limited Employee Stock Option Scheme 2018. Each option granted is convertible into one equity share of the Company. Upon exercise of options by grantees, the paid-up share capital of the Company will accordingly increase.

15.	<b>Commodity price risk or foreign exchange risk and hedging activities</b>	The Company offers trading facilities in the commodity derivatives and currency derivatives segments to its clients. The Company, in the capacity of trading/clearing member may be exposed to commodity price risk or foreign exchange risk on account of its clients' positions. These risks of clients' positions are mitigated by collecting upfront margins from clients and monitoring their positions by marking them to market.				
16.	<b>Credit Ratings obtained by the Company</b>					
	<b>Name of the Credit Rating Agency</b>	<b>Credit Rating Obtained in Respect of Various Securities</b>	<b>Amount (₹ million)</b>	<b>Issue Date/ Revalidation</b>	<b>Validity of Rating</b>	<b>If Rating Downgraded (Specify reason)</b>
	CRISIL	Commercial Paper	10,500	August 31, 2020	One year from the date of the report	CRISIL A1+ (Reaffirmed)

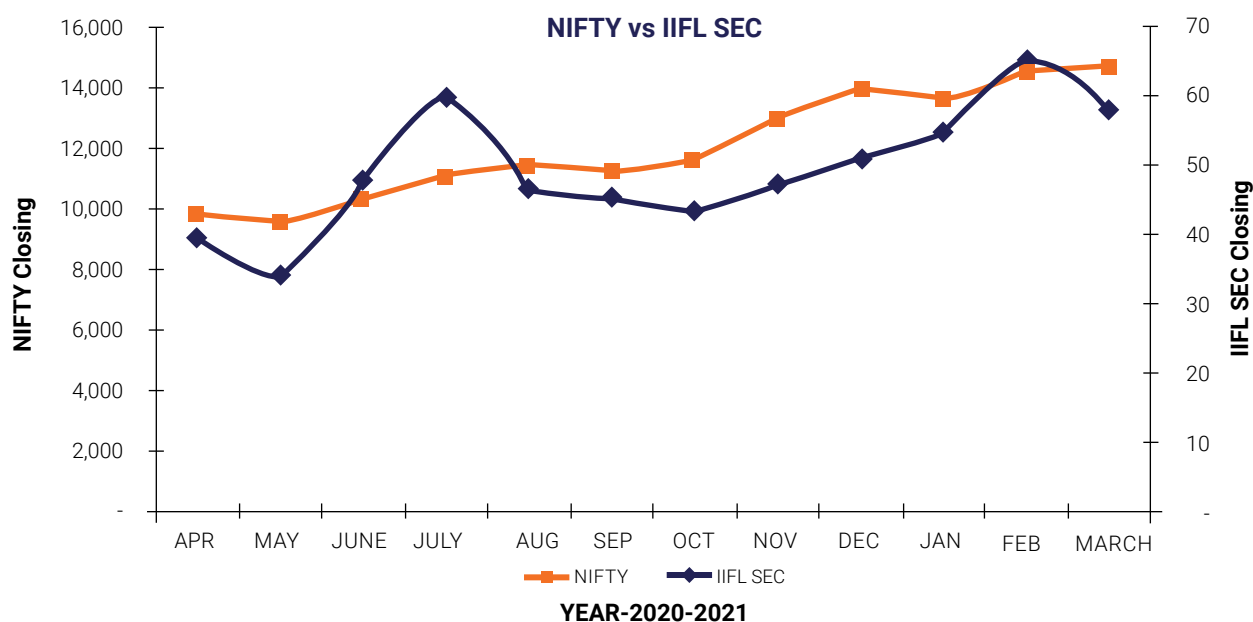
### 9. IIFL Securities Limited share price versus the BSE Sensex and the NSE S&P CNX Nifty:

Below charts plot the monthly closing price of IIFL Securities Limited versus the BSE - Sensex and NSE - S&P CNX Nifty for the year ended March 31, 2021

**IIFL Securities Limited share price versus the BSE Sensex**



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



## Corporate Governance Report

**10. SHAREHOLDING PATTERN**

Categories of equity shareholders as on March 31, 2021:

Category	No. of Shares	Percentage of Holding
Promoters & Promoters Group	95,143,214	31.41
Indian Public & others	57,523,896	19.53
Mutual Funds, Banks, Financial Institutions	1,820,032	0.06
Corporate Bodies	2,693,403	0.89
Foreign Institutional Investors	49,177,046	16.23
NRIs – Repat/OCBs/Foreign Nationals/FC/QFI	96,551,495	31.87
Investor Education And Protection Fund	26,244	0.01
<b>TOTAL</b>	<b>302,935,330</b>	<b>100</b>

**11. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021:**

The distribution of shareholders as on March 31, 2021 is as follows:

**IIFL Securities Limited**  
**Distribution Of Shareholding Based On Nominal Value (₹)**  
**Report Type : All (NSDL+CDSL+PHYSICAL)**

Sr. No.	Shareholding of nominal value (₹)	Number of shareholders	% of total	Share amount (₹)	% of total share amount
1	1 to 1,000	30,016	81.9527	6,939,156	1.1453
2	1,001 to 2,000	2,794	7.6285	4,496,426	0.7421
3	2,001 to 4,000	1,514	4.1337	4,679,448	0.7724
4	4,001 to 6,000	599	1.6355	3,077,428	0.5079
5	6,001 to 8,000	329	0.8983	2,392,756	0.3949
6	8,001 to 10,000	312	0.8519	2,980,678	0.4920
7	10,001 to 20,000	465	1.2696	7,007,920	1.1567
8	20,001 to *****	597	1.6300	574,296,848	94.7887
<b>Total</b>		<b>36,626</b>	<b>100.0000</b>	<b>605,870,660</b>	<b>100.0000</b>

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

The Company did not raise money through any public issue, right issue or preferential issue during FY2020-21.

**13. SUBSIDIARY COMPANIES**

The Company has the following subsidiaries, out of which IIFL Facilities Services Limited is the material subsidiary of the Company as per SEBI Listing Regulations.

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 Corporate Services Limited* (Formerly IIFL Asset Reconstruction Limited)
8	India Infoline Foundation* (Section 8 Company)
9	Shreyans Foundations LLP (Step down subsidiary company)
10	Meenakshi Towers LLP
11	IIFL Securities Services IFSC Limited*

\*Wholly-owned subsidiary

During the year, the Company has acquired additional stake of Compulsory Convertible Preference Shares (CCPS) of Giskard Datatech Private Limited resulting into total acquisition of 21.47%. Accordingly, Giskard Datatech Private Limited has become an associate of the Company w.e.f. November 06, 2020.

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

The Audit Committee/Board periodically reviews significant developments, transactions and arrangements entered into with the unlisted subsidiary companies. The Audit Committee/Board also reviews the financial statements of the subsidiary companies, including investments made by such companies. The minutes of the meetings of the board of directors of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

The policy for determining 'material' subsidiaries as approved by the Board can be accessed on the website of the Company at [https://www.indiaonline.com/securities/reports/Policy\\_for\\_determining\\_material\\_subsidiaries.pdf](https://www.indiaonline.com/securities/reports/Policy_for_determining_material_subsidiaries.pdf).

#### 14. MD/CFO CERTIFICATE

The Certificate required under SEBI Listing Regulations duly signed by the Managing Director and CFO, was placed before the Board at its meeting held on May 04, 2021 and the same is annexed to this Report.

#### 15. CODE OF CONDUCT

The Company has formulated a Code of Conduct for the Board of Directors and Senior Management of the Company which is available on the website of the Company at [https://www.indiainfoline.com/securities/reports/Code\\_of\\_Conduct\\_for\\_all\\_members\\_of\\_Board\\_of\\_Directors\\_and\\_Senior\\_Management.pdf](https://www.indiainfoline.com/securities/reports/Code_of_Conduct_for_all_members_of_Board_of_Directors_and_Senior_Management.pdf).

The declaration by the Managing Director, as required under Regulation 34(3) read with Schedule V (D) of the SEBI Listing Regulations, stating that the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct has been obtained for FY2020-21 and forms part of this Annual Report.

#### 16. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

The Company has obtained the certificate from M/s. Nilesh Shah & Associates, Company Secretary in practice as required under SEBI Listing Regulations 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**

**R. Venkataraman**

Chairman & Managing Director  
DIN: 00011919

Place: Mumbai  
Date: May 04, 2021

## Corporate Governance Report

**Auditor's Certificate on Compliance of Conditions of Corporate Governance**

To the Members of  
**IIFL Securities Limited**  
Mumbai

We have examined the compliance of conditions of Corporate Governance by IIFL Securities Limited (the "Company") for the year ended on 31st March 2021, as per the regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of schedule V of chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Management, as above, we certify that the Company has complied with, in all material respect, the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations subject to the following:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors during the year except for the composition of the Board of Directors which has been affected due to resignation of Directors for the period 27.07.2020 to 21.09.2020 and 02.01.2021 to 20.01.2021 and accordingly the constitution of Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee was also affected during intermittent period of the financial year. The Company has taken effective steps to fill the vacancies that arose to have proper constitution of Board and Committees to comply with the requirements under Listing Regulations.

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

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

Place: Mumbai  
Date: May 04, 2021

**(G.SANKAR)**  
(M.No.46050)  
UDIN: 21046050AAAAEI9041

# Annexure

## **Managing Director (MD) and Chief Financial Officer (CFO) Certification under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,  
The Board of Directors  
IIFL Securities Limited  
Mumbai

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, 2021 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, if any;
  - II. Accounting policy has been consistently applied during the year except where a newly Indian accounting standard (Ind AS) is initially adopted or a revision to existing Ind AS required a change in accounting policy hitherto in use;
  - III. that there are no instances of significant fraud of which we have become aware.

**R. Venkataraman**  
Managing Director

**Ronak Gandhi**  
Chief Financial Officer

Place: Mumbai  
Date: May 04, 2021

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### **DECLARATION BY MANAGING DIRECTOR UNDER REGULATION 34(3) READ WITH SCHEDULE V OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IN RESPECT OF COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of IIFL Securities Limited, as applicable to them, for the Financial Year ended March 31, 2021

Place: Mumbai  
Date: May 04, 2021

**R. Venkataraman**  
Managing Director  
DIN: 00011919

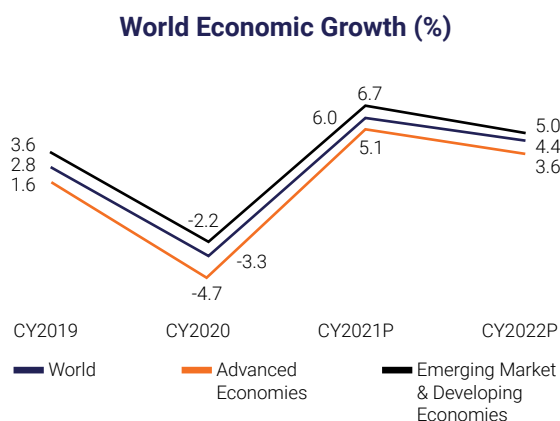
# Management Discussion and Analysis

## GLOBAL ECONOMY OVERVIEW

The year 2020 witnessed an extraordinary and unprecedented turn of events that negatively impacted the global economy, leading to highly volatile growth trends throughout the year. With the impact of the coronavirus pandemic fading, the global economy is looking upwards, and the prospects of a stronger-than-expected recovery are emerging. Aggressive and swift monetary, fiscal and financial policies across the world have helped prevent worse outcomes. As per the International Monetary Fund (IMF), the global economic growth is estimated to have contracted by 3.3% in CY2020, in comparison with 2.8% growth in CY2019.

A visible flattening of the COVID-19 curve universally, along with rapid vaccination, lend hopes of an eventual end to this health and economic crisis. Additional policy measures announced at the end of CY2020 – notably in the United States and Japan – are expected to provide further support in CY2021. As per IMF, despite the uncertainty, the global economy is projected to grow by 6.0% in CY2021 and 4.4% in CY2022. The rebound has been relatively faster in several Emerging Market (EM) economies. Activity moved above pre-pandemic levels in China, India and Turkey; helped by strong fiscal and quasi-fiscal measures and a recovery in manufacturing and construction, stated the Organisation for Economic Co-operation and Development (OECD) in its interim economic assessment. However, new mutants of the COVID-19 virus, second and possible third wave of infection, renewed lockdowns in many countries and uneven access to vaccines across countries continue to weigh on the outlook and may delay the economic recoveries.

The recently approved USD 1.9 trillion fiscal stimulus bill in the United States, which comes in addition to the USD 3 trillion fiscal stimulus package announced in 2020, will further support US and global economic growth. In addition, the ongoing recovery in Asian economies will support the global recovery.



Source: IMF World Economic Outlook, April 2021  
P: Projected

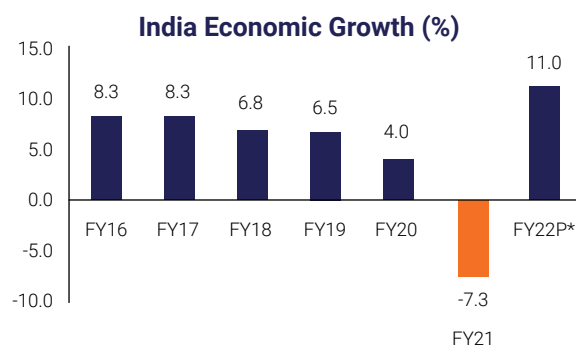
## INDIAN ECONOMY OVERVIEW

### Economic Performance in FY 2020-21

The Indian economy also faced severe disruption in the wake of the pandemic, resulting in fiscal strains, corporate sector stresses and weakening of demand conditions. The economy witnessed the worst contraction ever of 23.9% YoY in the first quarter of FY 2020-21 owing to the stringent pandemic-related lockdown imposed by the Government. However, restrictions were slowly eased in the second quarter of the fiscal year, and the economy started recovering gradually.

Agriculture was the high performing sector of the Indian economy in FY 2020-21, driven by normal monsoon, record-high production and strong policy support. The revival of several infrastructure projects by the Government helped in improving the business conditions across the manufacturing and construction sectors. The recovery continued in the fourth quarter of FY 2020-21, as reflected in certain key economic indicators, including power consumption, inter and intra state mobility, manufacturing capacity utilisation, business expectations and consumer confidence despite new virus outbreaks in many economies and tighter containment measures.

According to provisional estimates of Annual National Income 2020-21 by National Statistical Office (NSO), Indian GDP is estimated to contract by 7.3% in FY 2020-21 as compared to growth of 4.0% in FY 2019-20. The Economic Survey 2020-21 estimated a 'V-shaped' recovery of the economy with India's real GDP estimated to record 11.0% growth in FY2021-22 – the highest since Independence.



Source: National Statistics Office, FY21 Provisional Estimates dated May 31, 2021

\*Economic Survey – 2020-21

P: Projected

### Future Outlook

Resurgence of COVID-19 cases, imposition of strict lockdowns in major states and slower than expected pace of vaccinations have darkened prospects of a nascent economic recovery and accentuated business uncertainty. Although the vaccination drive has raised hopes of a turnaround in the pandemic later this year, the second wave of COVID-19 in April 2021 and new variants has intensified in metros/cities, and has

spread rapidly across states, regions and into rural areas. Economy indicators moderated in April and May 2021, as many states imposed restrictions to arrest the renewed surge in infections. This will result in delay in economic recovery and further normalisation would be subject to building of strong herd immunity in India. However, compared to the first wave, there are a couple of mitigating factors. Exports performance is expected to improve given that the global economy is largely open compared to the first wave when exports had collapsed. Moreover, domestic liquidity conditions remain healthy, unlike the during first wave.

Various rating agencies have already begun lowering their forecasts for India's GDP growth for FY 2021-22. CRISIL Rating Agency had earlier pegged India's economic growth for fiscal 2022 at 11%, but has lowered its estimate to 8.2% in a worst-case scenario. It believes that economic activity in the first half of FY 2021-22 will be clouded by the pandemic, but that the second half should see growth, led by increased vaccinations and the public adapting better to lockdowns.

Headline consumer price index (CPI) inflation eased down to 4.29% in April 2021 as against 5.52% in March 2021 (new base 2012 = 100), due to softening of food prices. Wholesale Price Index (WPI) inflation rose up to an all-time high of 10.49% in April 2021 from 7.39% in March 2021 and 4.17% in February 2021 primarily because of rise in prices of crude petroleum, mineral oils and manufactured products. Although a favourable base, renewed COVID-led supply-side bottlenecks, coupled with cost-push pressures emanating from higher commodity prices and logistics costs, are likely to keep inflation trajectory elevated in the near future. (Source: NSE Market Pulse – May 2021)

## EQUITY MARKETS

Growing optimism around the global economic recovery, persistent drop in new cases and the progress of vaccination drives supported the global equity markets. Vaccination roll-outs across the globe, continued economic recovery, strengthened expectations of a fiscal stimulus in the US and dollar weakness kept investor sentiments strong for EM equities. This was further aided by strong portfolio inflows amid supportive surplus liquidity across the globe.

The Hang Seng Index (Hong Kong) and Nikkei 225 Index (Japan) shot up by 20.2% and 54.3%, last year. Japan's Nikkei 225 crossed the 30,000 mark for the first time in more than three decades. This surge can mainly be attributed to Japan's economy growing by 12.7% in October-December quarter FY 2020-21 on YoY basis. Meanwhile, Indian equity markets outperformed the broader EM indices, with the Nifty 50 increased by 70.9% and Nifty 500 by 76.0% in 12 months ending March 2021. European equities suffered from a relatively slow roll-out of COVID-19 vaccines, political uncertainty in Italy and slower economic recovery amid lockdown restrictions. Brexit uncertainty along with second wave of virus infections have battered the UK, with the FTSE 100 Index being the slowest performing regional equity market.

Despite COVID-induced turbulence, Indian equity markets showed their best performance in a decade in FY 2020-21. Surge in trading by retail investors and Foreign Institutional Investors (FIIs) fuelled a rally in equity markets post sharp correction of March 2020. FII's net investment recorded an all-time high in FY 2020-21 owing to continuous rally in equity prices. In FY 2020-21, net FII buying in Indian equities stood at USD 37.1 billion, which is approximately 14 times higher than that of USD 2.6 billion in FY 2019-20. Unlike FIIs, Domestic institutional investors (DII) remained strong sellers of Indian equities with net outflows of USD 19.0 billion in FY 2020-21. Net investment by DIIs remained negative due to redemption pressures and profit-booking as equity valuations touched lifetime highs.

Persistent traction in foreign flows and brighter domestic economic outlook as reflected through steady improvement in several high frequency indicators and better expected Q4FY 2020-21 corporate earnings also kept investor sentiments buoyant. This was further supported by stimulus measures announced by the Government and liquidity measures adopted by RBI. Consequently, the Nifty 50 and Nifty 500 Index posted healthy gains of 70.9% and 76.0% respectively in in last 12 months ending March 2021. An exponential rise in COVID infections in the second half of March 2021 compelled re-imposition of restrictive measures and raised concerns on the ongoing economic recovery, thereby dwindling investors' risk appetite. Consequently, FIIs, turned net sellers towards the end of the month.

### Market Performance across Equity Indices

Indicator Name	Mar-21	Feb-21	Dec-21	Mar-20	1M(%)	3M(%)	6M(%)	12M(%)	YTD(%)
<b>Equity Indices</b>									
NIFTY 50	14,691	14,529	13,982	8,598	1.1	5.1	30.6	70.9	5.1
NIFTY 500	12,314	12,181	11,518	6,997	1.1	6.9	31.8	76.0	6.9
MSCI India	1,680	1,652	1,600	995	1.7	5.0	25.5	68.9	5.0
India Volatility Index (%)	21	28	21	64	-26.6	-2.1	5.7	-68.0	-2.1
MSCI World	2,812	2,727	2,690	1,853	3.1	4.5	18.8	51.8	4.5
S&P 500 Composite	3,973	3,811	3,756	2,585	4.2	5.8	18.1	53.7	5.8
Dow Jones Industrials	32,982	30,932	30,606	21,917	6.6	7.8	18.7	50.5	7.8
Hang Seng	28,378	28,980	27,231	23,603	-2.1	4.2	21.0	20.2	4.2
FTSE 100	6,714	6,483	6,461	5,672	3.6	3.9	14.5	18.4	3.9
NIKKEI 225	29,179	28,966	27,444	18,917	0.7	6.3	25.9	54.3	6.3

Source: NSE Market Pulse April 2021



## INDUSTRY OVERVIEW

### Retail Equity

FY 2020-21 was marked by strong retail participation in Initial Public Offerings (IPOs) and the highest-ever amount raised through Qualified Institutional Placements (QIPs) and Infrastructure / Real Estate Investment Trusts. Despite the entire year being overshadowed by the pandemic, it witnessed all-time high fundraising through the public equity markets at ₹ 1,889.0 billion. This was 106% higher than ₹ 916.7 billion raised in FY20. 20 main-board IPOs came to the market, collectively raising ₹ 312.7 billion. This was an increase of 54% from ₹ 2,035 million raised through 13 IPOs in FY 2020-21.

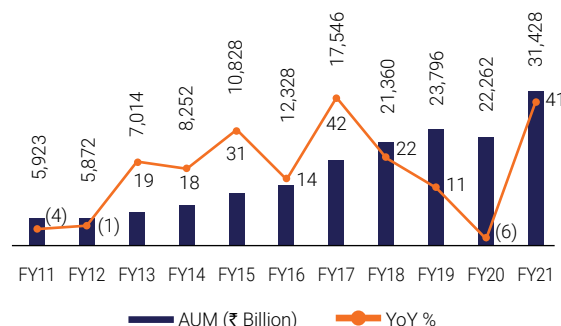
Further, 31 companies mobilised ₹ 787.3 billion through QIPs in FY 2020-21, the highest ever in any financial year, and 54% higher than ₹ 512.1 billion raised in the previous year. QIPs were mainly dominated by banks, Non-Banking Financial Companies (NBFCs) and telecommunication firms. The IPO pipeline continues to remain strong, with 18 companies holding SEBI approval and wanting to raise nearly ₹ 180 billion, while another 14 companies awaiting the market regulator's approval to raise nearly ₹ 230 billion.

Source: Prime Database

### Mutual Funds

After a significant fall post the COVID-19 pandemic, Assets Under Management (AUM) of Indian mutual funds began rising since May 2020 to fully offset the overall decline during the pandemic. The AUM size crossed ₹ 30,000 billion for the first time in November 2020 owing to the continuous rally in the equity markets, ongoing recovery in high frequency indicators and a sharp rise in liquidity in the system post several monetary and fiscal policies. According to data from Association of Mutual Funds of India (AMFI), the industry's total AUM stood at ₹ 31,428 billion as on March 31, 2021. The proportionate share of equity-oriented schemes in industry's AUM stood at 42.6% in March 2021, followed by debt-oriented schemes at 31.1%, liquid / money market schemes at 16.8% and Exchange Traded Funds (ETFs) at 9.4%. The mutual fund industry's AUM declined by 0.67% on a M-o-M basis from ₹ 31,641 billion in February 2021 to ₹ 31,428 billion in March 2021. The decline was mainly due to net outflows from open-ended debt funds. The open-ended debt fund category saw net outflows of ₹ 525 billion in March 2021, the highest net outflow seen since March 2020 (₹ 1,950 billion).

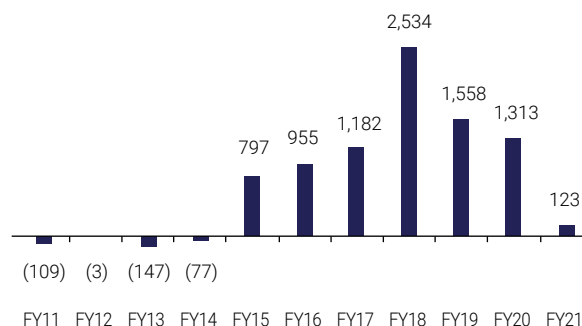
### Total Mutual Fund AUM (₹ billion)



Source: AMFI, CEIC, IIFL Research

Total investment through new MF schemes remains quite volatile over the last two financial years. In FY 2020-21, investors capitalized on the market rally to book profits and rebalance the portfolio as markets continued to achieve new highs, leading to moderation in domestic mutual fund inflows. Overall, the mutual fund industry across categories saw a net inflow of ₹ 123 billion in FY 2020-21, compared with a net investment of ₹ 1,313 billion in FY 2019-20.

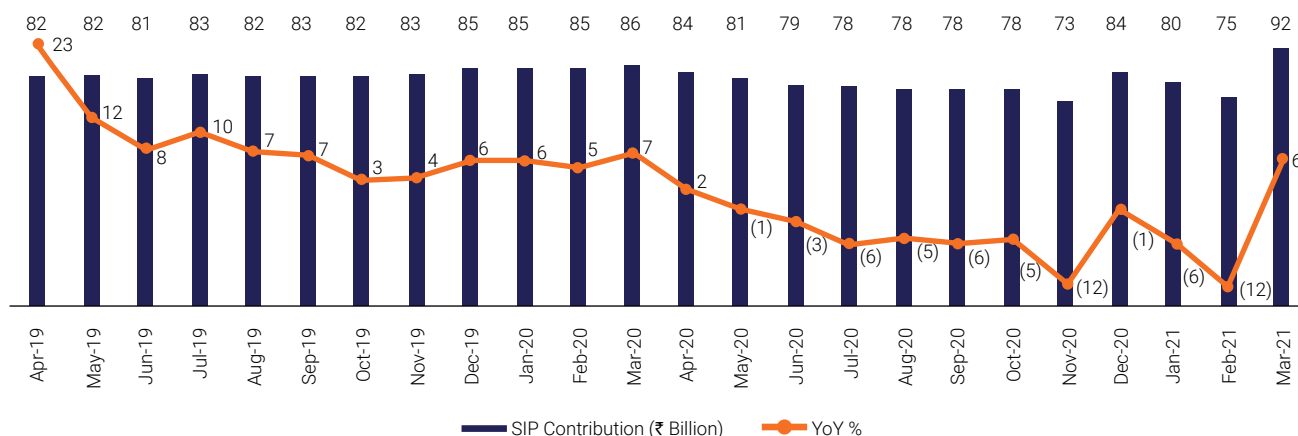
### Net Mutual Fund Equity Collections (₹ billion)



Source: AMFI, CEIC, IIFL Research

Systematic Investment Plans or SIPs have been gaining popularity among Indian MF investors, as it helps in rupee cost averaging and investing in a disciplined manner without worrying about market volatility and timing the market. In FY 2019-20, the mutual fund industry garnered ₹ 1,000 billion through SIPs, up 8% over ₹ 926 billion collected in FY19. In FY 2020-21, the industry had collected ₹ 961 billion.

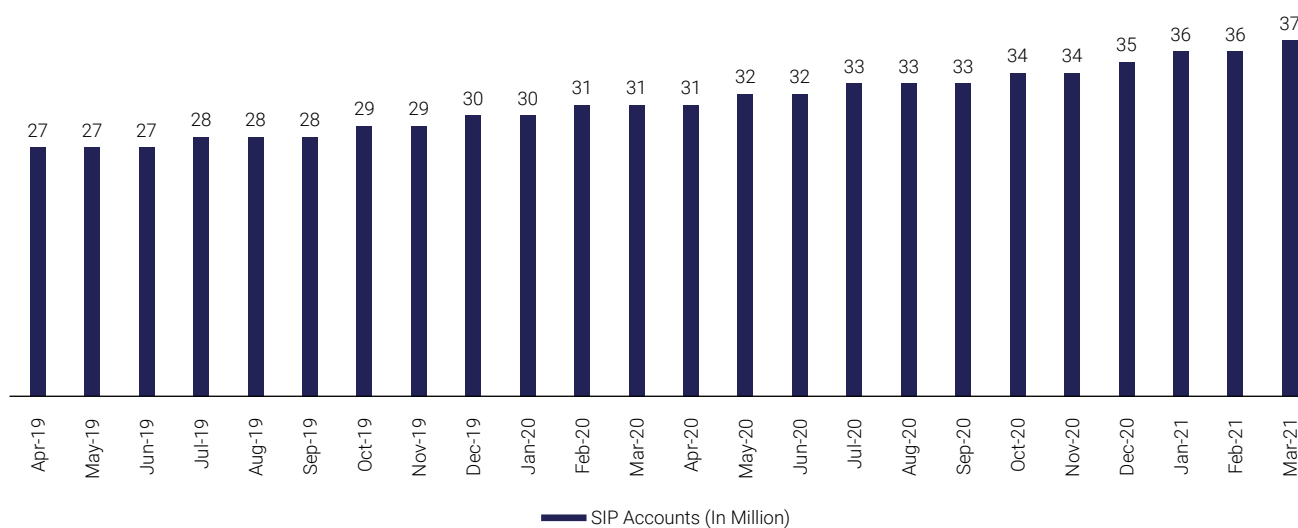
### Monthly SIP Contribution (₹ billion)



Source: AMFI, CEIC, IIFL Research

At a time when stock markets are touching new highs and investors are booking profits from equity funds, many individual investors are increasingly investing in mutual funds via SIPs. The number of SIP accounts increased to 37.3 million in FY 2020-21, from 31.2 million in FY 2019-20.

### Monthly SIP Accounts



Source: AMFI, CEIC, IIFL Research

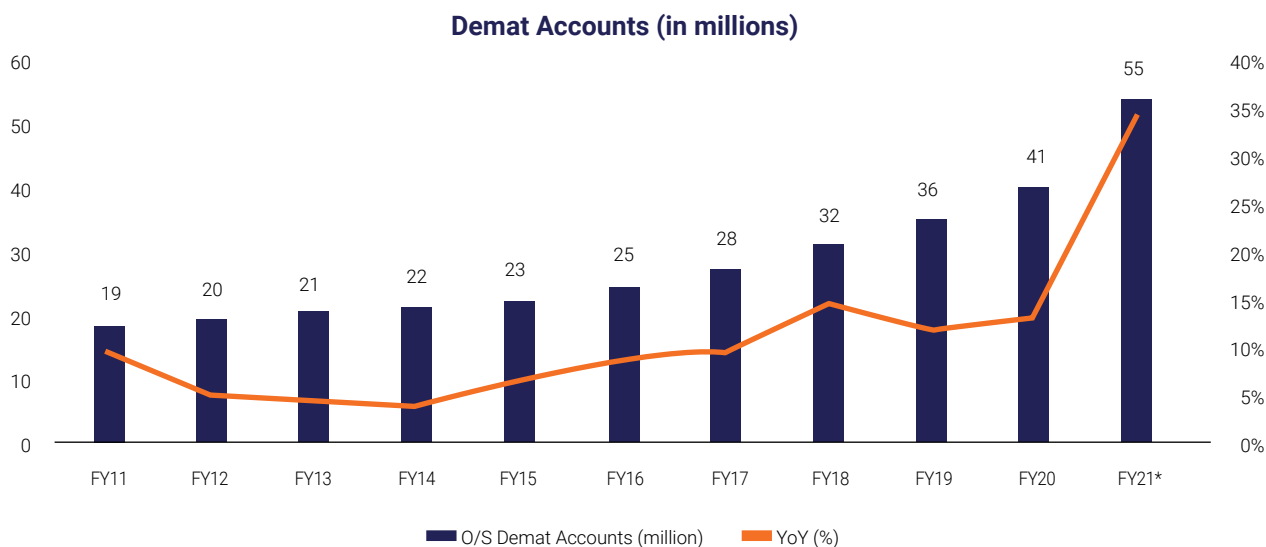
All-time high AUMs, and an increase in retail folios and SIP folios is reflective of rising investor confidence in mutual funds in India. While net-inflows in equity funds and hybrid funds were negative on the back of profit-led redemptions, the gross inflows were healthy. An increasing share of mutual funds in household savings, driven by expectations of higher and stable returns, is one of the key growth factors especially for inflows into passive and equity funds.

### Stock Broking

CY 2021 kick-started on a strong note for domestic equities with the benchmark indices BSE Sensex-30 and NSE Nifty-50 hitting their record highs of 50,000 and 15,000 points, respectively, and their market value surpassing ₹ 200 trillion. Strong corporate performance in second and third quarter of FY 2020-21, the roll-out of a massive vaccine programme, fiscal and monetary stimulus in place and easing of lockdown measures in major economies lifted market sentiments.

## Management Discussion and Analysis

There was a surge in retail participation in the stock market after the lockdown. Further, as the Indian economy came to standstill post the outbreak and businesses suffered and jobs were lost, the stock market offered individuals an opportunity to supplement their income. Both the benchmark indices, Sensex and Nifty, rose between 72% and 75% from their lows in March 2020 to their record highs during FY 2020-21. Strong growth trends were witnessed in the number of active demat accounts. According to the capital market regulator Securities and Exchange Board of India (SEBI), close to 14 million new demat accounts were opened in FY 2020-21. As on March 31, 2021, the number of NSDL accounts stood at 22 million and CDSL accounts stood at 33 million tallying the total count to 55 million.

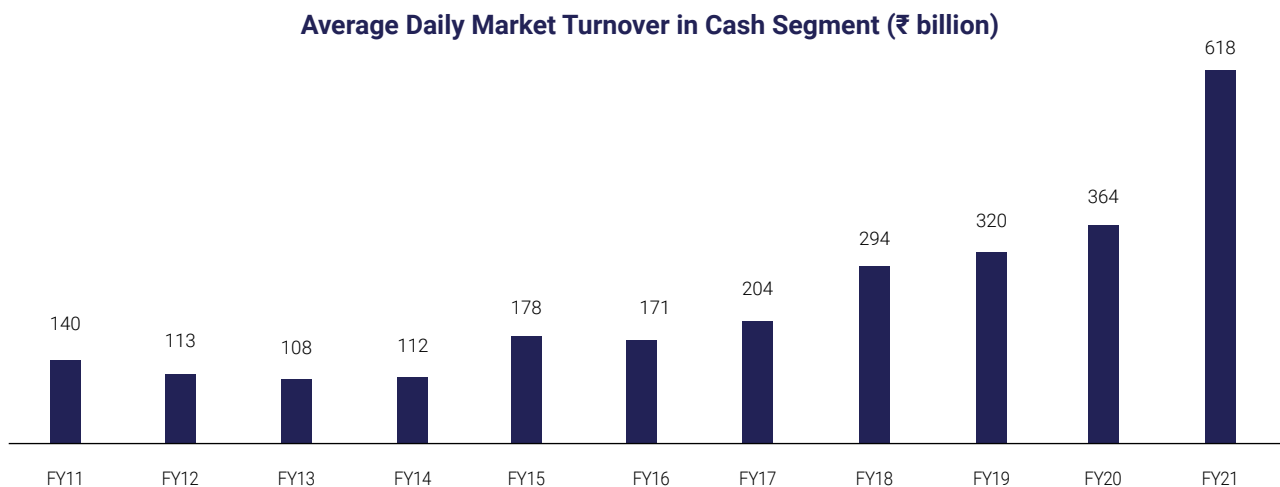


Source: SEBI, NSDL, CDSL, IIFL Research

\*Note: Data for NSDL updated as on 31<sup>st</sup> Jan and CDSL updated as on 28<sup>th</sup> Feb.

The Average Daily Turnover (ADTO) has steadily increased over the last decade, with the Indian stock market witnessing the highest growth in NSE's active customers, reflected in strong growth in its ADTO in the Cash and Futures & Options (F&O) segment. Expectations of a faster recovery in the economy and improvement in corporate earnings instilled the required confidence among investors and encouraged them to pour more funds into Indian equities. Increased investment by investors into the capital markets was further aided by a sharp increase of 26% in Government Capital Expenditure and several reforms taken to revive investment and consumption. India's economic rebound post COVID-19 is likely to be more structural in nature, which augurs well for corporate earnings and the equities market.

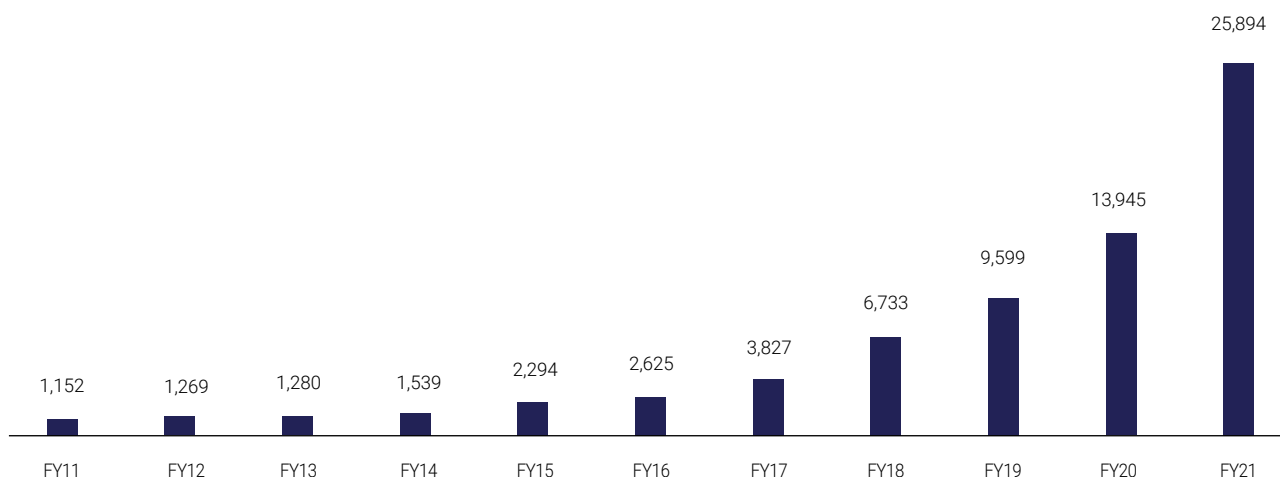
The average daily turnover in the cash market during FY 2020-21 shotup by 70% YoY to ₹ 618 billion, as compared to ₹ 364 billion during FY 2019-20.



Source: NSE

The average daily turnover in the derivative market during FY 2020-21 increased by 86% YoY to ₹ 25,894 billion, as compared to ₹ 13,945 billion in FY 2019-20. Robust client addition and market volatility are key factors for surging volumes in the derivative segment.

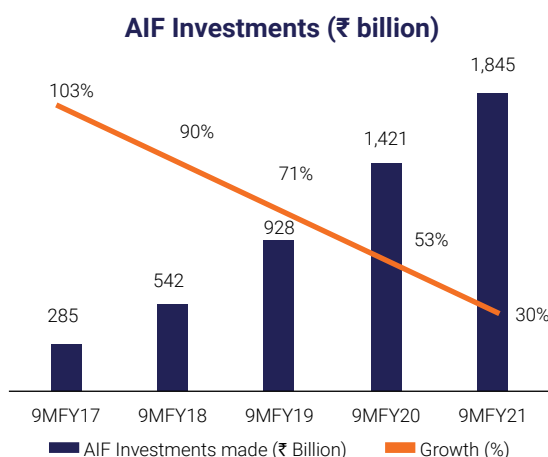
### Average Daily Market Turnover in Derivative Segment (₹ billion)



Source: Bloomberg, IIFL Research

### Alternative Investment Funds

Alternative Investment Funds (AIFs) include any fund established or incorporated in India for the purpose of pooling in capital from Indian and foreign investors for investment in accordance with a defined investment policy for the benefit of investors. A continued increase in AIF showcases the interest of investors in India. Cumulative investments by AIFs in India rose to ₹ 1,845 billion till December 2020, registering an increase of 30% over the preceding year. The decline in investment growth from 53% in FY 2019-20 to 30% in FY 2020-21 is mainly due to increased redemptions and slowdown in registration of new AIFs and fresh investments. Going forward, this trend is expected to continue on the back of falling interest rates and the Government's increased focus on infrastructure development.



Source: SEBI

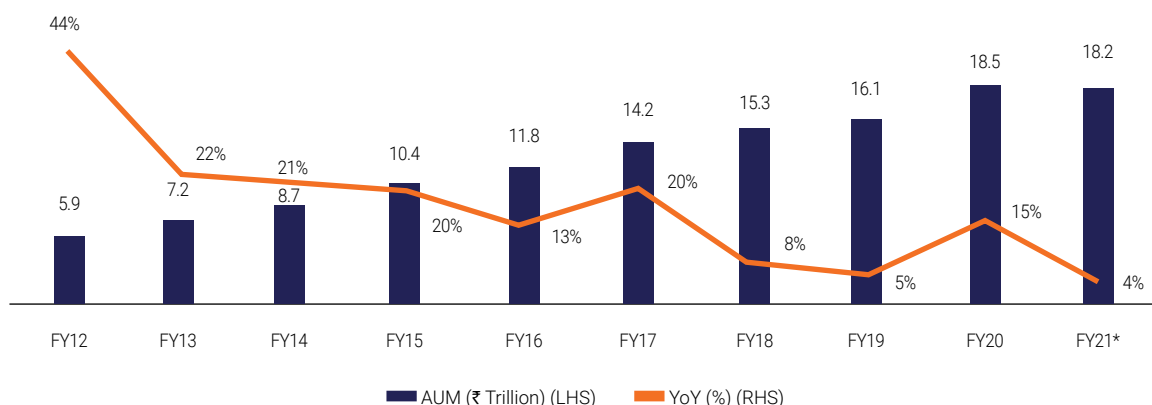
### Portfolio Management Services

In India, Portfolio Management Services (PMS) are offered by asset management companies, banks, brokerage houses and independent investment managers. These are usually focussed on customised discretionary, non-discretionary or advisory service offerings tailored to meet specific investment objectives of investors through basic portfolio management services for stocks, cash, fixed income, debt, structured products and other individual securities. Besides managing mutual fund schemes, AMC's in India have begun offering investors tailor-made investment strategies with higher flexibility through PMS.

Over the last five years, the industry has seen significant growth, with the market becoming more mature, increasing number of High Networth Individuals (HNIs), greater need for customised asset allocation based on risk-return profiling and a growing awareness of PMS products. As of October 2020, the total AUMs of portfolio managers grew by 4%, compared to assets being managed as on March 31, 2020. This growth was mainly driven by the discretionary segment of PMS, wherein the portfolio manager manages the customers' funds in accordance with customers' needs. Discretionary PMS dominated the space with 85% share, followed by advisory at 9% and non-discretionary at 6%.

## Management Discussion and Analysis

## AUM of Portfolio Managers (₹ trillion)



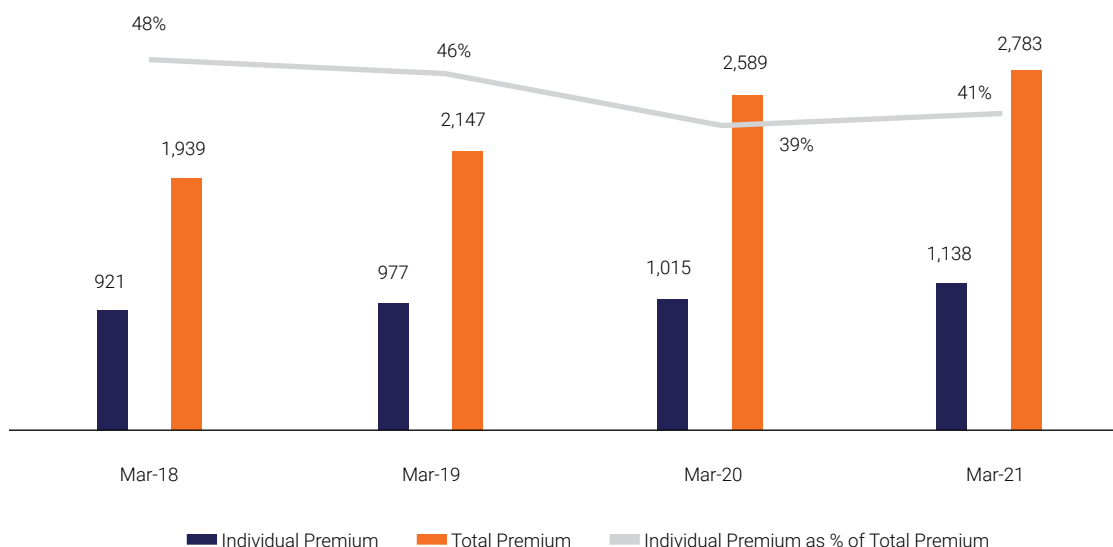
Source: SEBI

\*Data as on October 2020

## Insurance

Non-life insurance companies reported a 5.2% increase in premium collection at ₹ 1,987 billion during FY 2020-21 as against ₹ 1,889 billion in FY 2019-20 according to data received from the Insurance Regulatory and Development Authority of India (IRDAI). On the life insurance front, the first-year life insurance premium collections increased to ₹ 2,783 billion during FY 2020-21, as compared to ₹ 2,589 billion in FY 2019-20. This growth was driven by an expansion in single life insurance premiums, but was partly offset by fall in non-single premiums. The ongoing Coronavirus pandemic created a large-scale rise in the demand for protection plans, while market volatility continued to affect the demand for linked plans.

## Movement in Total First Year Life Insurance Premium (₹ billion)



Source: IRDAI

## Investment Banking

Investment banking revenues in India were also negatively impacted by the lockdown as they declined by 33.6% YoY to USD 222 million in the first quarter of CY 2020 as compared to the same quarter last year. This was the lowest quarterly figure reported in investment banking, since the first quarter of FY16 when the segment clocked total fees of USD 122.9 million. However, the revenues soon picked up. Despite the volatility in the financial markets and uncertainty in the Indian economy arising from COVID-19 outbreak, Indian investment

banking activities grew significantly during the year, hitting a three-year high, with revenues touching USD 1.03 billion in CY2020. This included the fee generated by activities such as Mergers and Acquisitions (M&A), Equity Capital Markets (ECM), and Debt Capital Markets (DCM). The equity capital markets underwriting fees reached a three-year high of USD 63.8 million during first quarter January-March of CY 2021, representing an increase by 7.2% over the corresponding period last year.

Source: Refinitiv; FORTUNE INDIA Research

## OPPORTUNITIES

### Favourable demographics

India is among the few nations with the highest youth population, with a median age of 28 years. The domestic financial market is seen growing at a healthy pace owing to strong demand-side and supply-side drivers. Such a large share of the working population, expected growth of Indian economy, increasing urbanisation, and rising consumerism because of higher per capita incomes are some key drivers implying market growth potential for established financial service providers in India.

### Growing demand for financial products in semi-urban and rural areas

With increasing financial literacy, mobile penetration, awareness and opening up of Jan Dhan bank accounts, demand for financial products has increased in smaller cities. Financial services are available across India owing to technology upgradation, which helps increase awareness and reduce the cost of reaching out to smaller markets. SEBI has allowed fund houses to charge an additional 30 bps in expense ratios on retail AUM to compensate them on additional cost to capture and service customers in these locations. The intention behind the move is clearly to increase penetration beyond the T-30 cities in India.

### Increase in financial savings to drive capital market investments:

India Gross Savings Rate was measured at 31.4% in March 2020, compared with 30.6% in the previous year (Source: CEIC). Demonetisation in November 2016, reduction in cash transactions with GST implementation in July 2017 and the Benami Transaction Act funnelled a huge proportion of household cash savings into financial assets. In addition, falling interest rates, coupled with low returns from traditional investment instruments such as gold and real estate, led to a shift in retail interest towards capital markets, including direct investment in shares, debentures and mutual funds.

Going forward, household financial savings in India are expected to strengthen further with growth in the Indian economy, benign inflation and low interest rates. Consequently, the share of capital markets within financial savings will also increase due to increasing awareness and higher retail participation. This, along with the ease of accessibility with different investment products on one platform, will propel growth.

### Financial inclusion programmes

The Government's financial inclusion schemes, such as the Pradhan Mantri Jan Dhan Yojana, and reformative changes such as simplification of account opening through e-KYC have gradually benefited capital market players. This will continue to further increase as more sections of the society are introduced to the concept of financial savings and products. Accounts under the PMJDY scheme reported a cumulative deposit of ₹ 1.37 trillion, as of January 2021.

### Distribution services to add revenue streams of brokerages

Several large players diversified into related fee-based activities such as mutual fund distribution and capital markets lending to diversify their income source. Majority of the brokers are also using digital platforms, in addition to the existing physical footprint. This helps them better attract digital-savvy customers willing to pay a premium for higher quality services that make use of technology and automation and value-added services and have higher product safety. They obtain additional revenue through alternative means such as additional fees-based, distribution and interest income. Apart from advisory services, focus on fund-based activities, including margin funding and loan against shares, is also on the rise and enables brokers in building sustainable earnings.

### Technology advancement

Advancement in technology, along with rapid increase in smartphone penetration, are the key growth drivers for the broking business. Rapid advances in technology have reduced transaction time and costs, and also made brokers improve reach and increase penetration through their investment in online trading platforms. Technology-savvy millennials prefer do-it-yourself models, where the broker provides minimal services to them and manages their assets. In this online model, right from account opening till delivery is handled digitally, and is proving to be more effective for brokers.

### Rise in demand for standardised products to increase insurance penetration

The ongoing coronavirus pandemic has changed the landscape of the Indian insurance industry in a big way. The changes are expected to not only increase insurance penetration in the country, but also bring about a conscious shift in the product-mix. In FY 2019-20, on IRDAI's direction, all general and specialised health insurers came up with a standard health insurance product – Arogya Sanjeevani, standard term life insurance plan – Saral Jeevan Bima with a standard personal accident cover. From April 1, 2021, the regulatory body is making the insurers launch a standard travel insurance. The introduction of standard insurance products across health, life and travel will increase insurance penetration rate in India, which is at 3.7% currently. A majority of people in India are not covered under any insurance product and these standard products will give first-time buyers the added boost and confidence.

## THREATS

### India's lower sovereign rating

India's credit rating moved lower owing to pressures arising post-pandemic, wherein the economy faced its first contraction in more than four decades. Moody's Investors Service downgraded India's sovereign rating to 'Baa3' from 'Baa2', indicating challenges in the implementation of policies to mitigate risks of a sustained period of low growth and deteriorating fiscal position.

### **Increase in interest rates making debt more attractive, impacting flows into equity market**

Increase in inflation, fiscal deficit and a poor monsoon can increase in interest rates and hurt equity inflows. A sharp tightening of interest rates will make developed economies more attractive on a risk-return basis and emerging economies may witness an increase in outflows by foreign institutional investors.

### **Technological disruptions**

With rapid changes in technology and innovations, companies need to increase its attention towards innovation objectives alongside business growth objectives. With increasing performance expectations related to quality, timings and cost, technological upkeep is very important to keep in line with competitors, especially new competitors that are "born digital" and with a low-cost base for their operations. The risk of disruptive innovations enabled by new and emerging technologies is always present.

### **Regulatory changes**

Any stringent regulatory change or unfavourable policy change can pose a threat to the Company in the short run. The new margin rules in broking industry that came into effect from December 01, 2020 stipulating 25% peak margin have led to a drop in volumes. Stocks will continue to remain in investor's demat account and can be directly pledged to the clearing corporation using OTP. The margin requirement is doubled to 50% from March 2021, and 75% from June 2021. From September 01, 2021 the margin requirement will be 100%. Hence trading volume might get impacted.

## **COMPANY OVERVIEW**

IIFL Securities Limited (hereinafter referred as 'the Company' or 'IIFL Securities') is one of the largest independent stock brokering houses in India, providing full service to retail and institutional customers. Incorporated in 1996 as a broking arm of the IIFL Group, the Company is a one-stop shop for investors providing diversified financial products and services across India.

The Company offers a full-suite and wide range of products and services spanning retail and institutional equities, financial products distribution, commodity broking, currency broking, investment banking, financial planning and wealth management. Through its competitive pricing, innovative products, superior experience and robust advice, it facilitates its customers in growing their financial assets.

It caters to a wide array of customers including corporates, institutional investors, sovereign wealth funds, foreign portfolio investors, mutual funds, insurance companies, banks, pension funds, alternate investment funds, trusts, high net worth individuals and other retail customers. Moreover, it has also emerged as a leading domestic investment banker, participating in some marquee Initial Public Offerings (IPOs) and Qualified Institutional Placements in the last few years. The Company caters to over 3 million customers through a

network of about 2,500 points of presence covering branches and business partners across 500 cities in India.

IIFL Securities is promoted by first-generation entrepreneurs, Mr. Nirmal Jain and Mr. R. Venkataraman, and was listed on the Indian stock exchanges on September 2019, pursuant to the composite scheme of arrangement of the IIFL Group. The Company is amongst the top institutional broking franchise in India with strong research capabilities. On the institutional side, the Company has over 720 foreign and domestic customers as of March 31, 2021.

The Company has developed a dedicated customer base owing to its customer-centric approach in respect of products and services, user-friendly digital interfaces and the ability to provide unified access to all segments of the stock markets. It is well positioned to grow further by virtue of having diversified across financial products and services, with a strong brand name, acquisition and retention of customers, product innovation, and for leveraging its advanced web and digital broking platforms.

## **OPERATIONAL REVIEW**

The Company maintained 2.8% share of daily cash turnover and a 1.1% share in total turnover of stock exchanges. The institutional broking franchisee remains among one of the top franchisee on the street, comprising an 80-member team with offices in Mumbai, New York and London. The Company has over 720 institutional (domestic and foreign) customers. It provides insightful research by covering over 250 stocks, encapsulating 80% of the India's market capitalisation. The investment banking business reported very strong performance in the last fiscal year. It completed 29 transactions across various products during the year including 9 IPOs, 7 QIPs, 9 private equity and 1 OFS transaction. This is in addition to a few corporate and debt advisory mandates which were completed successfully during the year. The outlook for fiscal 2022 remains strong with an impressive pipeline of transactions which are at various stages of execution.

The Company has a keen focus on distribution of retail financial products such as insurance and mutual funds. Mutual Funds and insurance gained good traction during the year. Insurance premiums stood at ₹ 1,463 million, recorded a 42% YoY growth in FY 2020-21, driven mainly by health insurance sales and Mutual Fund AUM stood at ₹ 51.5 billion, up 82% on YoY basis. Mutual Fund and insurance provide good long-term growth prospect. The Company focusses on sale of insurance products through online channels and offering through branch and call centres.

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

**The Company bagged multiple awards and accolades during the year. Some of these are:**

- Most Innovative Leader of the Year awarded to Mr. R Venkataraman, Chairman of IIFL Securities at World BFSI Congress & Awards 2020
- The Mobby's Award for Best Financial Website at World Marketing Congress
- Top Business Performer in OTB Segment FY 2019-20 Best IPO award for Embassy Office
- "Leader in Go Green Initiative" Award at NSDL Start Performer Awards 2019
- Company of the Year 2019 by The CEO Magazine
- Best Product Launch PR Campaign 2019 for AAA at Corporate Communications & PR Awards19
- Great Place to Work Certification

**FINANCIAL PERFORMANCE**

(₹ Million)

Particulars	Year ended	
	March 31, 2021	March 31, 2020
	Audited	Audited
<b>1. Income</b>		
a. Interest income	747.8	635.3
b. Rental income	211.4	244.0
c. Fees and commission income	6,494.3	6,359.8
<b>Total Revenue from operations (a)+(b)+(c)</b>	<b>7,908.5</b>	<b>7,239.1</b>
2. Other income	767.7	660.4
<b>3. Total Revenue (1+2)</b>	<b>8,676.2</b>	<b>7,899.5</b>
<b>4. Expenses</b>		
a. Employee benefits expense	2,113.1	2,212.5
b. Finance cost	496.2	1,021.1
c. Depreciation and amortisation expense	458.8	553.1
d. Fees and commission expense	1,177.0	831.7
e. Administration and other expense	1,585.4	1,283.4
<b>Total Expenses (a+b+c+d+e)</b>	<b>5,830.5</b>	<b>5,901.8</b>
5. Profit before share of profit/(loss) of joint venture, exceptional items and tax (3-4)	2,845.7	1,997.7
6. Share of profit/(loss) of associates and joint ventures	1.6	-
7. Profit before exceptional items and tax (5+6)	2,847.3	1,997.7
8. Exceptional items	-	1,017.2
<b>9. Profit before tax (7+8)</b>	<b>2,847.3</b>	<b>3,014.9</b>
10. Tax Expenses		
a. Current Tax	648.7	413.1
b. Deferred Tax	(12.5)	112.5
c. Tax adjustment for prior years	8.0	4.4
<b>Total Tax Expenses (a+b+c)</b>	<b>644.2</b>	<b>530.0</b>
<b>11. Profit/(loss) for the period before impact of rate change on opening deferred tax (9-10)</b>	<b>2,203.1</b>	<b>2,484.9</b>
<b>12. Impact of change in rate on opening deferred tax</b>	<b>-</b>	<b>-145.5</b>
13. Profit/(loss) for the period (11+12=13)	2,203.1	2,339.4
14. Other Comprehensive Income	7.3	(18.2)
<b>15. Total Comprehensive Income</b>	<b>2,210.4</b>	<b>2,321.2</b>

The Company posted a total income of ₹ 8,676 million during the FY 2020-21, while the profit after tax (TCI) stood at ₹ 2,210 million.

**Income**

**Revenue from operations**

The Company's revenue from operations mainly includes revenue from investment banking income and Brokerage and Commission from equity, commodities and currency broking, and from other services such as depository services, clearing services, insurance broking, distribution of third-party financial products and rental income.

Interest income increased during the year to ₹ 748 million from ₹ 635 million during FY 2019-20.

Rental income has reduced by 13% due to sale of office property by IIFL Facilities Services Limited, a wholly-owned subsidiary of Company.

Fee and commission income has increased mainly on account of increase in investment banking income and retail broking business. The Company has witnessed fall in income from distribution of financial products due to lower share of high yielding products as compared to FY 2019-20.



## Management Discussion and Analysis

**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.

**Expenses****Finance costs**

Finance costs include interest on borrowings and other finance expenses such as bank guarantee commission, franking charges for borrowings through commercial papers, etc. Borrowings were lower during the year due to utilisation of own funds within the group resulting into lower finance cost as compared to previous year.

**Fees and commission expense**

The Company's fees and commission expense include sub-brokerage charges, and other related expenses. The fee and commission expenses for FY 2020-21 stood at ₹ 1,177 million, increased by 42% YoY, mainly due to higher pay-outs on account of increase in revenues earned through franchisee/sub-broker channels.

**Employee benefits expense**

Employee benefit expenses include salaries and wages, contribution to provident and other funds, share-based payments, staff welfare expenses, leave encashment and gratuity. The employee cost for FY 2020-21 stood at ₹ 2,113.1 million as against ₹ 2,212.5 million in FY 2019-20.

**Depreciation, amortisation and impairment**

Depreciation, amortisation and impairment expenses include depreciation of property, plant and equipment, and amortisation of intangible assets. Depreciation and amortisation for FY 2020-21 remains at ₹ 458.8 million. It has reduced mainly due to sale of office property by IIFL Facilities Services Limited, a wholly-owned subsidiary of the Company.

**Segment-wise Performance**

Segments	(₹ Million)			
	For the year ended			
	March 31, 2021		March 31, 2020	
	Segment Revenue	Segment Results	Segment Revenue	Segment Results
Capital market activity	7,507.1	2,320.0	6,361.3	1,713.3
Insurance Broking	430.9	244.0	438.8	187.3
Facilities and ancillary	1,352.1	278.5	1,597.5	1,111.7
Others	4.7	4.8	2.7	2.6
Less: Inter Segment Revenue/unallocated	(618.6)	-	(500.8)	-
<b>Total</b>	<b>8,676.2</b>	<b>2,847.3</b>	<b>7,899.5</b>	<b>3,014.9</b>

Revenue from the capital market activities increased from ₹ 6,361.3 million for the year ended March 31, 2020 to ₹ 7,507.1 million for the year ended March 31, 2021, an increase of 18% y-o-y. This was mainly due to increase in investment banking income and retail broking income. Also the Company witnessed fall in income from distribution of financial products due to lower share of high-yielding products as compared to FY 2019-20.

Revenue from the insurance broking segment is almost steady on YoY basis. The results for the segment increased mainly due to optimisation of costs.

**Other Expenses**

Other expenses primarily include advertisement expense, communication expense, legal and professional charges, marketing and commission expenses, office expenses, electricity charges, rates and taxes, software charges and travelling and conveyance expenses. Other expenses for FY 2020-21 remain at ₹ 1,585.4 million. Other expenses for the year were higher as compared to previous year due to increase in technology expenditure for automation of various processes, advertisement and outsourced calling service for increasing customer acquisition pace.

**Liquidity and Capital Resources**

Historically, the Company has maintained liquidity for its business operations primarily out of the cash generated from operations, bank borrowings and issuance of equity shares. As of March 31, 2021, it had cash, bank balances and fixed deposit of ₹ 16,775.4 million. Based on the current level of operations and expenditures, the Company believes that its current working capital, together with cash flows from operating activities, will be adequate to meet its anticipated cash requirements for capital expenditure and working capital.

**Buy Back Update**

During the quarter, the Company has completed the buy-back of its equity shares. Total amount distributed for buy-back was ₹ 1,057 million (including tax) and total shares bought back were 17 million.

**Disclosure of accounting treatment**

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

Revenue from the facilities and ancillary segment reduced from ₹ 1,597.5 million for the year ended March 31, 2020 to ₹ 1,352.1 million for the year ended March 31, 2021, a decrease of 15% YoY due to lower rental income on sale of property by IIFL Facilities Services Limited. The results for this segment have decreased substantially from ₹ 1,111.7 million to ₹ 278.5 million mainly due to exceptional income of ₹ 1,017 million on sale of property in FY 2019-20.

**KEY FINANCIAL RATIOS**

**Details of significant changes in key financial ratios (i.e. change of 25% or more as compared to the immediately previous financial year)**

Key Ratios	FY 2020-21	FY 2019-20	Variance %
Debt/Equity Ratio	0.30	0.52	-42%
Return on Net Worth	23.9%	29.1%	-18%
Interest Coverage Ratio	6.73	2.96	128%

#### Explanation:

1. Debt/Equity Ratio: Debt to equity ratio decreased from 0.52 in FY20 to 0.30 in FY 2020-21 mainly due to reduced borrowings from ₹ 4,588 million in FY 2019-20 to ₹ 2,916 million in FY 2020-21 and higher shareholders' equity from ₹ 8,797 million in FY 2019-20 to ₹ 9,676 million in FY 2020-21.
2. Return on Net Worth: RONW has decreased mainly on account of lower total comprehensive income of ₹ 2,210 million in FY 2020-21 as compared to ₹ 2,321 million in FY 2019-20. This is mainly due to the exceptional income of ₹ 1,017 million booked in FY 2019-20.
3. Interest Coverage Ratio: Interest coverage ratio increased mainly due to lower borrowing cost to ₹ 496 million in FY 2020-21 from ₹ 1,021 million in FY 2019-20.

## BUSINESS OUTLOOK

IIFL Securities is one of the leading domestic institutional brokers and is the part of first call for any domestic institution, primarily built upon on its research credentials. The Company has been increasingly diversifying its revenue by further stepping up its focus on distribution business, with revenues linked to AUM, which imparts stability to its overall earnings profile. Customer acquisition and building an technology-led model is leading to a gradual shift towards stability in its cyclical business.

The Company's technology-based platforms play a key role in facilitating business from self-serviced and partner-serviced segments, and provide a larger base for cross-selling financial products. Its mobile trading app, 'IIFL Markets' continues to be among the highest rated, with over 2.3 million downloads. Its strategy continues to be built on improving and fortifying research content, investing in technology for trading platform as well as human resources.

Apart from strong fundamentals, key factors that are aiding its financial product distribution segment is the large and growing share of working population, rising household incomes, increasing shift to financial savings, higher awareness of financial products and higher retail participation.

## RISK MANAGEMENT & GOVERNANCE

The Company has established a system of risk management consisting of an organisational risk management framework, policies, risk management system tools and procedures in accordance with its business operations. Its risk assessment methods depend upon the regulatory requirements, historical market behaviour and statistics, the evaluation of information regarding financial markets, customers or other relevant matters that are publicly available or otherwise accessible.

Risk Management framework proactively addresses risks and seizes opportunities so as to gain competitive advantage, and also protects and creates value for the stakeholders.

The Risk Management Policy manages all major risk classes – Technology & Information Security Risk, Compliance Risk, Operational Risk, Fraud Risk, Human Resource Risk, Market Risk and Reputational Risk via well-defined risk management processes. The Company has a centralised risk team which manages customers' trading, exposure limits, margins, collection of margin/pay-in of funds/securities through automated process. IIFL Securities has online systems in place and risk alerts are communicated online to the customers and also through SMS, branches and relationship managers to ensure smooth customer communication and operations. Technology risks such as protecting sensitive customer data, identity theft, cybercrimes, data leakage, business continuity and access controls are periodically reviewed by the management. In order to ensure compliance with anti-money laundering standard, IIFL Securities has put in place adequate systems and controls.

Refer pages 22-23 for details on the Company's strategies to mitigate various type of risks.

## TECHNOLOGY

The Company is working on adopting best-in-class technologies to drive data and digital and security initiatives. The extensive use of data analytics and digitalisation as its key differentiators are improving employee productivity and inculcating operational efficiencies within the Company. All digital channels including IIFL Market App, Advisor Anytime Anywhere (AAA), and IIFL Mutual Fund App witnessed an increase in traffic. Going forward, the Company will continue to focus on digitalizing and simplifying the complete customer lifecycle to best cater to the growing needs of its evolving customers.

Refer pages 29-31 for further details on Technology.

## HUMAN RESOURCES

Human capital has always been considered as the most valued asset of the Company. The Human Resources function across the Company has established robust talent management practices, development interventions, productivity improvement initiatives and reward mechanisms, thereby enabling achievement of organizational goals and key milestones through people. Training and employee motivation is an integral part of the Company. Employees are also rewarded for excellent work on day-to-day basis, enhancing productivity and efficiency. During the year, the Company has undertaken rewards and recognition initiatives such as long service award, business performers, virtual rewards & recognition sessions to improve business performance. The Company organized various mentoring programmes to help women develop their careers, facilitate leadership skills development and get into leadership roles. Even during the lockdown period, employees were trained through webinars and workshops. In order to connect more with employees,

## Management Discussion and Analysis

online fun and team-building activities, including cultural celebrations, Talentine and 21 Days Challenge, among others were organised.

As on March 31, 2021, the Company had a strong workforce of 1,968 employees.

Refer pages 26-28 for further details on Human Resource Activities.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is committed to create economic value in a responsible manner. It has put in place a policy on CSR to guide its CSR initiatives that contribute to inclusive growth and equitable development of its communities. During the year under review, the Company has undertaken CSR activities related to, inter alia,, promoting HELP i.e. Health, Education, Livelihoods and Poverty Alleviation. The Company conducts regular health check-up camps and awareness programmes, especially in areas with several malnourishment cases. The Company is also working towards financial literacy and other support projects as part of its poverty alleviation programmes.

Refer pages 36-42 for further details on CSR activities.

### INTERNAL CONTROLS

The Company has an internal audit system which is effective and commensurate with the nature of business, regulatory prescriptions and the size of its operations. Its internal audit is conducted as per the Annual Audit Plan approved by the Audit Committee. The scope of internal audit covers all aspects of the business, including regular front-end and back-end operations and internal compliances. For internal audit, the Company has in place Mahajan & Aibara Chartered Accountants. The Company's robust internal control systems enable safeguarding sensitive data, ease out audit process, maintenance of proper accounting controls, monitoring of operations and conservation of assets and to check on leakages or frauds. Moreover, the Company is ISO 27001:2013 certified and has implemented effective information security processes reinforcing commitment to provide robust and secure technology for all its customers.

The Company also retains specialised audit firms to carry out specific / concurrent audit of some critical functions, such as half-yearly internal audit of broking mandated by SEBI/ Exchanges, DP processes, Know Your Customer (KYC) verifications, demat transfers, pay-outs verifications, systems audit, branches and sub brokers audits, PMS, mutual fund and alternative investment

funds operations audit, insurance broking business operation audit, verification of related party transactions, among others. It has put in place enhanced risk-based supervision systems and ensures continuous monitoring. It has separate internal audit teams dedicated for businesses. The internal team undertakes special situation audits and follows up on implementation of internal auditors' recommendations and action taken reports. In addition, the Company complies with several specific audits mandated by regulatory authorities such as SEBI / Exchanges / Depositories/IRDA, and the reports are periodically submitted to the regulators.

The Company's Board/Audit Committee reviews the internal control system and looks into the observations of the statutory and internal auditors. Appropriate actions, as deemed necessary to ensure sustainability and future growth prospects of the Company, are taken in a timely fashion. The Audit function provides reasonable assurance regarding the effectiveness and efficiency of the operations, safeguarding of assets, reliability of financial records and reports and compliance with applicable laws and regulations. The internal controls facilitate prompt detection and redressal of any deviations in business operations. The controls put forth an accurate summary of the organisation's position at all times.

### INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal controls with reference to financial statements and operations and the same has been operating effectively. Internal Auditors have 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.

### CAUTIONARY STATEMENTS

This document contains forward-looking statements and information. Such statements are based on the Company's 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 does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differs from those anticipated.

# Independent Auditor's Report

## To the Members of IIFL Securities 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, which comprise Balance Sheet as at 31st March 2021, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any key audit matters for the Company. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Response to Key Audit Matter
<p><b>Information technology (IT) systems used in financial reporting process.</b></p> <p>The company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily.</p> <p>We therefore identified IT systems and controls over financial reporting as a key audit matter for the Company.</p>	<p>We obtained an understanding of the Company's IT control environment relevant to the audit.</p> <p>We tested the design, implementation and operating effectiveness of the Company's General IT controls over the key IT systems which are critical to financial reporting.</p> <p>We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements.</p> <p>In addition to above, we have also relied on the work of the internal auditors and system auditors.</p>

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards specified under Sec 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because

the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the financial statements.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose or preparation of the financial statements.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its managing director during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note No 30 of the financial statements.
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**(G.SANKAR)**  
(M.No.46050)  
UDIN:

Place: Mumbai  
Date: May 04, 2021

## Annexure A

### to the Independent Auditor's Report

#### Annexure referred to in our report of even date to the members of IIFL Securities Limited on the accounts for the year ended 31<sup>st</sup> March 2021

- (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 Company has a phased programme of verification of fixed assets once in 3 years which in our opinion is reasonable considering the size of the Company and nature of its fixed assets. Based on the information and explanation given to us and on verification of the records of the Company, no material discrepancies were observed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties which are freehold are held in the name of the Company.
- (ii) The Company is not carrying on any trading or manufacturing activity. Therefore Para 3(ii) of the Order is not applicable to the Company
- (iii) The Company has granted loans, unsecured to 7 companies covered in the register maintained under Section 189 of the Companies Act, 2013:
- (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the Companies were not, prima facie, prejudicial to the interests of the Company;
- (b) The borrowers have been regular in the payment of the principal and interest as stipulated;
- (c) There are no overdue amounts as at the balance sheet date, in respect of these loans.
- (iv) According to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act with respect to the loans, investments, guarantees and securities made as applicable.
- (v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- (vi) According to the information and explanations given to us, in respect of the class of industry the company falls under, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act. Therefore, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, sales tax, value added tax, goods and services tax, cess and other statutory dues as applicable to the Company with the appropriate authorities. Further as explained, there are no undisputed statutory dues outstanding for more than six months as at 31<sup>st</sup> March 2021 from the date they became payable;
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no cases of non-deposit of disputed dues of income tax or sales tax or goods and services tax or duty of customs or duty of excise. However, according to the information and explanations given to us, the following dues of service tax has not been deposited by the Company on account of dispute:

Nature of the Statute	Nature of the Dispute	Amount of Tax (₹ in Millions)	Period to which amount relates	Forum where dispute is pending
Service Tax, 1994	Service Tax on Delayed Payment Charges	₹ 283.04 Outstanding out of total demand of ₹ 290.79	01.04.2014 to 31.03.2016	CESTAT
Service Tax, 1994	Service Tax on FII - Brokerage	₹ 114.17 Outstanding out of total demand of ₹ 118.11	01.04.2014 to 30.09.2014	CESTAT

- (viii) According to the information and explanation given to us and based on our audit procedures, the company has not defaulted in repayment of loans to banks. The Company has not taken any loans or borrowings from Government or financial institutions and did not have any dues to debenture holders.
- (ix) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) According to the information and explanations given to us, and based on the audit procedures performed and the representations obtained from the management, we report that no fraud by the company or on the Company by its officers or employees, having a material misstatement on the financial statements has been noticed or reported during the period under audit.
- (xi) According to the information and explanations given to us and based on verification of records, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) In our Opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence clause (xii) of the order is not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on verification of the records and approvals of the Audit Committee, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the company is not required to be registered under Sec 45-IA of the Reserve Bank of India Act, 1934.

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

**(G.SANKAR)**  
(M.No.46050)  
UDIN:

Place: Mumbai  
Date: May 04, 2021



## Annexure B

### to the Independent Auditor's Report

**Annexure referred to in our report of even date to the members of IIFL Securities Limited on the standalone accounts for the year ended 31<sup>st</sup> March 2021**

**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 ("the Company") as of March 31<sup>st</sup>, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

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

#### Auditors' Responsibility

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

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

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

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place: Mumbai  
Date: May 04, 2021

UDIN:

# Standalone Balance Sheet

as at March 31, 2021

(₹ in Million)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>1. Financial Assets</b>			
(a) Cash and cash equivalents	3	2,562.53	3,128.90
(b) Bank Balance other than (a) above	4	13,968.00	6,803.34
(c) Receivables			
(i) Trade receivables	5	289.62	186.86
(ii) Other receivables	5	76.73	13.68
(d) Loans	6	1,478.35	220.37
(e) Investments	7	950.16	2,473.62
(f) Other financial assets	8	9,730.72	4,532.85
<b>Sub-total</b>		<b>29,056.11</b>	<b>17,359.62</b>
<b>(2) Non-Financial Assets</b>			
(a) Current tax assets		169.05	149.33
(b) Deferred tax assets (net)	9	172.40	151.03
(c) Property, Plant and Equipment	10	113.42	162.87
(d) Capital work-in-progress	10	19.09	25.63
(e) Other intangible assets	10	1,151.39	19.75
(f) Right-of-use assets	11	410.62	667.46
(g) Other non-financial assets	12	94.04	314.93
<b>Sub-total</b>		<b>2,130.01</b>	<b>1,491.00</b>
<b>Total Assets</b>		<b>31,186.12</b>	<b>18,850.62</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial Liabilities</b>			
(a) Payables			
(i) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	25.53	9.13
(ii) Other payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	330.06	291.79
(b) Borrowings (Other than debt securities)	14	890.00	756.37
(c) Other financial liabilities	15	22,244.75	10,406.43
<b>Sub-total</b>		<b>23,490.34</b>	<b>11,463.72</b>
<b>(2) Non-Financial Liabilities</b>			
(a) Current tax liabilities (Net)		18.64	-
(b) Provisions	16	43.86	32.67
(c) Other non-financial liabilities	17	59.42	186.24
<b>Sub-total</b>		<b>121.92</b>	<b>218.91</b>
<b>(3) Equity</b>			
(a) Equity share capital	18	605.87	639.22
(b) Other equity	19	6,967.99	6,528.77
<b>Sub-total</b>		<b>7,573.86</b>	<b>7,167.99</b>
<b>Total Liabilities and Equity</b>		<b>31,186.12</b>	<b>18,850.62</b>

See accompanying notes forming part of Standalone Financial statements

1 - 41

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

Date : May 4, 2021

For and on behalf of Board of Directors

**R. Venkataraman**

(Managing Director)

(DIN: 00011919)

**Ronak Gandhi**

Chief Financial Officer

**Narendra Jain**

(Whole Time Director)

(DIN: 01984467)

**Meghal Shah**

Company Secretary

# Standalone Statement of Profit and Loss

For the year ended March 31, 2021

(₹ in Million)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>1. Revenue from operations</b>			
(a) Interest income	20	492.14	485.12
(b) Fees and commission income	21	6,264.89	5,475.94
<b>Total revenue from operations (a+b)</b>		<b>6,757.03</b>	<b>5,961.06</b>
<b>2. Other income</b>	22	843.76	476.37
<b>3. Total income (1+2)</b>		<b>7,600.79</b>	<b>6,437.43</b>
<b>4. Expenses</b>			
(a) Finance costs	23	191.06	312.16
(b) Fees and commission expense	24	1,216.08	892.57
(c) Employee benefits expenses	25	1,954.91	1,922.67
(d) Depreciation, amortization and impairment	26	442.92	480.60
(e) Other expenses	27	1,572.52	842.73
<b>Total expenses (a+b+c+d+e)</b>		<b>5,377.49</b>	<b>4,450.73</b>
<b>5. Profit/(loss) before exceptional items and tax (3-4)</b>		<b>2,223.30</b>	<b>1,986.70</b>
<b>6. Exceptional items</b>		-	-
<b>7. Profit before tax (5-6)</b>		<b>2,223.30</b>	<b>1,986.70</b>
<b>8. Tax Expense:</b>			
(a) Current Tax	28	511.86	317.48
(b) Deferred Tax	28	(23.54)	111.79
(c) Short/(excess)	28	6.54	1.82
<b>Total Tax Expenses (a+b+c)</b>		<b>494.86</b>	<b>431.09</b>
<b>9. Profit for the period before impact of rate change on opening deferred tax (7-8)</b>		<b>1,728.44</b>	<b>1,555.61</b>
<b>10. Impact of change in rate on opening deferred tax asset</b>	28	-	<b>129.41</b>
<b>11. Profit for the period (9-10)</b>		<b>1,728.44</b>	<b>1,426.20</b>
<b>12. Other Comprehensive Income</b>			
(A)			
(i) Items that will not be reclassified to profit or (loss)			
a) Remeasurements of the defined benefit plans		8.62	(22.41)
(ii) Income tax relating to items that will not be reclassified to profit or (loss)		(2.17)	5.64
<b>Subtotal (A)</b>		<b>6.45</b>	<b>(16.77)</b>
(B)			
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Subtotal (B)</b>		<b>-</b>	<b>-</b>
<b>Other Comprehensive Income (A + B)</b>		<b>6.45</b>	<b>(16.77)</b>
<b>13. Total Comprehensive Income for the Year (11+12)</b>		<b>1,734.89</b>	<b>1,409.43</b>
<b>Earnings per equity share</b>			
Basic (in ₹)	29	5.46	4.47
Diluted (in ₹)	29	5.42	4.46
See accompanying notes forming part of Standalone Financial statements	1 - 41		

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

Date : May 4, 2021

For and on behalf of Board of Directors

**R. Venkataraman**

(Managing Director)

(DIN: 00011919)

**Ronak Gandhi**

Chief Financial Officer

**Narendra Jain**

(Whole Time Director)

(DIN: 01984467)

**Meghal Shah**

Company Secretary

# Standalone Statement of changes in equity

For the year ended March 31, 2021

## A. Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in million	No. of Shares	₹ in million
<b>At the beginning of the year</b>	<b>319,609,462</b>	<b>639.22</b>	-	-
Add:- Shares issued pursuant to Composite Scheme of Arrangement	-	-	319,234,462	638.47
Add: Shares issued during the year under ESOP scheme	326,262	0.65	375,000	0.75
Less: Shares extinguished on buyback (Refer Note 18)	(17,000,394)	(34.00)	-	-
<b>Closing at the end of year</b>	<b>302,935,330</b>	<b>605.87</b>	<b>319,609,462</b>	<b>639.22</b>
<b>Share suspense account</b>				
<b>At the beginning of the year</b>	-	-	<b>319,203,092</b>	<b>638.41</b>
Add : Further additional shares to be issued pursuant to Composite Scheme of Arrangement	-	-	31,370	0.06
Less: Shares allotted during the year	-	-	(319,234,462)	(638.47)
<b>Closing at the end of year</b>	-	-	-	-

## B. Other equity

Particulars	Reserves and Surplus				Other items of Other Comprehensive Income	Total		
	Capital Reserve	Capital Redemption reserve	Securities Premium Reserve	General Reserve			Retained Earnings	Share options outstanding account
<b>Balance as at March 31, 2019</b>	<b>670.97</b>	-	<b>2,230.82</b>	-	<b>2,882.84</b>	<b>21.83</b>	<b>1.90</b>	<b>5,808.36</b>
Transfer from/to reserve	-	-	4.98	0.90	-	(5.88)	-	-
Additions/(deletions) during the year	(0.06)	-	9.15	-	-	12.89	-	21.98
Total comprehensive income for the year	-	-	-	-	1,426.20	-	(16.77)	1,409.43
Appropriation towards dividend paid	-	-	-	-	(638.47)	-	-	(638.47)
Dividend Distribution Tax	-	-	-	-	(72.53)	-	-	(72.53)
<b>Balance as at March 31, 2020</b>	<b>670.91</b>	-	<b>2,244.95</b>	<b>0.90</b>	<b>3,598.04</b>	<b>28.84</b>	<b>(14.87)</b>	<b>6,528.77</b>

(₹ in Million)

# Standalone Statement of changes in equity (contd.)

For the year ended March 31, 2021

Particulars	Reserves and Surplus					Share options outstanding account	Other items of Other Comprehensive Income	Total
	Capital Reserve	Capital Redemption reserve	Securities Premium Reserve	General Reserve	Retained Earnings			
Transfer from/to reserve	-	-	2.34	1.37	-	(3.71)	-	-
Additions/(deletions) during the year	-	-	9.51	-	-	21.40	-	30.91
Total comprehensive income for the year	-	-	-	-	1,728.44	-	6.45	1,734.89
Buyback of Equity shares (Refer Note 18)	-	-	(832.81)	-	-	-	-	(832.81)
Buyback expenses including tax (Refer Note 18)	-	-	(190.83)	-	-	-	-	(190.83)
Creation of Capital Redemption Reserve (Refer Note 18)	-	34.00	(34.00)	-	-	-	-	-
Appropriation towards dividend paid	-	-	-	-	(302.94)	-	-	(302.94)
<b>Balance as at March 31, 2021</b>	<b>670.91</b>	<b>34.00</b>	<b>1,199.16</b>	<b>2.27</b>	<b>5,023.54</b>	<b>46.53</b>	<b>(8.42)</b>	<b>6,967.99</b>

See accompanying notes forming part of Standalone Financial statements (1 -41)

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

Date : May 4, 2021

For and on behalf of Board of Directors

**R. Venkataraman**

(Managing Director)

(DIN: 00011919)

**Ronak Gandhi**

Chief Financial Officer

**Narendra Jain**

(Whole Time Director)

(DIN: 01984467)

**Meghal Shah**

Company Secretary

# Standalone Cash Flow Statement

For the year ended March 31, 2021

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Cash flows from operating activities</b>		
Net profit before taxation	2,223.30	1,986.70
<b>Adjustments for:</b>		
Depreciation, amortisation and impairment	442.92	480.60
Interest expenses	191.06	312.16
Gain on termination on finance lease	(4.34)	(1.80)
Dividend income	(229.53)	(293.73)
Provision for gratuity	(1.82)	13.91
Provision for leave encashment	43.86	32.67
Provision for expenses	324.16	287.32
Employee share based payment	21.40	13.43
Interest income	(276.59)	(133.92)
Loss on sale of preference share of subsidiary	282.88	-
Net loss/(gain) on financial instrument measured at fair value	(219.71)	135.31
Net loss/(gain) on sale of fixed assets	(0.58)	1.40
<b>Operating Profit Before working capital changes</b>	<b>2,797.01</b>	<b>2834.05</b>
(Increase)/Decrease in other bank balances	(7,164.65)	(1,096.78)
(Increase)/Decrease in loan	(1,257.99)	700.18
(Increase)/Decrease in trade and other receivables	(165.82)	(87.65)
(Increase)/Decrease in other financial assets	(5,197.87)	1,578.16
(Increase)/Decrease in other non-financial assets	220.89	(252.48)
Increase/(Decrease) in trade and other payable	(269.50)	(173.53)
Increase/(Decrease) in other financial liabilities	12,092.98	(2,064.05)
Increase/(Decrease) in provisions	(32.67)	(24.46)
Increase/(Decrease) in other non-financial liabilities	(126.82)	(31.27)
<b>Cash generated from operations</b>	<b>895.56</b>	<b>1,382.17</b>
Current tax expense	(519.48)	(380.11)
<b>Net cash generated from operating activities (A)</b>	<b>376.08</b>	<b>1,002.06</b>
<b>Cash flows from investing activities</b>		
Purchase of Fixed Assets	(1,200.63)	(134.72)
Sale of Fixed Assets	13.24	36.70
Interest income	227.58	94.68
Dividend income	229.53	293.73
(Purchase)/Sale of Current Investments (net)	21.90	14.00
Purchase of Investment	(6,927.27)	(2,183.85)
Sale of Investment	8,414.67	1,491.72
<b>Net cash generated from/(used) in investing activities (B)</b>	<b>779.02</b>	<b>(387.74)</b>
<b>Cash flows from financing activities</b>		
Proceed from issuance of share capital	10.17	9.37
Buyback of Equity Shares (including tax and other expenses)	(1,057.64)	-
Dividend paid (including dividend distribution tax)	(302.94)	(711.00)
Proceeds from Borrowings	4,649.97	13,226.03
Repayment of Borrowings	(4,516.34)	(13,475.03)
Repayment of Lease Liabilities	(362.63)	(391.54)
Interest expenses	(142.06)	(242.57)
<b>Net cash used in financing activities (C)</b>	<b>(1,721.47)</b>	<b>(1,584.74)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(566.37)</b>	<b>(970.42)</b>
Cash and cash equivalents at the beginning of the year	3,128.90	4,099.32
<b>Cash and cash equivalents at the end of the year</b>	<b>2,562.53</b>	<b>3,128.90</b>

See accompanying notes forming part of the standalone financial statements (1-41)

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

Date : May 4, 2021

For and on behalf of Board of Directors

**R. Venkataraman**

(Managing Director)

(DIN: 00011919)

**Ronak Gandhi**

Chief Financial Officer

**Narendra Jain**

(Whole Time Director)

(DIN: 01984467)

**Meghal Shah**

Company Secretary

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021

## Note 1. Corporate Information:

IIFL Securities 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 and commodity broking, depository participant services, merchant banking and distribution of financial product besides holding investments in subsidiaries. The Company was a wholly owned subsidiary of IIFL Finance Limited (Formerly known as IIFL Holdings Limited) till March 31, 2017. The Equity Shares of the Company were listed on the National Stock Exchange of India and BSE Limited on September 20, 2019.

## Note: 1.1 Purpose and Basis of Accounting and Preparation of Financial Statements

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of The Companies Act, 2013 ("Act").

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 and measurements that have some similarities to fair value but are not fair value, such value in use in Ind AS 36.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

### a) Key Accounting Estimates And Judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Estimates and underlying assumptions are reviewed on ongoing basis. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The Company makes certain judgments and estimates for valuation and impairment of financial instruments, fair valuation of employee stock options, useful life of property, plant and equipment, deferred tax assets, retirement benefit obligations and lease arrangements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

### b) Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Sec 133 of the Companies Act ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value (refer accounting policy on financial instruments).

Accordingly, the Company has prepared these Standalone Financial Statements which comprise the

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

Balance Sheet as at 31 March, 2021, the Statement of Profit and Loss for the year ended 31 March 2021, the Statement of Cash Flows for the year ended 31 March 2021 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Standalone Financial Statements' or 'financial statements').

## c) **Basis of Preparation of Standalone financial statements:**

These Financial Statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards.

These Financial Statements of the Company are presented in Indian Rupees (INR) which is also the Company's functional currency.

The Financial Statements are presented in million, except when otherwise indicated. Amount which is less than ₹ 0.01 million is shown as ₹ 0.00 million.

The Standalone financial statements for the year ended March 31, 2021 are being authorized for issue in accordance with a resolution of the directors on May 04, 2021

## **Note 2. Significant Accounting Policies**

### a) **Business Combinations:**

Business combinations (not involving entities under common control) are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured 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 accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under other equity.

### b) **Goodwill:**

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately 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.



## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Company recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

### c) **Property, plant and equipment:**

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

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

The cost of an item of PPE comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenses related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property,

plant and equipment are capitalized at cost and depreciated over their useful life. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefit associates with these will flow into the Company and the cost of the item can be measured reliably.

Items of Property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value and are shown separately in the financial statements.

Gains or losses arising from disposal or retirement of tangible Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property as its carrying amount on the date of reclassification.

On transition to Ind AS, the Company has elected to continue with the carrying value for all of its PPE recognized as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the PPE.

### **Depreciation:**

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

Freehold land is not depreciated. Leasehold land and Leasehold improvements are 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

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

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.

## Estimates of useful lives of property, plant and equipment

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

\* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation/Amortization is charged on pro-rata on monthly basis on assets, from/upto the month of capitalization/sale, disposal/earmarked for disposal.

## Capital work in progress and Capital advances:

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

## d) Intangible assets:

### Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not 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.

Expenditure on software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

On transition to Ind AS, the Company has elected to continue with the carrying value for all its intangible assets as recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

### 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 amortisation 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
Commercial Rights	5

### Derecognition:

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

## e) Investment Property

### Measurement at recognition:

Investment Property are measured on initial recognition at cost. Transaction costs are included in the initial measurement. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services,

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

property transfer taxes and other transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

## Depreciation:

Depreciation on each item of Investment property is provided using the Straight-Line Method based on the useful lives of the assets as estimated by the management and is charged to the Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Freehold land is not depreciated.

## Derecognition:

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

The fair values of investment property is disclosed in the notes.

## f) Impairment of Non-Financial Assets:

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

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects

current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expenses. After impairment (if any), depreciation/amortisation is provided on the revised carrying amount of the assets over its remaining life.

Impairment losses are reversed in the 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.

## g) Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the statement of profit and loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## Securities premium includes:

- A. The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- B. The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

## h) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

### Financial assets

#### Initial recognition and measurement:

Trade Receivables, Loans and Deposits are initially recognized when they are originated. The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

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

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

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

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

#### Subsequent measurement:

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

- i) The Company business model for managing the financial asset and
- ii) The contractual cash flow characteristics of the financial asset.

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

- i) Financial assets measured at amortized cost
- ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii) Financial assets measured at fair value through profit or loss (FVTPL)

## i. Financial assets measured at amortized cost:

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

- a) The Company business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the 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

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

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:

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

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognised in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to profit or loss.

### iii. Investments in equity instruments at FVTOCI:

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument

basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. Dividend from these investments are recognised in the statement of profit and loss when the Company right to receive dividends is established. As at the reporting dates, there are no equity instruments measured at FVOCI.

### iv. Investments in equity instruments of subsidiaries & associates

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

### v. Financial assets measured at FVTPL:

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

### Reclassifications:

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

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.

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 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 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

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

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:

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

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

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are 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 for assets or liabilities that are not based on observable market data.

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

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 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, and
- income and expenses are translated at average exchange rates

On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

## k) Income Taxes:

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

### Current tax:

- The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.
- Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.
- Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).
- where there is uncertainty over income tax treatments, the Company determines the probability of the income tax authorities accepting each such tax treatment or group of tax treatments in computing the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

### Deferred tax:

Deferred tax is provided using the balancesheet method on temporary differences between the tax bases of assets & liabilities & their carrying amounts for financials reporting purposes as at the reporting date. Deferred tax is 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



## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

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 tax effects of income tax losses, available for carry forward, are recognised as deferred tax asset, when it is probable that future taxable profits will be available against which these losses can be set-off.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be 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. Additional taxes that arise from the distribution of dividends by the Company are recognised directly in equity at the same time as the liability to pay the related dividend is recognised

### Presentation of current and deferred tax:

Current and deferred tax are 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 required to settle the present obligation at the end of reporting period, taking into account the risk & uncertainties surrounding the obligation.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is 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/action if any are being considered for disclosure as contingent liability only after finality of the representation of appeals before the lower authorities.

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

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

### m) Statement of Cash Flows :

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a noncash nature;
- non-cash items such as depreciation, provisions, deferred taxes and unrealised foreign currency gains and losses.
- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of balance sheet.

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

## n) Cash and Bank Balances:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## o) Revenue Recognition

### Revenue from contracts with customers

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115, Revenue from contracts with customers, outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customers. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the contract price to the performance obligations in the contract: For contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company assesses its revenue arrangement against specific criteria to determine if it is acting as principal or agent. The Company has generally concluded that it is acting as a principal in all of its revenue arrangements.

Income from services rendered as a broker is recognised upon rendering of the services on a trade date basis, in accordance with the terms of contract. Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract. Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant. Commission and fees recognized as aforesaid are exclusive of goods and service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.

### The Company recognised revenue from various activities as follows:

#### i. Interest Income

Interest income is recognised using effective interest rate by considering all the contractual term of the financial instruments in estimating the cash flow.

#### ii. Fees & Commission

Fees and commission income is recognised based on five step model set out in Ind AS 115.

- Brokerage income earned on secondary market operations is accounted on trade date basis.
- Income related with advisory activities, Investment banking, Financial Product Distribution Income in respect of other heads is accounted on accrual basis.

#### iii. Other operational revenue:

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

## p) Employee Benefits

### Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. If the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (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 exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

### II. Defined benefit plans:

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.

### Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be availed in twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

### q) Lease accounting :

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company considers whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

### As a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and the right of use asset have been separately presented in the balance sheet.

## Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

## As a lessor

Leases for which the Company is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

## r) Goods and Services tax input credit

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

## s) Borrowing Cost:

Borrowing cost includes interest, 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.

## t) Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

## u) Segment Reporting :

The Company's business is to provide capital market services in primary & secondary market. All other activities of the Company are ancillary to the main business. As such, there are no reportable segments that need to be reported separately as defined in Ind AS 108, Operating Segments.

## 2.2 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### Critical accounting estimates and assumptions

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

#### a. Income taxes

The Company tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Further Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases.

#### b. Determination of the estimated useful lives of tangible and intangible assets

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

## c. Defined Benefit Obligation

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds corresponding to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. Further details are disclosed in note no 25.

## d. Fair value measurement of Financial Instruments

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

## e. Impairment of financial assets

The provision for expected credit loss involves estimating the probability of default and loss given default based on the Company own experience & forward looking estimation.

## f. Provision for litigations:

In estimating the final outcome of litigation, the Company applies judgment in considering factors including experience with similar matters, past history, precedents, relevant and other evidence and facts specified to the matter. Application of such judgment determines whether the Company requires an accrual or disclosure in the financial statements.

## g. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes model used for valuation of options. Key assumptions made with respect to expected volatility includes share price, expected dividends and discount rate, under this option pricing model. Further details are disclosed in note no.- 32.

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

**h. Determining whether an arrangement containing a lease**

In determining whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease date if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement

conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

**i) Discount rate**

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 3 : CASH AND CASH EQUIVALENTS

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.38	0.34
Cheques in hand	49.80	56.81
<b>Balance with banks:</b>		
- In current accounts	297.54	107.72
- In client accounts	2,214.81	2,964.03
<b>Total</b>	<b>2,562.53</b>	<b>3,128.90</b>

### NOTE 4 : BANK BALANCE OTHER THAN ABOVE

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Earmarked Balance with bank		
- Unclaimed dividend	37.93	-
(b) Lien marked Fixed Deposit with banks*	13,930.07	6,803.34
<b>Total</b>	<b>13,968.00</b>	<b>6,803.34</b>

\* Company has pledged fixed deposits with the banks for bank guarantee/overdraft facilities and with the stock exchange for margin/arbitration purpose and with other authorities.

### NOTE 5 : RECEIVABLES

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(I) Trade receivables</b>		
- Receivables considered good - unsecured	269.96	169.46
- Receivables which have significant increase in credit risk	22.42	21.60
- Receivables - credit impaired	3.92	3.64
<b>Total (I)- Gross</b>	<b>296.30</b>	<b>194.70</b>
- Less: Allowance for credit loss	(6.68)	(7.84)
<b>Total (I)- Net</b>	<b>289.62</b>	<b>186.86</b>
<b>(II) Other receivables</b>		
- Receivables considered good - unsecured	76.73	13.68
<b>Total (II)- Net</b>	<b>76.73</b>	<b>13.68</b>
<b>Total (I+II)</b>	<b>366.35</b>	<b>200.54</b>

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, 2021 and March 31, 2020.

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

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

## NOTE 6 : LOANS

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
<b>Loans repayable on demand</b>		
- Margin trading facility balances *	964.35	220.37
- Loan to related parties (Refer note 35)	514.00	-
<b>Total</b>	<b>1,478.35</b>	<b>220.37</b>

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

## NOTE 7 : INVESTMENTS

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
<b>I) At cost</b>		
<b>Investment in equity shares of Subsidiaries &amp; Associates</b>		
- IIFL Facilities Services Limited	321.40	321.40
- IIFL Commodities Limited	20.00	20.00
- IIFL Insurance Brokers Limited	43.41	43.41
- IIFL Management Services Limited	10.00	10.00
- IIFL Wealth (UK) Limited	11.20	11.20
- IIFL Capital Inc	40.29	40.29
- IIFL Corporate Services Limited (Formerly IIFL Asset Reconstruction Limited)	44.13	44.13
- IIFL Securities Services IFSC Limited	5.00	5.00
- Giskard Datatech Private Limited #*	0.00	-
<b>Investment in preference shares of Subsidiaries &amp; Associates</b>		
- IIFL Management Services Limited (0.1 % Redeemable Non Convertible Non Cumulative)\$	-	283.78
- Compulsory convertible preference share of Giskard Datatech Private Limited *	38.21	-
<b>II) At fair value through profit or loss</b>		
<b>Mutual fund</b>		
- HDFC Charity Fund for Cancer Cure	-	20.05
<b>Investment in AIF</b>		
- India Alternative Private Equity Fund - Category II - AIF Class S	64.45	501.07
- IIFL Income Opportunities Fund Series - Special Situation Category II- AIF	18.50	17.20
- IIFL Real Estate Fund (Domestic) – Series 2 Category II- AIF	220.17	277.95
<b>Investment in preference shares</b>		
- Compulsory convertible preference share of Giskard Datatech Private Limited	-	29.02



## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Investment in equity shares</b>		
- Bombay Stock Exchange Limited	37.12	19.29
- Kotak Mahindra Bank Limited	-	109.15
- SBI Cards & Payment Services Limited	-	9.46
- National Stock Exchange of India Limited	33.48	-
- Giskard Datatech Private Limited #	-	0.00
<b>Investment in debt Instruments</b>		
- IIFL-Secured Redeemable Non-Convertible Debentures Market Linked Debenture 2021 –Series D8	42.80	-
- In Pass Through Certificates (PTC) of Secure SME Trust	-	711.22
<b>Total -Gross (A)</b>	<b>950.16</b>	<b>2,473.62</b>
- Less: Allowance for impairment loss (B)	-	-
<b>Total -Net (C) = (A) - (B)</b>	<b>950.16</b>	<b>2,473.62</b>
- Investment outside India	51.49	51.49
- Investment in India	898.67	2,422.13
<b>Total Net ( C )</b>	<b>950.16</b>	<b>2,473.62</b>

\* During FY 2020-21, the company has acquired additional stake of 6.53% of compulsory convertible preference shares (CCPS) i.e. 9,491 CCPS of Giskard Datatech Private Limited on November 06, 2020 resulting into total acquisition of 21.47%. Thereafter, Giskard Datatech Private Limited has become an associate of the Company.

\$ During the year, IIFL Management Services Limited has redeemed 90,000, 0.1 % Redeemable Non Convertible Non Cumulative Preference shares at par.

# Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million, wherever applicable.

### NOTE 8 : OTHER FINANCIAL ASSETS

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Clients receivables (net of provision) #	5,391.50	2,222.61
Exchanges receivables	2,821.54	78.00
Interest accrued on deposits and investments	100.83	39.53
Deposit with exchanges	79.00	57.30
Margin with exchanges	1,033.63	1,733.46
Gratuity (funded) (Refer note 25)	1.82	-
Security deposit with landlords and others*	222.99	244.10
Receivable from related parties (Refer note 35)	21.73	74.17
Other financial assets	57.68	83.68
<b>Total</b>	<b>9,730.72</b>	<b>4,532.85</b>

# Include receivable from directors & key managerial personnel of ₹ Nil (As at March 31, 2020 ₹ Nil) (Refer note 35)

\* Include deposit with related party of ₹ 119.24 million (As at March 31, 2020 ₹ 132.97 million) & directors and its relatives of ₹ 50.00 million (As at March 31, 2020 ₹ 50.00 million) (Refer note 35)

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 9 : DEFERRED TAX ASSETS (NET)

(₹ in Million)

Particulars	As at March 31, 2021				
	Opening balance	Impact of change in rate	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
<b>Deferred tax assets:</b>					
Depreciation on property, plant and equipment	50.56	-	(39.90)	-	10.66
Provisions for doubtful receivables/other financial asset (Including expected credit loss)	113.89	-	7.76	-	121.65
Finance Lease	9.36	-	3.10	-	12.46
Compensated absences and retirement benefits	11.74	-	1.03	(2.17)	10.60
Unrealised profit on investments	(34.52)	-	51.55	-	17.03
<b>Total deferred tax assets</b>	<b>151.03</b>	<b>-</b>	<b>23.54</b>	<b>(2.17)</b>	<b>172.40</b>
<b>Deferred tax assets</b>	<b>151.03</b>	<b>-</b>	<b>23.54</b>	<b>(2.17)</b>	<b>172.40</b>

(₹ in Million)

Particulars	As at March 31, 2020				
	Opening balance	Impact of change in rate	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
<b>Deferred tax assets:</b>					
Depreciation on property, plant and equipment	66.23	(18.53)	2.86	-	50.56
Provisions for doubtful receivables/other financial asset (Including expected credit loss)	394.59	(110.40)	(170.30)	-	113.89
Finance Lease	-	-	9.36	-	9.36
Compensated absences and retirement benefits	11.57	(3.23)	(2.24)	5.64	11.74
<b>Total deferred tax assets (a)</b>	<b>472.39</b>	<b>(132.16)</b>	<b>(160.32)</b>	<b>5.64</b>	<b>185.55</b>
<b>Deferred tax liabilities:</b>					
Unrealised profit on investments	(85.80)	2.75	48.53	-	(34.52)
<b>Total deferred tax liabilities (b)</b>	<b>(85.80)</b>	<b>2.75</b>	<b>48.53</b>	<b>-</b>	<b>(34.52)</b>
<b>Deferred tax assets (a) + (b)</b>	<b>386.59</b>	<b>(129.41)</b>	<b>(111.79)</b>	<b>5.64</b>	<b>151.03</b>

### NOTE 10 : PROPERTY, PLANT AND EQUIPMENT

Tangible Assets:

(₹ in Million)

Particulars	Building	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Vehicles	Total
<b>Cost</b>							
<b>As at April 1, 2019</b>	<b>7.22</b>	<b>216.06</b>	<b>36.14</b>	<b>54.67</b>	<b>37.14</b>	<b>0.37</b>	<b>351.60</b>
Additions	-	65.93	4.92	18.54	13.28	-	102.67
Deductions/Adjustments	-	(76.33)	(2.67)	(0.92)	(1.00)	-	(80.92)
<b>As at March 31, 2020</b>	<b>7.22</b>	<b>205.66</b>	<b>38.39</b>	<b>72.29</b>	<b>49.42</b>	<b>0.37</b>	<b>373.35</b>
Additions	-	26.76	4.39	5.68	1.97	-	38.80
Disposals/Adjustments	-	(19.16)	(5.24)	(5.59)	(2.44)	-	(32.43)
<b>As at March 31, 2021</b>	<b>7.22</b>	<b>213.26</b>	<b>37.54</b>	<b>72.38</b>	<b>48.95</b>	<b>0.37</b>	<b>379.72</b>
<b>Accumulated Depreciation:</b>							
<b>As at April 1, 2019</b>	<b>1.40</b>	<b>94.31</b>	<b>18.33</b>	<b>24.75</b>	<b>21.94</b>	<b>0.37</b>	<b>161.10</b>
Depreciation charge for the year	0.70	65.00	6.23	11.14	9.12	-	92.19
Deductions/Adjustments	-	(39.19)	(2.13)	(0.70)	(0.79)	-	(42.81)
<b>As at March 31, 2020</b>	<b>2.10</b>	<b>120.12</b>	<b>22.43</b>	<b>35.19</b>	<b>30.27</b>	<b>0.37</b>	<b>210.48</b>
Depreciation charge for the year	0.70	56.39	6.38	11.97	6.70	-	82.14
Deductions/Adjustments	-	(13.85)	(5.08)	(5.15)	(2.24)	-	(26.32)
<b>As at March 31, 2021</b>	<b>2.80</b>	<b>162.66</b>	<b>23.73</b>	<b>42.01</b>	<b>34.73</b>	<b>0.37</b>	<b>266.30</b>

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### Net Book Value:

(₹ in Million)

Particulars	Building	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Vehicles	Total
As at March 31, 2020	5.12	85.54	15.96	37.10	19.15	0.00	162.87
<b>As at March 31, 2021</b>	<b>4.42</b>	<b>50.60</b>	<b>13.81</b>	<b>30.37</b>	<b>14.22</b>	<b>0.00</b>	<b>113.42</b>

**Note :-** Capital work in progress ₹ 19.09 million (As at March 31, 2020 ₹ 25.63 million ) pertains to assets not yet capitalised.

### Other intangible assets (other than internally generated):

(₹ in Million)

Particulars	Commercial rights *	Software	Goodwill	Total
<b>Cost:</b>				
<b>As at April 1, 2019</b>	-	<b>92.48</b>	<b>1.14</b>	<b>93.62</b>
Other additions	-	11.60	-	11.60
<b>As at March 31, 2020</b>	-	<b>104.08</b>	<b>1.14</b>	<b>105.22</b>
Other additions	1,129.11	44.97	-	1,174.08
Deductions/Adjustments	-	(12.24)	-	(12.24)
<b>As at March 31, 2021</b>	<b>1,129.11</b>	<b>136.81</b>	<b>1.14</b>	<b>1,267.06</b>
<b>Accumulated Depreciation:</b>				
<b>As at April 1, 2019</b>	-	<b>56.57</b>	<b>1.14</b>	<b>57.71</b>
Depreciation charge for the year	-	27.76	-	27.76
Deductions/Adjustments	-	-	-	-
<b>As at March 31, 2020</b>	-	<b>84.33</b>	<b>1.14</b>	<b>85.47</b>
Depreciation charge for the year	8.04	22.16	-	30.20
Deductions/Adjustments	-	-	-	-
<b>As at March 31, 2021</b>	<b>8.04</b>	<b>106.49</b>	<b>1.14</b>	<b>115.67</b>

### Net Book Value:

(₹ in Million)

Particulars	Commercial rights *	Software	Goodwill	Total
As at March 31, 2020	-	19.75	-	19.75
<b>As at March 31, 2021</b>	<b>1,121.07</b>	<b>30.32</b>	-	<b>1,151.39</b>

\* Refer note 38

## NOTE 11 : RIGHT OF USE ASSET

### A) Carrying value of right of use assets at the end of the reporting period by class

(₹ in Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Premises	Vehicles	Total	Premises	Vehicles	Total
<b>Balance at the beginning of the year</b>	<b>656.40</b>	<b>11.06</b>	<b>667.46</b>	<b>958.59</b>	<b>11.04</b>	<b>969.63</b>
Additions during the year	121.49	6.68	128.17	94.97	7.28	102.25
Deletions during the year	(53.30)	(1.13)	(54.43)	(41.92)	(1.85)	(43.77)
Depreciation charged for the year	(324.85)	(5.73)	(330.58)	(355.24)	(5.41)	(360.65)
<b>Balance at the end of the year</b>	<b>399.74</b>	<b>10.88</b>	<b>410.62</b>	<b>656.40</b>	<b>11.06</b>	<b>667.46</b>

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### B) Maturity analysis of lease liabilities

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
<b>Maturity analysis – contractual undiscounted cash flows</b>		
- Less than one year	170.25	318.80
- One to five years	303.30	444.98
- More than five years	75.44	46.48
<b>Total undiscounted lease liabilities at March 31</b>	<b>548.99</b>	<b>810.26</b>
<b>Lease liabilities included in the statement of financial position at March 31</b>	<b>460.14</b>	<b>704.36</b>
<b>Current lease liability</b>	<b>139.66</b>	<b>274.60</b>
<b>Non current lease liability</b>	<b>320.48</b>	<b>429.76</b>

### C) Amounts recognised in profit or loss

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
Interest on lease liabilities	49.01	69.59
Expenses relating to short-term leases	1.43	1.06
Depreciation charged for the year	330.58	360.65
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	1.24	1.82
<b>Total</b>	<b>382.26</b>	<b>433.12</b>

### D) Amounts recognised in the statement of cash flows

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
Total cash outflow for leases	362.63	391.54

"The Ministry of Corporate Affairs (MCA) has issued amendment in August 2020 relating to Ind AS 116. The said amendment as a practical expedient permits lessees not to account for COVID-19 related rent concessions as a lease modification.

The company has exercised the option of not accounting for Covid related rent concessions as lease modification and has accounted for the rent concession received from the lessors of ₹ 4.31 million as income under the head "Other income".

### NOTE 12 : OTHER NON-FINANCIAL ASSETS

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
Prepaid expense	75.52	59.38
Capital advance	1.35	2.75
Other advances	17.17	252.80
<b>Total</b>	<b>94.04</b>	<b>314.93</b>

### NOTE 13 : PAYABLES

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
<b>(I) Trade Payable</b>		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	25.53	9.13
<b>Total (I)</b>	<b>25.53</b>	<b>9.13</b>

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(II) Other Payable</b>		
- 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	324.16	287.31
(b) Accrued salaries & benefits	2.01	1.07
(c) Others	3.89	3.41
<b>Total (II)</b>	<b>330.06</b>	<b>291.79</b>
<b>Total (I+II)</b>	<b>355.59</b>	<b>300.92</b>

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.

The following disclosure is made as per the requirement under the Micro, Small and Medium Enterprises Development Act, 2016 (MSMED) on the basis of confirmations sought from suppliers on registration with the specified authority under MSMED:

(₹ in Million)

Particulars	FY 2020-21	FY 2019-20
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the act	-	-

### NOTE 14 : BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
<b>Loans repayable on demand (from banks)</b>		
- Working capital demand loan	890.00	750.00
- Bank overdraft	-	6.37
<b>Total</b>	<b>890.00</b>	<b>756.37</b>
Borrowings in India	890.00	756.37
Borrowings outside India	-	-
<b>Total</b>	<b>890.00</b>	<b>756.37</b>

14.1 (a) Working Capital Demand Loan (WCDL) and bank overdraft are secured by way of first pari-passu charge on all receivable to the tune of 2 times of the outstanding facility amount. Refer note 33 for details of asset pledged.

(b) Tenor of repayment:

- For WCDL it varies from 7 days to 365 days of each tranche, the principal amount of each tranche is to be paid as bullet payment on maturity date.
- For bank overdraft 30 days or upto validity of facility.

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(c) Interest Rate:

(i) For WCDL the rate of interest is @ 8.40% p.a (Previous year 9.85% p.a).

Interest rate is linked to marginal cost of funds based lending rate plus applicable spread rate and is payable monthly basis on the last date of each month.

(ii) For Bank Overdraft Interest rate in Previous year bank MCLR 6M + Applicable Spread.

### NOTE 15 : OTHER FINANCIAL LIABILITIES

(₹ in Million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Clients payables #	11,895.18	5,554.41
Exchange payables	9,470.61	3,882.81
Book overdraft	55.78	9.60
Deposits received from franchisee and others *	300.40	220.13
Payable to related parties (Refer note 35)	12.51	0.46
Provision for gratuity (funded) (Refer note 25)	-	13.91
Financial lease obligation	460.14	704.36
Other payable	50.13	20.75
<b>Total</b>	<b>22,244.75</b>	<b>10,406.43</b>

# Include payable to directors & key managerial personnel of ₹ 0.11 million (As at March 31, 2020 ₹ 0.04 million) (Refer note 35)

\* Include deposit of related party of ₹ 3.07 million (As at March 31, 2020 ₹ 3.07 million) (Refer note 35)

### NOTE 16 : PROVISIONS

(₹ in Million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Provision for leave encashment	43.86	32.67
<b>Total</b>	<b>43.86</b>	<b>32.67</b>

### NOTE 17 : OTHER NON-FINANCIAL LIABILITIES

(₹ in Million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Income received in advance	6.22	12.13
Statutory dues (net of input credit)	53.20	174.05
Other payable	-	0.06
<b>Total</b>	<b>59.42</b>	<b>186.24</b>

### NOTE 18 : EQUITY SHARE CAPITAL

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

(₹ in Million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Authorised Share Capital</b>		
At the beginning of the year	1,000.00	1,000.00
Add: Increase in authorised share capital	-	-
Closing at the end of year	1,000.00	1,000.00
<b>Issued, Subscribed and Paid-up Share Capital</b>		
302,935,330 Equity Shares of ₹ 2 each fully paid up ( 319,609,462 Equity Shares of ₹ 2 each fully paid up )	605.87	639.22

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in million	No. of Shares	₹ in million
<b>Equity Shares</b>				
At the beginning of the year	319,609,462	639.22	-	-
Add:- Shares issued pursuant to Composite Scheme of Arrangement	-	-	319,234,462	638.47
Add: Shares issued during the year under ESOP scheme	326,262	0.65	375,000	0.75
Less: Shares extinguished on buyback #	(17,000,394)	(34.00)	-	-
<b>Closing at the end of year</b>	<b>302,935,330</b>	<b>605.87</b>	<b>319,609,462</b>	<b>639.22</b>
<b>Share suspense account</b>				
At the beginning of the year	-	-	319,203,092	638.41
Add: Further Additional Shares to be issued pursuant to Composite Scheme of Arrangement	-	-	31,370	0.06
Less: Shares allotted during the year	-	-	(319,234,462)	(638.47)
<b>Closing at the end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# During the year, the Company has concluded the buyback of 17,000,394 equity shares at an average price of ₹ 50.99 per equity share, (maximum buy back price approved was ₹ 54 per equity share) ("Buyback") as approved by the Board of Directors on November 20, 2020 and by shareholders through postal ballot on December 22, 2020. The equity shares bought back were extinguished on February 16, 2021. Total outflow of ₹ 866.81 million (excluding taxes and expenses) of which ₹ 832.81 million has been utilized from the securities premium account in line with the requirement under the Companies Act 2013. Further tax on Buyback and Buyback related expenses amounting to ₹ 189.60 million and ₹ 1.23 Million respectively have also been utilized from securities premium account. Additionally Capital Redemption Reserve of ₹ 34.00 million (equivalent to nominal value of the equity shares bought back) has been created out of securities premium account, in line with the requirement under the Companies Act 2013. Consequent to extinguishment of shares so bought back, the paid-up equity share capital has reduced by ₹ 34.00 Million (Refer note 19).

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

The company has only one class of shares referred to as equity shares having a par value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees.

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

### d. Details of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity share of ₹ 2 each fully paid up</b>				
FIH Mauritius Investments Ltd.	84,641,445	27.94%	84,641,445	26.48%
Mr. Nirmal Bhanwarlal Jain	46,964,282	15.50%	46,964,282	14.69%
HWIC Asia Fund Class A shares	28,362,530	9.36%	28,362,530	8.87%

e. During the period of five years immediately precedings the balance sheet date, the Company has not issued any shares without payment being received in cash or by any way of bonus shares or shares bought back, except shares allotted through Composite Scheme of Arrangement.

f. Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestments, including the terms and amount, Refer Note 32 for details of shares reserved for issue under Employees Stock Option Plan of the Company.

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 19 : OTHER EQUITY

Particulars	Reserves and Surplus					Share options outstanding account	Other items of Other Comprehensive Income	Total
	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Retained earnings			
	(₹ in Million)							
<b>Balance as at April 1, 2019</b>	<b>670.97</b>	-	<b>2,230.82</b>	-	<b>2,882.84</b>	<b>21.83</b>	<b>1.90</b>	<b>5,808.36</b>
Transfer from/to reserve	-	-	4.98	0.90	-	(5.88)	-	-
Additions/(deletions) during the year	(0.06)	-	9.15	-	-	12.89	-	21.98
Total comprehensive income for the year	-	-	-	-	1,426.20	-	(16.77)	1,409.43
Appropriation towards dividend paid	-	-	-	-	(638.47)	-	-	(638.47)
Dividend Distribution Tax	-	-	-	-	(72.53)	-	-	(72.53)
<b>Balance as at March 31, 2020</b>	<b>670.91</b>	-	<b>2,244.95</b>	<b>0.90</b>	<b>3,598.04</b>	<b>28.84</b>	<b>(14.87)</b>	<b>6,528.77</b>
Transfer from/to reserve	-	-	2.34	1.37	-	(3.71)	-	-
Additions/(deletions) during the year	-	-	9.51	-	-	21.40	-	30.91
Total comprehensive income for the year	-	-	-	-	1,728.44	-	6.45	1,734.89
Buyback of Equity shares (Refer note 18)	-	-	(832.81)	-	-	-	-	(832.81)
Buyback expenses including tax (Refer note 18)	-	-	(190.83)	-	-	-	-	(190.83)
Creation of Capital Redemption Reserve (Refer note 18)	-	34.00	(34.00)	-	-	-	-	-
Appropriation towards dividend paid	-	-	-	-	(302.94)	-	-	(302.94)
<b>Balance as at March 31, 2021</b>	<b>670.91</b>	<b>34.00</b>	<b>1,199.16</b>	<b>2.27</b>	<b>5,023.54</b>	<b>46.53</b>	<b>(8.42)</b>	<b>6,967.99</b>

#### Footnotes: Nature and purpose of reserves

- i) **Capital reserves:** Capital reserve was created due to slump sale transaction and as per the Composite Scheme of Arrangement.
- 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:** The share options outstanding account is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees.
- v) **General Reserve:** This reserve can be distributed/utilised by the Company, in accordance with the Companies Act, 2013.
- vi) **Capital Redemption Reserve:** Nominal value of the shares cancelled through buyback is transferred to Capital Redemption Reserve.

### NOTE 20: INTEREST INCOME

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Interest on deposits with banks*	413.82	400.98
Interest on loan (margin funding facilities)	78.03	83.94
Other interest income	0.29	0.20
<b>Total</b>	<b>492.14</b>	<b>485.12</b>

\* Interest received on fixed deposit with bank which are pledged with exchanges for margin purpose.



## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 21: FEES AND COMMISSION INCOME

Particulars	₹ in Million	
	FY 2020-21	FY 2019-20
Brokerage & related income	4,990.98	4,295.06
Investment banking income	735.97	333.73
Commission & other advisory fees (incl. cross sell)	537.94	847.15
<b>Total</b>	<b>6,264.89</b>	<b>5,475.94</b>

### NOTE 22: OTHER INCOME

Particulars	₹ in Million	
	FY 2020-21	FY 2019-20
Gain/(Loss) on financial assets measured at fair value through Profit & Loss account		
- Realised	519.30	84.14
- Unrealised	(299.59)	(219.45)
Gain on termination on lease	4.34	1.80
Interest Income on		
- Inter corporate deposit	199.24	31.98
- Investment	77.36	101.94
Dividend income #	229.53	293.73
Gain on derecognition of property, plant and equipment	0.58	-
Infrastructure support income	108.25	156.63
Other income	4.75	25.60
<b>Total</b>	<b>843.76</b>	<b>476.37</b>

# During the year, Company has received dividend of ₹ 195.35 million (PY ₹ 285.61 million) from subsidiaries (Refer note 35)

### NOTE 23: FINANCE COSTS MEASURED AT AMORTISED COST

Particulars	₹ in Million	
	FY 2020-21	FY 2019-20
Interest on borrowings	67.60	199.28
Interest on lease	49.01	69.59
Other borrowing cost	74.45	43.29
<b>Total</b>	<b>191.06</b>	<b>312.16</b>

### NOTE 24: FEES AND COMMISSION EXPENSE

Particulars	₹ in Million	
	FY 2020-21	FY 2019-20
Sub-brokerage charges	927.09	573.45
Commission & other advisory fees (incl. cross sell)	125.69	151.00
Others	163.30	168.12
<b>Total</b>	<b>1,216.08</b>	<b>892.57</b>

### NOTE 25: EMPLOYEE BENEFITS EXPENSES

Particulars	₹ in Million	
	FY 2020-21	FY 2019-20
Salaries and wages	1,839.88	1,815.32
Contribution to provident and other funds	52.00	55.78
Share based payments (Refer note 32)	19.76	13.43
Staff welfare expenses	6.49	15.90
Gratuity	14.21	11.39
Leave encashment	22.57	10.85
<b>Total</b>	<b>1,954.91</b>	<b>1,922.67</b>

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below:

### A. Defined benefit plans:

#### (i) Reconciliation of opening and closing balances of Defined Benefit Obligation

(₹ in Million)		
Particulars	FY 2020-21	FY 2019-20
<b>Defined Benefit Obligation at beginning of the year</b>	<b>148.17</b>	<b>119.31</b>
Interest cost	9.72	9.11
Current service cost	13.30	10.73
Past services cost	-	-
Liability transferred In/acquisitions	1.85	3.32
(Liability transferred out/divestments)	(2.74)	(1.84)
(Benefit paid directly by the Employer)	(0.23)	-
(Benefit paid from the fund)	(16.91)	(12.44)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(0.12)	12.30
Actuarial (gains)/losses on obligations - due to experience	0.94	7.68
<b>Defined Benefit Obligation at year end</b>	<b>153.98</b>	<b>148.17</b>

#### (ii) Reconciliation of opening and closing balances of fair value of plan assets

(₹ in Million)		
Particulars	FY 2020-21	FY 2019-20
<b>Change in the fair value of plan assets</b>		
<b>Fair value of plan assets at beginning of the year</b>	<b>134.26</b>	<b>110.68</b>
Interest income	8.81	8.45
Contributions by the employer	20.20	30.00
Expected return on plan assets (excluding interest)	9.44	(2.43)
Assets transferred in/acquisitions	-	-
(Benefit paid from the fund)	(16.91)	(12.44)
<b>Fair value of plan assets at the end of the year</b>	<b>155.80</b>	<b>134.26</b>

#### (iii) Amount recognized in the balance sheet

(₹ in Million)		
Particulars	FY 2020-21	FY 2019-20
<b>(Present value of benefit obligation at the end of the year)</b>	<b>(153.98)</b>	<b>(148.17)</b>
Fair value of Plan Assets at the end of the year	155.80	134.26
Net (liability)/Asset recognized in the balance sheet (surplus/(deficit))	1.82	(13.91)

#### (iv) Expenses recognised during the year

(₹ in Million)		
Particulars	FY 2020-21	FY 2019-20
In income statement		
Current service cost	13.30	10.73
Net interest Cost	0.91	0.66
Past service cost	-	-
<b>Expense recognised in the Statement of Profit and Loss under 'Employee benefits expenses'</b>	<b>14.21</b>	<b>11.39</b>
In other comprehensive income		
Actuarial (gains)/losses on obligation for the period	0.82	19.98
Return on plan assets, excluding interest income	(9.44)	2.43
Change in asset ceiling	-	-
<b>Net (income)/expense for the period recognized in OCI</b>	<b>(8.62)</b>	<b>22.41</b>

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### (v) Balance sheet reconciliation

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
<b>Opening net liability</b>	<b>13.91</b>	<b>8.63</b>
Expenses Recognized in Statement of Profit or Loss	14.21	11.39
Expenses Recognized in OCI	(8.62)	22.41
Net Liability/(Asset) Transfer In	1.85	3.32
Net (Liability)/Asset Transfer Out	(2.74)	(1.84)
(Benefit Paid Directly by the Employer)	(0.23)	-
(Employer's Contribution)	(20.20)	(30.00)
<b>Net liability/(asset) recognized in the balance sheet</b>	<b>(1.82)</b>	<b>13.91</b>

### (vi) Investment Details

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
<b>Category of assets</b>		
Insurance fund	155.81	134.26
<b>Total</b>	<b>155.81</b>	<b>134.26</b>

### (vii) Actuarial assumptions

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Expected return on plan assets	6.57%	6.56%
Rate of discounting	6.57%	6.56%
Rate of salary increase	5.00%	5.00%
Rate of employee turnover	For service 4 years and below 31% p.a. & thereafter 6% p.a.	For service 4 years and below 31% p.a. & thereafter 6% p.a.
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

- (a) The estimate of future salary increase, considered in the actuarial valuation, takes into account inflation, seniority, promotion, increments and other relevant factors.
- (b) The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

### (viii) Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting year, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Projected Benefit Obligation on Current Assumptions	<b>153.98</b>	<b>148.17</b>
Delta Effect of +1% Change in Rate of Discounting	(11.55)	(11.45)
Delta Effect of -1% Change in Rate of Discounting	13.36	13.28
Delta Effect of +1% Change in Rate of Salary Increase	10.83	10.77
Delta Effect of -1% Change in Rate of Salary Increase	(9.93)	(9.92)
Delta Effect of +1% Change in Rate of Employee Turnover	2.19	2.15
Delta Effect of -1% Change in Rate of Employee Turnover	(2.47)	(2.44)
Weighted Average Duration of the Projected Benefit Obligation	10	10

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

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.

### (ix) Maturity analysis of the benefit payments: from the fund

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
1st Following Year	19.81	16.74
2nd Following Year	10.59	10.41
3rd Following Year	10.96	10.33
4th Following Year	10.49	10.94
5th Following Year	10.60	10.08
Sum of Years 6 To 10	58.99	55.17
Sum of Years 11 and above	175.85	178.31

### B. Defined contribution plans:

The company have recognised the following amounts as an expense in the Statement of Profit and Loss:

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Contribution to provident fund	27.63	30.60
Contribution to ESIC	1.92	2.75
Contribution to labour welfare fund	0.08	0.08
Contribution to EPS	20.31	20.31
Contribution to NPS	2.06	2.04
<b>Total</b>	<b>52.00</b>	<b>55.78</b>

### NOTE 26: DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Depreciation on property, plant and equipment	82.14	92.19
Depreciation on right of use asset	330.58	360.65
Amortization of intangible assets	30.20	27.76
<b>Total</b>	<b>442.92</b>	<b>480.60</b>

### NOTE 27: OTHERS EXPENSES

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Advertisement expense	237.81	183.89
Communication expense	86.11	47.90

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Corporate social responsibility expenses (Refer note 31)	39.57	34.83
Custodian charges	43.56	23.20
Directors sitting fees	1.45	1.12
Directors commission	2.72	2.17
Exchange and Statutory Charges	7.66	34.14
Expected credit loss (net of recovery)	37.60	(258.14)
Franking charges & Bank charges	6.92	6.65
Infrastructure Support Charges	10.81	12.26
Legal and professional charges	207.43	127.00
Loss on derecognition of property, plant and equipment	-	1.40
Capital Loss on redemption of preference shares*	282.88	-
Marketing and commission expenses	151.13	155.68
Office expenses	72.67	79.00
Printing and stationery & Postage and courier	12.97	26.67
Electricity, rates & taxes, insurance	34.54	61.91
Repairs & Maintenance		
- Computer	0.82	1.70
- Others	5.04	14.94
Remuneration to Auditors:		
- As auditors - Statutory Audit	3.85	3.40
- Certification work and other matters	0.42	1.16
- Out of pocket expenses	0.58	0.36
Technology cost	297.75	210.10
Travelling & conveyance and Meeting, Seminar & subscription	25.57	68.08
Miscellaneous expenses	2.66	3.31
<b>Total</b>	<b>1,572.52</b>	<b>842.73</b>

\*Loss on redemption of preference shares of IIFL Management Services Ltd (a wholly owned subsidiary), being the difference between the cost allocated at the time of allotment of the preference shares and the redemption at par.

### NOTE 28 : INCOME TAX

Amount recognised in profit or loss

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
<b>Current tax expenses</b>		
Current year	511.86	317.48
Changes in estimates related to prior years	6.54	1.82
<b>Deferred tax expenses</b>		
Origination and reversal of temporary differences	(23.54)	241.20
Recognition of previously unrecognised tax losses	-	-
<b>Total</b>	<b>494.86</b>	<b>560.50</b>

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### Reconciliation of effective tax rates:

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Profit before tax	2,223.30	1,986.70
Tax using domestic tax rates	25.168%	25.168%
Tax amount	559.56	500.01
<b>Tax effect of:</b>		
Non-deductible expenses	9.98	4.71
Tax on Eliminated Income		
Dividend	(57.73)	(73.93)
Others	0.25	(2.14)
Change in tax rate	-	129.41
Income taxable at different rate	21.79	0.37
Differential Tax Treatment*	(54.33)	-
Adjustment in respect of current income tax of prior years	6.54	1.82
Recognition of previously unrecognised deductible temporary differences	8.80	0.25
<b>Total Income Tax Expense</b>	<b>494.86</b>	<b>560.50</b>

\* During the year, IIFL Management Services Ltd, a wholly own subsidiary, has redeemed its Preference Shares of ₹ 9 Lacs at par as required by the Scheme of Demerger approved by National Company Law Tribunal (NCLT) in July 2017. These shares were allotted to IIFL Holding Ltd (now known as IIFL Finance Ltd) by IIFL Management Services Ltd., consequent to the said demerger scheme and transferred by IIFL Holding Ltd to IIFL Securities Ltd pursuant to the Composite Scheme of Arrangement approved by NCLT in the year 2019. The company has accounted for long term capital loss of ₹ 282.88 million which is included in "Other expense" during the year ended March 31, 2021 and has worked out the current tax liability accordingly.

### NOTE 29 : EARNINGS PER EQUITY SHARE

Particulars		FY 2020-21	FY 2019-20
Face value of equity shares in ₹ fully paid up		2.00	2.00
<b>BASIC</b>			
Profit after tax as per statement of profit and loss (₹ in Million)	<b>A</b>	1,728.44	1,426.20
Weighted average number of equity shares outstanding	<b>B</b>	316,337,518	319,297,473
<b>Basic EPS In ₹</b>	<b>A/B</b>	<b>5.46</b>	<b>4.47</b>
<b>DILUTED</b>			
Weighted average number of equity shares for computation of basic EPS		316,337,518	319,297,473
Add: Potential equity shares on account conversion of Employees Stock Options		2,622,618	743,577
Weighted average number of equity shares for computation of diluted EPS	<b>C</b>	318,960,136	320,041,050
<b>Diluted EPS In ₹</b>	<b>A/C</b>	<b>5.42</b>	<b>4.46</b>

### NOTE 30 : CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE

#### Capital and other commitment

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
(i) Capital commitment	40.03	22.30
(ii) Other commitment	44.79	379.00

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

## Contingent Liabilities

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) In respect of Income tax demands (see note 1)	22.41	7.20
(ii) In respect of Service tax demands (see note 2)	397.22	377.48
(iii) Bank guarantees	7,466.60	5,369.60
(iv) In respect of Legal case/penalties	63.26	63.84
<b>Total</b>	<b>7,949.49</b>	<b>5,818.12</b>

### Notes :

- 1) Amount paid under protest with respect to income tax demand ₹ 22.41 million (As at March 31, 2020 ₹ 7.20 million)
- 2) Amount paid under protest with respect to service tax demand ₹ 11.69 million (As at March 31, 2020 ₹ 11.69 million)
- 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.

### NOTE 31 : CORPORATE SOCIAL RESPONSIBILITY

During the period ended March 31, 2021 the Company has spent ₹ 39.57 million (Previous year ₹ 34.83 million) out of the total amount of ₹ 39.57 million (Previous year ₹ 34.83 million) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility [CSR]. The aforementioned amount has been contributed to India Infoline Foundation.

### NOTE 32 : SHARE BASED PAYMENTS

During the year, the Company has granted ESOPs under IIFL Employees Stock Option Scheme - 2018 (ESOP 2018).

#### a) The details of Employee Stock Option Schemes are as under:

Particulars	ESOP 2018	ESOP 2019
Method of Accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options	
Exercise Period	Seven years from the date of grant	
Grant Date	October 30, 2019 and January 07, 2021	August 10, 2012, October 29, 2012, November 05, 2013, August 05, 2014, March 02, 2015, March 08, 2016 and April 29, 2017
Grant Price (₹ per share)	₹ 30.85 and ₹ 49.00	₹ 25.79, ₹ 31.05, ₹ 26.47, ₹ 61.40, ₹ 82.02, ₹ 82.73 and ₹ 218.71

#### b) (i) Movement of options during the year ended March 31, 2021 of ESOP 2019 Scheme (Demerger Scheme)

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
<b>Outstanding as on April 1, 2020</b>	<b>484,041</b>	<b>61.40 - 218.71</b>	<b>87.17</b>	<b>2.90</b>
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Expired during the year	(36,400)	82.02	82.02	-
Exercised during the year	(2,000)	82.02	82.02	-
<b>Outstanding as on March 31, 2021</b>	<b>445,641</b>	<b>61.40 - 218.71</b>	<b>87.62</b>	<b>1.89</b>
<b>Exercisable as on March 31, 2021</b>	<b>436,841</b>	<b>61.40 - 218.71</b>	<b>84.98</b>	<b>1.87</b>

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### b) (ii) Movement of options during the year ended March 31, 2021 of ESOP 2018 Scheme

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
<b>Outstanding as on April 1, 2020</b>	<b>8,912,200</b>	<b>30.85</b>	<b>30.85</b>	<b>6.58</b>
Granted during the year	1,005,000	49.00	49.00	-
Forfeited during the year	(643,750)	30.85	30.85	-
Expired during the year	(11,250)	30.85	30.85	-
Exercised during the year	(324,262)	30.85	30.85	-
<b>Outstanding as on March 31, 2021</b>	<b>8,937,938</b>	<b>30.85 - 49.00</b>	<b>32.89</b>	<b>5.72</b>
<b>Exercisable as on March 31, 2021</b>	<b>510,550</b>	<b>30.85</b>	<b>30.85</b>	<b>5.58</b>

### c) (i) Movement of options during the year ended March 31, 2020 of ESOP 2019 Scheme (Demerger Scheme)

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
<b>Options allotted under the composite scheme of arrangement</b>	<b>904,686</b>	<b>25.79 - 218.71</b>	<b>60.77</b>	<b>2.66</b>
Granted during the year	-	-	-	-
Forfeited during the year	(13,390)	82.02	82.02	-
Expired during the year	(32,255)	25.79 - 218.71	54.91	-
Exercised during the year	(375,000)	25.79 - 26.47	26.43	-
<b>Outstanding as on March 31, 2020</b>	<b>484,041</b>	<b>61.40 - 218.71</b>	<b>87.17</b>	<b>2.90</b>
<b>Exercisable as on March 31, 2020</b>	<b>468,641</b>	<b>61.40 - 218.71</b>	<b>82.85</b>	<b>2.86</b>

### c) (ii) Movement of options during the year ended March 31, 2020 of ESOP 2018 Scheme

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
<b>Outstanding as on April 1, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Granted during the year	9,000,000	30.85	30.85	-
Forfeited during the year	(87,800)	30.85	30.85	-
Expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
<b>Outstanding as on March 31, 2020</b>	<b>8,912,200</b>	<b>30.85</b>	<b>30.85</b>	<b>6.58</b>
<b>Exercisable as on March 31, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Fair Value Methodology:

The fair value of the shares are measured using Black scholes formula. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility.

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2018	
	2020-21	2019-20
Stock price (₹)	45.71	25.83
Volatility	41.86%	42.00%
Risk-free Rate	5.91%	6.58%
Exercise price (₹)	49.00	30.85
Time to Maturity (Years)	6	5
Dividend yield	3.35%	4.43%
Weight Average Value (₹)	11.68	7.21

(₹ in Million)



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

**Stock Price:** The average of weekly high & low of volume weighted average price (VWAP) of shares during the two week preceeding the date of grant.

**Volatility:** The daily volatility of the stock prices on NSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

**Risk-free rate of return:** The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

**Exercise Price:** Price of each specific grant has been considered.

**Time to Maturity:** Time to Maturity/Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

**Expected dividend yield:** Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

## NOTE 33 : ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
<b>Financial assets</b>		
Other financial assets	5,947.60	2,725.11
<b>Total assets pledged as security</b>	<b>5,947.60</b>	<b>2,725.11</b>

## NOTE 34 : FINANCIAL RISK MANAGEMENT

### Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's risk management policy is approved by the board committee.

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

The Company is exposed to market risk, credit risk, liquidity risk etc. The Company senior management oversees the management of these risks. The Company senior management is overseen by the audit committee with respect to risks and facilitates appropriate financial risk governance framework for the Company. Financial risks are identified, measured and managed in accordance with the Company policies and risk objectives. The Board of Directors reviews and agrees policies for managing key risks, which are summarised below.

### 34 A.1. CREDIT RISK

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables and other financial asset.

#### Credit quality analysis

The following tables sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2021			Total
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	
Trade receivables	269.96	22.42	3.92	296.30
Less: Impairment loss allowance	-	(2.76)	(3.92)	(6.68)
<b>Carrying amount</b>	<b>269.96</b>	<b>19.66</b>	<b>-</b>	<b>289.62</b>
Other financial assets	9,713.57	25.74	468.14	10,207.45
Less: Impairment loss allowance	-	(8.59)	(468.14)	(476.73)
<b>Carrying amount</b>	<b>9,713.57</b>	<b>17.15</b>	<b>-</b>	<b>9,730.72</b>

(₹ in Million)

Particulars	As at March 31, 2020			Total
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	
Trade receivables	169.46	21.60	3.64	194.70
Less: Impairment loss allowance	-	(4.20)	(3.64)	(7.84)
<b>Carrying amount</b>	<b>169.46</b>	<b>17.40</b>	<b>-</b>	<b>186.86</b>
Other financial assets	4,514.95	27.18	435.46	4,977.59
Less: Impairment loss allowance	-	(9.28)	(435.46)	(444.74)
<b>Carrying amount</b>	<b>4,514.95</b>	<b>17.90</b>	<b>-</b>	<b>4,532.85</b>

### Movement of ECL (Trade receivable and other financial assets)

(₹ in Million)

Particulars	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Total
<b>April 1, 2019</b>	<b>730.63</b>	<b>398.60</b>	<b>1,129.23</b>
Increase/(decrease) net	(717.15)	40.50	(676.65)
<b>March 31, 2020</b>	<b>13.48</b>	<b>439.10</b>	<b>452.58</b>
Increase/(decrease) net	(2.13)	32.96	30.83
<b>March 31, 2021</b>	<b>11.35</b>	<b>472.06</b>	<b>483.41</b>

### 34 A.2. COLLATERAL HELD

The Company holds collateral of securities and other credit enhancements against its credit exposures.

### 34 A.3. MEASUREMENT OF EXPECTED CREDIT LOSS

The Company has applied the impairment requirements of Ind AS 109 retrospectively, however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### 34 B. LIQUIDITY RISK

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities. It uses a range of products mix to ensure efficient funding from across well-diversified markets and investor pools. Treasury monitors rolling forecasts of the company's cash flow position and ensures that the company is able to meet its financial obligation at all times including contingencies.

The table below analyse the company financial liability into relevant maturity compounding based on their contractual maturity. The amount disclosed in the table are the contractual undiscounted cash flows. Balance due within 1 year equals their carrying balances as the impact of discounting is not significant.

(₹ in Million)

Particulars	As at March 31, 2021				
	Total	Up to 1 year	1-5 years	5-10 years	More than 10 years
Trade & other payable	355.59	355.59	-	-	-
Working capital demand loan	890.00	890.00	-	-	-
Other financial liabilities	22,333.60	21,725.74	532.42	75.44	-
<b>Total liabilities</b>	<b>23,579.19</b>	<b>22,971.33</b>	<b>532.42</b>	<b>75.44</b>	<b>-</b>

(₹ in Million)

Particulars	As at March 31, 2020				
	Total	Up to 1 year	1-5 years	5-10 years	More than 10 years
Trade & other payable	300.92	300.92	-	-	-
Bank overdraft	6.37	6.37	-	-	-
Working capital demand loan	750.00	750.00	-	-	-
Other financial liabilities	10,512.34	9,835.15	630.71	46.48	-
<b>Total liabilities</b>	<b>11,569.63</b>	<b>10,892.44</b>	<b>630.71</b>	<b>46.48</b>	<b>-</b>

### 34 C. MARKET RISK

Market risk is the risk of any loss in future earnings, in realisable fair values or in futures cash flows that may result from a change in the price of a financial instrument.

The Company manages market risk through a treasury department, which evaluate and exercises control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by senior management and the Audit/Investment committee. The activities of this department include management of cash resources, borrowing strategies, and ensuring compliance with market risk limit and policies.

#### 34 C.1. INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affects 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.

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

The following table shows sensitivity analysis for impact on interest cost.

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
Bank overdraft	-	6.37
Working capital demand loan	890.00	750.00
<b>Total</b>	<b>890.00</b>	<b>756.37</b>
Weighted average interest rate	8.40%	9.85%
Annualised interest cost	74.76	74.49

### Sensitivity analysis for impact on interest cost

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
Increase in 1% change in ROI	8.90	7.56
Decrease in 1% change in ROI	(8.90)	(7.56)

### 34 C.2. FAIR VALUE SENSITIVITY ANALYSIS FOR FIXED-RATE INSTRUMENTS

The Company's fixed-rate financial liabilities are carried at amortised cost. Therefore, a change in interest rates at the reporting date would not affect profit or loss, since neither the carrying amount nor the future cash flows will fluctuate.

### 34 C.3. EXPOSURE TO CURRENCY RISKS

The Company is operating internationally and is exposed to foreign exchange risk arising from foreign currency transaction. Below is table showing net gap between foreign asset and liability.

Particulars	As at March 31, 2021		As at March 31, 2020	
	Foreign currency in million	₹ in Million	Foreign currency in million	₹ in Million
<b>Foreign currency assets</b>				
USD	0.48	35.38	0.25	18.94
GPB	0.03	3.49	0.02	2.08
EURO	0.02	1.72	-	-
<b>Foreign currency liabilities</b>				
USD	0.14	10.39	-	-
<b>Net gap</b>				
USD	0.34	24.99	0.25	18.94
GPB	0.03	3.49	0.02	2.08
EURO	0.02	1.72	-	-

### Sensitivity:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

The effect of upward movement of 5% in the exchange rate reduce the profit/reserve by ₹ 1.51 million (₹ 1.05 million for previous year) and downward movement of 5% will increase profit/reserve by ₹ 1.51 million (₹ 1.05 million for previous year) for FY 2020-21.

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### 34 C.4. EXPOSURE TO PRICE RISK

The Company exposure to price risk arising from investment held by the company and is classified in the balance sheet through fair value through profit & loss account. Company has majorly invested in Debt Fund and Alternate Investment Funds under various scheme and its exposure.

(₹ in Million)

Particulars	Debt Securities	Equity Shares (Other than Subsidiary)	Mutual Funds	Alternate Investment Funds	Preference Shares (Other than Subsidiary)	Total
<b>Market Value as on March 31, 2021</b>	42.80	70.60	-	303.12	-	416.52
Market Value as on March 31, 2020	711.22	137.91	20.05	796.21	29.02	1,694.41

### Sensitivity

The effect of upward movement of 5% in the price affects the projected net income by ₹ 20.83 million (₹ 84.72 million for previous year) and for forward downward movement of 5% the projected net loss will be ₹ 20.83 million (₹ 84.72 million for previous year) for FY 2020-21.

### 34 D. CAPITAL MANAGEMENT

The company's objective when managing capital are to

- Safeguard their ability to continue as going concern, so that they can continue to provide returns for the share holders and benefits for other stake holders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using debt equity ratio.

The company's strategy is to maintain gearing ratio as per industry norms. The gearing ratio is as follows:

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Total debt	890.00	756.37
Cash & cash equivalent (excluding client bank balance)	(297.92)	(108.06)
<b>Net debt</b>	<b>592.08</b>	<b>648.31</b>
Total equity	7,573.86	7,167.99
<b>Net debt to equity</b>	<b>0.08</b>	<b>0.09</b>

### 34 E. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Subjective estimate - The valuation of level 3 financial instruments held at fair value through profit or loss or through other comprehensive income may be misstated due to the application of valuation techniques which often involve the exercise of judgement and the use of assumptions and estimates. A subjective estimate exists for instruments where the valuation method uses significant unobservable inputs which is principally the case for level 3 financial instruments. The estimate measurement of fair value is more judgemental in respect of Level 3 assets, these are valued based on models that use a significant degree of non-market-based unobservable inputs.

Observable prices or model inputs are usually available in the market for listed debt and equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

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.

### 34 E.1. : Fair Value of Financial Instruments - Financial Instrument by Category

(₹ in Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Fair Value through Profit or loss	Amortised Cost	Carrying Value	Fair Value through Profit or loss	Amortised Cost	Carrying Value
<b>Financial Asset</b>						
Cash and cash equivalents	-	2,562.53	2,562.53	-	3,128.90	3,128.90
Bank Balance other than (a) above	-	13,968.00	13,968.00	-	6,803.34	6,803.34
Receivables						
(I) Trade receivables	-	289.62	289.62	-	186.86	186.86
(II) Other receivables	-	76.73	76.73	-	13.68	13.68
Loans	-	1,478.35	1,478.35	-	220.37	220.37
Investments						
- Equity Shares	70.60	495.43	566.03	137.91	495.43	633.34
- Preference Shares	-	38.21	38.21	29.02	283.78	312.80
- Mutual Fund	-	-	-	20.05	-	20.05
- Debt Instruments	42.80	-	42.80	711.22	-	711.22
- Alternate Investment Fund	303.12	-	303.12	796.21	-	796.21
Other financial assets	-	9,730.72	9,730.72	-	4,532.85	4,532.85
<b>Total</b>	<b>416.52</b>	<b>28,639.59</b>	<b>29,056.11</b>	<b>1,694.41</b>	<b>15,665.21</b>	<b>17,359.62</b>
<b>Financial Liabilities</b>						
Trade payables	-	25.53	25.53	-	9.13	9.13
Other payables	-	330.06	330.06	-	291.79	291.79
Borrowings (Other than debt securities)	-	890.00	890.00	-	756.37	756.37
Other financial liabilities	-	22,244.75	22,244.75	-	10,406.43	10,406.43
<b>Total</b>	<b>-</b>	<b>23,490.34</b>	<b>23,490.34</b>	<b>-</b>	<b>11,463.72</b>	<b>11,463.72</b>

### 34 E. 2. FAIR VALUE HIERARCHY - FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Financial instruments measured at fair value - recurring fair value measurements	As at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Equity instruments	37.12	-	33.48	70.60
Debt Instruments	-	-	42.80	42.80
Alternate Investment Funds	-	-	303.12	303.12
<b>Total Assets</b>	<b>37.12</b>	<b>-</b>	<b>379.40</b>	<b>416.52</b>

(₹ in Million)

Financial instruments measured at fair value - recurring fair value measurements	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds	20.05	-	-	20.05
Equity instruments*	137.91	-	0.00	137.91
Preference Shares	-	-	29.02	29.02
Debt Instruments	-	-	711.22	711.22
Alternate Investment Funds	-	-	796.21	796.21
<b>Total Assets</b>	<b>157.96</b>	<b>-</b>	<b>1,536.45</b>	<b>1,694.41</b>

\* Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million

### 34 E. 3. VALUATION METHODOLOGIES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

#### Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, trade receivables, other receivables, balances other than cash and cash equivalents and trade payables.

(₹ in Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy
<b>Assets</b>						
Cash and cash equivalents	2,562.53	2,562.53	-	3,128.90	3,128.90	-
Bank Balance other than above	13,968.00	13,968.00	-	6,803.34	6,803.34	-
<b>Receivables</b>						
(I) Trade receivables	289.62	289.62	-	186.86	186.86	-
(II) Other receivables	76.73	76.73	-	13.68	13.68	-
Loans	1,478.35	1,478.35	-	220.37	220.37	-
Investment in Associates	38.21	38.21	-	-	-	-
Security deposit with landlord	205.99	192.26	Level 3	227.51	209.90	Level 3
Security deposit others	17.00	17.00	-	16.59	16.59	-
Other financial asset	9,507.73	9,507.73	-	4,288.75	4,288.75	-
<b>Total Assets</b>	<b>28,144.16</b>	<b>28,130.43</b>		<b>14,886.00</b>	<b>14,868.39</b>	

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy
<b>Liabilities</b>						
Trade payables	25.53	25.53	-	9.13	9.13	-
Other payables	330.06	330.06	-	291.79	291.79	-
Borrowings (Other than debt securities)	890.00	890.00	-	756.37	756.37	-
Security deposit from tenants	3.07	2.98	Level 3	3.07	2.90	Level 3
Security deposit others	297.33	297.33	-	217.06	217.06	-
Other financial liabilities	21,944.35	21,944.35	-	10,186.30	10,186.30	-
<b>Total Liabilities</b>	<b>23,490.34</b>	<b>23,490.25</b>		<b>11,463.72</b>	<b>11,463.55</b>	

### 34 E. 4. MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE :

(₹ in Million)

Particulars	Equity Shares*	Preference Shares	Alternate Investment fund	Debts Instruments	Total
<b>Balances as at April 1, 2020</b>	<b>0.00</b>	<b>29.02</b>	<b>796.21</b>	<b>711.22</b>	<b>1,536.45</b>
Purchase	2,020.00	-	1.28	4,846.80	6,868.08
Sale/Redemption of financial instrument	(1,986.52)	-	(644.00)	(5,580.41)	(8,210.93)
Reclassified to investment held at cost	-	(29.02)	-	-	(29.02)
Total gain/(losses) recognised in profit and loss	-	-	149.63	65.19	214.82
<b>Balances as at March 31, 2021</b>	<b>33.48</b>	<b>-</b>	<b>303.12</b>	<b>42.80</b>	<b>379.40</b>

(₹ in Million)

Particulars	Equity Shares*	Preference Shares	Alternate Investment fund	Debts Instruments	Total
<b>Balances as at April 1, 2019</b>	<b>0.00</b>	<b>14.51</b>	<b>1,048.05</b>	<b>-</b>	<b>1,062.56</b>
Purchase	0.00	14.51	-	2,000.00	2,014.51
Sale/Redemption of financial instrument	-	-	(152.10)	(1,294.65)	(1,446.75)
Total gain/(losses) recognised in profit and loss	-	-	(99.74)	5.87	(93.87)
<b>Balances as at March 31, 2020</b>	<b>0.00</b>	<b>29.02</b>	<b>796.21</b>	<b>711.22</b>	<b>1,536.45</b>

\* Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million, wherever applicable.

### 34 E. 5. MEASUREMENT OF FAIR VALUE

The fair values of Investments in Equity share and Bonds is based on last traded price and Alternate Investment Fund, Mutual Funds is based on the net asset value (NAV) as stated by the issuers of these alternate asset funds in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of alternate asset fund and the price at which issuers will redeem such units from the investors.

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:



## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

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
<b>Financial Assets:</b>				
Investment in Alternate Investment Funds	Alternate Investment Fund is based on the net asset value (NAV) as stated by the issuers of these alternate asset funds in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of alternate asset fund and the price at which issuers will redeem such units from the investors.	Not Applicable	Not Applicable	Not Applicable
Investment in Debt Instrument	These indicates thinly traded/non traded securities as defined in SEBI Regulations and Guidelines and the fair value is estimated considering the valuation declared by fund houses for respective instruments during every reporting date.	Not Applicable	Not Applicable	Not Applicable
Investment in Preference shares/ Equity share	These indicates thinly traded / non traded securities as defined in SEBI Regulations and Guidelines and the fair value is estimated considering the valuation declared by fund houses for respective instruments during every reporting date.	Not Applicable	Not Applicable	Not Applicable
<b>Financial Liabilities:</b>				
Deposit	Discounted cash flow technique- The fair value is estimated considering net present value calculated using discount rates derived from quoted prices of similar instruments with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Discount Rate	3.00% - 5.40% (Previous year 3.70% - 5.70%) based on SBI FD rate for respective period of deposit	Not Applicable

### NOTE 35 : RELATED PARTY TRANSACTION

(A) As Per IND AS 24, the disclosures of transaction with the related parties are given below:

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

Relationship	Name of the related party
<b>Director and its Relatives</b>	Mr. Kranti Sinha - Independent Director till July 26, 2020
	Mr. R. Venkataraman - Managing Director w.e.f. May 15, 2019
	Mr. Mohan Radhakrishnan - Whole Time Director till January 2, 2021
	Mr. Narendra Jain - Whole Time Director
	Ms. Geetha Mathur - Independent Director upto May 8, 2019
	Mr. Aniruddha Dange - Non-Executive w.e.f. July 01, 2019 (upto November 27, 2019)
	Mr. Anand Bathiya - Independent Director w.e.f. September 22, 2020
	Mr. Viswanathan Krishnan - Independent Director w.e.f. January 21, 2021
	Mr. Aniruddha Dange - Executive Director upto June 30, 2019
	Ms. Rekha Warriar - Independent Director w.e.f. May 8, 2019
	Mrs. Aditi Athavankar (wife of Mr. R. Venkataraman)
	Mr. Shamik Das Sharma - Independent Director w.e.f. January 14, 2020

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

Relationship	Name of the related party
<b>Key Management Personnel</b>	Arindam Chanda - Chief Executive Officer (Till December 22, 2020)
<b>Subsidiaries Company</b>	IIFL Commodities Limited
	India Infoline Foundation (a section 8 Company)
	IIFL Insurance Brokers Limited
	IIFL Management Services Limited
	IIFL Corporate Services Limited (Formerly known as IIFL Asset Reconstruction Limited)
	IIFL Facilities Services Limited
	IIFL Capital Inc
	IIFL Securities Services IFSC Limited
	IIFL Wealth (UK) Limited
	Meenakshi Towers LLP
<b>Step Down Subsidiaries</b>	Geocentric Solutions Private Limited (w.e.f. December 20, 2019 to March 23, 2020)
	Shreyans Foundation LLP
<b>Associate Company</b>	Giskard Datatech Private Limited (associate w.e.f. November 06, 2020)
<b>Other Related Parties</b>	IIFL Finance Limited (Formerly IIFL Holdings Limited)
	5paisa Capital Limited
	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	IIFL Wealth Management Limited
	Clara Developers Private Limited
	IIFL Asset Management Limited
	IIFL Trustee Limited
	IIFL Wealth Distribution Services Limited (Formerly known as IIFL Distribution Services Limited)
	IIFL Investment Adviser and Trustee Services Limited
	IIFL Capital Pte. Limited
	IIFL Securities Pte. Limited
	IIFL Wealth Prime Limited (Formerly known as IIFL Wealth Finance Limited)
	IIFL Private Wealth Hong Kong Limited*
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Inc
	IIFL Asset Management (Mauritius) Limited (Formerly known as IIFL Private Wealth (Mauritius) Limited)
	IIFL (Asia) Pte. Limited
	IIFL Capital (Canada) Limited
	Samasta Microfinance Limited
	IIFL Wealth Securities IFSC Limited
	IIFL Wealth Altiore Limited (Formerly knowns as IIFL Altiore Advisors Limited)
	IIFL Wealth Capital Markets Limited (Formerly L&T Capital Markets Limited) (Wholly owned subsidiary of IIFL Wealth Finance Limited)
	IIFL Wealth Portfolio Managers Limited (Formerly IIFL Alternate Asset Advisors Limited)
	IIFLW CSR Foundation (Incorporated w.e.f. January 20, 2020)
	Orpheus Trading Private Limited
	5paisa P2P Limited
	5paisa Insurance Brokers Limited
	5Paisa Trading Limited
	Ardent Impex Private Limited
	FIH Mauritius Investments Limited
	Mr. Nirmal Jain - Promoter

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

Relationship	Name of the related party
<b>Other Related Parties</b>	Mr. R. Venkataraman - Promoter (appointed as Director from May 13, 2019)
	MNJ Consultants Private Limited
	Sunder Bhawar Ventures Private Limited
	Kalki Family Private Trust
	Nirmal Madhu Family Private Trust
	India Infoline Employee Trust

\*IIFL Private Wealth Hong Kong Limited has passed a special resolution on 4th September 2020 to voluntarily liquidate the Company.

§ IIFL Facilities Services Limited, a wholly owned subsidiary of company, has acquired 99% stake on April 1, 2019 in Shreyans Foundations LLP which is holding 50% stake in Meenakshi Towers LLP, a joint venture between another wholly owned subsidiary of the company, IIFL Management Services Limited and Shreyans Foundations LLP. Pursuant to this, Meenakshi Towers LLP has become subsidiary of the Company.

### (B) Significant Transactions with Related Parties

Nature of transactions	₹ in Million	
	FY 2020-21	FY 2019-20
<b>Investment in Equity &amp; Preference shares:-</b>		
<b>a) Subsidiaries</b>		
IIFL Insurance Brokers Limited	-	10.00
<b>b) Other Related Parties</b>		
Giskard Datatech Private Limited	-	14.51
<b>c) Associates</b>		
Giskard Datatech Private Limited	9.19	-
<b>Purchase of Investment</b>		
<b>a) Other Related Parties</b>		
IIFL Finance Limited	751.80	-
<b>Redemption of Preference shares:-</b>		
<b>a) Subsidiaries</b>		
IIFL Management Services Limited	0.90	-
<b>Brokerage Income/Delayed Payin Charges, etc.:-</b>		
<b>a) Subsidiaries</b>		
IIFL Facilities Services Limited	0.00	0.00
IIFL Management Services Limited	0.48	3.86
<b>b) Other Related Parties</b>		
IIFL Finance Limited	0.19	0.86
IIFL Wealth Prime Limited	1.24	-
IIFL Home Finance Limited	0.00	0.04
Nirmal Jain	0.19	1.45
Ardent Impex Private Limited	0.01	0.07
Orpheus Trading Private Limited	-	0.02
<b>c) Directors &amp; their relatives , Key Managerial Personnel</b>		
Arindam Chanda	0.00	0.00
Mrs. Aditi Athavankar	0.00	0.00
Mohan Radhakrishnan	0.11	0.06
Aniruddha Dange	-	0.16
R. Venkataraman	0.45	0.11
Narendra Jain	0.00	0.00

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

	(₹ in Million)	
Nature of transactions	FY 2020-21	FY 2019-20
<b>Interest Income - Inter Corporate Deposit/Others:-</b>		
<b>a) Subsidiaries</b>		
IIFL Insurance Brokers Limited	0.14	-
IIFL Commodities Limited	0.01	-
IIFL Management Services Limited	30.23	1.89
IIFL Facilities Services Limited	164.40	28.65
Meenakshi Towers LLP	-	0.06
<b>b) Other Related Parties</b>		
IIFL Finance Limited	4.45	-
5Paisa Capital Limited	-	1.38
<b>Deposit - Taken:-</b>		
<b>a) Other Related Parties</b>		
5Paisa Capital Limited	-	0.57
<b>Deposit - Given:-</b>		
<b>a) Directors or their relatives</b>		
Mrs. Aditi Athavankar	-	50.00
<b>Deposit - Given &amp; Received Back:-</b>		
<b>a) Subsidiaries</b>		
IIFL Facilities Services Limited	13.73	-
<b>Investment Banking Income:-</b>		
<b>a) Other Related Parties</b>		
IIFL Finance Limited	-	15.69
<b>Commission/Advisory Fees/Research/Referral Income:-</b>		
<b>a) Subsidiaries</b>		
IIFL Capital Inc.	-	20.55
<b>b) Other Related Parties</b>		
IIFL Finance Limited	0.10	143.54
IIFL Asset Management Limited	47.00	124.45
IIFL Home Finance Limited	4.08	4.85
5Paisa Capital Limited	-	10.19
<b>Remuneration</b>		
Directors	53.29	66.75
Key Managerial Personnel	7.61	12.08
<b>Director's Sitting Fees</b>		
Geeta Mathur	-	0.03
Kranti Sinha	0.14	0.62
Anand Bhatiya	0.29	-
Rekha Warriar	0.44	0.42
Viswanathan Krishnan	0.09	-
Shamik Das Sharma	0.47	0.15
<b>Rent Income:-</b>		
<b>a) Other Related Parties</b>		
5Paisa Capital Limited	6.14	6.14
<b>Dividend Paid</b>		
Directors or their relatives	20.45	41.00
Other Related Parties	52.76	105.52

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Nature of transactions	FY 2020-21	FY 2019-20
<b>Dividend Income</b>		
<b>a) Subsidiaries</b>		
IIFL Capital Inc.	-	35.61
IIFL Insurance Brokers Limited	185.00	250.00
IIFL Commodities Limited	10.35	-
<b>Interest Expenses on Inter Corporate Deposit</b>		
<b>a) Subsidiaries</b>		
IIFL Facilities Services Limited	0.05	-
IIFL Management Services Limited	0.39	-
<b>b) Other Related Parties</b>		
IIFL Finance Limited	1.30	2.92
<b>Corporate Social Responsibility Expenses</b>		
<b>a) Subsidiary</b>		
India Infoline Foundation	39.57	34.83
<b>Rent Expenses</b>		
<b>a) Subsidiaries</b>		
IIFL Facilities Services Limited	261.70	267.06
<b>b) Other Related Parties</b>		
IIFL Wealth Management limited	46.03	60.82
<b>c) Director or their relatives</b>		
Mrs. Aditi Athavankar	2.40	0.60
<b>Marketing/Commission &amp; Brokerage/Technology expenses:-</b>		
<b>a) Subsidiaries</b>		
IIFL Capital Inc	54.68	78.31
IIFL Wealth (UK) Limited	11.88	17.18
<b>b) Other Related Parties</b>		
Giskard Datatech Private Limited	1.45	0.66
<b>c) Associates</b>		
Giskard Datatech Private Limited	1.09	-
<b>Inter Corporate Deposit Taken:-</b>		
<b>a) Subsidiaries</b>		
IIFL Management Services Limited	50.00	-
IIFL Facilities Services Limited	190.00	-
<b>b) Other Related Parties</b>		
IIFL Finance Limited	4,040.00	5,590.00
IIFL Home Finance Limited	327.50	-
<b>Inter Corporate Deposit Taken &amp; Repaid:-</b>		
<b>a) Subsidiaries</b>		
IIFL Management Services Limited	50.00	-
IIFL Facilities Services Limited	190.00	-
<b>b) Other Related Parties</b>		
IIFL Finance Limited	4,040.00	5,590.00
IIFL Home Finance Limited	327.50	-
<b>Inter Corporate Deposit Given: -</b>		
<b>a) Subsidiaries</b>		
IIFL Facilities Services Limited	8,405.30	5,876.00
IIFL Management Services Limited	845.00	310.00

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

	(₹ in Million)	
Nature of transactions	FY 2020-21	FY 2019-20
IIFL Commodities Limited	8.40	-
IIFL Insurance Brokers Limited	55.00	-
India Infoline Foundation	20.00	-
Meenakshi Towers LLP	-	200.00
<b>b) Other Related Parties</b>		
IIFL Finance Limited	22,080.00	15,374.00
IIFL Home Finance Limited	3,570.00	15,411.00
<b>Inter Corporate Deposit Given &amp; Received Back: -</b>		
<b>a) Subsidiaries</b>		
India Infoline Foundation	20.00	-
IIFL Facilities Services Limited	8,405.30	5,876.00
IIFL Management Services Limited	331.00	320.00
IIFL Commodities Limited	8.40	-
IIFL Insurance Brokers Limited	55.00	-
Meenakshi Towers LLP	-	200.00
<b>b) Other Related Parties</b>		
IIFL Finance Limited	22,080.00	15,374.00
5Paisa Capital Limited	-	130.00
IIFL Home Finance Limited	3,570.00	15,411.00
<b>Allocation/Reimbursement of expenses Paid:-</b>		
<b>a) Subsidiaries</b>		
IIFL Facilities Services Limited	26.88	38.73
IIFL Management Services Limited	1.84	4.29
<b>b) Other Related Parties</b>		
IIFL Home Finance Limited	5.29	10.81
IIFL Finance Limited	28.25	29.29
5paisa Capital Limited	0.61	-
<b>Allocation/Reimbursement of expenses Received:-</b>		
<b>a) Subsidiaries</b>		
IIFL Facilities Services Limited	0.41	0.06
IIFL Insurance Brokers Limited	27.48	23.49
IIFL Management Services Limited	0.55	29.93
<b>b) Other Related Parties</b>		
IIFL Wealth Management Limited	0.03	3.21
IIFL Finance Limited	79.82	309.45
IIFL Home Finance Limited	45.13	68.37
5paisa Capital Limited	69.38	62.85
<b>Others Paid:-</b>		
<b>a) Subsidiaries</b>		
IIFL Facilities Services Limited	0.08	0.05
IIFL Commodities Limited	-	11.52
IIFL Management Services Limited	0.27	0.81
IIFL Insurance Brokers Limited	0.15	0.58

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Nature of transactions	FY 2020-21	FY 2019-20
<b>b) Other Related Parties</b>		
IIFL Finance Limited	6.15	46.89
5paise Capital Limited	2.74	2.37
IIFL Home Finance Limited	1.81	3.15
IIFL Wealth Management Limited	0.30	0.38
IIFL Wealth Prime Limited	0.07	-
IIFL Asset Management Limited	-	0.35
<b>Others Received:-</b>		
<b>a) Subsidiaries</b>		
IIFL Facilities Services Limited	4.37	0.47
IIFL Commodities Limited	0.87	0.69
IIFL Management Services Limited	-	0.38
India Infoline Foundation	-	0.80
IIFL Insurance Brokers Limited	0.98	1.36
IIFL Securities Services IFSC Limited	0.63	1.18
<b>b) Other Related Parties</b>		
IIFL Finance Limited	10.06	43.49
5paise Capital Limited	2.70	3.59
IIFL Home Finance Limited	2.11	6.56
IIFL Wealth Management Limited	0.03	1.60

### Note:

- Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million, wherever applicable.
- As the future liability for retirement and other employee benefits is provided on an actuarial basis for the Company as a whole, the amount pertaining to directors and key managerial personnel is not included above.

### (C) Closing Balance:

(₹ in Million)

Nature of transactions	As at March 31, 2021	As at March 31, 2020
<b>Sundry Payable:-</b>		
<b>a) Subsidiaries</b>		
IIFL Capital Inc	10.39	-
IIFL Management Services Limited	0.17	-
IIFL Insurance Brokers Limited	0.00	-
IIFL Facilities Services Limited	-	0.46
<b>b) Other Related Parties</b>		
5Paise Capital limited	1.82	-
IIFL Wealth Prime Limited	0.07	-
IIFL Wealth Management Limited	0.06	-
Mr. Nirmal Jain	-	0.00
<b>c) Director &amp; their relatives, Key Managerial Persons</b>		
R. Venkataraman	0.10	-
Arindam Chanda	-	0.03
Mrs. Aditi Athavankar	0.00	0.00
Mohan Radhakrishnan	-	0.00
Narendra Jain	0.01	0.00
<b>Security Deposit Taken</b>		
<b>Other Related Parties</b>		
5paise Capital Limited	3.07	3.07

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Nature of transactions	As at March 31, 2021	As at March 31, 2020
<b>Sundry Receivable:-</b>		
<b>a) Subsidiaries</b>		
IIFL Facilities Services Limited	0.15	-
IIFL Capital Inc.	-	9.50
IIFL Management Services Limited	-	32.98
IIFL Securities Services IFSC Limited	1.81	1.18
<b>b) Other Related Parties</b>		
IIFL Home Finance Limited	1.78	0.41
IIFL Finance Limited	2.74	0.27
IIFL Wealth Management Limited	-	0.05
IIFL Asset Management Limited	15.25	29.49
5paisa Capital Limited	-	0.29
<b>c) Director</b>		
R. Venkataraman	-	0.00
<b>Inter Corporate Deposit Given</b>		
<b>a) Subsidiaries</b>		
IIFL Management Services Limited	514.00	-
<b>Security Deposit Given</b>		
<b>a) Subsidiaries</b>		
IIFL Facilities Services Limited	119.24	132.97
<b>b) Director &amp; their relatives</b>		
Mrs. Aditi Athavankar	50.00	50.00
<b>Interest accrued but not due</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	1.91	-
<b>Investment in market linked debenture</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	40.90	-
<b>Investment in equity shares of subsidiaries</b>		
IIFL Facilities Services Limited	321.40	321.40
IIFL Commodities Limited	20.00	20.00
IIFL Insurance Brokers Limited	43.41	43.41
IIFL Management Services Limited	10.00	10.00
IIFL Wealth (UK) Limited	11.20	11.20
IIFL Capital Inc	40.29	40.29
IIFL Corporate Services Limited (Formerly known as IIFL Asset Reconstruction Limited)	44.13	44.13
IIFL Securities Services IFSC Limited	5.00	5.00
<b>Investment in compulsory convertible preference shares &amp; equity shares of associates</b>		
Giskard Datatech Private Limited	38.21	-
<b>Investment in preference shares of subsidiaries</b>		
IIFL Management Services Limited (0.1 % Redeemable Non Convertible Non Cumulative)	-	283.78

- Giskard Datatech Private Limited became associate company w.e.f November 06, 2020.
- Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million, wherever applicable.
- IIFL Wealth Management Limited has provided a letter of undertaking-cum-indemnity to the Company towards a civil suit pending against IIFL Wealth (UK )Ltd., a wholly owned subsidiary of the Company, inter-alia, to defend the said suit and indemnify the Company and its directors against claims, if any, arising from the same.



## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 36 : DISCLOSURE AS PER IND AS -108 "SEGMENT REPORTING"

The Company's business is to provide capital market services in primary & secondary market. All other activities of the Company are ancillary to the main business. As such, there are no reportable segments that need to be reported separately as defined in Ind AS 108, Operating Segments.

### NOTE 37 : THE TABLE BELOW SHOWS AS ANALYSIS OF ASSETS AND LIABILITIES ANALYSED ACCORDING TO WHEN THEY ARE EXPECTED TO BE RECOVERED OR SETTLED.

(₹ in Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>(1) Financial Assets</b>						
(a) Cash and cash equivalents	2,562.53	-	2,562.53	3,128.90	-	3,128.90
(b) Bank Balance other than above	13,867.07	100.93	13,968.00	6,778.01	25.33	6,803.34
(c) Receivables						
(I) Trade receivables	289.62	-	289.62	186.86	-	186.86
(II) Other receivables	76.73	-	76.73	13.68	-	13.68
(d) Loans	964.35	514.00	1,478.35	220.37	-	220.37
(e) Investments	314.96	635.20	950.16	433.80	2,039.82	2,473.62
(f) Other financial assets	9,466.53	264.19	9,730.72	4,285.67	248.18	4,532.85
<b>Sub-total</b>	<b>27,541.79</b>	<b>1,514.32</b>	<b>29,056.11</b>	<b>15,047.29</b>	<b>2,313.33</b>	<b>17,359.62</b>
<b>(2) Non-Financial Assets</b>						
(a) Current tax assets (net)	-	169.05	169.05	-	149.33	149.33
(b) Deferred tax assets (net)	-	172.40	172.40	-	151.03	151.03
(c) Property, Plant and Equipment	-	113.42	113.42	-	162.87	162.87
(d) Capital work-in-progress	-	19.09	19.09	-	25.63	25.63
(e) Other intangible assets	-	1,151.39	1,151.39	-	19.75	19.75
(f) Right-of-use assets	-	410.62	410.62	-	667.46	667.46
(g) Other non-financial assets	87.69	6.35	94.04	304.98	9.95	314.93
<b>Sub-total</b>	<b>87.69</b>	<b>2,042.32</b>	<b>2,130.01</b>	<b>304.98</b>	<b>1,186.02</b>	<b>1,491.00</b>
<b>Total Assets</b>	<b>27,629.48</b>	<b>3,556.64</b>	<b>31,186.12</b>	<b>15,352.27</b>	<b>3,499.35</b>	<b>18,850.62</b>
<b>LIABILITIES</b>						
<b>(1) Financial Liabilities</b>						
(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	25.53	-	25.53	9.13	-	9.13
(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	330.06	-	330.06	291.79	-	291.79
(b) Borrowings (Other than debt securities)	890.00	-	890.00	756.37	-	756.37
(c) Other financial liabilities	21,695.15	549.60	22,244.75	9,790.95	615.48	10,406.43
<b>Sub-total</b>	<b>22,940.74</b>	<b>549.60</b>	<b>23,490.34</b>	<b>10,848.24</b>	<b>615.48</b>	<b>11,463.72</b>

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

<b>(2) Non-Financial Liabilities</b>						
(a) Current tax liabilities (Net)	18.64	-	18.64	-	-	-
(b) Provisions	8.77	35.09	43.86	6.09	26.58	32.67
(c) Other non-financial liabilities	59.42	-	59.42	186.24	-	186.24
<b>Sub-total</b>	<b>86.83</b>	<b>35.09</b>	<b>121.92</b>	<b>192.33</b>	<b>26.58</b>	<b>218.91</b>
<b>(3) Equity</b>						
(a) Equity share capital	-	605.87	605.87	-	639.22	639.22
(b) Other equity	-	6,967.99	6,967.99	-	6,528.77	6,528.77
<b>Sub-total</b>	<b>-</b>	<b>7,573.86</b>	<b>7,573.86</b>	<b>-</b>	<b>7,167.99</b>	<b>7,167.99</b>
<b>Total Liabilities and Equity</b>	<b>23,027.57</b>	<b>8,158.55</b>	<b>31,186.12</b>	<b>11,040.57</b>	<b>7,810.05</b>	<b>18,850.62</b>

### NOTE 38 : ACQUISITION OF KARVY DEMAT ACCOUNTS

The company has paid an amount of ₹ 1,129.11 million towards transfers of demat accounts held by various clients of Karvy Stock Broking Ltd while submitting the bid in response to NSDL, CDSL, NSE, BSE and MSEIL Circulars inviting bids (RFuQ) inter-alia stating that Demat Accounts as well as Trading Accounts held by KSBL shall be transferred to another depository participant/trading member, consequent to NSE declaring KSBL as defaulter and expulsion of KSBL from the membership of NSE and termination of participanship of KSBL as Depository Participant by CDSL and NSDL.

The company became successful bidder as Depository Participant for transfer of Demat Accounts of clients of KSBL consequent to the said bidding process. KSBL has filed writ petition against NSDL, CDSL, NSE, BSE and MSEIL and also against the Company as one of the respondents, claiming that the Sale and/or auction of the Demat and Trading Accounts is ultra vires as due process was not followed in the bidding process etc. and that the the process of transfer of demat and trading accounts to another Depository Participant/trading member respectively and further steps being taken by the successful bidders be restrained.

The Hon'ble Bombay High Court vide its interim Order dt 18th March 2021 has rejected to restrain the process of transfer of demat and trading accounts. The Hon'ble High Court has also appointed Valuers for valuation of the demat accounts and trading accounts of the clients of KSDL; ordered that the amount paid by bidders shall be held by NSDL/CDSL/NSE/BSE/MSEIL as deposit; allowed transfer of the demat/trading accounts of the investors/beneficial owners to the Depository Participant/Trading Member who are the successful bidders.

Since the company has got the demat accounts of the investors/beneficial owners of KSBL transferred in its name as Depository Participant for the demat accounts, the amount payable towards consideration for the transfer of demat accounts being the cost of acquisition of right to service the clients has been capitalised in the books of account as "Commercial Rights".

### NOTE 39 : RECENT PRONOUNCEMENTS

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
  - Specified format for disclosure of shareholding of promoters.
  - Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2021 (Contd.)

- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

### Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

### NOTE 40 : NOTE ON LABOUR CODE

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. The Central Government on 30th March 2021 has deferred the implementation of the said Code and the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will account for the related impact in the period the Code becomes effective.

### NOTE 41 : NOTE ON COVID-19 IMPACT

Covid-19 outbreak was declared as a global pandemic by World Health Organization. The capital markets and banking services being declared as essential services, the Company has been in operation consistently with minimum staff. All operations and servicing of clients are smoothly ensured without any interruptions as the activities of trading, settlement, DP, Stock Exchanges and depositories functions have been fully automated and seamless processes. Based on the facts and circumstances, the Company has been operating in the normal course and there have been no adverse impacts on the assets, liquidity, revenues, profitability or operational parameters during the year. The Company is closely monitoring any material changes on a continuous basis.

As per our attached report of even date

For **V Sankar Aiyar & Co.**

Chartered Accountants

Firm's Registration No. 109208W

#### G.Sankar

Partner

Membership No. 046050

Place : Mumbai

Date : May 4, 2021

For and on behalf of Board of Directors

#### R. Venkataraman

(Managing Director)

(DIN: 00011919)

#### Ronak Gandhi

Chief Financial Officer

#### Narendra Jain

(Whole Time Director)

(DIN: 01984467)

#### Meghal Shah

Company Secretary

# Independent Auditor's Report

## To the Members of IIFL Securities 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 (hereinafter referred to as the 'Holding Company') and its subsidiary LLPs, and subsidiary Companies (Holding Company and its subsidiary LLPs and subsidiary companies together referred to as "the Group"), its associate, which comprise the consolidated Balance Sheet as at 31st March 2021, the consolidated Statement of Profit and Loss, consolidated Statement of Changes in Equity and the consolidated Cash Flows statement for the year then ended, and notes to the consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2021, of consolidated profit, of consolidated changes in equity and its consolidated cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any key audit matters for the Group and its associate. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Response to Key Audit Matter
<p><b>Information technology (IT) systems used in financial reporting process.</b></p> <p>The Holding company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily.</p> <p>We therefore identified IT systems and controls over financial reporting as a key audit matter for the Holding Company.</p>	<p>We obtained an understanding of the Holding Company's IT control environment relevant to the audit.</p> <p>We tested the design, implementation and operating effectiveness of the Holding Company's General IT controls over the key IT systems which are critical to financial reporting.</p> <p>We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements.</p> <p>In addition to above, we have also relied on the work of the internal auditors and system auditors.</p>

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

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

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

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

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies and Management of the LLPs included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate 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 and Management of the LLPs included in the Group and its associate are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group and its associate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies and Management of the LLPs included in the Group and its associate are responsible for overseeing the financial reporting process of the Group and its associate.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India and its associate, have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate 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 and its associate 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 and its associate 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

We did not audit the financial statements of 2 subsidiary LLPs and 2 wholly owned subsidiary companies outside India, and its associate, whose financial statements reflect total assets of ₹ 326.77 Millions as at March 31, 2021, total revenues of ₹ 210.34 Millions and net cash outflows amounting to ₹ 27.46 Millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of those subsidiary LLPs, subsidiary companies and its associate, and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary LLPs, subsidiary companies and its associate, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 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, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of internal financial controls over financial reporting of the Companies incorporated in India and included in the Group and its associate and the operating effectiveness of such controls, refer to our separate report in Annexure.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding Company and its subsidiary companies incorporated in India to its managing director during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate – Refer Note 40 to the consolidated financial statements.
  - ii. The Group and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies incorporated in India and its associate.

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

**(G.SANKAR)**  
(M.No.46050)  
UDIN:

Place: Mumbai  
Date: May 04, 2021

# Annexure

## to the Independent Auditor's Report

**Annexure referred to in our report of even date to the members of IIFL Securities Limited on the consolidated accounts for the year ended 31<sup>st</sup> March 2021**

**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 (hereinafter referred to as "the Holding Company") and its subsidiary companies incorporated in India (hereinafter collectively referred to as "the Group") and its associate as of March 31<sup>st</sup>, 2021, which are Companies incorporated in India, as of that date

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

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

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

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies which are incorporated in India.

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation 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, its subsidiary companies incorporated in India and its associate 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, 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**(G.SANKAR)**  
(M.No.46050)  
UDIN:

Place: Mumbai  
Date: May 04, 2021

# Consolidated Balance Sheet

as at March 31, 2021

		(₹ in Million)	
Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>1. Financial Assets</b>			
(a) Cash and cash equivalents	3	2,780.61	3,400.31
(b) Bank balance other than (a) above	4	13,994.78	6,871.41
(c) Receivables			
(i) Trade receivables	5	342.72	323.63
(ii) Other receivables	5	108.83	61.79
(d) Loans	6	980.41	243.29
(e) Investments	7	737.45	2,309.23
(f) Other financial assets	8	9,872.50	4,468.52
<b>Sub-total</b>		<b>28,817.30</b>	<b>17,678.18</b>
<b>2. Non-Financial Assets</b>			
(a) Current tax assets (net)		432.75	490.17
(b) Deferred tax assets (net)	9	213.61	203.61
(c) Investment property	10	86.64	90.28
(d) Property, Plant and Equipment	11	2,572.85	3,675.20
(e) Capital work-in-progress	11	1,318.04	1,296.84
(f) Inventories	12	23.25	132.74
(g) Other intangible assets	13	1,151.89	34.29
(h) Assets held for sale	14	305.75	-
(i) Right of use asset	15	217.45	223.04
(j) Other non-financial assets	16	301.72	511.87
<b>Sub-total</b>		<b>6,623.95</b>	<b>6,658.04</b>
<b>Total Assets</b>		<b>35,441.25</b>	<b>24,336.22</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>1. Financial Liabilities</b>			
(a) Payables			
(i) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	17	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	17	43.23	45.74
(ii) Other payables			
(i) Total outstanding dues of micro enterprises and small enterprises	17	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	17	371.09	327.97
(b) Debt securities	18	-	531.51
(c) Borrowings (other than debt securities)	19	2,915.88	4,056.34
(d) Other financial liabilities	20	22,142.27	10,196.58
<b>Sub-total</b>		<b>25,472.47</b>	<b>15,158.14</b>
<b>2. Non-Financial Liabilities</b>			
(a) Current tax liabilities (net)		27.71	10.52
(b) Provisions	21	47.32	35.77
(c) Other non-financial liabilities	22	218.00	335.23
<b>Sub-total</b>		<b>293.03</b>	<b>381.52</b>
<b>3. Equity</b>			
(a) Equity share capital	23	605.87	639.22
(b) Other equity	24	9,071.51	8,158.67
(c) Non controlling interest	25	(1.63)	(1.33)
<b>Sub-total</b>		<b>9,675.75</b>	<b>8,796.56</b>
<b>Total Liabilities and Equity</b>		<b>35,441.25</b>	<b>24,336.22</b>

See accompanying notes forming part of the consolidated financial statements 1 - 50

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

Date : May 4, 2021

For and on behalf of Board of Directors

**R. Venkataraman**

(Managing Director)

(DIN: 00011919)

**Ronak Gandhi**

Chief Financial Officer

**Narendra Jain**

(Whole Time Director)

(DIN: 01984467)

**Meghal Shah**

Company Secretary

# Consolidated Statement of Profit and Loss

For the year ended March 31, 2021

(₹ in Million)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>1. Revenue from operations</b>			
(a) Interest income	26	747.77	635.27
(b) Rental income		211.37	243.95
(c) Fees and commission income	27	6,949.37	6,359.84
<b>Total revenue from operations (a+b+c)</b>		<b>7,908.51</b>	<b>7,239.06</b>
<b>2. Other income</b>	28	767.69	660.40
<b>3. Total income (1+2)</b>		<b>8,676.20</b>	<b>7,899.46</b>
<b>4. Expenses</b>			
(a) Finance costs	29	496.25	1,021.14
(b) Fees and commission expense	30	1,177.01	831.74
(c) Employee benefits expenses	31	2,113.09	2,212.49
(d) Depreciation, amortization and impairment	32	458.76	553.09
(e) Others expenses	33	1,585.38	1,283.34
<b>Total expenses (a+b+c+d+e)</b>		<b>5,830.49</b>	<b>5,901.80</b>
<b>5. Profit before share of profit/(loss) of associates and joint ventures (3 - 4)</b>		<b>2,845.71</b>	<b>1,997.66</b>
6. Share of profit/(loss) of associates and joint ventures		1.63	-
<b>7. Profit before exceptional items and tax (5 + 6)</b>		<b>2,847.34</b>	<b>1,997.66</b>
8. Exceptional items	36	-	1,017.19
<b>9. Profit before tax (7 + 8)</b>		<b>2,847.34</b>	<b>3,014.85</b>
<b>10. Tax expense:</b>			
(a) Current Tax	34	648.70	413.04
(b) Deferred Tax	34	(12.46)	112.51
(c) Short/excess	34	8.05	4.32
<b>Total tax expense (a+b+c)</b>		<b>644.29</b>	<b>529.87</b>
<b>11. Profit for the period before impact of rate change on opening deferred tax (9 - 10)</b>		<b>2,203.05</b>	<b>2,484.98</b>
12. Impact of change in rate on opening deferred tax asset	34	-	145.54
<b>13. Profit for the period (11 - 12)</b>		<b>2,203.05</b>	<b>2,339.44</b>
Attributable to:			
Owners of the Company		2,203.35	2,339.76
Non controlling interest		(0.30)	(0.32)
<b>14. Other Comprehensive Income</b>			
<b>(A)</b>			
(i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		9.77	(24.33)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(2.46)	6.12
<b>Subtotal (A)</b>		<b>7.31</b>	<b>(18.21)</b>
<b>(B)</b>			
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Subtotal (B)</b>		<b>-</b>	<b>-</b>
<b>Other Comprehensive Income (A+B)</b>		<b>7.31</b>	<b>(18.21)</b>
<b>15. Total Comprehensive Income for the period (13 + 14)</b>		<b>2,210.36</b>	<b>2,321.23</b>
Attributable to:			
Owners of the Company		2,210.66	2,321.55
Non controlling interest	25	(0.30)	(0.32)
<b>Earnings per equity share</b>			
Basic (in ₹)	35	6.97	7.33
Diluted (in ₹)	35	6.91	7.31

See accompanying notes forming part of the consolidated financial statements 1 - 50

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

Date : May 4, 2021

For and on behalf of Board of Directors

**R. Venkataraman**

(Managing Director)

(DIN: 00011919)

**Ronak Gandhi**

Chief Financial Officer

**Narendra Jain**

(Whole Time Director)

(DIN: 01984467)

**Meghal Shah**

Company Secretary

# Consolidated Statement of changes in equity

For the year ended March 31, 2021

## A. Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in million	No. of Shares	₹ in million
<b>At the beginning of the year</b>	<b>319,609,462</b>	<b>639.22</b>	-	-
Add:- Shares issued pursuant to composite scheme of arrangement	-	-	319,234,462	638.47
Add: Shares issued during the year under ESOP Scheme	326,262	0.65	375,000	0.75
Less: Buyback of Shares (Refer note 23)	(17,000,394)	(34.00)	-	-
<b>Closing at the end of year</b>	<b>302,935,330</b>	<b>605.87</b>	<b>319,609,462</b>	<b>639.22</b>
<b>Share suspense account</b>				
<b>At the beginning of the year</b>	-	-	<b>319,203,092</b>	<b>638.41</b>
Add: Further additional shares to be issued pursuant to composite scheme of arrangement	-	-	31,370	0.06
Less: Shares allotted during the year	-	-	(319,234,462)	(638.47)
<b>Closing at the end of year</b>	-	-	-	-

## B. Other equity

Particulars	Reserves and Surplus							Share options outstanding account	Other items of other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Total
	General reserve	Capital redemption reserve	Capital reserve	Debt redemption reserve	Securities premium	Retained earnings	Capital reserve				
<b>Balance as at April 1, 2019</b>	<b>413.91</b>	-	<b>45.29</b>	<b>761.58</b>	<b>2,230.82</b>	<b>3,189.53</b>	<b>21.83</b>	<b>(0.25)</b>	<b>8.32</b>	<b>6,671.03</b>	
Total comprehensive income for the year	-	-	-	-	-	2,339.76	-	(18.21)	-	2,321.55	
Appropriation towards dividend paid	-	-	-	-	-	(638.47)	-	-	-	(638.47)	
Dividend Distribution Tax	-	-	-	-	-	(123.92)	-	-	-	(123.92)	
Transfer to/from reserves	0.90	-	-	-	4.98	-	(5.88)	-	-	-	
Utilisation against acquisition of subsidiary [Refer note 1.1 (d)]	-	-	-	(100.80)	-	-	-	-	-	(100.80)	
Other additions	-	-	-	(0.06)	9.16	(0.01)	12.89	-	7.30	29.28	
<b>Balance as at March 31, 2020</b>	<b>414.81</b>	-	<b>45.29</b>	<b>660.72</b>	<b>2,244.96</b>	<b>4,766.89</b>	<b>28.84</b>	<b>(18.46)</b>	<b>15.62</b>	<b>8,158.67</b>	

(₹ in Million)

# Consolidated Statement of changes in equity (contd.)

For the year ended March 31, 2021

Particulars	Reserves and Surplus				Share options outstanding account	Other items of other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Total		
	General reserve	Capital redemption reserve	Debt redemption reserve	Capital reserve						
Total comprehensive income for the year	-	-	-	-	-	7.31	-	2,210.66		
Appropriation towards dividend paid	-	-	-	-	-	-	-	(302.94)		
Transfer to/from reserves	46.67	-	(45.29)	-	2.34	(3.72)	-	-		
Buyback of Equity shares (Refer note 23)	-	-	-	-	(832.81)	-	-	(832.81)		
Buyback expenses including tax (Refer note 23)	-	-	-	-	(190.83)	-	-	(190.83)		
Creation of Capital Redemption Reserve (Refer note 23)	-	34.00	-	-	(34.00)	-	-	-		
Other additions	-	-	-	-	9.51	21.40	(2.15)	28.76		
<b>Balance as at March 31, 2021</b>	<b>461.48</b>	<b>34.00</b>	<b>-</b>	<b>660.72</b>	<b>1,199.17</b>	<b>6,667.30</b>	<b>46.52</b>	<b>(11.15)</b>	<b>13.47</b>	<b>9,071.51</b>

See accompanying notes forming part of the consolidated financial statements (1 - 50)

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

Date : May 4, 2021

For and on behalf of Board of Directors

**R. Venkataraman**

(Managing Director)

(DIN: 00011919)

**Ronak Gandhi**

Chief Financial Officer

**Narendra Jain**

(Whole Time Director)

(DIN: 01984467)

**Meghal Shah**

Company Secretary

# Consolidated Cash Flow Statement

For the year ended March 31, 2021

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Cash flows from operating activities</b>		
Net profit before taxation	2,847.34	3,014.85
<b>Adjustments for:</b>		
Depreciation, amortisation and impairment	458.76	553.09
Interest expenses	496.25	1,021.14
Foreign exchange fluctuation	(2.15)	7.29
Gain and loss on termination of finance lease	(5.50)	(3.61)
Employee share based payment	21.40	13.63
Provision for gratuity	(2.42)	15.86
Provision for leave encashment	47.32	35.77
Provision for expenses	362.11	320.41
Dividend income	(34.18)	(8.27)
Share of (profit)/loss of associates and joint ventures	(1.63)	-
Interest income	(169.60)	(404.69)
Net (gain)/loss on financial instrument	(284.61)	112.28
Net (gain) on sale of fixed assets	(65.70)	(23.18)
<b>Operating profit before working capital changes</b>	<b>3,667.39</b>	<b>4,654.57</b>
(Increase)/decrease in other bank balances	(7,164.65)	(1,096.78)
(Increase)/decrease in loans	(737.12)	4,089.09
(Increase)/decrease in trade and other receivables	(66.13)	(44.83)
(Increase)/decrease in other financial assets	(5,403.98)	1,761.01
(Increase)/decrease in inventories	109.48	136.20
(Increase)/decrease in other non-financial assets	210.15	152.14
Increase/(decrease) in trade and other payable	(321.51)	(233.88)
Increase/(decrease) in other financial liabilities	11,959.94	(3,427.40)
Increase/(decrease) in provisions	(35.77)	(27.19)
Increase/(decrease) in non-financial liabilities	(117.23)	(1,993.12)
<b>Cash generated from operations</b>	<b>2,100.57</b>	<b>3,969.81</b>
Current tax expense	(582.14)	(454.05)
<b>Net cash generated from operating activities (A)</b>	<b>1,518.43</b>	<b>3,515.76</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(1,525.17)	(611.02)
Sale of fixed assets	897.41	1,324.46
(Investment)/redemption of fixed deposit	41.28	63.65
Interest income	132.66	356.57
Dividend income	34.18	8.27
(Purchase)/Sale of Current Investment (net)	83.37	(23.67)
Purchase of Investment	(7,725.80)	(9,428.02)
Sale of Investment	9,537.40	8,473.54
<b>Net cash generated from investing activities (B)</b>	<b>1,475.33</b>	<b>163.78</b>
<b>Cash flows from financing activities</b>		
Dividend paid (including dividend distribution tax)	(302.94)	(762.39)
Proceeds from Borrowings	6,675.85	13,277.49
Repayment of Borrowings	(5,054.21)	(13,703.69)
Increase/(decrease) in short term borrowings	(3,293.60)	(2,806.63)
Proceed from issuance of share capital	10.17	9.18
Buyback of Equity Shares (including tax and other expenses)	(1,057.65)	-
Repayment of lease liabilities	(113.93)	(155.20)
Interest expenses	(477.15)	(996.93)
<b>Net cash used in financing activities (C)</b>	<b>(3,613.46)</b>	<b>(5,138.17)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(619.70)</b>	<b>(1,458.63)</b>
Cash and cash equivalents at the beginning of the year	3,400.31	4,812.23
Cash and cash equivalent transferred through acquisition of subsidiary	-	46.71
<b>Cash and cash equivalents at the end of the year</b>	<b>2,780.61</b>	<b>3,400.31</b>

See accompanying notes forming part of the consolidated financial statements (1 - 50)

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

Date : May 4, 2021

For and on behalf of Board of Directors

**R. Venkataraman**

(Managing Director)

(DIN: 00011919)

**Ronak Gandhi**

Chief Financial Officer

**Narendra Jain**

(Whole Time Director)

(DIN: 01984467)

**Meghal Shah**

Company Secretary

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021

## 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, 2021.

IIFL Securities Limited ("the Company") was incorporated on March 21, 1996. The Company is in financial services spaces offering capital market services such as equity, currency and commodity broking, 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 45.

### Note: 1.1 Purpose and Basis of Accounting and Preparation of Financial Statements

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below, the relevant provisions of The Companies Act, 2013 ("Act")

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such value in use in Ind AS 36.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

### a) Key Accounting Estimates And Judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. The Group makes certain judgments and estimates for valuation and impairment of financial instruments, fair valuation of employee stock options, useful life of property, plant and equipment, deferred tax assets, retirement benefit obligations and lease arrangements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

### b) Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Sec 133 of the Companies Act ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value (refer accounting policy on financial instruments).

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Accordingly, the Group has prepared these Consolidated Financial Statements which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss for the year ended March 31, 2021, the Statement of Cash Flows for the year ended March 31, 2021 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Consolidated Financial Statements' or 'financial statements').

All the accounting policies adopted by the Group have been consistently applied in all the financial years presented in these financial statements.

### c) Basis of Preparation of financial statements:

These Financial Statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The Statement of Cash Flows has been prepared and presented as per the requirements

of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards. The Financial Statements are presented in million, except when otherwise indicated. Amount which is less than ₹ 0.01 million is shown as ₹ 0.00 million.

The Consolidated financial statements for the year ended March 31, 2021 are being authorized for issue in accordance with a resolution of the directors on May 04, 2021.

### d) List of Subsidiaries Consolidated

The individual Balance Sheet as at March 31, 2021, Statement of Profit and Loss and cash flow statement for the year ended March 31, 2021 of following subsidiaries are included in consolidation:

Name of the entity	Country of Incorporation	% of holding and voting power either directly or indirectly through subsidiary	
		As at March 31, 2021	As at March 31, 2020
IIFL Commodities Limited	India	100%	100%
IIFL Management Services Limited	India	100%	100%
IIFL Insurance Brokers Limited	India	100%	100%
IIFL Facilities Services Limited	India	100%	100%
IIFL Securities Services IFSC Limited	India	100%	100%
IIFL Corporate Services Limited (Formerly known as IIFL Asset Reconstruction Limited)	India	100%	100%
IIFL Capital Inc.	United States of America	100%	100%
IIFL Wealth (UK) Limited	United Kingdom	100%	100%
Shreyans Foundation LLP*	India	99%	99%
Meenakshi Towers LLP*	India	100%	100%

\* IIFL Facilities Services Limited, a wholly owned subsidiary of company, has acquired 99% stake on April 1, 2019 in Shreyans Foundations LLP which is holding 50% stake in Meenakshi Tower LLP, a joint venture between another wholly owned subsidiary of the company, IIFL Management Services Limited and Shreyans Foundations LLP. Pursuant to this, Meenakshi Tower LLP has become subsidiary of the company.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

## Note 2. Significant Accounting Policies

### a) Basis of consolidation

#### i) Subsidiaries

Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and subsidiaries as disclosed in Note 46. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases. The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain/loss from such transactions are eliminated upon consolidation. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conormity with the Group's accounting policies. Non-controlling interests, which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded.

#### ii) Associates and joint ventures

An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

The Group's investments in its associate and joint venture are accounted for under the equity method. Under the equity method the investment in a joint venture is initially recognized 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.

### 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.

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under other equity.

### 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.

### d) **Property, Plant & Equipment (PPE)**

#### **Measurement at recognition:**

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

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

The cost of an item of PPE comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are 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.

Gains or losses arising from disposal or retirement of tangible Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property as its carrying amount on the date of reclassification.

On transition to Ind AS, the Group has elected to continue with the carrying value for all of its PPE recognized as at April 1, 2017 measured as per the previous GAAP and use that varying value as the deemed cost of the PPE.

#### **Depreciation:**

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

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

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.

## Estimates of useful lives of property, plant and equipment

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

*\*For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013*

Depreciation/Amortization is charged on pro-rata on monthly basis on assets, from/upto the month of capitalization/sale, disposal/earmarked for disposal.

### Derecognition:

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

### Capital work in progress and Capital advances:

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

### e) Intangible assets:

#### Measurement at Recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not 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.

Expenditure on software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

On transition to Ind AS, the Group has elected to continue with the carrying value for all its intangible assets as recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

#### 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
Commercial Rights	5
Other Intangible assets	Remaining useful life of base asset
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 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.

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

## f) Investment Property

### Measurement at Recognition:

Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at cost, including transaction costs. The cost comprises purchase price, borrowing cost if capitalization 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 for all investment property as recognised in its IGAAP financials as deemed cost at the transition date of April 01, 2017.

### Depreciation:

Depreciation on each item of Investment property is provided using the Straight-Line Method based on the useful lives of the assets as estimated by the management and is charged to the Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Freehold land is not depreciated.

### Derecognition:

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of de-recognition.

## g) Impairment of Non-Financial Assets:

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

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

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

## h) 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

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Property, Plant and Equipment and Intangible Assets once classified as held for sale are not depreciated or amortised.

## i) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

### Financial assets

#### Initial recognition and measurement:

Trade Receivables, Loans and Deposits are initially recognized when they are originated. 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 recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

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

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

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

#### Subsequent measurement:

For subsequent measurement, the 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 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 Group business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

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 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:

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

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognised in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to profit or loss.

## iii. Investments in equity instruments at FVTOCI:

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. Dividend from these investments are recognised in the statement of profit and loss when the Group's right to receive dividends is established. As at reporting date, there are no equity instruments measured at FVOCI.

## iv. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized 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 recognized 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 recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in Statement of Profit & Loss. The 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

For the year ended March 31, 2021 (Contd.)

## 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 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 recognized 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 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 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 recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the 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 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.

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

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 Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

#### **Subsequent measurement:**

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

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### **Equity instruments:**

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

#### **Derecognition:**

A financial liability is 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.

#### **j) Fair Value:**

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

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

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are 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



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

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

Level 3 – inputs for assets or liabilities that are not based on observable market data.

For assets and liabilities that are recognized 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 categorization at the end of each reporting period and discloses the same.

## k) Foreign Currency Translation:

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

### i. Functional and presentation currencies:

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in INR which is the functional and presentation currency for Group.

### ii. Transactions & Balances:

Foreign currency transactions are translated into the functional currency at the exchange rates on the date of transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at the year-end exchange rates are generally recognized in the Statement Profit and Loss. They are deferred in equity if they relate to qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

Non-monetary foreign currency items are carried at cost and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

### iii) Group's foreign operations:

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate as on that balance sheet date, and
- income and expenses are translated at average exchange rates.

On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

## l) Income Taxes:

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

### Current tax:

- The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.
- Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.
- Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).
- where there is uncertainty over income tax treatments, the Group determines the probability of the income tax authorities accepting each such tax treatment or group of tax treatments in computing the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

### Deferred tax:

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets & liabilities & their carrying amounts for financial 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 in the countries where the group operates and generates taxable income.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

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 utilized.

The tax effects of income tax losses, available for carry forward, are recognised as deferred tax asset, when it is probable that future taxable profits will be available against which these losses can be set-off.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be 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 Group 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 Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

### **m) 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 recognized 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

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

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.

## n) Statement of Cash Flows:

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, deferred taxes and unrealised foreign currency gains and losses.
- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of balance sheet.

## o) Cash and bank balances:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## p) Revenue Recognition

### Revenue from contracts with customers

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115, Revenue from contracts with customers, outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customers. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the contract price to the performance obligations in the contract: For contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The group assesses its revenue arrangement against specific criteria to determine if it is acting as principal or agent. The group has generally concluded that it is acting as a principal in all of its revenue arrangements.

### The group recognised revenue from various activities as follows:

#### i. Interest Income

Interest income is recognised using effective interest rate by considering all the contractual term of the financial instruments in estimating the cash flow.

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

## ii. Fees & Commission

Fees and commission income is recognised based on five step model set out in Ind AS 115.

- a. Brokerage income earned on secondary market operations is accounted on trade date basis.
- b. Income related with advisory activities, Investment banking, Financial Product Distribution Income in respect of other heads is accounted on accrual basis.

## iii. Rental Income

Lease income is recognised in the statement of profit and loss net of indirect taxes, if any. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except where-

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

## iv. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

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

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

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

## q) Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the statement of profit and loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### Securities premium includes:

- A. The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- B. The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

## r) Employee Benefits

### Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. If the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Group 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 Groups contributions to defined contribution plans are recognised in the Statement of Profit and Loss in the financial year to which they relate. The Company and its Indian subsidiaries

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

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 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:

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 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 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.

## s) Lease accounting:

The Group assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considers whether (i) the contract involves the use of identified asset; (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Group has right to direct the use of the asset.

### As a Lessee

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

readily determined, group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and the right of use asset have been separately presented in the balance sheet.

## Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Group recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

## As a lessor

Leases for which the Group is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

## t) Goods and Services tax input credit

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

## u) 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.

## v) 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".

## w) Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2.2 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires the management to make judgements,

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

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.

### b. Determination of the estimated useful lives of assets (tangible assets, intangible assets and investment property)

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

### c. Defined Benefit Obligation

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period

to maturity of the underlying bonds corresponding to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. Further details are disclosed in note 32.

### d. Fair value measurement of Financial Instruments

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

### e. Impairment of financial assets

The provision for expected credit loss involves estimating the probability of default and loss given default based on the Group own experience & forward looking estimation.

### f. Provision for litigation

In estimating the final outcome of litigation, the Group applies judgment in considering factors including experience with similar matters, past history, precedents, relevant and other evidence and facts specified to the matter. Application of such judgment determines whether the Group requires an accrual or disclosure in the financial statements.

### g. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes model used for valuation of options. Key assumptions made with respect to expected volatility includes share price, expected dividends and discount rate, under this option pricing model. Further details are disclosed in note 45.

### h. Determining whether an arrangement containing a lease

In determining whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease date if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

### i. Discount rate

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 3 : CASH AND CASH EQUIVALENTS

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.40	0.36
Cheques in hand	49.85	56.87
Balance with banks		
- In current accounts	515.54	335.93
- In client accounts	2,214.82	2,969.64
- In deposit account with original maturity less than 3 months	-	37.51
<b>Total</b>	<b>2,780.61</b>	<b>3,400.31</b>

### NOTE 4 : BANK BALANCE OTHER THAN (A) ABOVE

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(I) Earmarked Balance with bank		
- Unclaimed dividend	47.50	-
(II) Fixed Deposit with banks		
- Lien Marked*	13,932.16	6,807.56
- Other deposit	15.12	63.85
<b>Total</b>	<b>13,994.78</b>	<b>6,871.41</b>

\* Group has pledged fixed deposits with the banks for bank guarantee/overdraft facilities, with the stock exchange for margin/arbitration purpose and with other tax/regulatory authorities.

### NOTE 5 : RECEIVABLES

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(I) Trade receivables</b>		
- Receivables considered good - unsecured	308.65	284.47
- Receivables which have significant increase in credit risk	44.20	51.28
- Receivables - credit impaired	109.44	103.40
<b>Total (I)- Gross</b>	<b>462.29</b>	<b>439.15</b>
- Less: Allowance for credit loss	(119.57)	(115.52)
<b>Total (I)- Net</b>	<b>342.72</b>	<b>323.63</b>
<b>(II) Other receivables</b>		
- Receivables considered good - unsecured	108.83	61.79
<b>Total (II)- Gross</b>	<b>108.83</b>	<b>61.79</b>
- Less: Allowance for credit loss	-	-
<b>Total (II)- Net</b>	<b>108.83</b>	<b>61.79</b>
<b>Total (I+II)</b>	<b>451.55</b>	<b>385.42</b>

- a) No trade or other receivables are due from directors or from other officers of the Company either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any directors is a partner, director or a member as on March 31, 2021 and March 31, 2020.
- b) No trade receivables and other receivables are interest bearing.



## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 6 : LOANS

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
<b>Loans repayable on demand</b>		
- Margin trading facility balances *	964.36	220.37
<b>Leasing (please refer disclosure below)</b>		
- Asset given under finance lease	16.05	22.92
<b>Total - Gross</b>		
- Less: Impairment loss allowance	-	-
<b>Total - Net</b>	<b>980.41</b>	<b>243.29</b>

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

#### Disclosure for assets given under finance lease:-

a) Minimum lease payment receivable for asset given on finance lease	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
- Not later than one year	6.98	6.87
- Later than one year and not later than five years	9.07	16.05
- Later than five year	-	-
<b>Total</b>	<b>16.05</b>	<b>22.92</b>
<b>b) Unearned finance income</b>	<b>0.32</b>	<b>0.65</b>

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.

### NOTE 7 : INVESTMENTS

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
<b>At amortised cost (I)</b>	-	<b>201.21</b>
<b>Non convertible debentures - IIFL Finance Limited</b>	-	<b>201.21</b>
- 11.25% unsecured redeemable non convertible debentures. Date of maturity September 5, 2020 (Face Value ₹ 10,00,000 each)	-	201.21
<b>Investments carried at amount determined using equity method of accounting (II)</b>	<b>39.85</b>	-
<b>Investment in equity/preference share of associates</b>	<b>39.85</b>	-
- Compulsory convertible preference share of Giskard Datatech Private limited#	39.85	-
- Equity Shares of Giskard Datatech Private Limited #*	0.00	-
<b>At fair value through profit and loss (i) + (ii) + (iii) + (iv) + (v) + (vi) = (III)</b>	<b>697.60</b>	<b>2,108.02</b>
<b>Mutual Funds (i)</b>	<b>91.11</b>	<b>137.16</b>
- HDFC Charity Fund for Cancer Cure	-	20.05
- L & T Liquid Fund Direct Plan - Growth	-	57.28
- ICICI Prudential Liquid Fund Direct Plan Growth	91.11	-
- ICICI Prudential Overnight Fund Direct Plan Growth	-	59.83
<b>Alternate Investment Funds (ii)</b>	<b>311.98</b>	<b>812.08</b>
- IIFL Special Opportunities Fund Category II AIF Scheme - Class A1	-	8.07

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
- IIFL Special Opportunities Fund - Series 4 Category II AIF Scheme - Class A1	8.87	7.79
- India Alternative Private Equity Fund - Category II - AIF Class S	64.44	501.07
- IIFL Income Opportunities Fund Series - Special Situation Category II- AIF	18.50	17.20
- IIFL Real Estate Fund (Domestic) – Series 2 Category II- AIF	220.17	277.95
<b>Equity shares (iii)</b>	<b>70.60</b>	<b>137.91</b>
- BSE Limited	37.12	19.29
- Kotak Mahindra Bank Limited	-	109.16
- SBI Cards & Payment Services Limited	-	9.46
- National Stock Exchange of India Limited	33.48	-
- Giskard Datatech Private Limited *	-	0.00
<b>Preference shares (iv)</b>	<b>-</b>	<b>29.02</b>
- Compulsory convertible preference share of Giskard Datatech Private Limited	-	29.02
<b>Exchange Traded Fund (v)</b>	<b>53.38</b>	<b>-</b>
- Axis Technology ETF	53.38	-
<b>Debt fund (vi)</b>	<b>170.53</b>	<b>991.85</b>
- In Pass Through Certificates (PTC) of Secure SME Trust	-	711.22
- Market Linked Debentures of IIFL Finance Limited		
(a) 13 (March 31, 2020: 194) units of ₹ 5.40 Lac each (March 31, 2020 ₹ 10 Lac each) of Series G2 BR NCD 22NV21 (Credit Enhanced MLD, ISIN: INE866I08337)	8.49	199.96
(b) Nil (March 31, 2019: 121) units of ₹ 1 Lac each of SR D3 OPT I BR NCD 27SP21 (MLD, ISIN: INE866I07CH7)	-	12.67
(c) 152 (March 31, 2019: 152) units of ₹ 1 Lac each of SR D3 OPT II BR NCD 27SP22 (MLD, ISIN: INE866I07CI5)	18.88	15.45
(d) IIFL-Secured Redeemable Non-Convertible Debentures Market Linked Debenture 2021 –Series D8	42.80	-
- Optional Convertible Debenture	47.50	47.50
- 50 (March 31, 2020 : Nil) 8.30% Canara Perpetual Bond. Date of Maturity September 29, 2025	47.85	-
- Piramal - India REIT Fund Scheme V	5.01	5.05
<b>Total - Gross (I) + (II) + (III)</b>	<b>737.45</b>	<b>2,309.23</b>
- Less: Impairment loss allowance	-	-
<b>Total - Net</b>	<b>737.45</b>	<b>2,309.23</b>
- Investments outside India	-	-
- Investments in India	737.45	2,309.23
<b>Total - Net</b>	<b>737.45</b>	<b>2,309.23</b>

# During FY 2020-21, the holding company has acquired additional stake of 6.53% of compulsory convertible preference shares (CCPS) i.e. 9,491 CCPS of Giskard Datatech Private Limited on November 06, 2020 resulting into total acquisition of 21.47%. Thereafter, Giskard Datatech Private Limited has become an associate of the holding Company.

\* Amount is less than ₹ 0.01, hence shown ₹ 0.00 million.

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 8 : OTHER FINANCIAL ASSETS

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Clients receivables (net of provisions) #	5,391.50	2,222.61
Exchanges receivables	2,821.59	78.03
Margin with exchange	1,048.62	1,748.46
Deposit with exchange	100.75	78.30
Security deposit with landlords and others (net of provisions) *	183.68	142.08
Interest accrued on deposits and investments	103.18	53.28
Receivable from related parties (Refer note 45)	24.51	34.26
Gratuity (Funded) (Refer note 31)	2.42	-
Other financial assets	196.25	111.50
<b>Total</b>	<b>9,872.50</b>	<b>4,468.52</b>

# Include receivable from directors & key managerial personnel of ₹ Nil (As at March 31, 2020 ₹ Nil) (Refer note 45)

\* Include deposit with directors and its relatives of ₹ 50 million (As at March 31, 2020 ₹ 50.00 million) (Refer note 45)

### NOTE 9 : DEFERRED TAX ASSETS (NET) (AS AT MARCH 31, 2021)

(₹ in Million)

Particulars	Opening balance	Impact of change in rate	On acquisition of subsidiary	Recognised in profit or loss	MAT Credit utilised	Recognised in/reclassified from OCI	Closing balance
<b>Deferred tax assets:</b>							
Depreciation on property, plant and equipment	63.26	-	-	(41.86)	-	-	21.40
Business loss carry forwards	6.95	-	-	(6.84)	-	-	0.11
Provisions for doubtful receivables/ other financial asset (Including expected credit loss)	141.60	-	-	9.07	-	-	150.67
Finance Lease	2.86	-	-	0.76	-	-	3.62
Compensated absences and retirement benefits	13.22	-	-	0.71	-	(2.46)	11.47
Minimum alternate tax carry-forward	10.08	-	-	-	-	-	10.08
Unrealised profit on investments	(35.84)	-	-	50.53	-	-	14.69
Others	1.48	-	-	0.09	-	-	1.57
<b>Total deferred tax assets</b>	<b>203.61</b>	<b>-</b>	<b>-</b>	<b>12.46</b>	<b>-</b>	<b>(2.46)</b>	<b>213.61</b>
<b>Deferred tax assets</b>	<b>203.61</b>	<b>-</b>	<b>-</b>	<b>12.46</b>	<b>-</b>	<b>(2.46)</b>	<b>213.61</b>

### NOTE 9 : DEFERRED TAX ASSETS (NET) (AS AT MARCH 31, 2020)

(₹ in Million)

Particulars	Opening balance	Impact of change in rate	On acquisition of subsidiary	Recognised in profit or loss	MAT Credit utilised	Recognised in/reclassified from OCI	Closing balance
<b>Deferred tax assets:</b>							
Depreciation on property, plant and equipment	79.36	(19.95)	0.89	2.96	-	-	63.26
Business loss carry forwards	-	-	-	6.95	-	-	6.95
Provisions for doubtful receivables/ other financial asset (Including expected credit loss)	427.74	(113.54)	-	(172.60)	-	-	141.60

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	Opening balance	Impact of change in rate	On acquisition of subsidiary	Recognised in profit or loss	MAT Credit utilised	Recognised in/reclassified from OCI	Closing balance
Finance Lease	-	-	-	2.86	-	-	2.86
Compensated absences and retirement benefits	13.15	(3.41)	-	(2.64)	-	6.12	13.22
Minimum alternate tax carry-forward	23.62	(11.43)	-	-	(2.11)	-	10.08
Others	-	-	-	1.48	-	-	1.48
<b>Total deferred tax assets (a)</b>	<b>543.87</b>	<b>(148.33)</b>	<b>0.89</b>	<b>(160.99)</b>	<b>(2.11)</b>	<b>6.12</b>	<b>239.45</b>
<b>Deferred tax liabilities:</b>							
Depreciation on property, plant and equipment*	(0.52)	-	0.00	0.52	-	-	-
Unrealised profit on investments	(86.55)	2.78	-	47.93	-	-	(35.84)
Others	(0.04)	0.01	-	0.03	-	-	-
<b>Total deferred tax liabilities (b)</b>	<b>(87.11)</b>	<b>2.79</b>	<b>0.00</b>	<b>48.48</b>	<b>-</b>	<b>-</b>	<b>(35.84)</b>
<b>Deferred tax assets (a + b)</b>	<b>456.76</b>	<b>(145.54)</b>	<b>0.89</b>	<b>(112.51)</b>	<b>(2.11)</b>	<b>6.12</b>	<b>203.61</b>

\*Amount is less than ₹ 0.01, hence shown ₹ 0.00 million.

### NOTE 10 : INVESTMENT PROPERTY

(₹ in Million)

Particulars	Land	
	As at March 31, 2021	As at March 31, 2020
<b>As at April 1</b>	<b>90.28</b>	<b>48.38</b>
Additions due to acquisition of subsidiary	-	48.08
(Deductions)/Adjustments during the year	(3.64)	(6.18)
<b>Cost as at March 31</b>	<b>86.64</b>	<b>90.28</b>
<b>Amortisation</b>		
<b>As at April 1</b>	-	-
(Deductions)/Adjustments during the year	-	-
<b>As at March 31</b>	-	-
<b>Net Block</b>	<b>86.64</b>	<b>90.28</b>

#### (i) Amounts recognised in profit or loss for investment properties

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
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 Million)

Particulars	As at March 31, 2021
Investment properties	492.00

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties, where such information is not available, the group consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence
- ready reckoner value/guideline rate as obtained from registrar department; or
- independent valuer report

### NOTE 11 : PROPERTY, PLANT AND EQUIPMENT (AS AT MARCH 2021)

(₹ in Million)

Particulars	Land/ Leasehold Land	Buildings (including land)	Furniture & Fixture	Office Equipment	Electrical Equipment	Air Conditioner	Computers	Vehicles	Total
<b>Cost</b>									
<b>As at April 1, 2020</b>	<b>691.59</b>	<b>3,171.25</b>	<b>358.82</b>	<b>66.37</b>	<b>132.94</b>	<b>30.29</b>	<b>225.62</b>	<b>1.06</b>	<b>4,677.94</b>
Reclassification to asset held for sale	-	(372.43)	-	-	-	-	-	-	(372.43)
Additions	-	288.22	8.68	0.84	7.06	2.96	27.36	-	335.12
Effect of change in foreign currency*	-	-	0.00	0.00	-	-	0.01	-	0.01
Deductions/adjustments	-	(953.13)	(10.64)	(3.01)	(10.10)	(2.18)	(20.84)	(0.37)	(1,000.27)
<b>As at March 31, 2021</b>	<b>691.59</b>	<b>2,133.91</b>	<b>356.86</b>	<b>64.20</b>	<b>129.90</b>	<b>31.07</b>	<b>232.15</b>	<b>0.69</b>	<b>3,640.37</b>
<b>Depreciation</b>									
<b>As at April 1, 2020</b>	<b>2.37</b>	<b>510.13</b>	<b>212.74</b>	<b>44.62</b>	<b>87.30</b>	<b>12.79</b>	<b>132.01</b>	<b>0.78</b>	<b>1,002.74</b>
Depreciation for the year	0.34	174.99	50.39	8.05	18.41	5.79	62.84	0.11	320.92
Effect of change in foreign currency*	-	-	0.00	0.00	-	-	0.01	-	0.01
Deductions/adjustments	-	(154.59)	(7.85)	(2.86)	(7.98)	(1.94)	(15.43)	(0.37)	(191.02)
Reclassification to asset held for sale	-	(65.13)	-	-	-	-	-	-	(65.13)
<b>Upto March 31, 2021</b>	<b>2.71</b>	<b>465.40</b>	<b>255.28</b>	<b>49.81</b>	<b>97.73</b>	<b>16.64</b>	<b>179.43</b>	<b>0.52</b>	<b>1,067.52</b>
<b>As at March 31, 2021</b>	<b>688.88</b>	<b>1,668.51</b>	<b>101.58</b>	<b>14.39</b>	<b>32.17</b>	<b>14.43</b>	<b>52.72</b>	<b>0.17</b>	<b>2,572.85</b>

### NOTE 11 : PROPERTY, PLANT AND EQUIPMENT (AS AT MARCH 2020)

(₹ in Million)

Particulars	Land/ Leasehold Land	Buildings (including land)	Furniture & Fixture	Office Equipment	Electrical Equipment	Air Conditioner	Computers	Vehicles	Total
<b>Cost</b>									
<b>As at April 1, 2019</b>	<b>691.59</b>	<b>3,051.01</b>	<b>321.67</b>	<b>52.62</b>	<b>120.25</b>	<b>26.56</b>	<b>237.93</b>	<b>0.37</b>	<b>4,502.00</b>
Addition	-	-	0.22	0.74	1.14	-	0.06	0.69	2.85
Due to acquisition	-	-	-	-	-	-	-	-	-
Reclassification from asset held for sale	-	140.09	-	-	-	-	-	-	140.09
Additions	-	1.66	43.64	14.15	15.13	4.63	68.55	-	147.76
Effect of change in foreign currency	-	-	(0.01)	0.10	-	0.01	-	-	0.10

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	Land/	Buildings	Furniture	Office	Electrical	Air	Computers	Vehicles	Total
	Leasehold Land	(including land)	& Fixture	Equipment	Equipment	Conditioner			
Deductions/adjustments	-	(21.51)	(6.70)	(1.24)	(3.58)	(0.91)	(80.92)	-	(114.86)
<b>As at March 31, 2020</b>	<b>691.59</b>	<b>3,171.25</b>	<b>358.82</b>	<b>66.37</b>	<b>132.94</b>	<b>30.29</b>	<b>225.62</b>	<b>1.06</b>	<b>4,677.94</b>
<b>Depreciation</b>									
<b>As at April 1, 2019</b>	<b>2.04</b>	<b>313.86</b>	<b>146.16</b>	<b>31.66</b>	<b>59.16</b>	<b>6.95</b>	<b>102.34</b>	<b>0.37</b>	<b>662.54</b>
Addition	-	-	0.11	0.52	0.54	-	0.03	0.31	1.51
Due to acquisition									
Depreciation for the year	0.33	183.51	69.66	13.36	30.35	6.17	72.17	0.10	375.65
Effect of change in foreign currency *	-	-	(0.00)	0.10	-	-	0.00	-	0.10
Deductions/adjustments	-	(4.67)	(3.19)	(1.02)	(2.75)	(0.33)	(42.53)	-	(54.49)
Reclassification from asset held for sale	-	17.43	-	-	-	-	-	-	17.43
<b>Upto March 31, 2020</b>	<b>2.37</b>	<b>510.13</b>	<b>212.74</b>	<b>44.62</b>	<b>87.30</b>	<b>12.79</b>	<b>132.01</b>	<b>0.78</b>	<b>1,002.74</b>
<b>As at March 31, 2020</b>	<b>689.22</b>	<b>2,661.12</b>	<b>146.08</b>	<b>21.75</b>	<b>45.64</b>	<b>17.50</b>	<b>93.61</b>	<b>0.28</b>	<b>3,675.20</b>

### Note :-

(a) Capital work in progress ₹ 1,315.59 million (as at March 31, 2020 ₹ 1,296.84 million) pertains to assets not yet capitalised.

(b) Refer to note 42 for assets given on pledge.

\*Amount is less than ₹ 0.01, hence shown ₹ 0.00 million.

### NOTE 12 : INVENTORIES

(₹ in Million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Unsold properties	23.25	132.74
<b>Total</b>	<b>23.25</b>	<b>132.74</b>

### NOTE 13 : OTHER INTANGIBLE ASSETS

(₹ in Million)

Particulars	Commercial Rights *		Software		Intangible		Total	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>As at April 1</b>	-	-	<b>115.34</b>	<b>102.84</b>	<b>11.00</b>	-	<b>126.34</b>	<b>102.84</b>
Other additions	1,129.11	-	32.73	12.50	-	11.00	1,161.84	23.50
(Deductions)/Adjustments during the year	-	-	-	-	(11.00)	-	(11.00)	-
<b>Cost as at March 31</b>	<b>1,129.11</b>	-	<b>148.07</b>	<b>115.34</b>	-	<b>11.00</b>	<b>1,277.18</b>	<b>126.34</b>
<b>Amortisation</b>								
<b>As at April 1</b>	-	-	<b>91.69</b>	<b>60.39</b>	<b>0.36</b>	-	<b>92.05</b>	<b>60.39</b>
Amortisation/impairment for the year	8.04	-	25.56	31.30	0.37	0.36	33.97	31.66
(Deductions)/Adjustments during the year	-	-	-	-	(0.73)	-	(0.73)	-
<b>As at March 31</b>	<b>8.04</b>	-	<b>117.25</b>	<b>91.69</b>	-	<b>0.36</b>	<b>125.29</b>	<b>92.05</b>
<b>Net Block</b>	<b>1,121.07</b>	-	<b>30.82</b>	<b>23.65</b>	-	<b>10.64</b>	<b>1,151.89</b>	<b>34.29</b>

\* Refer note 48

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 14 : ASSETS HELD FOR SALE

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Building	305.75	-
<b>Total</b>	<b>305.75</b>	<b>-</b>

### NOTE 15 : RIGHT-OF-USE ASSET

#### A) Carrying value of right of use assets at the end of the reporting period by class

(₹ in Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Premises	Vehicles	Total	Premises	Vehicles	Total
Balance at the beginning of the year	211.18	11.86	223.04	316.47	12.38	328.85
Additions during the year	163.74	7.68	171.42	124.46	7.28	131.74
Deletions during the year	(71.86)	(1.28)	(73.14)	(89.92)	(1.85)	(91.77)
Depreciation charge for the year	(97.67)	(6.20)	(103.87)	(139.83)	(5.95)	(145.78)
<b>Balance at the end of the year</b>	<b>205.39</b>	<b>12.06</b>	<b>217.45</b>	<b>211.18</b>	<b>11.86</b>	<b>223.04</b>

#### B) Maturity analysis of lease liabilities

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Maturity analysis – contractual undiscounted cash flows</b>		
- Less than one year	56.18	76.34
- One to five years	163.99	154.67
- More than five years	85.12	56.54
<b>Total undiscounted lease liabilities at 31 March</b>	<b>305.29</b>	<b>287.55</b>
<b>Lease liabilities included in the statement of financial position at 31 March</b>	<b>232.17</b>	<b>234.22</b>
Current lease liability	39.94	61.49
Non current lease liability	192.23	172.73

#### C) Amounts recognised in profit or loss

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest on lease liabilities	19.10	24.22
Depreciation charge for the year	103.87	145.78
Expenses relating to short-term leases	1.43	1.06
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	1.94	3.20
<b>Total</b>	<b>126.34</b>	<b>174.26</b>

#### D) Amounts recognised in the statement of cash flows

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Total cash outflow for leases	113.93	155.20

The Ministry of Corporate Affairs (MCA) has issued amendment in August 2020 relating to Ind AS 116. The said amendment as a practical expedient permits lessees not to account for COVID-19 related rent concessions as a lease modification.

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

The company has exercised the option of not accounting for Covid related rent concessions as lease modification and has accounted for the rent concession received from the lessors of ₹ 6.60 as income under the head "Other income".

### NOTE 16 : OTHER NON-FINANCIAL ASSETS

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
Service tax/VAT/GST/other tax input credit	7.73	1.12
Prepaid expense	82.29	68.19
Capital advance	162.12	157.18
Other advances	17.74	253.00
Other non-financial assets	31.84	32.38
<b>Total</b>	<b>301.72</b>	<b>511.87</b>

### NOTE 17 : PAYABLES

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
<b>(1) Trade Payable</b>		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	43.23	45.74
<b>Total (1)</b>	<b>43.23</b>	<b>45.74</b>
<b>(2) Other Payable</b>		
- 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	362.11	320.41
(b) Accrued salaries & benefits	2.25	1.34
(c) Others	6.73	6.22
<b>Total (2)</b>	<b>371.09</b>	<b>327.97</b>
<b>Total (1+2)</b>	<b>414.32</b>	<b>373.71</b>

Disclosure under The Micro, Small and Medium Enterprises Development Act, 2006

The following disclosure is made as per the requirement under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of confirmations sought from suppliers on registration with the specified authority under MSMED:

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
(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	-	-



## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 18 : DEBT SECURITIES

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>At amortised cost</b>		
Zero Coupon Secured Non convertible debentures of face value ₹ 1 million each redeemable on May 12, 2020 at premium (Maturity value ₹ 536.98 million)	-	531.51
<b>Total</b>	<b>-</b>	<b>531.51</b>
Debt securities in India	-	531.51
Debt securities outside India	-	-
<b>Total</b>	<b>-</b>	<b>531.51</b>

The Zero Coupon Secured Non convertible debentures was secured by way of pari passu charge over current assets and fixed assets of the company. The security cover as required under the terms of the issue of the said debentures is maintained. Refer note 42 for details of asset pledged.

### NOTE 19 : BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>At amortised cost</b>		
<b>(a) Loans from related parties</b>		
- Inter corporate deposits (Refer note 45)	-	3,293.60
<b>(b) Loans repayable on demand</b>		
- Bank overdraft	-	12.74
- Working capital demand loan	890.00	750.00
<b>(c) Term Loan</b>		
- Loan from Bank	2,025.88	-
<b>Total</b>	<b>2,915.88</b>	<b>4,056.34</b>
Borrowings in India	2,915.88	4,056.34
Borrowings outside India	-	-
<b>Total</b>	<b>2,915.88</b>	<b>4,056.34</b>

**19.1** Inter corporate deposits during the previous year were borrowed as per the business requirement. The rate of interest for the ICD is linked to marginal cost of funds/treasury bills, etc. plus applicable spread, closing applicable rate of interest as at March 31, 2021 @ 9.5% and March 31, 2020 @ 10.40%.

**19.2 (a)** Working capital demand loan (WCDL) and bank overdraft are secured by way of first pari-passu charge on all receivable to the tune of 2 times of the outstanding facility amount. Refer note 42 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.

(c) Interest Rate:

- (i) For WCDL the rate of interest is @ 8.40% p.a (Previous year 9.85% p.a). Interest rate is linked to marginal cost of funds based lending rate plus applicable spread rate and is payable monthly basis on the last date of each month.
- (ii) For Bank Overdraft Interest rate in Previous year bank MCLR 6M + Applicable Spread.

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### 19.3 Term loans from Bank

- (i) Term loan of ₹ 2,025.88 million (31 March 2020: ₹ NIL) are secured by way of immovable properties situated at Ahmedabad, Mumbai, Chennai, Gurgaon, Hyderabad, Pune & Thane owned by IIFL Facilities Services Limited (a wholly owned subsidiary). The outstanding amount are repayable in 120 monthly installments starting from April 2021 having a interest rate of 7.95% floating rate (Repo Rate + Applicable Spread)

### NOTE 20 : OTHER FINANCIAL LIABILITIES

(₹ in Million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Clients payables *	11,895.18	5,554.41
Exchanges payables	9,475.50	3,887.70
Deposits received from franchisee, tenant and others#	417.03	407.41
Book overdraft	55.78	9.60
Provision for gratuity (funded) (Refer note 31)	-	15.86
Payable to related parties (Refer note 45)	3.90	0.03
Advances received from customers	-	50.00
Finance lease obligation	232.17	234.22
Other payable	62.71	37.35
<b>Total</b>	<b>22,142.27</b>	<b>10,196.58</b>

\* Includes payable to director and key managerial personnel and their relatives ₹ 0.13 millions (March 31, 2020 ₹ 0.03 millions) (Refer note 45)

# Includes deposit from related party of ₹ 19.63 millions (March 31, 2020 ₹ 19.63 millions) (Refer note 45)

### NOTE 21 : PROVISIONS

(₹ in Million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Provision for leave encashment	47.32	35.77
<b>Total</b>	<b>47.32</b>	<b>35.77</b>

### NOTE 22 : OTHER NON-FINANCIAL LIABILITIES

(₹ in Million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Income received in advance	6.22	12.13
Statutory dues (net of input credit)	67.70	201.11
Advances received from customers		
- Asset held for sale	20.78	-
- Others	123.30	121.93
Other payable	-	0.06
<b>Total</b>	<b>218.00</b>	<b>335.23</b>

### NOTE 23 : EQUITY SHARE CAPITAL

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

(₹ in Million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Authorised Share Capital</b>		
At the beginning of the year	1,000.00	1,000.00
Add: Increase in authorised share capital	-	-
<b>Closing at the end of year</b>	<b>1,000.00</b>	<b>1,000.00</b>

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Issued, Subscribed and Paid-up Share Capital</b>		
302,935,330 Equity Shares of ₹ 2 each fully paid up (319,609,462 Equity Shares of ₹ 2 each fully paid up)	605.87	639.22

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in million	No. of Shares	₹ in million
<b>Equity Shares</b>				
At the beginning of the year	319,609,462	639.22	-	-
Add:- Shares issued pursuant to Composite Scheme of Arrangement	-	-	319,234,462	638.47
Add: Shares issued during the year under ESOP Scheme	326,262	0.65	375,000	0.75
Less: Shares extinguished on buyback #	(17,000,394)	(34.00)	-	-
<b>Closing at the end of year</b>	<b>302,935,330</b>	<b>605.87</b>	<b>319,609,462</b>	<b>639.22</b>
<b>Share suspense account</b>				
<b>At the beginning of the year</b>	-	-	<b>319,203,092</b>	<b>638.41</b>
Add: Further additional shares to be issued pursuant to Composite Scheme of Arrangement	-	-	31,370	0.06
Less: Shares allotted during the year	-	-	(319,234,462)	(638.47)
<b>Closing at the end of year</b>	-	-	-	-

# During the year, the Company has concluded the buyback of 17,000,394 equity shares at an average price of ₹ 50.99 per equity share, (maximum buy back price approved was ₹ 54 per equity share) ("Buyback") as approved by the Board of Directors on November 20, 2020 and by shareholders through postal ballot on December 22, 2020. The equity shares bought back were extinguished on February 16, 2021. Total outflow of ₹ 866.81 million (excluding taxes and expenses) of which ₹ 832.81 million has been utilized from the securities premium account in line with the requirement under the Companies Act 2013. Further tax on Buyback and Buyback related expenses amounting to ₹ 189.60 million and ₹ 1.23 Million respectively have also been utilized from securities premium account. Additionally Capital Redemption Reserve of ₹ 34.00 million (equivalent to nominal value of the equity shares bought back) has been created out of securities premium account, in line with the requirement under the Companies Act 2013. Consequent to extinguishment of shares so bought back, the paid-up equity share capital has reduced by ₹ 34.00 Million (Refer note 24).

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

The Company has only one class of shares referred to as equity shares having a par value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

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

### d. Details of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity share of ₹ 2 each fully paid up</b>				
FIH Mauritius Investments Ltd.	84,641,445	27.94%	84,641,445	26.48%
Mr. Nirmal Bhanwarlal Jain	46,964,282	15.50%	46,964,282	14.69%
HWIC Asia Fund Class A shares	28,362,530	9.36%	28,362,530	8.87%

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

- e. During the period of five years immediately precedings the balance sheet date, the Company has not issued any shares without payment being received in cash or by any way of bonus shares or shares bought back, except shares allotted through composite Scheme of Arrangement.
- f. Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestments, including the terms and amount, refer note 44 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

### NOTE 24 : OTHER EQUITY

Particulars	Reserves and Surplus						Share option outstanding account	Other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Total
	General reserve	Capital redemption reserve	Debenture redemption reserve	Capital reserve	Securities premium	Retained earnings				
<b>Balance as at March 31, 2019</b>	<b>413.91</b>	-	<b>45.29</b>	<b>761.58</b>	<b>2,230.82</b>	<b>3,189.53</b>	<b>21.83</b>	<b>(0.25)</b>	<b>8.32</b>	<b>6,671.03</b>
Total comprehensive income for the year	-	-	-	-	-	2,339.76	-	(18.21)	-	2,321.55
Appropriation towards dividend paid	-	-	-	-	-	(638.47)	-	-	-	(638.47)
Dividend Distribution Tax	-	-	-	-	-	(123.92)	-	-	-	(123.92)
Transfer to/from reserves	0.90	-	-	-	4.98	-	(5.88)	-	-	-
Utilisation against acquisition of subsidiary	-	-	-	(100.80)	-	-	-	-	-	(100.80)
Other additions	-	-	-	(0.06)	9.16	(0.01)	12.89	-	7.30	29.28
<b>Balance as at March 31, 2020</b>	<b>414.81</b>	-	<b>45.29</b>	<b>660.72</b>	<b>2,244.96</b>	<b>4,766.89</b>	<b>28.84</b>	<b>(18.46)</b>	<b>15.62</b>	<b>8,158.67</b>

Particulars	Reserves and Surplus						Share option outstanding account	Other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Total
	General reserve	Capital redemption reserve	Debenture redemption reserve	Capital reserve	Securities premium	Retained earnings				
<b>Balance as at March 31, 2020</b>	<b>414.81</b>	-	<b>45.29</b>	<b>660.72</b>	<b>2,244.96</b>	<b>4,766.89</b>	<b>28.84</b>	<b>(18.46)</b>	<b>15.62</b>	<b>8,158.67</b>
Total comprehensive income for the year	-	-	-	-	-	2,203.35	-	7.31	-	2,210.66
Appropriation towards dividend paid	-	-	-	-	-	(302.94)	-	-	-	(302.94)
Transfer to/from reserves	46.67	-	(45.29)	-	2.34	-	(3.72)	-	-	-
Buyback of Equity shares (Refer note 23)	-	-	-	-	(832.81)	-	-	-	-	(832.81)
Buyback expenses including tax (Refer note 23)	-	-	-	-	(190.83)	-	-	-	-	(190.83)
Creation of Capital Redemption Reserve (Refer note 23)	-	34.00	-	-	(34.00)	-	-	-	-	-
Other additions	-	-	-	-	9.51	-	21.40	-	(2.15)	28.76
<b>Balance as at March 31, 2021</b>	<b>461.48</b>	<b>34.00</b>	-	<b>660.72</b>	<b>1,199.17</b>	<b>6,667.30</b>	<b>46.52</b>	<b>(11.15)</b>	<b>13.47</b>	<b>9,071.51</b>

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

## Footnotes : Nature and purpose of reserves

- i) Capital reserves: Capital reserve is created due to Composite Scheme of Arrangement
- 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, where 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. During the year an amount of ₹ 45.29 million (Previous year ₹ Nil) has been transferred from Debenture Redemption Reserve account to General Reserve on account of redemption of Debentures.
- 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.
- vii) Share options outstanding account: The share options outstanding account is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees.
- viii) 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, 2021 and March 31, 2020.
- ix) Capital Redemption Reserve: Nominal value of the Shares cancelled through buyback is transferred to Capital Redemption Reserve.

## NOTE 25 : NON CONTROLLING INTEREST

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the Beginning of the year	(1.33)	-
Profit/(loss) during the year	(0.30)	(0.32)
Non-controlling interest arising on the acquisition	-	(1.01)
<b>Total</b>	<b>(1.63)</b>	<b>(1.33)</b>

## NOTE 26: INTEREST INCOME

(₹ in Million)

Particulars	FY 2020-21	FY 2019-20
Interest on loans	333.66	234.09
Interest on deposits with banks*	413.82	400.98
Other interest income	0.29	0.20
<b>Total</b>	<b>747.77</b>	<b>635.27</b>

\*Interest received on fixed deposit with bank which are pledged with exchange for margin purpose.

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 27: FEES AND COMMISSION INCOME

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Brokerage & related income	4,990.77	4,451.73
Investment banking income	735.97	333.73
Commission & other advisory fees (incl. cross sell)	1,222.63	1,574.38
<b>Total</b>	<b>6,949.37</b>	<b>6,359.84</b>

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.

FY 2020-21	(₹ in Million)			
	Capital Market Activity	Insurance Broking	Facilities & Ancillary	Total
Brokerage and related income	5,045.89	-	-	5,045.89
Investment banking income	735.97	-	-	735.97
Commission & other advisory fees (incl. cross sell)	580.85	425.89	227.77	1,234.51
Less: - Inter segment	-	-	-	(67.00)
<b>Total fee and commission income (a)</b>	<b>6,362.71</b>	<b>425.89</b>	<b>227.77</b>	<b>6,949.37</b>
Rental Income	-	-	474.16	474.16
Less: - Inter segment	-	-	-	(262.79)
<b>Total rental income (b)</b>	<b>-</b>	<b>-</b>	<b>474.16</b>	<b>211.37</b>
<b>Contractual revenue from operations (a + b)</b>	<b>6,362.71</b>	<b>425.89</b>	<b>701.93</b>	<b>7,160.74</b>

FY 2019-20	(₹ in Million)			
	Capital Market Activity	Insurance Broking	Facilities & Ancillary	Total
Brokerage and related income	4,397.49	-	157.16	4,554.65
Investment banking income	333.73	-	-	333.73
Commission & other advisory fees (incl. cross sell)	952.66	419.96	218.93	1,591.55
Less: - Inter segment	-	-	-	(120.09)
<b>Total fee and commission income (a)</b>	<b>5,683.88</b>	<b>419.96</b>	<b>376.09</b>	<b>6,359.84</b>
Rental Income	-	-	511.01	511.01
Less: - Inter segment	-	-	-	(267.06)
<b>Total rental income (b)</b>	<b>-</b>	<b>-</b>	<b>511.01</b>	<b>243.95</b>
<b>Contractual revenue from operations (a + b)</b>	<b>5,683.88</b>	<b>419.96</b>	<b>887.10</b>	<b>6,603.79</b>

### NOTE 28: OTHER INCOME

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Gain/(loss) on financial assets measured at fair value through Profit & Loss account		
- Realised	583.03	140.10
- Unrealised	(298.42)	(221.15)
Interest income on		
- Investment	73.86	182.68
- Inter corporate deposit/Lease	92.25	212.43
- Fixed deposits	3.49	9.58
- Income tax refund	8.65	7.10
Gain on termination on lease	5.50	3.61
Gain on derecognition of property, plant and equipment	67.65	25.48

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	FY 2020-21	FY 2019-20
Infrastructure support income	80.28	139.54
Dividend income	34.18	8.27
Income from sale of inventories	109.65	125.00
Other income	7.57	27.76
<b>Total</b>	<b>767.69</b>	<b>660.40</b>

### NOTE 29: FINANCE COSTS MEASURED AT AMORTISED COST

(₹ in Million)

Particulars	FY 2020-21	FY 2019-20
Interest on borrowings	397.37	898.46
Interest on debt securities	5.80	45.11
Interest on subordinated liabilities	-	11.21
Interest on lease	19.10	24.22
Other finance expense	73.98	42.14
<b>Total</b>	<b>496.25</b>	<b>1,021.14</b>

### NOTE 30: FEES AND COMMISSION EXPENSE

(₹ in Million)

Particulars	FY 2020-21	FY 2019-20
Sub-brokerage charges	954.55	608.33
Commission & other advisory fees (incl. cross sell)	125.69	151.00
Others	96.77	72.41
<b>Total</b>	<b>1,177.01</b>	<b>831.74</b>

### NOTE 31: EMPLOYEE BENEFITS EXPENSES

(₹ in Million)

Particulars	FY 2020-21	FY 2019-20
Salaries and wages	1,983.68	2,080.42
Contribution to provident and other funds	58.15	68.15
Share based payments (Refer note 44)	20.47	13.63
Staff welfare expenses	11.48	24.99
Gratuity	15.40	12.64
Leave encashment	23.91	12.66
<b>Total</b>	<b>2,113.09</b>	<b>2,212.49</b>

As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below:

#### A. Defined benefit plans:

##### (i) Reconciliation of opening and closing balances of Defined Benefit Obligation

(₹ in Million)

Particulars	FY 2020-21	FY 2019-20
<b>Defined benefit obligation at beginning of the year</b>	<b>161.65</b>	<b>130.44</b>
Interest cost	10.60	9.94
Current service cost	14.37	11.84
Past services cost	-	-
Liability transferred In/acquisitions	1.91	4.52
(Liability transferred out/divestments)	(2.74)	(2.23)
(Benefit Paid directly by the employer)	(0.23)	(0.09)
(Benefit paid from the fund)	(19.27)	(14.57)

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

	(₹ in Million)	
Particulars	FY 2020-21	FY 2019-20
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(0.24)	13.30
Actuarial (gains)/losses on obligations - due to experience	0.41	8.50
<b>Defined benefit obligation at period end</b>	<b>166.46</b>	<b>161.65</b>

### (ii) Reconciliation of opening and closing balances of fair value of plan assets

	(₹ in Million)	
Particulars	FY 2020-21	FY 2019-20
<b>Change in the fair value of plan assets</b>		
<b>Fair value of plan assets at beginning of the year</b>	<b>145.79</b>	<b>119.97</b>
Interest income	9.57	9.14
Contributions by the employer	22.85	33.78
Expected return on plan assets (excluding interest)	9.94	(2.53)
Assets transferred in/acquisitions	-	-
(Benefit paid from the fund)	(19.27)	(14.57)
<b>Fair value of plan assets at the end of the period</b>	<b>168.88</b>	<b>145.79</b>

### (iii) Amount recognized in the balance sheet

	(₹ in Million)	
Particulars	FY 2020-21	FY 2019-20
<b>(Present value of benefit obligation at the end of the period)</b>	<b>(166.46)</b>	<b>(161.65)</b>
Fair value of Plan Assets at the end of the year/period	168.88	145.79
Net (liability)/asset recognized in the balance sheet (surplus/(deficit))	2.42	(15.86)

### (iv) Expenses recognised during the period

	(₹ in Million)	
Particulars	FY 2020-21	FY 2019-20
<b>In income statement</b>		
Current service cost	14.37	11.84
Net interest Cost	1.03	0.80
Past service cost	-	-
<b>Expense recognised in the Statement of Profit and Loss under 'Employee benefits expenses'</b>	<b>15.40</b>	<b>12.64</b>
<b>In other comprehensive income</b>		
Actuarial (gains)/losses on obligation for the period	0.17	21.80
Return on plan assets, excluding interest income	(9.94)	2.53
<b>Net (income)/expense for the period recognized in OCI</b>	<b>(9.77)</b>	<b>24.33</b>

### (v) Balance sheet reconciliation

	(₹ in Million)	
Particulars	FY 2020-21	FY 2019-20
<b>Opening net liability</b>	<b>15.86</b>	<b>10.47</b>
Expenses recognized in statement of profit or loss	15.40	12.64
Expenses recognized in OCI	(9.77)	24.33
Net liability/(asset) Transfer In	1.91	4.52
Net (liability)/asset Transfer Out	(2.74)	(2.23)
(Benefit paid directly by the employer)	(0.23)	(0.09)
(Employer's contribution)	(22.85)	(33.78)
<b>Net liability/(asset) recognized in the balance sheet</b>	<b>(2.42)</b>	<b>15.86</b>



## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### (vi) Investment Details

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Category of assets		
Insurance fund	168.88	145.79
<b>Total</b>	<b>168.88</b>	<b>145.79</b>

### (vii) Actuarial assumptions

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
<b>Mortality Table (IALM)</b>		
Expected return on plan assets	6.49 % - 6.87%	6.24 % - 6.87%
Rate of discounting	6.49 % - 6.87%	6.24 % - 6.87%
Rate of salary increase	5 % - 9%	5 % - 9%
Rate of employee turnover	For service 4 years and below 31 - 49% p.a. & thereafter 1 - 6 % p.a.	For service 4 years and below 31 - 49% p.a. & thereafter 1 - 6 % p.a.
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

- (a) The estimate of future salary increase, considered in the actuarial valuation, takes into account inflation, seniority, promotion, increments and other relevant factors.
- (b) The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the group policy for plan assets management.

### (viii) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
<b>Projected benefit obligation on current assumptions</b>	<b>(166.46)</b>	<b>(161.65)</b>
Delta effect of +1% change in rate of discounting	(12.56)	(12.68)
Delta effect of -1% change in rate of discounting	14.55	14.75
Delta effect of +1% change in rate of salary increase	11.73	11.84
Delta effect of -1% change in rate of salary increase	(10.78)	(10.94)
Delta effect of +1% change in rate of employee turnover	2.22	2.14
Delta effect of -1% change in rate of employee turnover	(2.51)	(2.43)
Weighted average duration of the projected benefit obligation	12	11

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.

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

**Salary risk:-** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

### (ix) Maturity analysis of the benefit payments: from the fund

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
1st following year	22.54	19.62
2nd following year	11.04	10.81
3rd following year	11.44	10.74
4th following year	10.98	11.37
5th following year	11.10	10.53
6 to 10 years	62.57	59.03
Year 11 and above	193.52	200.51

### B. Defined contribution plans:

The subsidiary companies have recognised the following amounts as an expense in the Statement of Profit and Loss:

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Contribution to Provident Fund	29.68	33.65
Contribution to ESIC	2.01	2.85
Contribution to Labour Welfare Fund	0.08	0.09
Contribution to EPS	21.95	22.42
Contribution to NPS	2.11	2.14
Other funds	2.32	7.00
<b>Total</b>	<b>58.15</b>	<b>68.15</b>

### NOTE 32: DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Depreciation on property, plant and equipment	320.92	375.65
Depreciation on right of use asset	103.87	145.78
Amortization of intangible asset	33.97	31.66
<b>Total</b>	<b>458.76</b>	<b>553.09</b>

### NOTE 33: OTHERS EXPENSES

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Advertisement expense	239.18	184.05
Brokerage and related expenses	6.41	6.18
Communication expense	89.37	53.99
Corporate social responsibility expenses (Refer note 41)	44.99	42.38
Custodian charges	43.56	23.20
Directors sitting fees	2.03	2.01
Directors commission	2.72	2.17
Exchange and statutory charges	9.85	36.20
Expected credit loss/(net of recovery)	50.80	(230.53)
Expense on account of sale of inventories	114.65	153.23
Franking charges and Bank Charges	6.97	6.75

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	FY 2020-21	FY 2019-20
Infrastructure support charges	9.51	12.69
Legal and professional charges	233.25	156.04
Loss on derecognition of property, plant and equipment	1.95	2.30
Loss on financial assets measured at fair value through profit & loss account	-	31.23
Marketing and commission expenses	172.65	195.86
Office expenses	100.87	127.34
Printing and stationery and Postage and courier	13.24	27.47
Rent, electricity, rates & taxes, insurance	78.23	108.09
Repairs & maintenance		
- Computers	0.83	1.86
- Others	12.66	30.65
Remuneration to auditors		
- As auditors - Statutory Audits	8.41	8.26
- Certification work and other matters	0.43	1.41
- Out of pocket expenses	0.61	0.45
Technology cost	308.50	212.36
Travelling and conveyance and Meeting, seminar & subscription	27.07	78.48
Miscellaneous expenses	6.64	9.22
<b>Total</b>	<b>1,585.38</b>	<b>1,283.34</b>

### NOTE 34: INCOME TAX

Amount recognised in profit or loss

(₹ in Million)

Particulars	FY 2020-21	FY 2019-20
<b>Current tax expenses</b>		
Current year	648.70	413.04
Changes in estimates related to prior years	8.05	4.32
<b>Deferred tax expenses</b>		
Origination and reversal of temporary differences	(12.46)	258.05
Recognition of previously unrecognised tax losses	-	-
<b>Total</b>	<b>644.29</b>	<b>675.41</b>

Reconciliation of effective tax rates:

(₹ in Million)

Particulars	FY 2020-21	FY 2019-20
Profit before tax (including exceptional item)	2,847.34	3,014.85
Tax using domestic tax rates	25.168%	25.168%
Tax amount	716.62	758.78
<b>Tax effect of:</b>		
Non-deductible expenses	11.48	8.98
Differential Tax Treatment	(125.53)	-
Income taxable at different rate	24.93	(253.24)
Change in income tax rate	-	145.54
Adjustment in respect of current income tax of prior years	8.05	4.32
Differential rate in subsidiaries and associates	1.35	(5.86)
Loss on which DTA is not created	9.59	21.06
Tax-exempt income		
- Dividend	(8.56)	(2.08)
- Others	(0.99)	(2.73)

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Particulars	(₹ in Million)	
	FY 2020-21	FY 2019-20
Recognition of previously unrecognised deductible temporary differences	7.35	0.64
<b>Total income tax expense</b>	<b>644.29</b>	<b>675.41</b>

### NOTE 35: EARNINGS PER EQUITY SHARE

Particulars		FY 2020-21	FY 2019-20
Face value of equity shares in ₹ fully paid up		2.00	2.00
<b>BASIC</b>			
Profit after tax as per statement of profit and loss (₹ in Millions)	<b>A</b>	2,203.35	2,339.76
Weighted average number of equity shares outstanding	<b>B</b>	316,337,518	319,297,473
<b>Basic EPS In ₹</b>	<b>A/B</b>	<b>6.97</b>	<b>7.33</b>
<b>DILUTED</b>			
Weighted average number of equity shares for computation of basic EPS		316,337,518	319,297,473
Add: Potential equity shares on conversion of Employees Stock Options		2,622,618	743,577
Weighted average number of equity shares for computation of diluted EPS	<b>C</b>	318,960,136	320,041,050
<b>Diluted EPS In ₹</b>	<b>A/C</b>	<b>6.91</b>	<b>7.31</b>

### NOTE 36: EXCEPTIONAL ITEM

During the FY 2019-20, IIFL Facilities Services Limited, a wholly owned subsidiary of company, has sold its property, i.e., IIFL Center, situated at Kamala Mills compound, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400013 to IIFL Wealth Management Limited. The same has resulted into an exceptional profit of ₹ 1,017.19 millions.

### NOTE 37: 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.

Particulars	(₹ in Million)					
	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>1. Financial Assets</b>						
(a) Cash and cash equivalents	2,780.61	-	2,780.61	3,400.31	-	3,400.31
(b) Bank balance other than (a) above	13,891.09	103.69	13,994.78	6,843.47	27.94	6,871.41
(c) Receivables						
(I) Trade receivables	342.72	-	342.72	323.63	-	323.63
(II) Other receivables	108.83	-	108.83	61.79	-	61.79
(d) Loans	971.34	9.07	980.41	227.24	16.05	243.29
(e) Investments	548.54	188.91	737.45	1,001.12	1,308.11	2,309.23
(f) Other financial assets	9,598.12	274.38	9,872.50	4,266.06	202.46	4,468.52
<b>Sub-total</b>	<b>28,241.25</b>	<b>576.05</b>	<b>28,817.30</b>	<b>16,123.62</b>	<b>1,554.56</b>	<b>17,678.18</b>
<b>2. Non-Financial Assets</b>						
(a) Current tax assets (net)	-	432.75	432.75	-	490.17	490.17
(b) Deferred tax assets (net)	-	213.61	213.61	-	203.61	203.61
(c) Investment property	-	86.64	86.64	-	90.28	90.28
(d) Property, Plant and Equipment	-	2,572.85	2,572.85	-	3,675.20	3,675.20
(e) Capital work-in-progress	-	1,318.04	1,318.04	-	1,296.84	1,296.84
(f) Inventories	23.25	-	23.25	132.74	-	132.74

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(g) Other intangible assets	-	1,151.89	1,151.89	-	34.29	34.29
(h) Assets held for sale	305.75	-	305.75	-	-	-
(i) Right of use asset	-	217.45	217.45	-	223.04	223.04
(j) Other non-financial assets	121.57	180.15	301.72	333.03	178.84	511.87
<b>Sub-total</b>	<b>450.57</b>	<b>6,173.38</b>	<b>6,623.95</b>	<b>465.77</b>	<b>6,192.27</b>	<b>6,658.04</b>
<b>Total Assets</b>	<b>28,691.82</b>	<b>6,749.43</b>	<b>35,441.25</b>	<b>16,589.39</b>	<b>7,746.83</b>	<b>24,336.22</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>1. Financial Liabilities</b>						
(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	43.23	-	43.23	45.74	-	45.74
(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	371.09	-	371.09	327.97	-	327.97
(b) Debt securities	-	-	-	531.51	-	531.51
(c) Borrowings (other than debt securities)	1,017.10	1,898.78	2,915.88	762.74	3,293.60	4,056.34
(d) Other financial liabilities	21,643.85	498.42	22,142.27	9,671.55	525.03	10,196.58
<b>Sub-total</b>	<b>23,075.27</b>	<b>2,397.20</b>	<b>25,472.47</b>	<b>11,339.51</b>	<b>3,818.63</b>	<b>15,158.14</b>
<b>2. Non-Financial Liabilities</b>						
(a) Current tax liabilities (net)	27.71	-	27.71	10.52	-	10.52
(b) Provisions	9.73	37.59	47.32	6.86	28.91	35.77
(c) Other non-financial liabilities	218.00	-	218.00	335.23	-	335.23
<b>Sub-total</b>	<b>255.44</b>	<b>37.59</b>	<b>293.03</b>	<b>352.61</b>	<b>28.91</b>	<b>381.52</b>
<b>3. Equity</b>						
(a) Equity share capital	-	605.87	605.87	-	639.22	639.22
(b) Other equity	-	9,071.51	9,071.51	-	8,158.67	8,158.67
(c) Non controlling interest	-	(1.63)	(1.63)	-	(1.33)	(1.33)
<b>Sub-total</b>	<b>-</b>	<b>9,675.75</b>	<b>9,675.75</b>	<b>-</b>	<b>8,796.56</b>	<b>8,796.56</b>
<b>Total Liabilities and Equity</b>	<b>23,330.71</b>	<b>12,110.54</b>	<b>35,441.25</b>	<b>11,692.12</b>	<b>12,644.10</b>	<b>24,336.22</b>

## NOTE 38: FINANCIAL RISK MANAGEMENT

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's risk management policy is approved by the audit committee.

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

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

The Group is exposed to market risk, credit risk, liquidity risk etc. The Group senior management oversees the management of these risks. The Group senior management is overseen by the audit committee with respect to risks and facilitates appropriate financial risk governance framework for the Group. Financial risks are identified, measured and managed in accordance with the Group policies and risk objectives. The Board of Directors reviews and agrees policies for managing key risks, which are summarised below.

### 38 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 Million)

Particulars	As at March 31, 2021			Total
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	
Trade receivables	308.65	44.20	109.44	462.29
Less: Impairment loss allowance	-	(10.13)	(109.44)	(119.57)
<b>Carrying amount</b>	<b>308.65</b>	<b>34.07</b>	<b>-</b>	<b>342.72</b>
Other financial assets	9,855.35	25.74	468.14	10,349.23
Less: Impairment loss allowance	-	(8.59)	(468.14)	(476.73)
<b>Carrying amount</b>	<b>9,855.35</b>	<b>17.15</b>	<b>-</b>	<b>9,872.50</b>

(₹ in Million)

Particulars	As at March 31, 2020			Total
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	
Trade receivables	284.47	51.28	103.40	439.15
Less: Impairment loss allowance	-	(12.12)	(103.40)	(115.52)
<b>Carrying amount</b>	<b>284.47</b>	<b>39.16</b>	<b>-</b>	<b>323.63</b>
Other financial assets	4,450.62	27.18	435.46	4,913.26
Less: Impairment loss allowance	-	(9.28)	(435.46)	(444.74)
<b>Carrying amount</b>	<b>4,450.62</b>	<b>17.90</b>	<b>-</b>	<b>4,468.52</b>

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### Movement of ECL (Trade receivable and other financial assets)

Particulars	(₹ in Million)		
	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
<b>April 1, 2019</b>	<b>740.56</b>	<b>505.32</b>	<b>1,245.88</b>
Increase/(decrease) net	(719.16)	33.54	(685.62)
<b>March 31, 2020</b>	<b>21.40</b>	<b>538.86</b>	<b>560.26</b>
Increase/(decrease) net	(2.68)	38.72	36.04
<b>March 31, 2021</b>	<b>18.72</b>	<b>577.58</b>	<b>596.30</b>

### 38 A.2. COLLATERAL HELD

The group holds collateral of securities and other credit enhancements against its credit exposures.

### 38 A.3. MEASUREMENT OF EXPECTED CREDIT LOSS

The group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized. Further, the group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

### 38 B. LIQUIDITY RISK

Liquidity risk arises from the group inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities and maintaining availability of standby funding through an adequate line up of committed credit facilities. It uses a range of products mix to ensure efficient funding from across well-diversified markets and investor pools. Treasury monitors rolling forecasts of the group cash flow position and ensures that the group is able to meet its financial obligation at all times including contingencies.

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.

Particulars	(₹ in Million)				
	As at March 31, 2021				
	Total	Up to 1 year	1-5 years	5-10 years	More than 10 years
Trade & other payable	414.32	414.32	-	-	-
Loan from Bank	2,025.88	127.10	875.88	1,022.90	-
Working capital demand loan	890.00	890.00	-	-	-
Other financial liabilities	22,215.40	21,660.50	469.78	85.12	-
<b>Total liabilities</b>	<b>25,545.60</b>	<b>23,091.92</b>	<b>1,345.66</b>	<b>1,108.02</b>	<b>-</b>

Particulars	(₹ in Million)				
	As at March 31, 2020				
	Total	Up to 1 year	1-5 years	5-10 years	More than 10 years
Trade & other payable	373.71	373.71	-	-	-
Non convertible debentures	531.51	531.51	-	-	-

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2020				
	Total	Up to 1 year	1-5 years	5-10 years	More than 10 years
Bank overdraft	12.74	12.74	-	-	-
Working capital demand loan	750.00	750.00	-	-	-
Inter corporate deposit	3,293.60	-	3,293.60	-	-
Other financial liabilities	10,249.91	9,686.40	476.10	87.41	-
<b>Total liabilities</b>	<b>15,211.47</b>	<b>11,354.36</b>	<b>3,769.70</b>	<b>87.41</b>	<b>-</b>

### 38 C. 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.

#### 38 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 group exposure to the risk of changes in market interest rates relates primarily to the group long-term debt and non current investment.

The following table shows sensitivity analysis for impact on interest cost of borrowings on variable interest rate

(₹ in Million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Bank overdraft	-	12.74
Inter corporate deposit	-	3,293.60
Term Loan from Bank	2,025.88	-
Working capital demand loan	890.00	750.00
<b>Total</b>	<b>2,915.88</b>	<b>4,056.34</b>
Weighted average interest rate	8.09%	10.30%
Annualised interest cost	235.82	417.64

#### Sensitivity analysis for impact on interest cost

(₹ in Million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Increase in 1% change in ROI	29.16	40.56
Decrease in 1% change in ROI	(29.16)	(40.56)

#### 38 C.2. FAIR VALUE SENSITIVITY ANALYSIS FOR FIXED-RATE INSTRUMENTS

The groups fixed-rate financial liabilities (non convertible debentures) was carried at amortised cost. Therefore no rise of change in interest rates at the reporting date, since neither the carrying amount nor the future cash flows will fluctuate.

#### 38 C.3. EXPOSURE TO CURRENCY RISKS

The group is operating internationally and is exposed to foreign exchange risk arising from foreign currency transaction. Below is table showing net gap between foreign asset and liability.



## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Foreign currency in million	₹ in million	Foreign currency in million	₹ in million
<b>Foreign currency assets</b>				
USD	1.64	119.75	1.54	115.88
GPB	0.29	29.72	0.25	23.31
EURO	0.02	1.72	-	-
<b>Foreign currency liabilities</b>				
USD	0.23	16.96	0.27	20.49
GPB	0.08	8.10	0.08	7.62
<b>Net gap</b>				
USD	1.41	102.79	1.27	95.39
GPB	0.21	21.62	0.17	15.69
EURO	0.02	1.72	-	-

The effect of upward movement of 5% in the exchange rate increase the profit/reserve by ₹ 6.31 million (previous year ₹ 5.55 million) and downward movement of 5% will reduce profit/reserve by ₹ 6.31 million (previous year ₹ 5.55 million) for FY 2020-21.

### 38 C.4 EXPOSURE TO PRICE RISK

The group exposure to price risk arising from investment held by the group and is classified in the balance sheet through fair value through profit & loss account. Group has majorly invested in Alternate Investment Funds and Debt Funds under various scheme and its exposure.

Particulars	ETF	Equity Shares	Mutual Funds	Alternate Investment Funds	Preference Shares	Debt Fund	(₹ in Million)
							Total
<b>Market value as on March 31,2021</b>	<b>53.38</b>	<b>70.60</b>	<b>91.11</b>	<b>311.98</b>	<b>-</b>	<b>170.53</b>	<b>697.60</b>
Market value as on March 31,2020	-	137.91	137.16	812.08	29.02	991.85	2,108.02

The effect of upward movement of 5% in the price affects the projected net income by ₹ 34.88 million (Previous Year ₹ 105.40 million) and for forward downward movement of 5% the projected net loss will be ₹ 34.88 million (Previous Year ₹ 105.40 million) for FY 2020-21.

### 38 D. CAPITAL MANAGEMENT

The group's objective when managing capital are to

- Safeguard their ability to continue as going concern, so that they can continue to provide returns for the share holders and benefits for other stake holders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The group monitors capital using debt equity ratio.

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

The group strategy is to maintain gearing ratio as per industry norms. The gearing ratio is as follows:

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
Total debt	2,915.88	4,587.84
Cash & cash equivalent (excluding client bank balance)	(515.94)	(373.80)
<b>Net debt</b>	<b>2,399.94</b>	<b>4,214.04</b>
Total equity	9,675.75	8,796.56
<b>Debt to Equity</b>	<b>0.25</b>	<b>0.48</b>

### 38 E. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**Subjective estimate** - The valuation of level 3 financial instruments held at fair value through profit or loss or through other comprehensive income may be misstated due to the application of valuation techniques which often involve the exercise of judgement and the use of assumptions and estimates. A subjective estimate exists for instruments where the valuation method uses significant unobservable inputs which is principally the case for level 3 financial instruments. The estimate measurement of fair value is more judgemental in respect of Level 3 assets, these are valued based on models that use a significant degree of non-market-based unobservable inputs.

Observable prices or model inputs are usually available in the market for listed debt and equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

The following table shows an analysis of financial instruments recorded at Fair value hierarchy:

Particulars	(₹ in Million)					
	As at March 31, 2021			As at March 31, 2020		
	Fair Value through Profit or loss	Amortised Cost	Carrying Value	Fair Value through Profit or loss	Amortised Cost	Carrying Value
<b>Financial Assets</b>						
Cash and cash equivalents	-	2,780.61	2,780.61	-	3,400.31	3,400.31
Bank balance other than above	-	13,994.78	13,994.78	-	6,871.41	6,871.41
Receivables						

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Fair Value through Profit or loss	Amortised Cost	Carrying Value	Fair Value through Profit or loss	Amortised Cost	Carrying Value
(I) Trade receivables	-	342.72	342.72	-	323.63	323.63
(II) Other receivables	-	108.83	108.83	-	61.79	61.79
Loans	-	980.41	980.41	-	243.29	243.29
Investments						
- Equity Shares	70.60	-	70.60	137.91	-	137.91
- Preference Shares	-	39.85	39.85	29.02	-	29.02
- Mutual Fund	91.11	-	91.11	137.16	-	137.16
- ETF	53.38	-	53.38	-	-	-
- Debt Instruments	170.53	-	170.53	991.85	201.21	1,193.06
- Alternate Investment Fund	311.98	-	311.98	812.08	-	812.08
Other financial assets	-	9,872.50	9,872.50	-	4,468.52	4,468.52
<b>Total</b>	<b>697.60</b>	<b>28,119.70</b>	<b>28,817.30</b>	<b>2,108.02</b>	<b>15,570.16</b>	<b>17,678.18</b>
<b>Financial Liabilities</b>						
Trade payables	-	43.23	43.23	-	45.74	45.74
Other payables	-	371.09	371.09	-	327.97	327.97
Debt securities	-	-	-	-	531.51	531.51
Borrowings (other than debt securities)	-	2,915.88	2,915.88	-	4,056.34	4,056.34
Other financial liabilities	-	22,142.27	22,142.27	-	10,196.58	10,196.58
<b>Total</b>	<b>-</b>	<b>25,472.47</b>	<b>25,472.47</b>	<b>-</b>	<b>15,158.14</b>	<b>15,158.14</b>

### 38 E. 1. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE – FAIR VALUE HIERARCHY

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

(₹ in Million)

Financial instruments measured at fair value - recurring fair value measurements	Recurring fair value measurement as at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual fund	91.11	-	-	91.11
Equity instruments	37.12	-	33.48	70.60
Exchange Traded Fund	53.38	-	-	53.38
Debt Instruments	-	27.38	143.15	170.53
Alternate investment funds	-	-	311.98	311.98
<b>Total Assets</b>	<b>181.61</b>	<b>27.38</b>	<b>488.61</b>	<b>697.60</b>

(₹ in Million)

Financial instruments measured at fair value - recurring fair value measurements	Recurring fair value measurement as at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual fund	137.16	-	-	137.16
Equity instruments*	137.91	-	0.00	137.91
Preference shares	-	-	29.02	29.02
Debt Instruments	-	228.07	763.78	991.85
Alternate investment funds	-	-	812.08	812.08
<b>Total Assets</b>	<b>275.07</b>	<b>228.07</b>	<b>1,604.88</b>	<b>2,108.02</b>

\* Amount is less than ₹ 0.01, hence shown ₹ 0.00 million.

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### 38 E. 2. VALUATION METHODOLOGIES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

#### Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, balances other than cash and cash equivalents, Trade receivables, other receivables, and trade payables.

(₹ in Million)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy
<b>Assets</b>						
Cash and cash equivalents	2,780.61	2,780.61	-	3,400.31	3,400.31	-
Bank balance other than above	13,994.78	13,994.78	-	6,871.41	6,871.41	-
Receivables						
(I) Trade receivables	342.72	342.72	-	323.63	323.63	-
(II) Other receivables	108.83	108.83	-	61.79	61.79	-
Loans	980.41	980.41	-	243.29	243.29	-
Investment in Associate	39.85	39.85	-	-	-	-
Investment in non convertible debenture (net of impairment)	-	-	-	201.21	198.15	Level 2
Security Deposit with landlords	97.32	86.71	Level 3	108.26	97.02	Level 3
Security Deposit with others	86.34	86.34	-	33.82	33.82	-
Other financial assets	9,688.84	9,688.84	-	4,326.44	4,326.44	-
<b>Total Assets</b>	<b>28,119.70</b>	<b>28,109.09</b>		<b>15,570.16</b>	<b>15,555.86</b>	
<b>Liabilities</b>						
Trade payables	43.23	43.23	-	45.74	45.74	-
Other payables	371.09	371.09	-	327.97	327.97	-
Debt securities (current maturity)	-	-	-	531.51	530.16	Level 2
Borrowings (other than debt securities)	2,915.88	2,915.88	-	4,056.34	4,056.34	-
Security Deposit from tenants	119.70	114.20	Level 3	190.35	171.00	Level 3
Security Deposit from others	297.33	297.33	-	217.06	217.06	-
Other financial liabilities	21,725.24	21,725.24	-	9,789.17	9,789.17	-
<b>Total Liabilities</b>	<b>25,472.47</b>	<b>25,466.97</b>		<b>15,158.14</b>	<b>15,137.44</b>	

### 38 E. 3. MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Million)

Particulars	Preference Shares	Alternate Investment Fund	Debt	Equity*	Total
<b>Balances as at April 1, 2019</b>	14.51	1,078.02	11.60	0.00	1,104.13
Purchase	14.51	-	2,047.50	0.00	2,062.01
Sale/redemption	-	(161.79)	(1,299.00)	-	(1,460.79)

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Particulars	Preference Shares	Alternate Investment Fund	Debt	Equity*	Total
Total gain/losses recognise in profit or loss	-	(104.15)	3.68	-	(100.47)
<b>Balances as at March 31, 2020</b>	<b>29.02</b>	<b>812.08</b>	<b>763.78</b>	<b>0.00</b>	<b>1,604.88</b>
Purchase	-	1.28	4,896.80	2,020.00	6,918.08
Sale/redemption	-	(654.90)	(5,580.43)	(1,986.52)	(8,221.85)
Reclassified to investment held at equity method	(29.02)	-	-	-	(29.02)
Total gain/losses recognise in profit or loss	-	153.52	63.00	-	216.52
<b>Balances as at March 31, 2021</b>	<b>-</b>	<b>311.98</b>	<b>143.15</b>	<b>33.48</b>	<b>488.61</b>

\* Amount is less than ₹ 0.01, hence shown ₹ 0.00 million.

## 38 E. 4. MEASUREMENT OF FAIR VALUE

The fair values of Investments in Equity share and Bonds is based on last traded price and Alternate Investment Fund, Mutual Funds is based on the net asset value (NAV) as stated by the issuers of these alternate asset funds in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of alternate asset fund and the price at which issuers will redeem such units from the investors.

The table which shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used is as follows:

Type	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value Change in discount rate by 500 basis points would increase/ (decrease) as below
<b>Financial Assets:</b>				
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 estimated considering the valuation declared by fund houses for respective instruments during every reporting date.	Not Applicable	Not Applicable	Not Applicable
<b>Financial Liabilities:</b>				

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Non convertible debentures	These indicates thinly traded/non traded securities as defined in SEBI Regulations and Guidelines and the fair value is estimated considering the valuation declared by fund houses for respective instruments during every reporting date.	Not Applicable	Not Applicable	Not Applicable
Deposit	Discounted cash flow technique- The fair value is estimated considering net present value calculated using discount rates derived from quoted prices of similar instruments with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Discount Rate	3.00% - 5.40% (Previous year 3.70% - 5.70%) based on SBI FD rate for respective period of deposit	Not Applicable

### NOTE 39: CAPITAL AND OTHER COMMITMENTS AT BALANCE SHEET DATE:

(₹ in Million)

Sr. No.	Particulars	As at	As at
		March 31, 2021	March 31, 2020
(i)	Capital commitment	51.10	28.82
(ii)	Other commitment	44.79	379.00

### NOTE 40: CONTINGENT LIABILITIES:

The Group is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Group's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Group's financial position.

(₹ in Million)

Sr. No.	Particulars	As at	As at
		March 31, 2021	March 31, 2020
(i)	In respect of income tax demands (see note 1)	132.51	7.20
(ii)	In respect of Service tax demands (see note 2)	411.89	384.00
(iii)	Bank guarantees	7,468.97	5,371.39
(iv)	In respect of legal case/penalties (see note 3)	125.15	187.37

#### Notes:

- Amount paid under protest with respect to income tax demand ₹ 22.41 million (March 31, 2020 ₹ 7.20 million)
- Amount paid under protest with respect to service tax demand ₹ 11.69 million (March 31, 2020 ₹ 11.69 million)
- IIFL Commodities Limited ("IIFL") was a member of National Spot Exchange Limited (NSEL) till 2013. NSEL had defaulted in its settlement obligations to investors including pay-out of ₹ 279.54 Cr to IIFL's Clients who traded on the Exchange Platform till July 2013. The matter has been under investigation by EOW, ED, SEBI, SFIO as well as other investigating authorities/Courts and is currently pending before such authorities/courts. IIFL and its officials have been fully cooperating in the investigations and submitting all the required informations and clarifications to the authorities. IIFL 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.

SEBI vide its order dated February 22, 2019, declared IIFL "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 IIFL and also directed that IIFL shall cease to act, directly or indirectly, as a commodity derivatives broker.

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

IICL preferred an Appeal against the said SEBI Order dated February 22, 2019 before the Securities Appellate Tribunal, Mumbai on April 11, 2019 and the same is pending before SAT.

NSEL had also filed an appeal before SAT, inter-alia praying for expunging certain remarks made by SEBI against NSEL, in the aforesaid SEBI order against the brokers. The tribunal after hearing NSEL and the Brokers dismissed the said appeal filed by NSEL.

NSEL preferred an appeal before the Supreme Court challenging the SAT Order and the S.C directed issue of notice to the respondents and stayed further proceedings in the cross appeals pending before the SAT. The matter is pending before the Supreme Court.

- IRDAI vide Order dated November 26, 2019 levied the penalty on IIFL Insurance Brokers Limited on an amount of ₹ 20.40 million relating to observations of inspection on insurance broking business related to the period 2014-15 and 2015-16. The Company examined the Order and initiated necessary implementation/rectifications of systems and process. As regards penalty, the Company has challenged the penalty levied by IRDAI through an appeal filed before Securities on January 16, 2020. The said appeal is pending before SAT.

### NOTE 41: CORPORATE SOCIAL RESPONSIBILITY

During the year ended March 31, 2021 the Group spent ₹ 44.99 million (Previous year 2019-20 ₹ 42.38 million) out of the total amount of ₹ 44.99 million (Previous year 2019-20 ₹ 42.38 million) required to be spent as per section 135 of the Companies Act 2013 in respect of Corporate Social Responsibility [CSR]. The aforementioned amount has been contributed to India Infoline Foundation.

### NOTE 42: ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

Particulars	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
<b>Financial assets</b>		
First charge		
Trade & other receivables	-	18.75
Other financial assets	5,947.60	2,725.11
<b>Non-financial assets</b>		
First charge		
Land and Buildings	1,962.17	105.82
<b>Total assets pledged as security</b>	<b>7,909.77</b>	<b>2,849.68</b>

### NOTE 43: DISCLOSURE AS PER IND AS -108 "SEGMENT REPORTING":

Considering the nature of the business of the Group, the management classified its segments based on Management Approach under Ind AS 108 as below:

Sr. No.	Business Segment	Principal activities
i)	Capital market activity	Capital Market and other related activities including distribution of financial services spaces offering capital market services such as equity/currency broking/commodity broking, depository participant services, merchant banking business and third party financial product distribution services.
ii)	Insurance Broking	Insurance broking services
iii)	Facility & ancillary	Facilities and ancillary services includes real estate broking and other advisory services
iv)	Others	Other ancillary activities

As at March 31, 2021		(₹ in Million)				
Particulars	Capital Market Activity	Insurance Broking	Facilities & Ancillary	Others	Total	
I <b>Segment revenue</b>						
a External	7,507.15	430.91	1,352.06	4.72	9,294.84	
Inter segment revenue					(618.64)	
<b>Total revenue</b>					<b>8,676.20</b>	

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

As at March 31, 2021		(₹ in Million)				
II	<b>Results</b>					
a	Segment result	2,319.99	244.01	278.53	4.81	2,847.34
	Less: - Unallocated					-
	<b>Profit before tax</b>					<b>2,847.34</b>
b	Interest income	787.91	-	343.44	-	1,131.35
	Add: - Unallocated					8.65
	<b>Net interest income</b>					<b>1,140.00</b>
c	Interest expense	157.94	2.75	335.56	-	496.25
	Add: - Unallocated					-
	<b>Net Interest expense</b>					<b>496.25</b>
d	<b>Current tax</b>					<b>644.29</b>
e	<b>Net profit after tax</b>					<b>2,203.05</b>
III	<b>Segment assets</b>	29,683.56	214.61	4,894.86	1.86	34,794.89
	Add: - Unallocated corporate assets					646.36
	<b>Net assets</b>					<b>35,441.25</b>
IV	<b>Segment liabilities</b>	23,345.26	76.80	2,315.71	0.02	25,737.79
	Add: - Unallocated corporate liabilities					27.71
	<b>Net liabilities</b>					<b>25,765.50</b>
V	<b>Capital expenditure</b>	1,200.44	0.33	296.20	-	<b>1,496.96</b>
VI	<b>Depreciation</b>	204.22	22.63	231.91	-	<b>458.76</b>

As at March 31, 2020		(₹ in Million)				
Particulars	Capital Market Activity	Insurance Broking	Facilities & Ancillary	Others	Total	
I	<b>Segment revenue</b>					
a	External	6,361.29	438.81	1,597.45	2.69	8,400.24
	Inter segment revenue					(500.78)
	<b>Total revenue</b>					<b>7,899.46</b>
II	<b>Results</b>					
a	Segment Result*	1,713.25	187.28	1,111.72	2.60	3,014.85
	Less: - Unallocated					-
	<b>Profit before tax</b>					<b>3,014.85</b>
b	Interest income	637.65	5.97	353.33	-	996.95
	Add: - Unallocated					7.10
	<b>Net interest income</b>					<b>1,004.05</b>
c	Interest expense	259.05	1.56	760.53	-	1,021.14
	Add: - Unallocated					-
	<b>Net Interest expense</b>					<b>1,021.14</b>
d	<b>Current tax</b>					<b>529.87</b>
e	<b>Net profit after tax</b>					<b>2,484.98</b>
III	<b>Segment assets</b>	17,331.24	223.07	6,083.85	4.27	23,642.43
	Add: - Unallocated corporate assets					693.79
	<b>Net assets</b>					<b>24,336.22</b>
IV	<b>Segment liabilities</b>	11,187.40	82.41	4,259.19	0.15	15,529.15
	Add: - Unallocated corporate liabilities					10.52
	<b>Net liabilities</b>					<b>15,539.67</b>
V	<b>Capital expenditure</b>	114.07	3.36	104.76	-	<b>222.19</b>
VI	<b>Depreciation</b>	237.94	32.06	283.09	-	<b>553.09</b>

\* Facilities & ancillary result for FY 2019-20 includes exceptional income of ₹ 1,017.19 million on sale of Kamala mills property.



## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### NOTE 44: SHARE BASED PAYMENTS

During the year, the Company has granted ESOPs under IIFL Employees Stock Option Scheme - 2018 (ESOP 2018).

#### a) The details of Employee Stock Option Schemes are as under:

Particulars	ESOP 2018	ESOP 2019
Method of Accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options	
Exercise Period	Seven years from the date of grant	
Grant Date	October 30, 2019 and January 07, 2021	August 10, 2012, October 29, 2012, November 05, 2013, August 05, 2014, March 02, 2015, March 08, 2016 and April 29, 2017
Grant Price (₹ per share)	₹ 30.85 and ₹ 49.00	₹ 25.79, ₹ 31.05, ₹ 26.47, ₹ 61.40, ₹ 82.02, ₹ 82.73 and ₹ 218.71

#### b) (i) Movement of options during the year ended March 31, 2021 of ESOP 2019 Scheme (Demerger Scheme)

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
<b>Outstanding as on April 1, 2020</b>	<b>484,041</b>	<b>61.40 - 218.71</b>	<b>87.17</b>	<b>2.90</b>
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Expired during the year	(36,400)	82.02	82.02	-
Exercised during the year	(2,000)	82.02	82.02	-
<b>Outstanding as on March 31, 2021</b>	<b>445,641</b>	<b>61.40 - 218.71</b>	<b>87.17</b>	<b>2.90</b>
<b>Exercisable as on March 31, 2021</b>	<b>436,841</b>	<b>61.40 - 218.71</b>	<b>84.98</b>	<b>1.87</b>

#### b) (ii) Movement of options during the year ended March 31, 2021 of ESOP 2018 Scheme

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
<b>Outstanding as on April 1, 2020</b>	<b>8,912,200</b>	<b>30.85</b>	<b>30.85</b>	<b>6.58</b>
Granted during the year	1,005,000	49.00	49.00	-
Forfeited during the year	(643,750)	30.85	30.85	-
Expired during the year	(11,250)	30.85	30.85	-
Exercised during the year	(324,262)	30.85	30.85	-
<b>Outstanding as on March 31, 2021</b>	<b>8,937,938</b>	<b>30.85 - 49.00</b>	<b>32.89</b>	<b>5.72</b>
<b>Exercisable as on March 31, 2021</b>	<b>510,550</b>	<b>30.85</b>	<b>30.85</b>	<b>5.58</b>

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### c) (i) Movement of options during the year ended March 31, 2020 of ESOP 2019 Scheme (Demerger Scheme)

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
<b>Options allotted under the composite scheme of arrangement</b>	<b>904,686</b>	<b>25.79 - 218.71</b>	<b>60.77</b>	<b>2.66</b>
Granted during the year	-	-	-	
Forfeited during the year	(13,390)	82.02	82.02	
Expired during the year	(32,255)	25.79 - 218.71	54.91	
Exercised during the year	(375,000)	25.79 - 26.47	26.43	
<b>Outstanding as on March 31, 2020</b>	<b>484,041</b>	<b>61.40 - 218.71</b>	<b>87.17</b>	<b>2.90</b>
<b>Exercisable as on March 31, 2020</b>	<b>468,641</b>	<b>61.40 - 218.71</b>	<b>82.85</b>	<b>2.86</b>

### c) (ii) Movement of options during the year ended March 31, 2020 of ESOP 2018 Scheme

Particulars	Options Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
<b>Outstanding as on April 1, 2019</b>	-	-	-	
Granted during the year	9,000,000	30.85	30.85	
Forfeited during the year	(87,800)	30.85	30.85	
Expired during the year	-	-	-	
Exercised during the year	-	-	-	
<b>Outstanding as on March 31, 2020</b>	<b>8,912,200</b>	<b>30.85</b>	<b>30.85</b>	<b>6.58</b>
<b>Exercisable as on March 31, 2020</b>	-	-	-	-

#### Fair Value Methodology:

The fair value of the shares are measured using Black Scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility.

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2018	
	2020-21	2019-20
Stock price (₹)	45.71	25.83
Volatility	41.86%	42.00%
Risk-free Rate	5.91%	6.58%
Exercise price (₹)	49.00	30.85
Time to Maturity (Years)	6	5
Dividend yield	3.93%	4.43%
Weight Average Value (₹)	11.68	7.21

**Stock Price:** The average of weekly high & low of volume weighted average price (VWAP) of shares during the two weeks preceding the date of grant.

**Volatility:** The daily volatility of the stock prices on NSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

**Risk-free rate of return:** The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

**Exercise Price:** Price of each specific grant has been considered.

**Time to Maturity:** Time to Maturity/Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

**Expected dividend yield:** Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

## NOTE 45: RELATED PARTIES DISCLOSURES

### (i) List of related parties where control exists:

Relationship	Name of the related party
<b>Director and its Relatives</b>	Mr. Kranti Sinha - Independent Director till July 26, 2020
	Mr. R. Venkataraman – Managing Director w.e.f. May 15, 2019
	Mr. Mohan Radhakrishnan - Whole Time Director till January 2, 2021
	Mr. Narendra Jain - Whole Time Director
	Ms. Geetha Mathur - Independent Director upto May 8, 2019
	Mr. Aniruddha Dange - Non-Executive w.e.f. July 01, 2019 (upto November 27, 2019)
	Mr. Anand Bathiya - Independent Director w.e.f. September 22, 2020
	Mr. Viswanathan Krishnan - Independent Director w.e.f. January 21, 2021
	Mr. Aniruddha Dange - Executive Director upto June 30, 2019
	Ms. Rekha Warriar - Independent Director w.e.f. May 8, 2019
	Mrs. Aditi Athavankar (wife of Mr. R. Venkataraman)
	Mr. Shamik Das Sharma - Independent Director w.e.f. January 14, 2020
	<b>Key Management Personnel</b>
<b>Subsidiary</b>	India Infoline Foundation (a section 8 Company)
<b>Associate</b>	Giskard Datatech Private Limited (associate w.e.f. November 06, 2020)
<b>Other Related Parties</b>	IIFL Finance Limited (Formerly IIFL Holdings Limited)
	5paisa Capital Limited
	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	IIFL Wealth Management Limited
	Clara Developers Private Limited
	IIFL Asset Management Limited
	IIFL Trustee Limited
	IIFL Wealth Distribution Services Limited (Formerly known as IIFL Distribution Services Limited)
	IIFL Investment Adviser and Trustee Services Limited
	IIFL Capital Pte. Limited
	IIFL Securities Pte. Limited
	IIFL Wealth Prime Limited (Formerly known as IIFL Wealth Finance Limited)
	IIFL Private Wealth Hong Kong Limited*
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Inc
	IIFL Asset Management (Mauritius) Limited (Formerly known as IIFL Private Wealth (Mauritius) Limited)
	IIFL (Asia) Pte. Limited
	IIFL Capital (Canada) Limited
	Samasta Microfinance Limited
	IIFL Wealth Securities IFSC Limited
	IIFL Wealth Altiore Limited (Formerly knowns as IIFL Altiore Advisors Limited)
	IIFL Wealth Capital Markets Limited (Formerly L&T Capital Markets Limited) (Wholly owned subsidiary of IIFL Wealth Finance Limited)
	IIFL Wealth Portfolio Managers Limited (Formerly IIFL Alternate Asset Advisors Limited)

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Relationship	Name of the related party
<b>Other Related Parties</b>	IIFLW CSR Foundation (Incorporated w.e.f. January 20, 2020)
	Orpheus Trading Private Limited
	5paisa P2P Limited
	5paisa Insurance Brokers Limited
	Ardent Impex Private Limited
	FIH Mauritius Investments Limited
	Mr. Nirmal Jain - Promoter
	Mr. R. Venkataraman - Promoter (appointed as Director from May 13, 2019)
	MNJ Consultants Private Limited
	Sunder Bhawar Ventures Private Limited
	Kalki Family Private Trust
	Nirmal Madhu Family Private Trust
	India Infoline Employee Trust

\*IIFL Private Wealth Hong Kong Limited has passed a special resolution on 4th September 2020 to voluntarily liquidate the Company.

### (ii) Transactions during the year with related parties:

Nature of transactions	(₹ in Million)	
	FY 2020-21	FY 2019-20
<b>Brokerage income/Delayed payin charges, etc:</b>		
<b>a) Director and its relatives</b>		
Mohan Radhakrishnan	0.11	0.06
Aniruddha Dange	-	0.18
R. Venkataraman	0.45	0.12
Mrs. Aditi Athavankar	0.00	0.00
Narendra Jain	0.00	0.00
<b>b) Key managerial personnel</b>		
Arindam Chanda	0.00	0.00
<b>c) Other related parties</b>		
Nirmal Jain	0.19	1.45
Ardent Impex Private Limited	0.01	0.07
IIFL Finance Limited	0.19	0.86
IIFL Wealth Prime Limited	1.24	-
IIFL Home Finance Limited	0.00	0.04
Orpheus Trading Private Limited	-	0.02
<b>Interest income on inter corporate deposit:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	88.93	226.13
IIFL Wealth Prime Limited	-	25.25
5paisa Capital Limited	2.99	23.27
<b>Investment banking income:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	-	15.69
<b>Advisory/Referral fee income/Marketing support fees:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	0.10	241.30
IIFL Asset Management Limited	47.00	124.45
5Paisa Capital Limited	-	10.19
IIFL Home Finance Limited	4.08	4.85

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Nature of transactions	FY 2020-21	FY 2019-20
IIFL Capital Pte Ltd	32.29	88.39
<b>Rent income:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	17.50	17.50
5 Paisa Capital Limited	21.77	21.77
<b>Rent expense:</b>		
<b>a) Other related parties</b>		
IIFL Wealth Management Limited	46.03	60.82
<b>b) Director and its relatives</b>		
Mrs. Aditi Athavankar	2.40	0.60
<b>Interest expenses on inter corporate deposits:</b>		
<b>a) Other related parties</b>		
IIFL Wealth Management Limited	-	3.15
IIFL Finance Limited	72.35	196.67
Samasta Microfinance Limited	2.01	-
IIFL Home Finance Limited	74.78	100.97
<b>Corporate Social Responsibility Expenses:</b>		
<b>a) Subsidiaries</b>		
India Infoline Foundation	44.98	42.38
<b>Dividend Paid:</b>		
<b>a) Director and its relatives</b>	20.45	41.00
<b>b) Other related parties</b>	52.76	105.52
<b>Remuneration:</b>		
Director's	53.29	66.75
Key managerial personnel	7.61	12.08
<b>Director Sitting Fees:</b>		
Geeta Mathur	-	0.03
Rekha Warriar	0.44	0.42
Shamik Das Sharma	0.47	0.15
Viswanathan Krishnan	0.09	-
Anand Bhatiya	0.29	-
Kranti Sinha	0.14	0.62
<b>Technology expense:</b>		
<b>a) Other related parties</b>		
Giskard Datatech Private Limited	1.45	0.66
<b>b) Associate</b>		
Giskard Datatech Private Limited	1.09	-
<b>Investment in equity share and preference share</b>		
<b>a) Other related parties</b>		
Giskard Datatech Private Limited	-	14.51
<b>b) Associate</b>		
Giskard Datatech Private Limited	9.19	-

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

	(₹ in Million)	
Nature of transactions	FY 2020-21	FY 2019-20
<b>Advance received:</b>		
<b>a) Other related parties</b>		
IIFL Wealth Management Limited	-	550.00
<b>Sale of Property:</b>		
<b>a) Other related parties</b>		
IIFL Wealth Management Limited	-	2,250.00
<b>Deposit - Given:</b>		
<b>a) Director and its relatives</b>		
Mrs. Aditi Athavankar	-	50.00
<b>Deposit - Taken:</b>		
<b>a) Other related parties</b>		
5paisa Capital Limited	-	0.57
<b>Deposit - Repaid:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	-	2.95
<b>Inter corporate deposit taken:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	23,003.50	32,199.00
Samasta Microfinance Limited	1,000.00	-
IIFL Wealth Management Limited	-	130.00
IIFL Home Finance Limited	7,401.00	38,768.80
<b>Inter corporate deposit taken and repaid:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	24,762.00	31,258.00
Samasta Microfinance Limited	1,000.00	-
IIFL Wealth Management Limited	-	195.00
IIFL Home Finance Limited	8,936.10	37,143.70
<b>Inter corporate deposit given:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	73,141.50	98,600.60
5paisa Capital Limited	900.00	1,525.00
IIFL Home Finance Limited	3,590.00	15,411.00
<b>b) Subsidiaries</b>		
India Infoline Foundation	20.00	-
<b>Inter corporate deposit given and received back:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	73,141.50	98,600.60
5paisa Capital Limited	900.00	1,815.00
IIFL Home Finance Limited	3,590.00	15,411.00
<b>b) Subsidiaries</b>		
India Infoline Foundation	20.00	-
<b>Allocation/Reimbursement of expenses paid:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	32.50	30.39

## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

(₹ in Million)

Nature of transactions	FY 2020-21	FY 2019-20
IIFL Home Finance Limited	5.31	10.97
IIFL INC	0.59	-
5paisa Capital Limited	0.61	-
<b>Allocation/Reimbursement of expenses received:</b>		
<b>a) Other related parties</b>		
IIFL Wealth Management Limited	0.03	4.58
IIFL Finance Limited	95.43	351.49
IIFL Asset Management Limited	0.02	2.27
IIFL INC	0.16	-
IIFL Home Finance Limited	52.03	84.34
IIFL Wealth Prime Limited	0.05	0.54
5paisa Capital Limited	78.10	76.68
<b>Others paid:</b>		
<b>a) Other related parties</b>		
IIFL Wealth Management Limited	0.30	0.91
IIFL Finance Limited	8.59	51.97
IIFL Home Finance Limited	2.57	3.66
IIFL Wealth Prime Limited	0.07	-
5paisa Capital Limited	2.74	2.50
IIFL Asset Management Limited	-	0.35
<b>Others Received:</b>		
<b>a) Subsidiaries</b>		
India Infoline Foundation	-	0.80
<b>b) Other related parties</b>		
IIFL Wealth Management Limited	0.04	2.12
IIFL Finance Limited	14.14	46.97
IIFL Home Finance Limited	2.20	7.18
5paisa Capital Limited	2.84	3.64
<b>Purchase of investment</b>		
<b>a) Other related parties</b>		
IIFL Wealth Prime Limited	-	22.07
IIFL Finance Limited	1,751.80	2,322.00
<b>Sale of investment</b>		
<b>a) Other related parties</b>		
IIFL Wealth Prime Limited	79.08	1,300.00
IIFL Finance Limited	222.11	3,475.00

### (iii) Balance outstanding

(₹ in Million)

Nature of transactions	As at March 31, 2021	As at March 31, 2020
<b>Sundry Payable:</b>		
<b>a) Other related parties</b>		
IIFL Home Finance Limited	-	0.03
5Paisa Capital Limited	1.71	-
IIFL Wealth Prime Limited	0.04	-
IIFL Wealth Management Limited	0.06	-
Nirmal Jain	-	0.00
<b>b) Director's and its relatives</b>		
Mohan Radhakrishnan	-	0.00
Mrs. Aditi Athavankar	0.00	0.00
R. Venkataraman	0.10	-
Narendra Jain	0.01	0.00
<b>c) Key managerial personnel</b>		
Arindam Chanda	-	0.03

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

Nature of transactions	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
<b>Sundry Receivable:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	1.09	1.50
5paisa Capital Limited	-	0.44
IIFL Home Finance Limited	1.92	0.43
IIFL Asset Management Limited	15.25	29.71
IIFL Wealth Prime Limited	-	0.04
IIFL Capital PTE Limited	4.26	-
IIFL Wealth Management Limited	-	0.04
IIFL Inc.	4.26	2.10
<b>b) Director</b>		
R. Venkataraman	-	0.00
<b>Inter corporate deposit payable:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	-	1,758.50
IIFL Home Finance Limited	-	1,535.10
<b>Security deposit taken</b>		
<b>a) Other related parties</b>		
5paisa Capital Limited	10.88	10.88
IIFL Finance Limited	8.75	8.75
<b>Security deposit given</b>		
<b>a) Director's and its relatives</b>		
Mrs. Aditi Athavankar	50.00	50.00
<b>Interest accrued but not due:</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	5.37	20.77
<b>Investment in compulsory convertible preference shares &amp; equity shares of associates</b>		
Giskard Datatech Private Limited	39.85	-
<b>Investment in non-convertible debentures/market linked debenture</b>		
<b>a) Other related parties</b>		
IIFL Finance Limited	63.12	421.30

**Note:**

- i) Amount is less than ₹ 0.01, 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 directors and key managerial personnel is not included above.
- iii) Giskard Datatech Private Limited became associate company w.e.f November 06, 2020
- iv) IIFL Wealth Management Limited has provided a letter of undertaking-cum-indemnity to the holding Company towards a civil suit pending against IIFL Wealth (UK)Ltd., a wholly owned subsidiary of the holding Company, inter-alia, to defend the said suit and indemnify the holding Company and its directors against claims, if any, arising from the same.

**Note 46: Summary of consolidation**

- a) Enterprises consolidated as subsidiary in accordance with Indian Accounting Standard 110 - Consolidated Financial Statements.

Sr. No.	Name of subsidiaries	Country of Incorporation	Proportion of ownership interest	
			March 31, 2021	March 31, 2020
1	IIFL Insurance Brokers Limited	India	100.00%	100.00%
2	IIFL Management Services Limited	India	100.00%	100.00%
3	IIFL Facilities Services Limited	India	100.00%	100.00%
4	IIFL Commodities Limited	India	100.00%	100.00%
5	IIFL Capital Inc.	USA	100.00%	100.00%
6	IIFL Wealth (UK) Limited	UK	100.00%	100.00%
7	IIFL Corporate Services Limited (Formerly known as IIFL Asset Reconstruction Limited)	India	100.00%	100.00%
8	IIFL Securities Services IFSC Limited	India	100.00%	100.00%
9	Meenakshi Towers LLP	India	100.00%	100.00%
10	Shreyans Foundation LLP	India	99.00%	99.00%



## Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

### b) Additional information, as required under schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiaries and associates.

As at March 31, 2021	Net Assets i.e.		Share in		Share in		Share in	
	Total Assets minus	Profit or Loss (including	Other	Total Comprehensive	Total Assets minus	Profit or Loss (including	Other	Total Comprehensive
Particulars	As % of	(₹ in	As % of	(₹ in	As % of	(₹ in	As % of	(₹ in
	consolidated	million)	consolidated	million)	consolidated	million)	consolidated	million)
	Net Assets		Profit or Loss		Other		Total	
					Comprehensive		Comprehensive	
					Income		Income	
<b>Parent</b>								
IIFL Securities Limited	78.26%	7,573.86	78.47%	1,728.44	88.27%	6.45	78.50%	1,734.89
<b>Subsidiaries</b>								
<b>Indian</b>								
1 IIFL Insurance Brokers Limited	1.77%	170.86	8.25%	181.82	2.72%	0.20	8.23%	182.02
2 IIFL Management Services Limited	5.38%	520.66	2.91%	64.14	6.83%	0.50	2.92%	64.64
3 IIFL Facilities Services Limited	17.85%	1,728.55	5.58%	122.73	2.18%	0.16	5.57%	122.89
4 IIFL Commodities Limited	1.02%	98.68	0.00%	0.09	-	-	0.00%	0.09
5 IIFL Corporate Services Limited (Formerly known as IIFL Asset Reconstruction Limited)	0.55%	52.78	0.16%	3.60	-	-	0.16%	3.60
6 IIFL Securities Services IFSC Limited	0.04%	3.64	-0.04%	(0.81)	-	-	-0.04%	(0.81)
7 Meenakshi Towers LLP	-4.11%	(397.37)	-2.92%	(64.38)	-	-	-2.90%	(64.38)
8 Shreyans Foundation LLP	-1.68%	(162.71)	-1.34%	(29.54)	-	-	-1.34%	(29.54)
<b>Foreign</b>								
1 IIFL Capital Inc.	0.80%	76.98	0.16%	3.62	-	-	0.16%	3.62
2 IIFL Wealth (UK) Limited	0.19%	18.12	0.16%	3.55	-	-	0.16%	3.55
<b>Associate</b>								
<b>Indian</b>								
1 Giskard Datatech Private Limited	0.02%	1.63	0.07%	1.63	-	-	0.07%	1.63
Elimination	-0.09%	(8.30)	8.54%	188.16	-	-	8.51%	188.16
<b>Total</b>	<b>100.00%</b>	<b>9,677.38</b>	<b>100.00%</b>	<b>2,203.05</b>	<b>100.00%</b>	<b>7.31</b>	<b>100.00%</b>	<b>2,210.36</b>

#### Note 47: Acquiring of demat accounts

The holding company has paid an amount of ₹ 1,129.11 million towards transfers of demat accounts held by various clients of Karvy Stock Broking Ltd while submitting the bid in response to NSDL, CDSL, NSE, BSE and MSEIL Circulars inviting bids (RFuQ) inter-alia stating that Demat Accounts as well as Trading Accounts held by KSBL shall be transferred to another depository participant/trading member, consequent to NSE declaring KSBL as defaulter and expulsion of KSBL from the membership of NSE and termination of participation of KSBL as Depository Participant by CDSL and NSDL.

The holding company became successful bidder as Depository Participant for transfer of Demat Accounts of clients of KSBL consequent to the said bidding process. KSBL has filed writ petition against NSDL, CDSL, NSE, BSE and MSEIL and also against the Holding Company as one of the respondents, claiming that the Sale and/or auction of the Demat and Trading Accounts is ultra vires as due process was not followed in the bidding process etc. and that the process of transfer of demat and trading accounts to another Depository Participant/trading member respectively and further steps being taken by the successful bidders be restrained.

The Hon'ble Bombay High Court vide its interim Order dt 18th March 2021 has rejected to restrain the process of transfer of demat and trading accounts. The Hon'ble High Court has also appointed Valuers for valuation of the demat accounts and trading accounts of the clients of KSDL; ordered that the amount paid by bidders shall be held by NSDL/CDSL/NSE/BSE/MSEIL as deposit; allowed transfer of the demat/trading accounts of the investors/beneficial owners to the Depository Participant/Trading Member who are the successful bidders.

Since the holding company has got the demat accounts of the investors/beneficial owners of KSBL transferred in its name as Depository Participant for the demat accounts, the amount payable towards consideration for the transfer of demat accounts being the cost of acquisition of right to service the clients has been capitalised in the books of account as "Commercial Rights".

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2021 (Contd.)

## Note 48: Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

### Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

## Note 49: Note on Labour Code

"The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. The Central Government on 30th March 2021 has deferred the implementation of the said Code and the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will account for the related impact in the period the Code becomes effective.

## Note 50: Note on Covid-19 Impact

Covid-19 outbreak was declared as a global pandemic by World Health Organization. The capital markets and banking services being declared as essential services, the Group has been in operation consistently with minimum staff. All operations and servicing of clients are smoothly ensured without any interruptions as the activities of trading, settlement, DP, Stock Exchanges and depositories functions have been fully automated and seamless processes. Based on the facts and circumstances, the Group has been operating in the normal course and there have been no adverse impacts on the assets, liquidity, revenues, profitability or operational parameters during the year. The Group is closely monitoring any material changes on a continuous basis.

As per our attached report of even date

For **V Sankar Aiyar & Co.**

Chartered Accountants

Firm's Registration No. 109208W

**G.Sankar**

Partner

Membership No. 046050

Place : Mumbai

Date : May 4, 2021

For and on behalf of Board of Directors

**R. Venkataraman**

(Managing Director)

(DIN: 00011919)

**Ronak Gandhi**

Chief Financial Officer

**Narendra Jain**

(Whole Time Director)

(DIN: 01984467)

**Meghal Shah**

Company Secretary

# ANNEXURE -A to the Consolidated Financial Statements

## IIFL Securities Limited

### Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part "A": Subsidiaries

Sr. No.	Particulars	(₹ in Million)									
		IIFL Management Services Limited	IIFL Facilities Services Limited	IIFL Commodities Limited	IIFL Insurance Brokers Limited	IIFL Corporate Services Limited	IIFL Capital Inc	IIFL Wealth (UK) Limited	Meenakshi Towers LLP	Shreyans Foundation LLP	IIFL Securities Services IFSC Limited
1	Share Capital	2.81	90.00	3.14	10.00	41.00	40.29	11.20	0.10	1.00	5.00
2	Other Equity	517.85	1,638.55	95.54	160.86	11.78	36.69	6.92	(397.47)	(163.71)	(1.36)
3	Total Assets	1,293.75	4,177.55	114.05	250.45	52.88	98.02	26.23	94.74	68.61	8.69
4	Total Liabilities	773.09	2,449.00	15.37	79.59	0.10	21.04	8.11	492.11	231.32	5.05
5	Investments	93.89	102.22	50.89	35.13	-	-	-	-	-	-
6	Total Turnover	273.42	967.81	2.19	430.91	4.73	55.72	43.79	104.95	5.88	-
7	Profit/(loss) before tax (Including exceptional item)	95.78	171.21	-0.80	244.01	4.81	4.86	4.28	(63.15)	(28.30)	(0.81)
8	Provision for taxation (including deferred tax)	31.64	48.48	-0.89	62.19	1.21	1.24	0.73	1.23	1.24	-
9	Profit/(loss) after tax	64.14	122.73	0.09	181.82	3.60	3.62	3.55	(64.38)	(29.54)	(0.81)
10	Total Comprehensive Income	64.64	122.89	0.09	182.02	3.60	3.62	3.55	(64.38)	(29.54)	(0.81)
11	Exchange Rate	-	-	-	-	-	73.17	100.96	-	-	-
12	Reporting Currency	INR	INR	INR	INR	INR	USD	GBP	INR	INR	INR
13	Proposed Dividend	-	-	-	-	-	-	-	-	-	-
14	% of share holding	100	100	100	100	100	100	100	100	99	100

#### Notes:

- All subsidiaries have common year end of March 31, 2021 hence no additional information under Section 129(3) read with rule 5 has been disclosed.
- Names of subsidiaries which are yet to commence operations  
IIFL Securities Services IFSC Limited  
IIFL Corporate Services Limited

**Part "B": Associates**

(₹ in million)

Sr. No.	Name of Associate	Giskard Datatech Private Limited
1	Latest Audited Balance Sheet Date	31-Mar-21
	Date of acquisition	6-Nov-21
2	Shares of Associate/Joint Ventures held by the company on the year end	
	No	31198
	Amount of Investment in Associates/Joint Venture	39.85
	Extend of Holding %	21.47%
3	Description of how there is significant influence	There is significant influence due to percentage(%) of voting power
4	Reason why the associate/joint venture is not consolidated	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet	37.61
6	Profit/(loss) for the year	
	i. Considered in Consolidation	1.63
	ii. Not Considered in Consolidation	-

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

**R. Venkataraman**

(Managing Director)  
(DIN: 00011919)

**Narendra Jain**

(Whole Time Director)  
(DIN: 01984467)

**Ronak Gandhi**

Chief Financial Officer

**Meghal Shah**

Company Secretary

Place : Mumbai

Date : May 4, 2021





# Corporate Information

## BOARD OF DIRECTORS

Mr. R. Venkataraman  
Chairman and Managing Director

Mr. Narendra Deshmal Jain  
Whole Time Director

Ms. Rekha Gopal Warriar  
Independent Director

Mr. Shamik Das Sharma  
Independent Director

Mr. Anand Shailesh Bathiya  
Independent Director

Mr. Viswanathan Krishnan  
Independent Director

## COMMITTEE OF BOARD

### AUDIT COMMITTEE

Mr. Anand Shailesh Bathiya  
Chairman, Independent Director

Mr. Narendra Deshmal Jain  
Member, Whole Time Director

Ms. Rekha Gopal Warriar  
Member, Independent Director

Mr. Viswanathan Krishnan  
Member, Independent Director

### NOMINATION AND REMUNERATION COMMITTEE

Ms. Rekha Gopal Warriar  
Chairperson, Independent Director

Mr. Shamik Das Sharma  
Member, Independent Director

Mr. Anand Shailesh Bathiya  
Member, Independent Director

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Ms. Rekha Gopal Warriar  
Chairperson, Independent Director

Mr. Narendra Deshmal Jain  
Member, Whole Time Director

Mr. Shamik Das Sharma  
Member, Independent Director

### CSR COMMITTEE

Mr. Anand Shailesh Bathiya  
Chairman, Independent Director

Mr. Narendra Deshmal Jain  
Member, Whole Time Director

Mr. Viswanathan Krishnan  
Member, Independent Director

## RISK MANAGEMENT COMMITTEE

Mr. Viswanathan Krishnan  
Chairman, Independent Director

Mr. Narendra Deshmal Jain  
Member, Whole Time Director

Mr. Shamik Das Sharma  
Member, Independent Director

Mr. Anand Shailesh Bathiya  
Member, Independent Director

## CHIEF FINANCIAL OFFICER

Mr. Ronak Gandhi

## COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Meghal Shah

## AUDITORS

V. Sankar Aiyar & Co.  
Chartered Accountants

## INTERNAL AUDITORS

Mahajan & Aibara  
Chartered Accountants

## SECRETARIAL AUDITORS

Nilesh Shah & Associates  
Practising Company Secretaries

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited  
C-101, 247 Park, 1<sup>st</sup> Floor, L.  
B. S. Marg, Vikhroli (West),  
Mumbai – 400 083

## REGISTERED OFFICE

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

## CORPORATE OFFICE

Ground Floor, Hubtown Solaris, N.  
S. Phadke Marg, Vijay Nagar, Andheri  
East, Mumbai – 400 069

## LIST OF CORPORATE BANKERS

HDFC Bank Limited  
ICICI Bank Limited  
Axis Bank Limited  
Yes Bank Limited  
Ratnakar Bank Limited

## CORE MANAGEMENT TEAM

Mr. H. Nemkumar - President, Institutional Equities	Mr. Nandkishore Purohit - Senior Vice President, Digital
Mr. Sandeep Bhardwaj - CEO, Retail Broking	Mr. Manav Verma - Senior Vice President, Marketing
Mr. Nipun Goel - President, Investment Banking	Mr. Raajiv Bhalla - Senior Vice President, Online Sales
Mr. Vasudev Jagannath - President, Institutional Sales	Mr. Dharmender Narang - Senior Vice President, Customer Service
Mr. Suvajit Ray - Executive Vice President, Investment Products & Distribution	Mr. Utkarsh Prajapati - Vice President, Technology
Mr. G. V. Giri - Senior Vice President, Institutional Research	Mr. Prasad Umarale – Vice President, Compliance
Mr. Chintan Modi - Senior Vice President, Franchisee	Mr. Nayan Panchal – Vice President, Operations



**IIFL SECURITIES LIMITED**

CIN - L99999MH1996PLC132983

IIFL House, Sun Infotech Park, Road No.16V, B-23, MIDC,

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 IIFL (India Infoline Group)