



**Annual Report
2018-2019**

Stock Holding Securities IFSC Limited

CONTENTS

Board of Directors	.....	2
Director's Report	.....	3
Report of Corporate Governance	.....	11
Independent Auditor's Report	.....	14
Annexure to the Independent Auditor's Report	.....	18
Comments of the Comptroller and Auditor General of India	.....	23
Balance Sheet	.....	24
Statement of Profit and Loss	.....	25
Statement of Changes in Equity	.....	26
Cash Flow Statement	.....	27
Photo Gallery	.....	39

BOARD OF DIRECTORS (as on July 26,2019)

Ramesh N.G.S. Chairman (Non Executive)

R. Anand Director

Meera Ranganathan Director

Kanaksabapathy Kumar Independent Director

Vinay E Purohit Managing Director & CEO

Management Team

Arati Bhatt Chief Financial Officer

Statutory Auditors M/s. P C Rathod & Co., Chartered Accountants

Banker ICICI Bank Limited

Registered Office Unit 518, 5th Floor, Hiranandani Signature Tower,
Block 13B, Zone -1, GIFT SEZ, Gift City,
Gandhinagar - 382355. Gujarat (INDIA)
Tel: +91-79-6180 0210
CIN: U65990GJ2018GOI103278

Directors' Report

To the Members,

Your Directors are pleased to present the First Annual Report of your Company along with the Audited Statement of Accounts for the financial year ended March 31, 2019.

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, your Company has adopted the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

During the period ended March 31, 2019, your Company is yet to commence operations and consequently it has reported a gross income of USD Nil (Rs. Nil). The Profit / (Loss) after tax was USD (73,778) (i.e. Rs. (52,06,252)). The Total Comprehensive Income for the year was USD (70,960) (i.e. Rs. (66,81,116)). The financial results are summarized below:

Particulars	2018-19 (Amt in USD)	2018-19 (Amt in INR)
Total Income	NIL	NIL
Total Expenditure	73,778	52,06,252
Profit/ (Loss) Before Tax	(73,778)	(52,06,252)
Profit/ (Loss) After Tax	(71,563)	(50,49,975)
Total Comprehensive Income	(70,960)	(66,81,116)
Net Worth	20,71,897.14	14,33,18,884
Book Value per Equity Share of Rs 10	0.1381	9.55
Earning per share	(0.01)	(1.04)

Dividend

As the Company is yet to commence operations, the Board of Directors do not recommend any dividend for the financial year ended March 31, 2019.

Transfer to reserves

As the Company is yet to commence operations, the Company does not propose to transfer any amount to the general reserve.

About Gift City, IFSC and Opportunities at IFSC

The Honorable Prime Minister of India's vision is Gift City becoming the price setter for at least a few of the largest traded instruments in the world, whether in commodities, currencies, equities, interest rates or any other financial instrument. An International Financial Services Centre (IFSC) caters to customers outside the jurisdiction of the domestic economy enabling the flow of finance, financial products and services across borders. Among over 100 global financial centres; London, New York and Singapore rank among the top while emerging IFSCs like Shanghai and Dubai are not far behind.

The IFSC in India at Gift City is located at Gandhinagar, Gujarat. The Gift City is planned on 886 acres of land with 62 million sq. ft. of Built Up Area which includes Office spaces, Residential apartments, Schools, Hospitals,

Hotels, Clubs, Retail and various Recreational facilities and has been named as the Gujarat International Finance Tec-City (GIFT). The Gift City, as a smart city, offers state-of-the-art infrastructure encompassing all basic urban infrastructure elements along with an excellent external connectivity. The Gift City offers advantages of domestic market in the Gift Domestic tariff zone while the GIFT SEZ is a multiservice SEZ and houses the IFSC where all transactions are undertaken in USD as the functional currency. The Gift City offers various business opportunities for offshore banking, offshore fund management, offshore insurance, capital markets, IT / Ites/ BPO services and opportunities for ancillary services in the areas of consultancy for legal, accounting and related, research, compliance, risk management etc.

India offers investors an Onshore market (a vibrant and one of the most efficient domestic markets globally with two leading exchanges—National Stock Exchange and Bombay Stock Exchange) which caters to domestic and international investors alike. The functional currency at IFSC, Gift City is USD and all the trades are executed and settled in USD currency and accounted for in USD currency.

IFSC, an offshore market at Gift SEZ has two international exchanges (i.e India International Exchange (IFSC) Limited (subsidiary of Bombay Stock Exchange; website www.indiainx.com) and NSE IFSC Limited (subsidiary of National Stock Exchange; website www.nseifsc.com). Both these exchanges have their Clearing Corporations (i.e India International Clearing Corporation (IFSC) Ltd and NSE IFSC Clearing Corporation Limited). Both the Clearing Corporations are recognised as “A Qualified Central Counter Party (QCCP)” and “A Third Country Central Counterparty (TC-CCP) recognised under EMIR by ESMA”.

Businesses at Gift City are currently regulated by one or more of the regulators i.e the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and Insurance Regulatory and Development Authority of India (IRDA). The Government of India has envisaged a single Unified Regulator for Gift City and requisite laws for constitution of the same are likely to be in place soon. At IFSC, the capital market and related activities are regulated by The Securities and Exchange Board of India IFSC Guidelines 2015. The guidelines lays down the framework for exchanges, clearing corporations, various intermediaries in capital markets and permits investments from eligible investors like Foreign Portfolio Investors, Eligible Foreign Investors, Non-resident investors (subject to RBI approval). SEBI has also permitted investors at IFSC, Gift City to invest through a Segregated Nominee Account Structure where a foreign investor may avail the services to an eligible entity registered in IFSC as a “Provider” to undertake investments while maintaining confidentiality from market intermediaries.

The IFSC currently has 12 large banks doing transactions aggregating to USD 22 Billion, 17 insurance and re-insurance entities doing sum insured business of over USD 30 billion, 2 International Stock Exchanges, 2 Clearing Corporations, about 100 capital market intermediaries with the average daily trading volume of over USD 3 billion. The IFSC also has a bond market where issuers like corporates and banks have made USD denominated issuances of Medium Term Notes (MTN) of over USD 46 billion (listings of over USD 15 billion).

The IFSC at Gift SEZ offers a very competitive tax regime with various tax benefits to investors and intermediaries. The entities at IFSC have a 10 year tax holiday during which a Minimum Alternate Tax (MAT) of 9% is applicable. For investors, there is no transaction related tax, no capital gains, no Goods and Services Tax and No dividend distribution tax and exemptions from stamp duty too.

The Union Budget 2019 mentions of developing aircraft and leasing activities at IFSC, provides for reduced net owned funds for foreign re-insurance companies, extends capital gains tax to additional securities that may be listed on IFSC exchanges while offering capital gains tax exemptions to Alternate investment funds listed at IFSC exchanges and extending dividend distribution tax to mutual funds at IFSC.

Thus, IFSC, offers business opportunities for diverse business segments – banks, brokers, capital market intermediaries, custodians and global custodians, global securities firms, merchant bankers, mutual funds, alternate investment funds, professional firms for legal, accounts and audit and ancillary services, insurance and re-insurance companies and brokers, research and IT oriented services etc.

StockHolding Securities IFSC Limited (SSIL) at IFSC, Gift City

Your Company has its presence at IFSC, Gift City and has received registration from SEBI for offering Clearing services. Your Company is currently complying with various requirements for offering Clearing and Settlement services (including risk management, collateral management and related services) , to intermediaries and investors at Gift City. In addition, your Company has also applied for approval to offer Trading services to desirous investors at international exchanges at IFSC, Gift City. Your Company expects to commence operations as clearing member by early September 2019.

Operations review

Your Company, being a Capital Market intermediary at IFSC, Gift City, Gandhinagar, has vide SEBI letter dated May 28, 2019 received SEBI registration as a Clearing Member at IFSC, Gift City (Registration Number allotted INZ000263238).The registered office of your Company at IFSC, Gift City was inaugurated on June 14, 2019 by Shri E.Sankara Rao ,Chairman,Stock Holding Corporation of India Limited.



Shri E. Sankara Rao (Chairman, Stock Holding Corporation of India Ltd.) lighting the auspicious lamp. Also in the frame, Shri Ramesh N.G.S (Chairman, SSIL), Shri Vinay E Purohit (MD & CEO, SSIL) Shri Atul Sinha (CVO, StockHolding) and others.

The IFSC has two international stock exchanges i.e India International Exchange (IFSC) Limited and NSE IFSC Limited. These exchanges currently offer various derivatives products like Equity, Commodity and Currency on a single platform. The eligible investors at IFSC as per the SEBI International Finance services Centre Regulations 2015 mainly include trading members, Foreign Portfolio Investors and Eligible Foreign Investors.

Besides, SEBI has permitted the IFSC markets to offer desirous clients with a Segregated Nominee Account Structure for their investments.

The two exchanges have been witnessing growing turnover over the last financial year. The current daily turnover averages over USD 3 billion (up from around USD 750 million about a year ago).

Subsidiaries

Your Company does not have any subsidiary.

Details to be reported u/s 134 (3) (ca) of the Companies Act, 2013

No frauds have been noticed / or reported by Auditors during the year.

Directors Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(5) of the Companies Act, 2013 and confirm that:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any
- (b) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) proper internal financial controls were in place and such financial controls are adequate and operating effectively;
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Directors and Key Managerial Personnel (KMP)

Shri Ramesh N.G.S has been appointed as the Non-Executive Chairman w.e.f January 9, 2019. Shri Vinay E Purohit has been appointed as Managing Director and CEO of the Company for a period of three years w.e.f. January 9,

2019. Shri K. Kumar has been appointed as an Independent Director w.e.f. January 9, 2019. Your Company has five Directors which includes one Woman Director and one Independent Director. The Independent Director has given declaration that he meets the criteria of Independence as laid under Section 149 of the Companies Act, 2013. The Remuneration of Non-Executive Directors comprises sitting fees for attending the meetings of Board/ Committees of the Board. None of the Directors were entitled to Stock Options.

The Company has on April 25, 2019 appointed Smt Arati Bhatt as the Chief Financial Officer. Smt Arati Bhatt is on deputation from StockHolding Corporation of India Limited for a period of three years from January 9, 2019. Your Company is in process of recruiting a suitable candidate for the position of Company Secretary.

Shri Vinay E Purohit, Managing Director and CEO and Smt Arati Bhatt, Chief Financial Officer are the Key Managerial Personnel of the Company.

Number of Meetings of the Board

During the period ended March 31, 2019, two Board Meetings were convened and held. The intervening gaps between the meetings were within the period prescribed under the Companies Act, 2013. The details of meetings are given in the Corporate Governance Report.

Audit Committee

The Company is exempt from having an Audit Committee. However, in terms of best corporate governance practices and transparency, the Company has in its meeting held on April 25, 2019 constituted an Audit, Risk and New Initiatives Committee.

Auditors

Being subsidiary of Government Company, your Company is also a Government Company. The Office of Comptroller and Auditor General of India (CAG) vide its letter dated September 5, 2018 appointed M/s. P. C. Rathod & CO., Chartered Accountants as the Statutory Auditors of your Company under Section 139 of the Companies Act, 2013 for the financial year 2018-19.

Statutory Auditors Report

The Auditors' Report does not contain any qualifications, reservations or adverse remarks.

Particulars of Loans, Guarantee and Investments

Your Company has not given any loans, guarantees and investments within the purview of Section 186 of the Companies Act, 2013.

Related Party Transactions

All the Related Party Transactions (RPTs) that were entered into during the financial year were on arms' length basis and were in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 as well as the Policy on Related Party Transaction adopted by the Company. As prescribed under section 177(3) of the Companies Act, 2013, RPTs are placed before the Board. None of the transactions with related parties falls under the scope of section 188(1) of the Act.

All the RPTs have been approved by the Board on the strength of Management representation that they are in the ordinary course of business at arm's length price.

The Form AOC-2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies Act, (Accounts) Rules, 2014 is annexed as Annexure A to this Report.

Significant and Material Orders Passed by the Regulators or Courts or Tribunal:

There are no material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

Risk Management

The Company recognizes that risk is an integral part of business and is committed to managing the risk in a proactive and efficient manner. The newly appointed Audit, Risk and New Initiatives Committee will inter-alia review various risks your Company is exposed to and considers the mitigants suggested by the business heads/ departmental heads.

Code of Conduct to Regulate, Monitor and Report Trading

The Securities and Exchange Board of India [Prohibition of Insider Trading Regulations, 2015] (Regulations) inter alia provides that market intermediary registered with SEBI is mandatorily required to formulate a code of conduct to regulate, monitor and report trading by its employees. Your Company being a SEBI registered intermediary currently follows the policy adopted by the Holding Company i.e. Stock Holding, who has formulated a code of conduct to regulate, monitor and report trading by its employees / Directors.

Corporate Governance

Your Company is not a listed entity. Nevertheless, it endeavours to comply with Corporate Governance norms. Report on Corporate Governance is annexed at **Annexure B**.

Particulars of Employees

None of the employees of your Company were in receipt of remuneration in excess of the limits as laid down under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Fixed Deposits

The Company has not accepted any Fixed Deposits from the public during the financial year 2018-19. Hence, no information is required to be appended to this report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Conservation of energy & technology absorption

Your Company does not carry any manufacturing activities. However, it has taken steps towards conservation of energy and continues to use latest technologies for improving the productivity and quality of its services. The Company uses energy efficient LED lights equipped with latest technology having features of lower power usage and improved performance. The Company is using energy efficient chilled water cooling for air conditioning.

Foreign exchange earnings and outgo

The functional currency of your Company is USD and the presenting currency is INR. Hence, for the purpose of the reporting of foreign exchange earnings and outgo, the conversion of currency from USD to INR (for meeting expenses) is reported herein.

Foreign exchange earnings and outgo during the year under review:

Foreign Exchange earnings - Nil

Foreign Exchange outgo – USD 35,000

Acknowledgements

The Board places on record its deep appreciation for the excellent support and patronage of Government of India, the Government of Gujarat & the concerned Government departments / agencies, Securities and Exchange Board of India (SEBI), Reserve Bank of India and the Central Excise Customs and Service tax at IFSC, Gift City. The Board also expresses its sincere thanks to Gujarat International Finance Tec-City (Gift City), Kandla Special Economic Zone (KASEZ), National Stock Exchange of India Limited (NSEIL), Bombay Stock Exchange Limited (BSE), India International Exchange (IFSC) Limited, India International Clearing Corporation (IFSC) Limited, NSE IFSC Limited, NSE IFSC Clearing Corporation Limited, ICICI Bank, Volupia Developers Pvt. Ltd. Banks, Clients, IFCI Limited, Stock Holding Corporation of India Limited and its subsidiary companies, Board of Stock Holding Corporation of India Limited and the Shareholders of Stock Holding Securities IFSC Limited for their cooperation and support in various spheres of your Company's activities. The Board of Directors also expresses its gratitude for the exemplary services rendered by the employees of your Company.

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

**Place : Mumbai
Date : July 26, 2019**

**Ramesh N.G.S.
Non Executive Chairman**

FORM AOC -2

(Pursuant to clause (h) of sub-section (3) of Section 134 (3) (h) of the Act, and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188 (1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: None

(a)	Name(s) of the related party and nature of relationship	Not Applicable
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions date(s) of approval by the Board	
(f)	Amount paid as advances, if any	
(g)	Date on which the special resolution was passed	
(h)	Date on which special resolution was passed in general meeting as required under (j)first proviso to Section 188 of the Companies Act,2013	

2. Details of material contracts or arrangement or transactions at arm's length basis: None

(a)	Names(s) of the related party and nature of relationship	Not Applicable
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements of transactions including the value, if any	
(e)	Date(s) of approval by the Board ,if any	
(f)	Amount paid as advances, if any	

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

**Place: Mumbai
Date : July 26, 2019**

**Ramesh N.G.S.
Non- Executive Chairman**

REPORT ON CORPORATE GOVERNANCE

(forming part of Directors' Report for financial year ended March 31, 2019)

The Company's Philosophy on Code of Governance

The Company is not a listed entity. Nevertheless, it endeavours to comply with Corporate Governance norms as specified under SEBI Listing and Disclosure Regulation 2015. The Company's philosophy on corporate governance recognizes the accountability of the Board & Officers and the importance of decisions to all constituents, including customers, employees, investors, business associates, regulatory authorities and the Community at large. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a period of time.

Board of Directors

The Board consists of 5 members, of which 1 is independent director. The day-to-day management of the Company vests in the hands of the MD & CEO.

The details of Directorships held by some of the Directors as on July 26, 2019 in other companies are as follows:

Shri Ramesh N.G.S.

Sr.No	Name of Company/Institution	Nature of interest
1	Stock Holding Corporation of India Limited	Managing Director & CEO
2	Stockholding Document Management Services Limited (Formally SHCIL Projects Limited)	Non Executive Chairman
3	SHCIL Services Limited	Non Executive Chairman
4	Wonder Home Finance Limited	Independent Director
5	IFIN Securities Finance Limited	Additional Director
6	IFIN Credit Limited	Additional Director
7	IFCI Financial Services Limited	Additional Director
8	IFIN Commodities Limited	Additional Director
9	Indian Clearing Corporation Limited	Member Advisory Committee

Shri K. Kumar

Sr.No	Name of Company/Institution	Nature of interest
1	DHFL Pramerica Asset Managers Private Limited	Independent Director

Ms. Meera Ranganathan

Sr.No	Name of Company/Institution	Nature of interest
1	IFIN Securities Finance Limited	Managing Director

Details of the Board Meeting and Attendance

The Board of Directors will meet at least once in every three months. Two meetings were held during the period ended March 31, 2019. Details of Board Meetings held are as follows:

Sr.No	Date of the Board Meeting	Total number of Directors on the date of the meeting	No. of Directors attended	% of Attendance
1	July 23, 2018	3	2	67%
2	January 9, 2019	5	5	100%

Attendance of Directors at Board Meetings and Annual General Meeting during the period ending March 31, 2019:

Sr.No	Name of the Director	23-Jul-2018	9-Jan-2019
1	Shri Ramesh N.G.S*	N.A	√
2	Shri K.Kumar*	N.A	√
3	Shri R.Anand	LoA	√
4	Ms. Meera Ranganathan	√	√
5	Shri Vinay E Purohit	√	√

LoA = Leave of absence; N.A. = Not Applicable since they were director as on the date of the meeting, √ = attended.
* Inducted as Directors on 9- Jan-2019

Details of Audit, Risk Committee and Attendance

The accounts of your Company are audited every quarter and the audited quarterly and annual financial statements are placed before the Board for their approval. An Audit, Risk and New Initiative Committee has been constituted in the Board meeting held on April 25, 2019 and in future the audited quarterly and annual financial statements will be placed before the Committee for their recommendation to the Board for its approval.

The terms of reference of the Audit Committee of the Board inter alia includes the terms referred to under Section 177 (4) of the Companies Act, 2013.

General Meetings

Your Company was incorporated on July 16, 2018 and capitalized on January 9, 2019. The Company is yet to hold its first Annual General Meeting (AGM).

Disclosures

There were no transactions of your Company of material nature with its Directors, KMP or their relatives etc. that may have potential conflict with the interest of your Company at large.

Shareholder Information

a) Annual General Meeting

Date, Time & Venue of the Annual General Meeting

September 09, 2019, at 2:30 PM

Venue : Stock Holding Corporation of India Limited,
301, Centre Point, Dr. Babasaheb Ambedkar Road,
Parel, Mumbai - 400012. Maharashtra (INDIA)

b) Dividend payment date

Not Applicable

c) Listing on Stock Exchange

The Company's shares are not listed in any stock exchange.

d) Distribution of shareholdings as on March 31, 2019

The Company is wholly owned subsidiary of Stock Holding Corporation of India Limited (Stock Holding).

e) Address of correspondence

Stock Holding Securities IFSC Limited
Unit 518, 5th Floor, Hiranandani Signature Tower,
Block 13B, Zone -1, GIFT SEZ, Gift City,
Gandhinagar - 382355. Gujarat (INDIA)
Tel: +91-79-6180 0210

Independent Auditor's Report

To the Members of StockHolding Securities IFSC Limited (SSIL)

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Stockholding Securities IFSC Limited (herein after referred to as 'the Company') which comprise the balance sheet as at 31 March 2019, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after 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 standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the Financial position of the Company as at 31 March 2019 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management and Those Charged with Governance for the Standalone

Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of the standalone 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 standards and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (1) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the

standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (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, the statement of cash flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under;
 - (e) on the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the director is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) In terms of Notification No G.S.R. 08(E) dated January 4, 2017 issued by the Ministry of Corporate Affairs under section 462 of the Act, the provisions of section 197 in respect of the remuneration paid by the Company to its directors are not applicable to the Company. Hence reporting under section 197(16) of the Act is not applicable to the Company
 - (g) 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; and
 - (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, to the best of our information and according to the explanations given to us we state that:

- (i) there is no pending litigation against the Company
- (ii) there are no material foreseeable losses on long term contracts including derivative contract where provision is required to be made by the Company under any law or accounting standards
- (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (i) As required under Section 143(5) of the Act, we enclose “Annexure C” to this Report, the directions including sub-directions issued by the Comptroller and Auditor General of India, action taken thereon and its financial impact of the accounts of the Company.

For P. C. Rathod & Co.
Chartered Accountants
(Firm Registration No: 121967W)

Bhavesh P. Rathod
Partner
Membership No.: 104690
April 25, 2019

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year March 31, 2019, we report that:

- (l) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of its fixed assets by which fixed assets are verified once every year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its asset. Pursuant to the program, the fixed assets were verified during the year. In our opinion and according to information and explanation given to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and based on the examination of registered lease deed provided to us in respect of immovable property of office premise that has been taken on lease and disclosed as fixed asset, the lease agreement is in the name of the Company.
- (d) The Company is a service company, primarily in the business of Clearing member and Intermediary in stock exchange. Accordingly, it does not hold any physical inventories. Hence reporting under paragraph 3(ii) of the Order is not applicable to the Company.
- (ii) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the Order is not applicable.
- (iii) To the best of our knowledge and according to the information and explanations given to us, the Company has not made any investment or provided any guarantee or security in terms of provisions of section 185 and 186 of the Act. Hence reporting under paragraph 3 (iv) of the Order is not applicable
- (iv) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted deposits from public and therefore, reporting under paragraph 3 (v) of the Order is not applicable.
- (v) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act in respect of rendered by the Company. Hence reporting under clause 3(vi) of the order is not applicable to the Company.
- (vi) To the best of our knowledge and according to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise duty, Cess and other material statutory dues as applicable in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

- (c) There were no material dues of Income Tax, Sales tax, Service Tax, Goods and Service Tax, Duty of customs, Duty of Excise, Value Added tax as applicable that were not deposited by the Company on account of dispute.
- (vii) To the best of our knowledge and according to the explanations given to us, the Company has not taken any loans or borrowings from any financial institution, banks, government or has not issued any debentures. Hence reporting under paragraph 3 (viii) of the Order is not applicable to the Company.
- (viii) To the best of our knowledge and according to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments) and term loans and hence reporting under clause paragraph 3 (ix) of the Order is not applicable to the Company.
- (ix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (x) In terms of Notification No G.S.R. 08(E) dated January 4, 2017 issued by the Ministry of Corporate Affairs under section 462 of the Act, the provisions of section 197 in respect of payment of managerial remuneration are not applicable to the Company. Hence reporting under clause paragraph 3 (xi) of the Order is not applicable to the Company.
- (xi) To the best of our knowledge and according to the information and explanations given to us, the Company is not a nidhi company. Hence reporting under the paragraph 3(xii) of the Order is not applicable.
- (xii) In terms of Notification No G.S.R. 08(E) dated January 4, 2017 issued by the Ministry of Corporate Affairs under section 462 of the Act, the provisions of section 177 are not applicable to the Company. To the best of our knowledge and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Act, as applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiii) The Company made private placement of shares during the period as mentioned in Note 6 to the Financial statements in accordance with the provisions of section 42 of the Act and to the best of our knowledge and according to the information and explanations given to us, the amounts raised were used for the purpose for which they were raised.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and thus provisions of section 192 of the Companies Act, 2013 are not applicable to the Company. Hence reporting under paragraph 3(xv) of the Order is not applicable.
- (xv) The Company is not required to be registered under section 45 -IA of the Reserve Bank of India Act 1934.

For P. C. Rathod & co.
Chartered Accountants
(Firm Registration No: 121967W)

Bhavesh P. Rathod
Partner
Membership No.: 104690
April 25, 2019

Annexure - B to the Auditors' Report

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 Stockholding Securities IFSC Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the period 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 ('ICAI'). 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 judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P. C. Rathod & co.

Chartered Accountants

(Firm Registration No: 121967W)

Bhavesh P. Rathod

Partner

Membership No.: 104690

April 25, 2019

ANNEXURE - C

STOCKHOLDING SECURITIES IFSC LIMITED
518, SIGNATURE BUILDING, GIFT SEZ, GANDHINAGAR – 382355

Directions under section 143(5) of Companies Act 2013 applicable from the year 2018-19 and onwards

Sr.No	Date of the Board Meeting	Reply
1.	Whether the company has system in place to process all the accounting transaction through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	COMPANY DOES PROCESS ACCOUNTING TRANSACTIONS THROUGH TALLY ERP SYSTEM. THE COMPANY IS FORMED DURING CURRENT FINANCIAL YEAR ONLY AND OPERATIONS HAVE NOT STARTED YET, PENDING REGULATORY APPROVALS. INITIAL TRANSACTIONS WERE FUNDED BY HOLDING COMPANY (S.H.C.I.L.) AND WERE PAID BY THEM ON OUR BEHALF.
2.	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	NOT APPLICABLE, AS NO OPERATIONS COMMENCED TILL DATE.
3.	Whether funds received / receivable for specific schemes from central / state agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation.	NOT APPLICABLE, AS NO FUNDS RECEIVED TILL DATE FROM CENTRAL OR STATE AGENCIES.

In addition the auditor is required to comply with any additional Company / Sector specific directions issued under section 143(5) of the Companies act, 2013 by the Field office entrusted with the supplementary audit of the company. :

WE HAVE NOT RECEIVED ADDITIONAL COMPANY / SECTOR SPECIFIC DIRECTIONS ISSUED UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013 BY THE FIELD OFFICE ENTRUSTED WITH THE SUPPLEMENTARY AUDIT OF THE COMPANY.

For P. C. Rathod & co.
Chartered Accountants
(Firm Registration No: 121967W)

Bhavesh P. Rathod
Partner
Membership No.: 104690
DATE: 25.04.2019

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENT OF STOCKHOLDING SECURITIES IFSC LIMITED FOR THE YEAR ENDED 31ST MARCH 2019

The preparation of financial statement of StockHolding Securities IFSC Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(7) of the Act is responsible for expressing opinion on the financial statement under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25 April 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of StockHolding Securities IFSC Limited for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 143(6)(b) of the Act.

**For and on the behalf of the
Comptroller and Auditor General of India**

(Roop Rashi)

Director General of Commercial Audit and
ex-officio Member, Audit Board-I, Mumbai

Place: Mumbai

Date:09.08.2019

STOCKHOLDING SECURITIES IFSC LIMITED

Balance Sheet as at 31-Mar-2019

	Particulars	Note	As at 31-Mar-2019	
			INR	USD
I.	ASSETS			
	1 Non-Current Assets			
	(a) Property, Plant and Equipment			
	(b) Capital Work In Progress	2	1,12,771	1,630
	(c) Other Intangible assets			
	(d) Financial Assets			
	(i) Investments			
	(ii) Trade receivables			
	(iii) Loans			
	(iv) Others (to be specified)			
	(e) Deferred tax assets (net)	3	1,56,277	2,215
	(f) Other non-current assets			
	2 Current Assets			
	(a) Inventories			
	(b) Financial Assets			
	(i) Investments			
	(ii) Trade receivables			
	(iii) Cash and cash equivalents	4	14,73,62,263	21,30,396
	(iv) Bank balances other than (iii) above			
	(v) Loans And Advances	5a	3,24,575	4,692
	(vi) Others (to be specified)			
	(c) Current Tax Assets (Net)			
	(d) Other current assets	5b	4,22,634	6,110
	Total		14,83,78,520	21,45,044
II.	EQUITY AND LIABILITIES			
	1 EQUITY			
	(a) EQUITY SHARE CAPITAL	6	15,00,00,000	21,42,857
	(b) OTHER EQUITY	7	(66,81,116)	(70,960)
			14,33,18,884	20,71,897
	2 Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings UNSECURED LOANS	8	23,94,186	34,612
	(ii) Trade payables			
	(iii) Other financial liabilities (other than those specified in (b) below, to be specified)			
	(b) Provisions			
	(c) Deferred tax liabilities (Net)			
	(d) Other non-current liabilities			
	3 Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings			
	(ii) Trade and other payables	9	26,08,111	37,705
	(iii) Other financial liabilities (other than those specified in (b) below, to be specified)			
	(b) Other current liabilities	10	57,339	829
	(c) Provisions			
	(d) Current Tax Liabilities (Net)			
	Total		14,83,78,520	21,45,044
	See accompanying notes to Financial Statement.	1-18		

The Notes referred to above form an integral part of the Balance sheet
As per our report of even date

For and on behalf of
P C RATHOD & CO
Chartered Accountants
Firm Registration No: 121967W

For and on behalf of the Board of
Stock Holding Securities IFSC Ltd.

CA BHAVESH RATHOD
Partner
Membership No : 104690

Arati Bhatt
Manager - Finance & Operations

Vinay E Purohit
MD & CEO

Ramesh N.G.S.
Non- Executive Chairman

Place: AHMEDABAD
Date: 25th APRIL 2019

R. Anand
Director

Meera Ranganathan
Director

K. Kumar
Director

STOCKHOLDING SECURITIES IFSC LIMITED

Statement of Profit and Loss for the year ended 31-Mar-2019 (16 July 2018 to 31 March 2019)

	PARTICULARS	No.	Amount in Rs.	
			INR	USD
I	Revenue from Operations		-	-
II	Other Income		-	-
III	TOTAL REVENUE (I + II)		-	-
IV	EXPENSES		-	-
	Employee Benefit Expenses	11	14,23,538	20,173
	Finance Costs			
	Depreciation and Amortization Expenses		-	
	Other Expenses	12	37,82,714	53,605
	TOTAL EXPENSES		52,06,252	73,778
V	Profit/(Loss) before Tax (III-IV)		(52,06,252)	(73,778)
VI	Tax Expense		(1,56,277)	
	Current Tax		-	-
	Deferred Tax	3	(1,56,277)	(2,215)
VII	Profit/(Loss) for the period from Continuing Operations(V-VI)		(50,49,975)	(71,563)
VIII	Profit/(Loss) from Discontinuing Operations		-	-
IX	Tax Expense of Discontinuing Operations		-	-
X	Profit/(Loss) from Discontinuing Operations (after tax)		-	-
XI	Profit(Loss) for the Period(VII+X)		(50,49,975)	(71,563)
XII	Other Comprehensive income			
	A Items that will not be reclassified to profit or loss			
	(i) Remeasurement of defined benefit plan			
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	B Items that will be reclassified to profit or loss			
	(i) Foreign Currency translation reserve		(16,31,141)	603
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Total other comprehensive income for the period		(16,31,141)	603
	Total comprehensive income for the period (XI+XII)		(66,81,116)	(70,960)
XIII	Earnings per Equity Share	13	(1.04)	(0.01)
	-Basic		(1.04)	(0.01)
	-Diluted		(1.04)	(0.01)
	See accompanying notes to Financial Statement.	1-18		

The Notes referred to above form an integral part of the Statement of Profit and Loss
As per our report of even date

P C RATHOD & CO
Chartered Accountants
Firm Registration No: 121967W

For and on behalf of the Board of
Stock Holding Securities IFSC Ltd.

CA BHAVESH RATHOD
Partner
Membership No : 104690

Arati Bhatt
Manager - Finance & Operations

Vinay E Purohit
MD & CEO

Ramesh N.G.S.
Non- Executive Chairman

Place: AHMEDABAD
Date: 25th APRIL 2019

R. Anand
Director

Meera Ranganathan
Director

K. Kumar
Director

STOCKHOLDING SECURITIES IFSC LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A Equity Share Capital

Particulars	Balance at the beginning of the reporting date Amount In Rs.	Balance at the beginning of the reporting date Amount In USD	Chages in equity share capital during the year In Rs.	Chages in equity share capital during the year In USD	Balance at the end of the reporting date in Rs.	Balance at the end of the reporting date in USD
Balance as at March 31, 2019	-	-	15,00,00,000	21,42,857	15,00,00,000	21,42,857

B Other Equity

Particulars	Retained Earnings in Rs.	Retained Earnings in USD	Foreign Exchange Translation Reserve in Rs.	Foreign Exchange Translation Reserve in USD	Total in Rs.	Total in USD
Balance as at April 01, 2018	-	-	-	-	-	-
Retained Earnings - Transferred from P&L	(50,49,975)	(71,563)	(16,31,141)	603	(66,81,116)	(70,960)
Closing Balance as at March 31, 2019	(50,49,975)	(71,563)	(16,31,141)	603	(66,81,116)	(70,960)

As per our report of even date

For and on behalf of
P C RATHOD & CO
Chartered Accountants
Firm Registration No: 121967W

For and on behalf of the Board of
StockHolding Securities IFSC Ltd.

CA BHAVESH RATHOD
Partner
Membership No : 104690

Arati Bhatt
Manager - Finance & Operations

Vinay E Purohit
MD & CEO

Ramesh N.G.S.
Non- Executive Chairman

Place: AHMEDABAD
Date: 25th APRIL 2019

R. Anand
Director

Meera Ranganathan
Director

K. Kumar
Director

STOCKHOLDING SECURITIES IFSC LIMITED

Cash flow statement from July 16, 2018 to period ended March 31, 2019

Particulars	From July 16, 2018 to period ended March 31, 2019	
	(Amount in Rs)	(Amount in USD)
A. Cash flow from operating activities		
Profit / (loss) for the period	(52,06,252)	(73,778)
Depreciation and Amortisation Expenses	-	
Income from Core Settlement Guarantee Fund	-	
Foreign Currency translation reserve	(16,31,141)	603
<u>Adjustments for Changes in operating Liability and Assets</u>		
Trade payable	19,82,035	28,654
Remeasurement of Defined benefit Plan	-	
Provisions	6,26,076	9,051
Other Liabilities	24,51,525	35,441
Other Financial Assets	-	
Other Assets	(7,47,209)	(10,802)
	(25,24,966)	(10,831)
Taxes paid	-	
Net cash generated from operating activities	(25,24,966)	(10,831)
B. Cash flow from investing activities		
Purchase of Property, Plant & Equipment and Intangible Assets	(1,12,771)	(1,630)
Fixed Deposits with Banks		
Net cash generated/(Used in) from investment activities	(1,12,771)	(1,630)
C. Cash flow from financing activities		
Proceeds from allotment of equity share	15,00,00,000	21,42,857
Net cash generated from financing activities	15,00,00,000	21,42,857
D. Net increase in cash and cash equivalents	14,73,62,263	21,30,396
Cash and cash equivalents at the end of the period		
ICICI BANK LTD IBU (USD)	14,58,03,219	21,07,857
ICICI BANK LTD IBU (SNRR)	15,59,044	22,539
	14,73,62,263	21,30,396
Cash and cash equivalents at the beginning of the period	-	-
Changes In cash and cash equivalents	14,73,62,263	21,30,396
Cash and cash equivalents at the end of the period	14,73,62,263	21,30,396
Cash and bank balance	14,73,62,263	21,30,396

Note : Cash and cash equivalents comprise balances in current account.

In terms of our report attached

As per our report of even date

For and on behalf of
P C RATHOD & CO
Chartered Accountants
Firm Registration No: 121967W

For and on behalf of the Board of
StockHolding Securities IFSC Ltd.

CA BHAVESH RATHOD
Partner
Membership No : 104690

Arati Bhatt
Manager - Finance & Operations

Vinay E Purohit
MD & CEO

Ramesh N.G.S.
Non- Executive Chairman

Place: AHMEDABAD
Date: 25th APRIL 2019

R. Anand
Director

Meera Ranganathan
Director

K. Kumar
Director

Notes to the Financial Statements for the Period Ended March 31, 2019

Note 1

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Corporate information

StockHolding Securities IFSC Limited (SSIL or Company) was promoted by the Stock Holding Corporation of India Ltd. (SHCIL) and incorporated as a limited company on July 16, 2018. It's registered office and principal place of business is 518, Signature Building, Gift SEZ, Gift City, Gandhinagar, Gujarat 382355, India.

The company is a wholly owned subsidiary of Stock Holding Corporation of India Limited. With effect from 28th March, 2014, Stock Holding Corporation of India Ltd. (SHCIL) - the Holding Company, has become a subsidiary of IFCI Ltd. & hence IFCI Ltd. is the Ultimate Holding Company for SSIL.

The financial statements of the Company have been prepared in accordance with Ind-AS as issued by the Ministry of Corporate Affairs (MCA). SSIL has applied to SEBI for membership as Professional Clearing Member and will commence operations upon receipt of requisite approvals. SSIL will offer services in accordance with the SEBI IFSC Regulations 2015 and will include derivative clearing and other financial services to all eligible investors as may be permissible to invest at IFSC, Gift City.

1. Significant Accounting Policies

Overall consideration

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements, except where the company has applied certain accounting policies and exemptions upon transition to IndAS.

1.1. Basis of preparation

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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.

The Ind AS is applicable to the Company with effect from 1st April, 2016 (in our case, since inception), being a Subsidiary of the Stock Holding Corporation of India Limited falling under the mandatory Phase 1.

1.2. Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments 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

Notes to the Financial Statements for the Period Ended March 31, 2019

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 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.

1.3. Current / non-current classification

Assets and liabilities in the balance sheet are classified into current/ non-current. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

1.4. Foreign currency translation

Functional and presentation currency

The functional currency is USD and the financial statements are presented in INR. In addition, the corresponding figures for USD currency are also stated alongside to meet any requirements for an SEZ company.

Foreign currency transactions and balances

- i) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the date of transaction.
- ii) Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

Notes to the Financial Statements for the Period Ended March 31, 2019

iii) Monetary items denominated in foreign currencies at the period are restated at the period rates.

iv) Non-monetary items denominated in foreign currencies are carried at cost.

1.5. Segment and Revenue Reporting

The company is yet to commence operations and hence for the period ended March 31, 2019, segment and revenue reporting does not apply.

1.6. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

1.7. Property, plant and equipment

Where Items of Property, Plant and Equipment (PP&E) are installed for use, the same are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Assets pending installation are included under Capital Work In Progress.

Items of property, plant and equipment (PP&E) are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure related to an item of PP&E are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on PP&E is charged under the straight line method over the useful life of the assets as specified in Schedule II to the Companies Act, 2013 or at such higher rates for assets wherein a lesser useful life has been estimated due to rapid advancement in technology.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.8. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Where computer software which forms an integral part of the related hardware, it is capitalised along with the hardware as fixed asset. Software which are not an integral part of computer hardware and from which future economic benefits are expected are treated as intangible assets.

Software developed internally or major customisations to acquired software are recognised as an asset at cost when significant economic benefits are expected to accrue in future. Cost comprises all expenditure that can be directly attributed for creation, production and making the software ready for its intended use.

1.9. Income taxes

Tax expense for the Period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Provision for current income tax is made on the basis of the assessable income under the Income tax Act, 1961.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Notes to the Financial Statements for the Period Ended March 31, 2019

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

1.10. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other shortterm, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, except assets held in foreign currency.

1.11. Equity, Reserves and Dividend payments

Share capital represents the nominal (par) value of shares that have been issued. Other components of equity include the following:

- remeasurement of net defined benefit liability– comprises the actuarial losses from changes
- in demographic and financial assumptions and the return on plan assets

Retained earnings include all current and prior period retained profits or (loss).

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders, if any, are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

1.12. Post-employment benefits and short-term employee benefits

The company currently has employees deputed from the holding company i.e Stock Holding Corporation of India Limited. These employees are covered under the applicable plans of the holding company for post-employment benefit plans, defined contribution plans etc. A suitable policy for the employees of SSIL will soon be put in place.

1.13. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and as realisable estimate can be made of the amount of the obligation. When the Company expects some or all of the provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost.

Notes to the Financial Statements for the Period Ended March 31, 2019

1.14. Contingent liabilities

Contingent Liabilities are not recognised but are disclosed in notes in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company.

1.15. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss before other comprehensive income 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 before other comprehensive income for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

1.16. Significant accounting judgements, estimates and assumptions

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Notes to the Financial Statements for the Period Ended March 31, 2019

2. Capital Work In Progress

Schedule of assets pending installation as on March 31, 2019 is as under:

Particulars	Amount in Rs	Amount in USD
Air-conditioner Units	62,750	907
Computer	50,021	723
Total	1,12,771	1,630

3. Deferred Tax Asset (DTA)

Particulars	Amount in Rs.	Amount in USD
Preliminary expenses w/off fully as per companies act	19,56,467	27,683
Preliminary expenses w/off 1/5th as per income tax act	3,90,693	5,537
Difference	15,62,774	22,146
DTA @ 10%	1,56,277	2,215

4. Cash and Cash Equivalents

Schedule of cash and cash equivalents as on March 31, 2019 is as under:

Particulars	Amount in Rs	Amount in USD
Balances with Banks – in current accounts (USD)	14,58,03,219	21,07,857
Balances with Banks – in current accounts (SNRR)	15,59,044	22,539
Total	14,73,62,263	21,30,396

5. Current Assets

Schedule of current assets on March 31, 2019, other than cash and cash equivalents is as under:

Particulars	Amount in Rs	Amount in USD
a. Security Deposits	3,24,575	4,692
b. Prepaid Expenses	4,22,634	6,110
Total	7,47,209	10,802

Notes to the Financial Statements for the Period Ended March 31, 2019

6. Equity Share Capital

Particulars	Amount in Rs	Amount in USD
Authorised Capital		
1,50,00,000 Equity shares of Rs 10/- each	15,00,00,000	21,42,857
Issues, Subscribed and Paid-up Capital		
1,50,00,000 Equity shares of Rs 10/- each	15,00,00,000	21,42,857

a. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

b. Equity shares held by holding company

Name of Shareholder	StockHolding Corporation of India Limited
Number of equity shares held	1,50,00,000
Percentage of Holding	100

c. Information regarding issue of shares in the last five years

- The company has issued 1,50,00,000 shares of Rs 10 each at par on 9th January 2019 for cash received
- The company has not issued any shares without payment being received in cash.
- The company has not issued any bonus shares.
- The company has not undertaken any buy-back of shares.

7. Other Equity

Particulars	Amount in Rs.	Amount in USD
Profit & Loss Account		
Opening Balance	0	
(+) Net profit/(Net loss) for the Current Year	(50,49,975)	(71,563)
Closing balance	(50,49,975)	(71,563)
Other Comprehensive Income		
Opening Balance	0	0
(+) Net profit/(Net loss) for the Current Year		
Foreign Exchange Translation Reserve	(16,31,141)	603
Closing balance	(16,31,141)	603
Total	(66,81,116)	(70,960)

Notes to the Financial Statements for the Period Ended March 31, 2019

8. Non – Current Liabilities

Schedule of Non- Current Liabilities of Borrowings as Unsecured Loans are as under:

Particulars	Amount in Rs.	Amount in USD
Stock Holding Corporation of India Limited	23,94,186	34,612

9. Trade and other payables

Schedule of trade and other payables as on March 31, 2019, is as under:

Particulars	Amount in Rs	Amount in USD
Dues to Micro and Small enterprises	50,011	723
Other than micro and small enterprises	19,32,024	27,931
Provision for expenses	6,26,076	9,051
Total	26,08,111	37,705

10. Current Liabilities

Schedule of current liabilities on March 31, 2019, is as under:

Particulars	Amount in Rs	Amount in USD
Security Deposit from contractor	57,339	829
Total	57,339	829

11. Employee benefit expense

Particulars	Amount in Rs	Amount in USD
Deputed Employees		
Salary Allowances and Bonus	13,01,330	18,441
Contribution to provident and other funds	1,11,396	1,579
Gratuity	7,362	104
Staff welfare	3,450	49
Total	14,23,538	20,173

Notes to the Financial Statements for the Period Ended March 31, 2019

12. Other expenses

Particulars	Amount in Rs	Amount in USD
Advertisement expenses	97,445	1,381
Audit Fees (refer note 12)	51,008	723
Bank charges	1,890	27
Company incorporation expenses	19,53,466	27,683
Electricity expenses	20,282	287
Fines and Penalties	350	5
Membership fees and subscriptions	1,04,241	1,477
Legal and Professional fees	4,43,293	6,282
Rent, rates and taxes	1,94,668	2,759
Repairs and Maintenance	2,69,449	3,818
Travelling and Conveyance	2,11,253	2,994
Telephone and communication expenses	2,067	29
Training and seminar expenses	2,01,574	2,857
Miscellaneous expenses	2,31,728	3,284
Total	37,82,714	53,606

13. Earnings per Share

Profit for the year as per Statement of Profit and Loss		
No. of shares at the beginning of the year	NIL	NIL
No of shares at the end of the year	1,50,00,000	1,50,00,000
Weighted average number of shares outstanding during the year (Nos)	4852941	4852941
Earnings per share for the year in Rs	(1.04)	(0.01)
Basic/ Diluted Rs	(1.04)	(0.01)

14. Contingent Liabilities

Particulars	Amount in Rs	Amount in USD
Claims against the company not acknowledged as debt	Nil	Nil
Performance Bank guarantees	Nil	Nil
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	14,26,709	20,626

15. Managerial Remuneration

Particulars	Amount in Rs	Amount in USD
M.D & CEO		
Salary & Allowances *	5,97,510	11,000
Contribution to provident and other funds	68,848	1,268
Total	6,66,358	12,268

* excludes incentive provided Rs 1.73 lakh for Managing Director & CEO to be paid by Holding Company for the year F.Y 2018-2019, in accordance with their approved policies.

Notes to the Financial Statements for the Period Ended March 31, 2019

16. Auditors Remuneration

Particulars	Amount in Rs	Amount in USD
As Auditor:		
Audit fees	25,504	361
Certification and other fees	25,504	362
Total	51,008	723

Amount after considering average conversion rate.

17. Foreign Currency Exposure

Particulars	Amount in Rs	Amount in USD
Particulars of unhedged foreign currency exposure as at the balance sheet date		
Balance with Bank in current account (USD account)	14,58,03,219	21,07,857

18. Related Parties

a. List of Related Parties

Ultimate Holding Company	IFCI Limited
Holding Company	Stock Holding Corporation of India Limited
Fellow and Associate Subsidiaries	IFCI Venture Capital Funds Limited IFCI Infrastructure Development Limited IFCI Financial Services Limited SHCIL Services Limited Stockholding Document Management Services Ltd.

Key Management Personnel

Shri Ramesh N.G.S	Non-Executive Chairman
Shri Kanaksabapathy Kumar	Independent Director – Non-Executive
Shri R. Anand	Non-Executive Director
Ms. Meera Ranganathan	Non-Executive Director
Shri Vinay E Purohit	Managing Director & CEO

Notes to the Financial Statements for the Period Ended March 31, 2019

b. Transactions with related parties during the year

Transactions (including accruals) with related parties for the period ended March 31, 2019.

Particulars	(Amount in Rs.)				
	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Associate Subsidiaries	Key Management Personnel
Reimbursement of Expenses paid on behalf of the company		33,94,024			
Reimbursement of deputed employees salary & gratuity and other funds		6,25,477			8,83,412
Subscription to Share Capital		15,00,00,000			
Sitting Fees Paid		1,50,000			50,000
Training fees paid		1,97,591			

In terms of our report attached

For and on behalf of
P C RATHOD & CO
 Chartered Accountants
 Firm Registration No: 121967W

For and on behalf of the Board of
 Stock Holding Securities IFSC Ltd.

CA BHAVESH RATHOD
 Partner
 Membership No : 104690

Arati Bhatt
 Manager - Finance & Operations

Vinay E Purohit
 MD & CEO

Ramesh N.G.S.
 Non- Executive Chairman

Place: AHMEDABAD
Date: 25th APRIL 2019

R. Anand
 Director

Meera Ranganathan
 Director

K. Kumar
 Director

Photo Gallery:



Shri Dipesh Shah, (Head, Gift) lighting the auspicious lamp. Also in the frame, Ms. Arati Bhatt (CFO, SSIL), Shri E.Sankara Rao (Chairman, StockHolding), Shri Ramesh N.G.S (Chairman, SSIL), Shri Vinay E Purohit (MD & CEO, SSIL), Shri Atul Sinha (CVO, StockHolding), Shri K. Kumar (Director, SSIL), Shri L. Viswanathan EVP & Group CFO, StockHolding) and others.



Shri Ramesh N.G.S (Chairman, SSIL) and Shri Vivek Singhvi (MD & CEO, NSE International Clearing IFSC Ltd) lighting the auspicious lamp. Also in the frame, Shri E. Sankara Rao (Chairman, Stockholding), Shri Vinay E Purohit (MD & CEO, SSIL), Shri Atul Sinha (CVO, StockHolding), Shri K. Kumar (Director, SSIL), Shri L. Viswanathan EVP & Group CFO, StockHolding) and others.



Launch of Business of SSIL at IFSC:

Standing Left to Right: Shri Dipesh Shah (Head, Gift), Shri L.Viswanathan (Executive Vice President and Group CFO, Stock Holding), Shri E. Sankara Rao (Chairman, Stock Holding), Shri Ramesh N.G.S (Chairman, SSIL), Shri Sudhir Mankad (Chairman, Gift), Shri Atul Sinha (CVO, Stock Holding), Shri Vinay E Purohit (MD & CEO, SSIL), Shri R.Anand (Director, SSIL), Shri K.Kumar (Director, SSIL), Ms. Meera Ranganathan (Director, SSIL)



Standing Left to Right: Shri K.Kumar (Director, SSIL), Shri Gopesh Shah (Area Manager, Stock Holding), Ms. Meera Ranganathan (Director, SSIL), Shri Vinod Ramchandran (CRO, India ICC), Ms Krishna Gangopadhyay (Head Listing Operations, India Inx), Shri Dipesh Shah (Head, Gift), Shri Arup Mukherjee (MD & CEO, India International Clearing Corporation IFSC Ltd), Ms Gunjan Mirani (Head-BDM & Treasury, India ICC) and Others

BOARD OF STOCKHOLDING SECURITIES IFSC LIMITED



Ramesh N.G.S
Non-Executive Chairman



R. Anand
Director



Meera Ranganathan
Director



Kanaksabapathy Kumar
Independent Director



Vinay E Purohit
Managing Director & CEO

SSIL



Stock Holding Securities IFSC Limited

Unit No. 518, Signature, 5th Floor, Block 13B, Zone-I,
GIFT SEZ, Gift City, Gandhinagar, Gujarat 382355, India
Email: gift@stockholding.com