



# 25TH ANNUAL REPORT 2019-20

## IFCI FINANCIAL SERVICES LIMITED

*Registered Office: IFCI Tower 61 Nehru Place New Delhi DL 110019 IN*

*Corporate Office: 3<sup>rd</sup> Floor, Continental Chamber 142, M.G. Road,  
Nungambakkam, Chennai 600034 TN*



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### **IFCI FINANCIAL SERVICES LIMITED**

#### **Board of Directors** (As on the date of this report)

Mr. Ramesh N G S	-	Director
Mr. Sunit Vasant Joshi	-	Independent Director
Mr. Aparna Chaturvedi	-	Independent Director
Mr. Sreekumaran V Nair	-	Nominee Director
Mr. O Ramesh Babu	-	Managing Director

#### **Chief Operating Officer**

Ms. Meera Ranganathan

#### **Company Secretary & Compliance Officer**

Mr. Aby Eapen

#### **Chief Financial Officer**

Mr. A V Pushparaj

#### **Statutory Auditors (2019-20)**

M/s. Raman Associates,

Chartered accountants

FRN 002910S

Dr. A.P. Vijayendran

M. No: 215166

Partner

#### **Registered Office**

IFCI Tower, No. 61

Nehru Place

New Delhi-110 019

Web: [www.ifinltd.in](http://www.ifinltd.in)

#### **Corporate Office**

Continental Chambers, 3<sup>rd</sup> Floor

142, Mahatma Gandhi Road

Nungambakkam, Chennai - 600 034

Ph: 044 2830 6600



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## 25<sup>TH</sup> ANNUAL REPORT - 2019-20

### NOTICE

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the shareholders of M/s. IFCI Financial Services Limited will be held by Video Conferencing at 17th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110 019 on Wednesday, October 28<sup>th</sup>, 2020 at 3:00 PM to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements of the Company for the year ended on March 31, 2020, together with the Board of Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri O Ramesh Babu (DIN: 05149448), who retires by rotation and being eligible, offers himself for re-appointment.
3. To fix remuneration of the Statutory Auditor of the Company in terms of the provisions of Section 139(5) and 142 of the Companies Act, 2013 and to pass the following resolution, with or without modification(s), as an Ordinary resolution:.

"**RESOLVED THAT** pursuant to the provisions of Section 139(5) and 142 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditor of the Company appointed by Comptroller and Auditor General of India (CAG) for the Financial Year 2020-21, as may be deemed fit."

By Order of the Board

**For IFCI Financial Services Limited**

Sd/-

**Aby Eapen**

**Company Secretary**

**Place: Chennai**

**Date: 23.09.2020**



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### Notes:

- 1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is to be a pre-requisite and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 5<sup>th</sup>, 2020 issued by the Ministry of Corporate Affairs, physical attendance of the Members to the AGM venue is not required. Hence, Members have to attend and participate in the ensuing AGM through VC/OAVM.*
- 2. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the Circular No. 20/2020 dated May 5<sup>th</sup>, 2020, issued by the Ministry of Corporate Affairs, through VC/OAVM facility, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.*
- 3. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting. The body corporate are required to send a scanned copy of its board or governing body's resolution/authorisation etc. authorizing their representatives to attend the AGM.*
- 4. Those Shareholders whose email IDs are not registered, are requested to register their email ID with the company by sending E-mail to [cs@ifinltd.in](mailto:cs@ifinltd.in) along with the following credentials: i. Name registered as per the records of the company ii. DPID-Client ID/ Folio Number iii. Email ID to be registered for attending the Meeting.*
- 5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for all shareholders of the company. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, who are allowed to attend the Annual General*



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*Meeting without restriction on account of first come first served basis.*

- 6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.*
- 7. The Members will be allowed to pose questions during the course of the Meeting. The questions/queries can also be given in advance at [abyeapen@ifinltd.in](mailto:abyeapen@ifinltd.in)*
- 8. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020 and MCA circular 20/2020 dated May 5<sup>th</sup>, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.ifinltd.in](http://www.ifinltd.in).*
- 9. All documents referred to in the Notice calling the AGM and the Explanatory Statement are available on the website of the Company for inspection by the Member.*
- 10. AGM will be convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020, MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 5<sup>th</sup>, 2020.*
- 11. Details of Directors seeking appointment or re-appointment at the Annual General Meeting of the company to be held on Wednesday, October 28<sup>th</sup>, 2020 are provided in Annexure - A of this notice.*

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- 1. Members whose email IDs are already registered with the Company and who are desirous to attend the AGM through VC/OAVM can apply at [cs@ifinltd.in](mailto:cs@ifinltd.in) requesting for participation in the AGM, by giving their name as registered in the records of the Company, DPID/Client ID or Folio Number and the Registered email ID.*
- 2. Members whose email IDs are not registered with the company, may get their email IDs registered with the company by sending E-mail to [cs@ifinltd.in](mailto:cs@ifinltd.in) along with the following credentials: i. Name registered as per the records of the company ii. DPID-Client ID/ Folio Number iii. Email ID to be registered for attending the Meeting.*



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3. *Members may send the above mentioned request at point no (2) latest by Tuesday, October 20 2020. In case of joint holding, the credentials of the first named holder shall be accepted.*

4. *The invitation to join the AGM will be sent to the Members on their registered email IDs latest by October 27<sup>th</sup>, 2020. This will be done on first come first served basis.*

5. *Members may attend the AGM, by following the invitation link sent to their registered email ID. Members will be able to locate Meeting ID/ Password/ and JOIN MEETING tab. By Clicking on JOIN MEETING they will be redirected to Meeting Room via browser or by running Temporary Application. In order to join the Meeting, follow the step and provide the required details (mentioned above – Meeting Id/Password/Email Address) and Join the Meeting. Members are encouraged to join the Meeting through Laptops for better experience.*

6. *In case of Android/Iphone connection, Participants will be required to download and Install the appropriate application as given in the mail to them. Application may be downloaded from Google Play Store/ App Store.*

7. *Further Members will be required to allow Camera and use Internet audio settings as and when asked while setting up the meeting on Mobile App.*

8. *Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.*

9. *The helpline number for joining the Meeting through Electronic Mode will be provided in the Meeting Invitation which will be sent to the eligible applicants.*

10. *Institutional Shareholders are encouraged to participate at the AGM through VC/OAVM and vote thereat.*



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### Annexure – A

Details of the Directors seeking Re-Appointment in the forthcoming Annual General Meeting:

<b>Name of the Director</b>	<b>Shri O Ramesh Babu</b>
Date of Birth	27.04.1961
Date of Appointment	June 16, 2019
Expertise in Specific functional area	Banking & Financial Sector
Qualification	M.COM
Experience	32 plus years of professional experience in banking and financial sectors
Directorships in other Companies	1. Nagai Power Private Limited 2. IFIN Commodities Limited 3. IFIN Credit Limited
Number of Board Meetings attended during the Year	5
Chairman/ Membership of the Committee across all Companies	<b>Member of Audit Committee</b> 1. IFCI Financial Services Limited <b>Member of Share Transfer Committee</b> 2. IFIN Commodities Limited 3. IFCI Financial Services Limited 4. IFIN Credit Limited
Shareholding in the Company	Nil
Relationship with other Directors	Nil



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### BOARD'S REPORT

To

The Members of

**IFCI Financial Services Limited**

The Board of Directors of your Company presents the 25<sup>th</sup> Annual Report of IFCI Financial Services Limited, together with the Audited Financial Statement, for the year ended March 31, 2020.

#### 1. Financial Results

(Rs. in lakh)

Particulars	Standalone		Consolidated	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>Operating Results:</b>				
Income from Operations	1363.92	1342.41	1601.23	1930.53
Other Income	289.19	444.96	308.05	452.43
<b>Gross Income</b>	1653.11	1787.37	1909.28	2382.96
Gross Expenditure	1736.19	1726.13	3167.50	1954.90
Profit/ (Loss) before Exceptional item, Interest, Depreciation and Tax	(83.08)	61.24	(1258.22)	428.06
<b>Less: Interest &amp; BG Charges</b>	13.47	19.95	16.64	24.13
<b>Profit/(Loss) before Exceptional Item, Depreciation and Tax</b>	-96.55	41.29	(1274.86)	403.93
Less: Depreciation	16.49	5.61	17.34	5.96
<b>Profit before Exceptional item and tax</b>	(113.04)	35.68	(1292.20)	397.97
Less: Impairment on financial Instrument	4.06	(0.29)	(1127.45)	699.94
<b>Profit before Tax</b>	(117.10)	35.97	(164.75)	(301.97)
Less: Current year tax	-	6.76	-	(67.61)
Less: Income Tax for earlier years	-	-	0.42	-
Less: Deferred Tax Charges (Net)	0.05	(0.09)	(2.68)	(0.06)
<b>Profit after tax</b>	(117.15)	29.12	(162.49)	(369.64)



### 2. Financial Performance

Operating Income of IFIN marginally increased from Rs.1342.41 lakh during FY 2018-19 to Rs.1362.92 lakh during FY 2019-20, mainly due to Merchant Banking fees of Rs.107.02 lakh from IFICI Limited for arranging sale of equity shares held by them in NSE during FY 2019-20. Within the Operating income, Other Operating Income, comprising delayed payment charges, however decreased from Rs.116.98 lakh to Rs.97.16 lakh.

However, Other Income decreased from Rs.444.96 lakh in 2018-19 to Rs.289.19 lakh in 2019-20, mainly due to written back of the accumulated un-reconciled payables of Rs.105 lakh in FY 201-19, reduction in sharing of expenses between ISFL from Rs.125 lakh in 2018-19 to Rs.85 lakh in 2019-20. And also there has been some reduction in the interest earned on fixed deposits kept with banks on account of lower interest rates. There has been a marginal increase in the overall expenses, from Rs.1751.69 lakh in 2018-19 to Rs.1766.15 lakh in 2019-20. While Employee Cost increased from Rs.851.68 lakh in 2018-19 to Rs.861.86 lakh in 2019-20 on account of increment to employees, Depreciation and Amortization Expense at Rs.16.49 lakh was much higher than the amount of Rs.5.61 lakh in the previous year, on account of acquisition of Firewall in the Server during the current year. Finance Cost, however, decreased from Rs.19.94 lakh during 2018-19 to Rs.13.47 lakh during 2019-20, on account of lower commission paid on Bank Guarantees for reduced amounts provided to Stock Exchanges. Other Expenses almost maintained at the same level at Rs.874.33lakh, as compared to Rs.874.45 lakh in the previous year. After taking into account the above, the Surplus of Expenditure over Income at Rs.113.04 lakh in 2019-20 as compared to Surplus of Income over Expenditure of Rs.35.68 lakh in 2018-19. Further, Net addition of Provisions for Bad Debts at Rs.4.06 lakh as compared to net reversal of Rs.0.30 lakh in the previous year. After accounting for the Provisions / Reversal of Provisions, PBT and PAT of IFIN on Stand-alone basis was Rs.(117.11) lakh and Rs.(117.16) lakh, respectively, for the year 2019-20, as against the PBT and PAT of Rs.35.97 lakh and Rs.29.12 lakh, respectively, achieved in the previous year 2018-19.



### **3. Operational Performances**

#### **3.1 Stock Broking**

The Broking Income of IFIN has decreased from Rs. 1059.71 lakh during the FY 2018-19 to Rs. 949.77 lakh during the FY 2019-20, mainly due to negative market sentiments in Capital Markets. The Company's stock broking operations are expected to grow tremendously across geography during the Financial Year 2020-21. With wider reach expected in the Financial Year 2019-20, your Company is on the right path to add to its clientele base significantly.

#### **3.2 Insurance Commission**

Insurance Commission earned during the year is Rs.0.93 Lakh for the FY 2019-20 (previous year Rs 1.08 lakh).

#### **3.3 Brokerage from Selling of Mutual Funds/IPO/Bonds**

During the year, your company has earned an income of Rs.119.59 lakh from selling of mutual fund units as compared to Rs. 121.40 lakh in the previous year.

#### **3.4 Depository Segment**

The Company operated as the Depository Participants of both NSDL and CDSL during the year for the benefit of its retail and institutional client base. Total Income received during the year 2019-20 was Rs.56.88 lakh (previous year Rs. 40.12 lakh)

#### **3.5 Non Fund Based Activity – Syndication, Merchant Banking and Investment Banking**

During the year the Company has earned of Rs.138.11 lakh (Previous Year- Rs. 2.2 lakh) in this product.

### **4. Business Environment**

#### **Business Environment 2019-20**

The year 2019 turned out to be a virtual rollercoaster ride for the financial markets especially equities due to the various factors and policy actions that lead to uncertainty in the market. Simmering geo-political tensions ahead of the General elections, repeated terrorist attacks in J&K, NBFCs triggering



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the liquidity crises, concerns over weak earnings growth weighed the markets down in the first half of the calendar year. The US-China trade war proved to be another thorn in the bush for global equities. Moreover, other global factors such as Brexit, political disruptions in Hong-Kong, looming tensions in the middle-east also impacted the overall market sentiment during the year.

The markets witnessed volatility and reacted directionless in the initial months due to partial US government shutdown and due to uncertain expectations over the US-China trade talks and Indo-Pak tensions. March 2019 witnessed a sharp rally due to moderation in international crude oil prices, market expectations of repo rate cut, a soft US Fed policy stance, reducing trade tensions. On the local front there was increasing optimism about general election outcome. The markets positive outlook and risk-taking ability came back on the eve of the election results with BJP government forming majority. In return the FII inflows also expanded helping the markets to gain new highs in June 2019. The Second half of 2019 witnessed announcements that reversed the market sentiments. Increased in tax on super rich/FPIs in the Union Budget, poor to fair corporate earnings, along with a muted response on economic growth brought down the positive market sentiment. The looming NBFC issue heightened the concern over corporate defaults and uncertainty surrounding the US-China trade war did their bit to contribute to the negative market sentiments. However, the Government's positive approach in slashing corporate tax rates in a move to arrest the slowing economic growth and incentivize capex by the private sector ensured efficient recovery for the markets. Coupled with that a new introductory low tax rate for new manufacturing companies, added clarity on the roll back of the increased surcharge on capital gains on equity & derivatives in the hands of individuals and FPIs lifted the market sentiments.

The year 2019-20 was defined by challenging times faced by the markets. The year started off with a healthy growth rate expectation of 7% plus, which now has been rolled back closer to 3%-5%. With many major economies slipping into the slowdown mode and the fears of global economic recession confronting the markets the Coronavirus pandemic was the nail in the coffin for global markets in the fourth quarter of FY20. The slower pace of economic growth, stagnant investment and declining private consumption, made the RBI to adopt an accommodative stance and lower the repo rate by cumulative 135bps in CY2019. The bond market in the year 2019-20 was guided by the easing monetary stance by RBI, liquidity conditions in the banking space, movement in crude oil prices,

fiscal worries on the back of major policy announcements, weak macro numbers, fears of cyclical slowdown in the economy and major global events. The GDP witnessed a slowdown in growth while the NIFTY50 was at the all-time high. Within the equity stocks, a wide polarisation was visible with blue chip large caps ruling the roost with the broader market witnessing a dry spell. This bias was partially due to the US-China scuffle, the beginning of the Covid pandemic and the general all around slowdown and pushed focus on quality companies with high governance standards and stable growth. Quality stocks commanded premium thus trading at very high P/Es.

In the year under review, FY19-20, macro-economic indicators such as expected GDP growth which was 7% at the start of the year are now in sub 5% levels. The economic growth was dragged down by the decline in private consumption and slower growth in the manufacturing, financial services and construction sectors. A fall in factory output and exports and a slowdown in investment across all sectors was observed. The CPI inflation picked up in the last two months of Q3 owing to surge in food prices. The onset of the excellent monsoons, lack of sharp movement in crude oil prices and softening of manufactured goods kept whole sale price numbers in check. The retail inflation figures surged to 5.54% (highest in three years) in November 2019, while the WPI Inflation stood at 0.58% in the same period as against 0.16% in the previous month.

The Index of Industrial Production [IIP] rates were dim at the beginning of the year due to high base effect. Industrial output in India dropped 3.8% from a year earlier in October 2019. The Fiscal Deficit hit 114.8% of 2019-20 Budget Estimate at Rs 8.07 lakh crore at the end of November. In September, the government announced the lowering of tax rate for corporates likely to have an impact of Rs 1.45 lakh crore on the Government' revenue mobilisation. Due the resulting slowdown and the ensuing Corona pandemic, the yearly GST collection remained muted hampering the overall revenue mobilisation of the government. During the FY 20, RBI changed its stance from interest rate hike to rate cuts and the repo rate moved from 6.50% to 5.15%. The MPC finally adopted the easing stance and had cut the repo rate by cumulative 135bps in 5 out of the 6 meetings during the year.

The Mutual Fund industry was a victim to the economic uncertainties as well but has held strong against the negative undercurrents The Nifty 50 Index and the BSE Sensex have rallied to 12% and 14.3% in the FY respectively. In contrast, the Nifty Midcap and Small-cap indices have suffered a



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loss of 4.3% and 9.5%, respectively. The large-cap schemes gave better returns while the mid- and small-cap schemes struggled to barely keep up. Debt funds saw sharp fall in NAV due mark down of investments made in defaulting companies. Quality focused rally in the markets helped focussed funds to beat large cap funds due to concentrated exposure in top Index stocks.

SEBI announced a slew of reforms for the mutual fund industry the more prominent of them being was a drastic reduction in the expenses that AMCs can charge from investors and the nature of the commissions they pay to intermediaries (w.e.f. April 2019) and a reduction in the expense ratio that is charged to investors across all MF schemes along with the adoption of full trail model of commission in all schemes without payment of any upfront commission in addition to other notable reforms in the mutual fund industry.

Through times immemorial the markets have been witnessing intimidating events such as recessions, wars, and natural calamities; yet, a pandemic of the magnitude that is advancing globally perhaps only happens once a century. One could say that this event was completely unknown and almost everyone was caught unawares. Even though virus outbreaks such as H1N1 and Ebola have happened within the last decade the market reaction to these events has been absorbed within a short time. Going ahead this unprecedented crisis will lead to unprecedented global stimulus. Moving ahead the quality of political leadership will be vital in ensuring that fiscal policy is less wasteful and more of job creation through productive investments, infrastructure creation, and spends on social causes like education and healthcare. In the near-term, markets will have to sharply navigate the pain of the crisis and its aftermath amidst heightened volatility as markets keep a sharp eye on evolution of Covid-19 on one hand and policy response on economic stress on the other.

### 5. **Outlook**

IFIN shall adopt the following strategy in order to maintain its growth and profitability for FY 2020-21.

- Revamping of existing branches, closing of non-performing branches
- Using the brand of its parent IFCI Limited, and sales and research team is jointly and aggressively marketing to get more empanelment and market share.
- Motivation of the employees by implementing incentive scheme.



- Lot of emphasis will be given for new client development and cross selling of third party products.
- In Investment banking the plan is to concentrate on syndication of funds required by SME.
- More additions of Sub broker / Authorised Persons

### 6. Subsidiaries

#### 6.1 IFIN Securities Finance Limited

IFIN Securities Finance Limited, a NBFC (formerly known as Narayan Sriram Investments Private Limited) is a wholly owned subsidiary of IFCI Financial Services Limited. It is engaged in the business of margin funding, providing loan against shares & property, promoter funding etc.

#### 6.2 IFIN Commodities Limited

IFIN Commodities Limited, a wholly owned subsidiary of IFCI Financial Services Limited, was incorporated to engage in the business of Commodity broking.

IFIN Commodities Ltd, a registered member of the Multi Commodity Exchange of India Ltd (MCX), National Commodity and Derivatives Exchange Ltd (NCDEX) and National Spot Exchange Limited (NSE), is primarily engaged in the business of providing Commodity market related transaction services.

#### 6.3 IFIN Credit Limited

IFIN Credit Limited is a wholly owned subsidiary of IFCI Financial Services Ltd. Currently it is not engaged in any operation.

### 7. Salient features of the financial statement under Section 129 (3) of the Companies Act, 2013

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 Form AOC-1 is given in **Annexure-I**.





### 8. Dividend

No dividend is being recommended by the Directors for the year ended March 31, 2020.

### 9. Transfer To Reserves

The Board of Directors have no proposal to carry on any amount to any reserves for the year ended March 31, 2020.

### 10. Directors and Key Managerial person

#### Changes in Directors and KMP during the FY 2019-20

- IFCI, the Holding Company vide letter dated May 23, 2019 appointed Shri Ramesh NGS as an Additional Director in the Company and had withdrawn the nomination of Shri Biswajit Banerjee. Shri Ramesh NGS was later appointed as a Director (Non-Executive) by the Shareholders of IFIN at the Annual General Meeting of the Company held on 26.09.2020.
- Sri Karra Visweswar Rao (DIN: 08111685) had vacated his office from the office of Managing Director of the Company with effect from June 01,2019, due to the withdrawal of his nomination from the Holding Company, IFCI.
- Shri O Ramesh Babu (DIN: 05149448) was appointed as the Managing Director of the Company with effect from June 1, 2019.
- Ms. Meera Ranganathan was appointed as Chief Operating Officer of the company with effect from June 26<sup>th</sup>, 2019.

As at March 31<sup>st</sup>, 2020, the Board consisted of 5 Directors comprising of 2 Nominee Directors, 2 Independent Directors and 1 Non-Executive Director.

The composition of the Board, number of meetings held, attendance of the Directors at the Board Meeting and the number of the Directorship in other companies in respect of each Director who was on Board as on March 31<sup>st</sup>, 2020 is given below:-

S. No.	Name of Director	Attendance Particulars		No. of other Directorships as on 31 <sup>st</sup> March, 2020
		No. of Meetings during the tenure of respective directors in FY 2019-20		Other Director-ships (Including Private Limited Companies )
		Held	Attended	
1.	Shri Ramesh NGS	5	5	8
2.	Shri O Ramesh Babu	5	5	3
3.	Shri Biswajit Banerjee*	2	2	4
4.	Shri Sreekumaran V Nair	7	2	3
5.	Shri Karra Visweswar Rao**	2	2	-
6.	Shri Sunit V Joshi	7	7	-
7.	Smt. Aparna Chaturvedi	7	7	3

**Notes:**

\* Shri Biswajit Banerjee (DIN: 02602582) had vacated his office as a Director of the Company with effect from May 23, 2019, as his nomination is withdrawn by IFCI Limited.

\*\*Shri Karra Visweswar Rao (DIN: 08111685) had vacated his office as a Director of the Company with effect from June 01, 2019, as his nomination is withdrawn by IFCI Limited.

The Board wishes to place on record its gratitude and appreciation for the valuable contributions made by all the Directors who have vacated from their respective offices during their tenure in the Company.

During the Financial Year 2019-20, Seven (7) Board Meetings were held, which are as follows:

17.04.2019	24.04.2019	16.06.2017
09.08.2019	17.09.2019	08.11.2019
		03.02.2020.



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Shri O Ramesh Babu (DIN: 05149448) will retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment.

The Non-Executive Directors except nominees of IFCI Ltd are paid sitting fees for every meeting of the Board and its Committees attended by them.

### **11. Committees of the Board**

#### **11.1 Audit Committee**

##### **A. Composition**

The Audit Committee of the Company presently consists of 2 Independent Directors and Managing Director. The Chairman of the Committee is an independent director. The composition of the Audit committee and attendance of directors at the meetings for the FY 2019-20 is shown below:-

S. No.	Name of Director	Designation	No. of Committee Meetings during the tenure of respective directors in FY 2019-20.	
			Held	Attended
1.	Shri Sunit V Joshi	Chairman (Independent, Non-executive)	6	6
2.	Shri O Ramesh Babu	Member (Managing Director)	6	6
3.	Shri Biswajit Banerjee	Member (Non-executive)	2	2
4.	Smt.Aparna Chaturvedi	Member (Independent, Non-executive)	6	6

The Managing Director / Whole-time Director, Statutory Auditors and Internal Auditors are invited to participate in the meetings of the Audit Committee wherever necessary, as decided by the committee.

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

### **B. The number of Audit Committee Meetings held and dates:**

During the financial year 2019-20, the Audit Committee of Directors of the Company met 6 times. The dates of the meetings were 17.04.2019, 24.04.2019, 09.08.2019, 17.09.2019, 08.11.2019 & 03.02.2020.

### **C. Terms of reference:**

The terms of reference of the Audit Committee shall be in accordance with Section 177 of the Companies Act, 2013 and shall include overseeing the vigil mechanism / Whistle Blower policy of the Company.

## **11.2 Nomination and Remuneration Committee**

### **A. Composition**

The Nomination and Remuneration Committee of the Company presently consists of 2 Independent Directors and one Non- Executive Nominee Director. The composition of the Nomination and Remuneration Committee and attendance of directors at the meetings for the FY 2019-20 is shown below:-

S. No.	Name of Director	Category	No. of Meetings during the tenure of respective directors in FY 2019-20	
			Held	Attended
1.	Shri Sunit V Joshi	Chairman (Independent, Non-executive)	4	4
2.	Smt. Aparna Chaturvedi	Member (Independent, Non-executive)	4	4
3.	Smt. V S Nair	Member (Non-executive)	4	2



### **B. The number of meetings held and dates**

During the financial year 2019-20, the Nomination & Remuneration Committee of Directors of the Company met once on 17.04.2019, 16.06.2019, 09.08.2019 & 03.02.2020.

### **C. Terms of reference:**

The terms of reference of the Nomination & Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and includes:

- ❖ To approve the remuneration payable to directors and key managerial personnel (“KMP” as defined by the Act).
- ❖ Recommend to the board the “formulation of the criteria for determining qualifications, positive attributes and independence of a director”.
- ❖ Recommend to the board the appointment of directors.
- ❖ Recommend to the board appointment of KMP and persons one level below KMP of the Company.
- ❖ Carry out evaluation of every director’s performance and support the board and independent directors in evaluation of the performance of the board, its committees and individual directors.
- ❖ Recommend to the board the remuneration policy as required under the Companies Act, 2013.
- ❖ Performing such other duties and responsibilities as may required under the Companies Act, 2013 and Board of directors from time to time.

### **11.3 Other Committees**

The Company also has committees such as Management Committee, Share Allotment Committee, Share Transfer Committee, and Investment Committee, etc.,

### **12. Extract of Annual Return as provided under sub-section (3) of Section 92.**

An extract of Annual Return as provided under sub-section (3) of section 92 in Form MGT-9 as on March 31, 2020 is attached as **Annexure-II**. The copy of the Annual Return is also available at the



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website of the Company. The link is provided below:

URL:	<a href="http://www.ifinltd.in/Aboutus/Financials">http://www.ifinltd.in/Aboutus/Financials</a>
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### **13. Directors' Responsibility Statement**

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134 (3) (c) of the Companies Act, 2013:

- 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 and loss 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 this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **14. Statement on declaration given by independent directors under sub-section(6) of Section 14.**

The Independent Directors of the company have declared that they meet the criteria of independence in terms of sub-section (6) of section 149 of the Companies Act, 2013 and there is no change in their status of independence.

### **15. Policy on Directors' Appointment and Remuneration and other details**

The Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-



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section (3) of section 178 is made available through the following web:

URL:	<a href="http://www.ifinltd.in/Privacy-Policy">http://www.ifinltd.in/Privacy-Policy</a>
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### **16. Auditors**

M/s. Raman Associate, Chartered Accountants, (Firm Reg. No. 002910S) was appointed by the Comptroller & Auditor General of India (C&AG) as Statutory Auditor of your Company for FY 2019-20. C&AG shall appoint Statutory Auditors for the Financial Year 2020-21.

### **17. Explanations/ Comments on the report of Comptroller & Auditor General of India**

The Comptroller and Auditor General of India (CAG) report on the accounts for the year ended 31st March, 2020 is attached **Annexure-III** to this report.

### **18. Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013**

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of the notes to the financial statement.

### **19. Related Party Transactions**

All transactions entered by the Company with Related Parties were in the ordinary course of business and at Arm's Length pricing basis.

There were no materially significant transactions with Related Parties during the financial year 2019-20 which were in conflict with the interest of the Company.

The particulars of Contracts or Arrangement with related parties are given in notes to the financial statement. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure-IV** in Form AOC-2.



### **20. The details relating to deposits, covered under chapter V of the Act**

During the Financial Year 2019-20, your Company did not accept any deposits within the meaning of provisions of chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with rules thereunder.

### **21. Material changes and commitments**

There were no material changes and commitments affecting the financial position of the company between the end of the financial year i.e. March 31, 2020 and the date of the report.

### **22. Conservation of energy, technology absorption and foreign exchange earnings and outgo & expenditure on research and development**

In view of the nature of activities which are being carried on by the Company, Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

However, the Company has taken measures to conserve energy by having energy efficient electronic equipment. As regards absorption of technology, your Company has installed computer systems, software packages and other office equipment to increase its organizational efficiency, maximize productivity and to gain competitive advantage.

Your Company has neither incurred any expenditure nor earned any income in foreign exchange. Further, your Company has not incurred any expenditure on Research and Development.

### **23. Risk Management**

The Company has formulated and put in place Risk Management and Surveillance Policy in order to mitigate risk related to the business of the Company. Surveillance and risk monitoring of the client trading limit are very crucial part of trading system. Effective surveillance can achieve investor protection, market integrity and safe guard of securities market and trading member. The factors considered for designing exposure policy include Client Margin, Approved Collateral Stocks,





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Volatility of the market, prevailing market practice, etc. The Risk Management team of the Company takes effective measures in order to protect the interest of the Company and investors as per the policy of the Company.

### **24. Internal Financial Control**

The Company has put in place adequate Internal Financial Control commensurate with the size of the Company and nature of its business. The Company has appointed M/s. KPMG as single Advisor-cum-Implementation Partner (Advisor), for implementation of Internal Financial Control framework in the Company.

The Company has also appointed M/s. IV & Associates, as Internal Auditors to conduct internal audit of the functions and the activities of the Company.

The findings and recommendations of the Internal Auditors are reviewed by the Audit Committee of the Board on a periodical basis and necessary corrective actions are being undertaken.

The Company has adopted Whistle Blower Policy/ Vigil Mechanism for its director(s) and employee(s) to report to the management their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

The Company has installed necessary software(s) for maintaining accuracy and completeness of accounting records and timely preparation of reliable financial information.

### **25. Vigil Mechanism/ Whistle Blower Policy**

Pursuant to Section 177(9) & Section 177(10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has voluntarily established a vigil mechanism which is overseen through the Board. Adequate safeguards against victimization of employees and directors who express their concerns, forms part of the mechanism.

Your Company hereby affirms that no Director/ employee have denied access to the Chairman of the Board of Directors and that no complaints were received during the year.

### **26. Anti - Sexual Harassment Policy**

There Company has in place Anti Sexual Harassment Policy in line with the requirements of Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

An internal Complaints Committee has been set up for redressal of complaints and that all employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, the company has not received any complaint pursuant to the provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **27. Formal Annual Evaluation of Board, Committees and Directors**

Pursuant to the provisions of the Companies Act, 2013, a separate meeting of Independent Directors was held without the attendance of non-independent directors and members of management to review the performance of non-independent directors, the Board as a whole and to review the Chairperson of the company, taking into account the views of executive directors and non-executive directors.

The Nomination and Remuneration Committee of Board of Directors has reviewed the performance of Board and its committees taking into consideration the contributions made by the directors/ members of the committee.

Subsequently, the Board has made formal annual evaluation of its own performance, and that of its committees and individual directors taking into consideration the evaluation criteria as set in the Nomination and Remuneration Policy of the Company.

### **28. Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the Going Concern status and company's operations in future**

There are no significant and material orders passed by the regulators or courts or Tribunals which would impact the going concern status of the Company.



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### **29. Details of employees under Section 197 read with Sub rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

The company has no employee in respect of whom the information required under Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is required to be given.

The Board further places on record its appreciation of the services of all the employees of the Company.

### **30. Acknowledgement**

The Board of Directors express their gratitude for the co-operation, guidance and support received from the IFCI Limited, Clients of the Company, Reserve Bank of India, Commercial Banks, Regulators, Statutory Authorities, Securities and Exchange Board of India, National Stock Exchange, Bombay Stock Exchange, Metropolitan Stock Exchange (formerly MCX-SX), NSDL, CDSL, LIC of India and Bajaj Allianz General Insurance Co. Ltd. and its clients and other stakeholders of the Company.

**By Order of the Board**

**For IFIN Financial Services Limited**

**Sd/-**

**Sreekumaran V Nair**

**Nominee Director**

**(DIN: 02207516)**

**Sd/-**

**O Ramesh Babu**

**Managing Director**

**(DIN: 05149448)**

**Place: Chennai**

**Date: 29.07.2020**



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Annexure - I

## Form AOC-1

(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

(Information in respect of each subsidiary to be presented with amounts in Rs.)

S. No.	Particulars	Details	Details	Details
1.	Name of the subsidiary	IFIN Securities Finance Limited	IFIN Commodities Limited	IFIN Credit Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Period same as holding company's	Reporting Period same as holding company's	Reporting Period same as holding company's
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Nil	Nil	Nil
4.	Share capital	30,01,00,000	5,00,00,000	2,50,00,000
5.	Reserves & surplus	(1,41,68,783)	14,93,306	(51,65,142)
6.	Total assets	28,99,66,564	7,51,43,151	1,99,67,307
7.	Total Liabilities	28,99,66,564	7,51,43,151	1,99,67,307
8.	Investments	1,80,91,115	Nil	Nil
9.	Turnover	2,40,23,312	1,19,74,453	14,97,885
10.	Profit before taxation	(22,18,230)	(26,80,738)	1,34,872
11.	Provision for taxation	Nil	42269	(2,73,000)
12.	Profit after taxation	(22,18,230)	(27,23,007)	4,07,872
13.	Proposed Dividend	Nil	Nil	Nil
14.	% of shareholding	100%	100%	100%



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**Notes:** The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations: Nil
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

### Part “B”: Associates and Joint Ventures

#### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Nil
Latest audited Balance Sheet Date	Not Applicable
Shares of Associate/Joint Ventures held by the company on the year end	Not Applicable
No.	Not Applicable
Amount of Investment in Associates/Joint Venture	Not Applicable
Extend of Holding%	Not Applicable
Description of how there is significant influence	Not Applicable
Reason why the associate/joint venture is not consolidated	Not Applicable
Net worth attributable to shareholding as per latest audited Balance Sheet	Not Applicable
Profit/Loss for the year	Not Applicable
Considered in Consolidation	Not Applicable
Not Considered in Consolidation	Not Applicable

1. Names of associates or joint ventures which are yet to commence operations: Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year: Nil

#### FOR IFCI FINANCIAL SERVICES LIMITED

Sd/-  
**A V Pushparaj**  
Chief Financial Officer

Sd/-  
**O Ramesh Babu**  
Managing Director

Sd/-  
**Sreekumaran V Nair**  
Nominee Director

**Date: 29.07.2020**

**Place: Chennai**



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Annexure - II

**Form no. MGT 9**

**Extract of Annual Return for the financial year ended on 31.03.2020**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

**I. Registration & Other Details**

1.	CIN	U74899DL1995GOI064034
2.	Registration Date	04/01/1995
3.	Name of the Company	IFCI Financial Services Limited
4.	Category of the Company	Company Limited by shares
5.	Sub-category of the Company	Union Government Company
6.	Address of the Registered Office & Contact Details	IFCI Towers, 61, Nehru Place, New Delhi – 110019 Email: <a href="mailto:cs@ifintd.in">cs@ifintd.in</a> Telephone: 044 2830 6650
7.	Whether listed company	No
8.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Nil

**II. Principal Business Activities of the Company**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Security and commodity contracts brokerage	6612	57.45%

**III. Particulars of Holding, Subsidiary and Associate Companies**

S. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	IFCI Limited IFCI Towers, 61, Nehru Place, New Delhi - 110019	L74899DL1993GOI053677	Holding	94.78	Section 2 (87) & Section 2 (46)
2.	IFIN Securities Finance Limited Continental Chambers, 142, 3 <sup>rd</sup> Floor, Mahatma Gandhi Road,	U65991TN1989GOI017792	Subsidiary	100%	Section 2 (87)



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	Nungambakkam, Chennai - 600 034				
3.	IFIN Commodities Limited Continental Chambers, 142, 3 <sup>rd</sup> Floor, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034	U93000TN2009GOI070524	Subsidiary	100%	Section 2 (87)
4.	IFIN Credit Limited Continental Chambers, 142, 3 <sup>rd</sup> Floor, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034	U67190TN1995GOI032057	Subsidiary	100%	Section 2 (87)

#### IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

##### A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2019]				No. of Shares held at the end of the year [As on 31.03.2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>	-	-	-	-	-	-	-	-	-
a) Individual/ HUF*	-	6	6	0.00	-	6	6	0.00	0
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	3,93,63,803	3,93,63,803	94.78	-	3,93,63,803	3,93,63,803	94.78	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	-	3,93,63,803	3,93,63,803	94.78	-	3,93,63,803	3,93,63,803	94.78	0



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Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2019]				No. of Shares held at the end of the year [As on 31.03.2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-





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Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2019]				No. of Shares held at the end of the year [As on 31.03.2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals	-	21,69,900	21,69,900	5.22	-	21,69,900	21,69,900	5.22	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-



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Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2019]				No. of Shares held at the end of the year [As on 31.03.2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Sub-total** (B)(2):-</b>	-	21,69,900	21,69,900	5.22	-	21,69,900	21,69,900	5.22	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	4,15,33,709	4,15,33,709	100.00	-	4,15,33,709	4,15,33,709	100.00	0

\* Beneficial interest are held by IFCI Limited

\*\* Shares held by individuals other than promoter are shown in “B”, since they do not fall under the category of “Promoter.”

### B) Shareholding of Promoter:

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	



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1.	IFCI Limited	3,93,63,803	100.00	-	3,93,63,803	100.00	-	-
2.	Shri V. Satyavenkata Rao (Nominee of IFCI Limited)	1	0.00	-	0	0.00	-	-
3.	Shri Deepak Mishra (Nominee of IFCI Limited)	1	0.00	-	0	0.00	-	-
4.	Shri Prabhjot Singh (Nominee of IFCI Limited)	1	0.00	-	1	0.00	-	-
5.	Shri Dharam Pal Rauhilla (Nominee of IFCI Limited)	1	0.00	-	0	0.00	-	-
6.	Shri Vijay Pal (Nominee of IFCI Limited)	1	0.00	-	0	0.00	-	-
7.	Shri Prasoon (Nominee of IFCI Limited)	1	0.00	-	0	0.00	-	-
8.	Shri Manish Kumar (Nominee of IFCI Limited)	0	0.00	-	1	0.00	-	-
9.	Shri Sanjeev Jindal (Nominee of IFCI Limited)	0	0.00	-	1	0.00	-	-



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10.	Shri Amit Joshi (Nominee of IFCI Limited)	0	0.00	-	1	0.00		
11.	Shri Zubair Khan (Nominee of IFCI Limited)	0	0.00	-	1	0.00		
12.	Shri Vishnu Shankar Varshney (Nominee of IFCI Limited)	0	0.00	-	1	0.00		
<b>Total</b>		<b>3,93,63,809</b>	<b>100.00</b>	<b>-</b>	<b>3,93,63,809</b>	<b>100.00</b>	<b>-</b>	<b>-</b>

**C) Change in Promoters' Shareholding (please specify, if there is no change):**

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	3,93,63,809	100.00	3,93,63,809	100.00
2.	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	-	-	-	-
3.	At the end of the year	3,93,63,809	100.00	3,93,63,809	100.00

**D) Shareholding Pattern of top ten Shareholders:**

**(Other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company



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S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year				
	- Smt. Chandra Ramesh	17,57,619	4.23	17,57,619	4.23
	- Shri D.V. Ramesh	4,12,281	0.99	4,12,281	0.99
2.	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3.	At the end of the year	-	-	-	-
	- Smt. Chandra Ramesh	17,57,619	4.23	17,57,619	4.23
	- Shri D.V. Ramesh	4,12,281	0.99	4,12,281	0.99

### E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.):	-	-	-	-
3	At the end of the year	-	-	-	-

### V. Indebtedness - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
a) Principal Amount	-	-	-	-
b) Interest due but not paid	-	-	-	-



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Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
c) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>	-	-	-	-
* Addition	-	-	-	-
* Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>	-	-	-	-
a) Principal Amount	-	-	-	-
b) Interest due but not paid	-	-	-	-
c) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

### VI. Remuneration of Directors and Key Managerial Personnel

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in Rs.)

S. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Name of MD/ WTD/ Manager	Total Amount
1.	Gross salary	Shri. K.V. Rao (MD)	Shri O. Ramesh Babu (MD)	
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission / Incentive	-	-	-
	- as % of profit	-	-	-
5.	Others, Please Specify			
	Mobile	-	-	-
	Medical	-	-	-



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	<b>Total (A)</b>	-	-	-
	Ceiling as per the Act			NA

### B. Remuneration to other directors (Amount in Rs)

S. No.	Particulars of Remuneration	Name of the Director		Total Amount (Rs.)
1.	Independent Directors	Shri Sunit Vasant Joshi	Smt. Aparna Chaturvedi	
	Fee for attending board/ committee meetings	1,66,500.00	1,66,500.00	3,33,000.00
	Commission	-	-	-
	Others, please specify	-	-	-
	<b>Total (1)</b>	-	-	-
2.	Other Non-Executive Directors	-	-	-
	Fee for attending board/ committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	<b>Total (2)</b>	-	-	-
	<b>Total (B)=(1+2)</b>	<b>1,66,500.00</b>	<b>1,66,500.00</b>	<b>3,33,000.00</b>
	Total Managerial Remuneration*	-		-
	Overall Ceiling as per the Act			N.A

\*Excluding sitting fees under Section 197 (5) of the Companies Act, 2013 and as per Schedule V of the Companies Act, 2013



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### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	908117	1008257	1916374
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5.	Others, please specify				
	<b>Total</b>		9,08,117	10,08,257	19,16,374

### VII. Penalties / Punishment/ Compounding of Offences:

There were no Penalty / Punishment/ Compounding under Companies Act during the year ended 31.03.2020.

**By Order of the Board**  
**For IFCI Financial Services Limited**

Sd/-

Sreekumaran V Nair

Nominee Director

(DIN: 02207516)

Sd/-

O Ramesh Babu

Director

(DIN: 05149448)

Place: Chennai

Date: 29.07.2020



## Annexure-III



भारतीय लेखा तथा लेखा परीक्षा विभाग  
कार्यालय महात्मा गांधी राष्ट्रीय लेखा परीक्षा, चेन्नई  
*Indian Audit and Accounts Department  
Office of the Director General of Commercial Audit, Chennai*

No: DGCA/CHENNAI/CA-II/2-178/2020-21/16

25.08.2020

The Managing Director,  
IFCI Financial Services Limited,  
142, Continental Chambers,  
Mahatma Gandhi Road,  
Nungambakkam, Chennai-34.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the Financial Statements of IFCI Financial Services Limited (Standalone and Consolidated Financial Statement), Chennai for the year ended 31 March 2020.

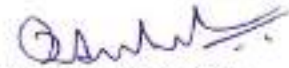
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I forward herewith the comments of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the financial statements of IFCI Financial Services Limited (Standalone and Consolidated Financial Statement), Chennai for the year ended 31 March 2020.

Five copies of Printed Annual Report may be arranged to be forwarded to this office. The date of holding of Annual General Meeting may also intimated.

Receipt of this letter may be acknowledged.

Yours faithfully,



(R. AMBALAVANAN)  
DIRECTOR GENERAL OF COMMERCIAL AUDIT, CHENNAI

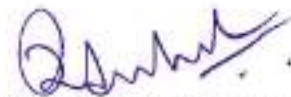
Encl: Audit Certificate.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL  
STATEMENTS OF IFCI FINANCIAL SERVICES LIMITED, CHENNAI FOR THE  
YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of IFCI Financial Services Limited for the year ended 31 March 2020 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 auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements 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 15 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of IFCI Financial Services Limited for the year ended 31 March 2020 under section 143 (6) (a) of the Act.

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



**(R. AMBALAVANAN)**

**DIRECTOR GENERAL OF COMMERCIAL AUDIT, CHENNAI**

Place: Chennai

Date: 25 August 2020

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE  
CONSOLIDATED FINANCIAL STATEMENTS OF IFCI FINANCIAL SERVICES  
LIMITED, CHENNAI FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of consolidated financial statements of IFCI Financial Services Limited for the year ended 31 March 2020 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 auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements 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 15 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of IFCI Financial Services Limited for the year ended 31 March 2020 under section 143 (6) (a) of the Act.

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



**(R. AMBALAVANAN)**

**DIRECTOR GENERAL OF COMMERCIAL AUDIT, CHENNAI**

Place: Chennai

Date: 25 August 2020



# 25<sup>TH</sup> ANNUAL REPORT - 2019-20

Annexure IV

## FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 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 sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of material contracts or arrangements or material transactions not at Arm's length basis.

S. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil
b)	Nature of contracts/arrangements/transaction	Nil
c)	Duration of the contracts/arrangements/transaction	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e)	Justification for entering into such contracts or arrangements or transactions'	Nil
f)	Date of approval by the Board	Nil
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Nil

2. Details of material contracts or arrangements or material transactions at Arm's length basis.

S. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil
b)	Nature of contracts/arrangements/transaction	Nil
c)	Duration of the contracts/arrangements/transaction	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e)	Date of approval by the Board	Nil
f)	Amount paid as advances, if any	Nil

**By Order of the Board**

**For IFCI Financial Services Limited**

Sd/-

**O Ramesh Babu**  
**Managing Director**

**(DIN: 05149448)**

Sd/-

**Sreekumaran V Nair**  
**Director**

**(DIN: 02207516)**

**Place: Chennai**

**Date: 29.07.2020**





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**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF IFCI FINANCIAL SERVICES LIMITED**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of IFCI Financial Services Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the 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 (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 consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made 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 audit opinion on the consolidated financial statements.





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### Key Audit Matters

The Primary activity of one of the subsidiary company IFIN Securities Finance Limited (ISFL) is to provide loans against shares and towards Margin Funding. ISFL earns the major component of its income from interest and loans form the largest component of its total assets. ISFL has adopted the EIR method to recognize interest on loans from shares whilst stating its loan outstandings at amortised cost. Impairment provisioning on the loans has been done utilizing the expected credit loss model. Our audit procedures included considering appropriateness of policies and assessing compliance with Standards based on our testing. On verification we found them to be broadly in conformity except for some immaterial differences.

On 11<sup>th</sup> March 2020, the World Health Organisation (WHO) declared COVID-19 as a global pandemic and the nation-wide lockdown has substantially impacted businesses and in particular the effect on the Company's operations and financial accounting and reporting processes and the financial impact on the Company's borrowers and their ability to service the loans.

The Company has done a qualitative assessment of loan portfolio and considering a higher probability of default considering drop in underlying value of securities and interest moratoriums / deferrals, its past experience during other times of stressed economic situations, and also on basis of updated macro-economic scenarios and has factored in the potential impact of COVID-19 in its ECL provision for the year.

Given the judgement involved in the estimation of expected credit losses, we have considered this area as a key audit matter.

### Information Other than the Consolidated 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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the 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 consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.







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### **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from





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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, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and







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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.

#### Report on Other Legal and Regulatory Requirements

1.As required by Section 143(3) of the Act, based on our audit 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 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 including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows 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 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 of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.






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- f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- 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 directors 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

For Ramon Associate  
Chartered Accountants  
(Firm's Registration No. 0029105)

  
Dr. A.P. Vijayendran  
Partner  
M. No. 215166  
Chennai,







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#### **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of IFCI Financial Services Limited of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of IFCI Financial Services Limited (hereinafter referred to as "Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

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

The Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 ("the 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 the 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 Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies 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.





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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 Company and its subsidiary companies, which are companies incorporated in India.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material 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.





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#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the respective companies 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 Raman Associate  
Chartered Accountants  
(Firm's Registration No. 0029105)



Dr. A.P. Vijayendran  
Partner  
M. No. 215166  
Chennai,





**IFCI Financial Services Limited**  
Consolidated Balance Sheet as at 31st March 2020

(Amount in Rs)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	1	31,07,721	27,18,985
(b) Capital work-in-progress		-	-
(c) Investment Property	2	-	-
(d) Goodwill		22,53,857	22,53,857
(e) Other Intangible assets	3	15,98,748	16,63,583
(f) Intangible assets under development		-	-
<b>(g) Financial Assets</b>			
(i) Investments		-	-
(ii) Trade receivables		-	-
(iii) Loans		-	-
(iv) Others (to be specified)		-	-
(h) Deferred tax assets (net)		-	-
(l) Other non-current assets	4	8,98,90,362	8,40,05,100
<b>Current assets</b>			
(a) Inventories		-	-
(b) Financial Assets		-	-
(i) Investments	5	18,19,60,225	16,76,74,171
(ii) Trade receivables	6	2,57,74,188	13,01,24,343
(iii) Other Receivables		-	-
(iv) Cash and cash equivalents	7	13,91,23,870	12,36,51,106
(v) Bank balances other than (iii) above	8	35,15,61,418	29,33,99,025
(vi) Loans	9	2,65,49,678	10,84,10,239
(vii) Other advances	9	4,99,84,084	4,65,08,365
(c) Current Tax Assets (Net)		-	-
(d) Other current assets	10	1,41,65,227	74,40,197
<b>Total Assets</b>		<b>88,60,68,875</b>	<b>96,78,47,991</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	SCB	41,53,37,090	41,53,37,090
(b) Other Equity	SCB	26,07,93,598	27,70,44,713
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings		-	-
(ii) Trade payables		-	-
(b) Provisions		-	-
(c) Deferred tax liabilities (Net)	11	22,88,224	25,33,398
(d) Other non-current liabilities	12	43,11,726	69,02,487
<b>Current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings		-	-
(ii) Trade payables	13	17,00,84,436	23,03,77,522
(b) Other current liabilities	14	2,05,44,522	2,55,10,840
(c) Provisions	15	1,27,07,279	1,01,35,941
<b>Total Equity and Liabilities</b>		<b>88,60,68,875</b>	<b>96,78,47,991</b>

See accompanying notes to the financial statements  
In terms of our report on even date attached herewith

For Ramon Associate  
Chartered Accountants  
FRN - 0029105

Dr. A.P. Vijayendran  
Partner, M. No. 215110



FOR AND ON BEHALF OF THE BOARD OF  
IFCI FINANCIAL SERVICES LIMITED

O. Harish Babu  
Managing Director

Ramesh N.G.S  
Director

Place : Chennai  
Date : 15/04/2020

Aby Eapen  
Company Secretary

A. V. Pushparaj  
Chief Financial Officer

**IFCI Financial Services Limited**  
**Consolidated Statement of Profit and Loss for the period ended 31st March 2020**

(Amount in Rs)

Sl. No.	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
I	Revenue From Operations	16	148,207,425	181,355,028
II	Other Operating Income	17	11,915,999	11,697,879
II	Other Income	18	30,805,065	45,243,478
III	<b>Total Income (I+II)</b>		<b>190,928,489</b>	<b>238,296,385</b>
IV	<b>EXPENSES</b>			
	Employee benefits expense	19	100,952,691	98,086,977
	Finance costs	20	1,663,766	2,413,748
	Depreciation and amortization expense	1	1,734,544	596,241
	Bad Debts	22	119,315,998	1,484,346
	Other expenses	21	96,481,071	95,918,586
	<b>Total expenses (IV)</b>		<b>320,148,069</b>	<b>198,499,898</b>
V	<b>Profit/(loss) before exceptional items and Tax (III- IV)</b>		<b>(129,219,580)</b>	<b>39,796,487</b>
VI	Impairment on financial instrument	22	(112,744,985)	69,993,852
VII	<b>Profit/(loss) before tax (V-VI)</b>		<b>(16,474,595)</b>	<b>(30,197,365)</b>
	Tax expense:			
VIII	(1) Current tax		-	6,761,064
	(1A) Income Tax for earlier Years		42,269	-
	(2) Deferred tax		(267,748)	6,405
IX	<b>Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>(16,249,116)</b>	<b>(36,964,834)</b>
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	<b>Profit/(loss) from Discontinued operations (after tax) (X-XI)</b>		<b>-</b>	<b>-</b>
XIII	<b>Profit/(loss) for the period (IX+XII)</b>		<b>(16,249,116)</b>	<b>(36,964,834)</b>
XIV	<b>Other Comprehensive Income</b>			
a. (i)	Items that will not be reclassified to Profit or Loss		-	-
(ii)	Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
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		-	-
XV	<b>Total Other Comprehensive Income for the period</b>		<b>(16,249,116)</b>	<b>(36,964,834)</b>
XVI	<b>Earnings per Share (EPS) - not annualised</b>			
	Basic & Diluted		(0.39)	(0.89)

See accompanying notes to the financial statements  
 In terms of our report on even date attached herewith

For Raman Associate  
 Chartered Accountants  
 IRN - 0029105



Dr. A.P. Vijayendran  
 Partner, M. No. 215166



FOR AND ON BEHALF OF THE BOARD OF  
 IFCI FINANCIAL SERVICES LIMITED

  
 O. Kamesh Eabe  
 Managing Director

  
 Ramesh N.G.S  
 Director

  
 Aby Eapen  
 Company Secretary

  
 A V Pushparaj  
 Chief Financial Officer

Place : Chennai  
 Date : 15/06/2020

**IICI Financial Services Limited**  
Consolidated Cash Flow Statement As On 31st March 2020

(Amount in Rs)

	Particulars	Year ended	
		31.03.2020	31.03.2019
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax		(30,197,355)
	Adjustments for:		
	Depreciation / Amortisation on Fixed Assets	17,34,544	5,96,241
	ACTIVITIES	41,558	93,151
	Finance Cost (considered separately under Finance Activities)	16,63,796	3,413,748
	Interest income	(24,077,799)	(21,514,672)
	Profit/(Loss) on Fixed Asset	-	-
	Operation Profit before Working Capital Changes	(27,122,526)	(48,606,992)
	Adjustments for:		
	(Increase) / Decrease in Current Investments	(14,286,053)	(123,816,677)
	(Increase) / Decrease in Trade Receivables	104,330,135	(40,615,598)
	(Increase) / Decrease in Short term Loans and Advances	78,204,890	-
	(Increase) / Decrease in Loans & Advances	(5,883,503)	183,926,710
	(Increase) / Decrease in Other current Assets	(6,723,030)	(1,463,438)
	Increase / (Decrease) in Trade Payable	(60,291,086)	(5,932,567)
	Increase / (Decrease) in Other Current Liabilities	(4,066,318)	(34,916,207)
	Increase / (Decrease) in Provisions	2,571,538	(713,337)
	Increase / (Decrease) in Non-Current Liabilities	(2,596,760)	30,166
	Cash Generated from Operation before tax		
	Direct taxes paid		(72,309,655)
	Reversal of Tax Provisions		67,61,064
	Net cash from Operating Activities		(79,073,719)
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	(2,057,944)	(541,389)
	Dividend Received	(41,558)	65,156
	Interest received	24,077,799	2,13,11,672
	Net Cash used on / raised from Investing Activities		38,63,495
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Deferred tax paid	(251,174)	-
	Finance Cost	(1,693,796)	(1,000,000)
	Loan Proceeds Received	-	53,88,688
	Repayment of Loans	-	(2,43,747)
		(1,944,970)	1,37,891
	Net Changes in Cash & Cash Equivalent (a+b+c)	73,636,157	(56,220,253)
	Opening Cash and Cash Equivalent	41,70,49,131	47,32,68,384
	Closing Cash and Cash Equivalent	49,06,85,288	41,70,49,131
	Increase / (Decrease) in Cash & Cash Equivalent	73,636,157	(56,220,253)

**Notes**

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and loss of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Effective April 1, 2018, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements.

See accompanying notes to the financial statements  
In terms of our report on even date attached herewith

For Ramani Associate  
Chartered Accountants  
FRN - 0029105

Dr. A.P Vijayanthen  
Partner, M.No. 215166

Place : Chennai  
Date : 15/04/2020



FOR AND ON BEHALF OF THE BOARD OF  
IICI FINANCIAL SERVICES LIMITED

O. Ramesh Babu  
Managing Director

Aby Espen  
Company Secretary

Ramesh N.G.S  
Director

A V Fishpara  
Chief Financial Officer



**IFCI Financial Services Limited (Consolidated)**  
**Statement of Changes in Equity for the period ended 31st March 2020**

<b>A. Equity Share Capital</b>					<b>Units</b>
<b>Particulars</b>	<b>Balance at the beginning of the reporting period</b>	<b>Changes in equity share capital during the year</b>	<b>Balance at the end of the reporting period (Qty)</b>	<b>Balance at the end of the reporting period (Rs.)</b>	<b>% of Share Holding</b>
IFCI Limited and nominees	39,363,809	-	39,363,809	393,638,090	94.78
Ms. Chandra Ramesh	1,757,619	-	1,757,619	17,576,190	4.23
Mr. D V Ramesh	412,281	-	412,281	4,122,810	0.99
<b>Total</b>	<b>41,533,709</b>	<b>-</b>	<b>41,533,709</b>	<b>415,337,090</b>	<b>100.00</b>

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**IFCI Financial Services Limited (Consolidated)**  
**Statement of Changes in Equity for the period ended 31st March 2020**

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus						Total
			Capital Reserve	Securities Premium Reserve	Statutory Reserves	General Reserve	Amalgamation Reserve	Related Earnings	
Balance at the beginning of the reporting period	-	-	-	451,543,790	6,189,500	9,501,851	1,745,305	(1,92,035,294)	277,044,713
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	(16,249,116)	(16,249,116)
Any other change (to be specified)	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	-	451,543,790	6,189,500	9,501,851	1,745,305	(208,284,890)	260,795,598

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IFCI Financial Service Limited (Consolidated Financial Statement)

Note No. 12.8

	Gross Block					Accumulated Depreciation			Net Block		Amount In Rs.	
	Balance as at 1st April 2019	Additions	Dispose	Acquired through business	Revaluations/ (Impairments)	Balance as at 31st March 2020	Balance as at 1st April 2019	Depreciation charge for the year	Balance as at 31st March 2020	Balance as at 31st March 2020	Balance as at 31st March 2019	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>a Tangible Assets</b>												
Furniture and Fixtures	5,677,796	-	-	-	-	5,677,796	5,577,447	96,089	5,433,536	244,730	300,319	
Vehicles	22,150	-	-	-	-	22,150	21,507	175	21,682	468	643	
Office equipment	12,438,905	263,641	-	-	12,702,547	11,297,112	226,052	11,663,164	1,239,383	1,201,793		
computer hardware	38,761,623	1,719,903	-	-	40,480,926	37,545,394	1,311,892	38,857,286	1,621,640	1,216,229		
<b>Total</b>	<b>56,900,443</b>	<b>1,982,944</b>	<b>-</b>	<b>-</b>	<b>58,883,389</b>	<b>54,181,460</b>	<b>1,594,208</b>	<b>55,775,668</b>	<b>3,107,721</b>	<b>2,718,985</b>		
<b>b Intangible Assets</b>												
Goodwill	2,253,857	-	-	-	-	2,253,857	-	-	-	2,253,857		
Computer software	35,546,903	75,000	-	-	35,621,903	33,483,320	140,336	34,023,656	1,599,348	1,663,383		
Others - Non computer fees	13,200,000	-	-	-	13,200,000	13,200,000	-	13,200,000	-	-		
<b>Total</b>	<b>48,796,903</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>48,821,903</b>	<b>47,083,320</b>	<b>140,336</b>	<b>47,223,656</b>	<b>1,598,248</b>	<b>1,663,833</b>		
<b>c Capital Work In Progress</b>												
<b>Total</b>	<b>109,647,348</b>	<b>2,057,944</b>	<b>-</b>	<b>-</b>	<b>107,705,292</b>	<b>101,264,780</b>	<b>1,734,544</b>	<b>102,999,324</b>	<b>4,708,969</b>	<b>4,382,568</b>		
<b>d Intangible assets under Development</b>												
<b>Total</b>	<b>105,647,348</b>	<b>2,057,944</b>	<b>-</b>	<b>-</b>	<b>107,705,292</b>	<b>101,264,780</b>	<b>1,734,544</b>	<b>102,999,324</b>	<b>4,708,969</b>	<b>4,382,568</b>		
<b>Total Previous Year</b>	<b>105,103,959</b>	<b>543,389</b>	<b>-</b>	<b>-</b>	<b>105,647,348</b>	<b>100,568,539</b>	<b>396,381</b>	<b>101,264,780</b>	<b>4,882,568</b>	<b>4,835,419</b>		

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**IFCI Financial Services Limited (Consolidated Financial Statement)**

(Amount in Rs.)

Note 4	Particulars	As at 31st March 2020	As at 31st March 2019
A	<b>Security Deposits</b>		
	Fixed Deposits	-	-
	Secured, considered good	84,799,771	78,960,688
	Unsecured, considered good *	-	-
	Doubtful	-	-
	<b>Total</b>	<b>84,799,771</b>	<b>78,960,688</b>
B	<b>Other Loans and advances</b>		
	Secured, considered good	-	-
	Unsecured, considered good	-	-
	Doubtful	-	-
	Others Loans and advances	5,090,591	5,044,412
	<b>Total</b>	<b>5,090,591</b>	<b>5,044,412</b>
	Less : Loss on Impairment	-	-
	<b>Total</b>	<b>89,890,362</b>	<b>84,005,100</b>

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**IFCI Financial Services Limited (Consolidated Financial Statement)**

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2020	As at 31st March 2019
5	<b>Current Investments</b>		
	(a) Investment in Equity instruments	3,770,410	2,732,747
	(b) Investments in mutual funds	180,264,844	166,219,577
	<b>Total</b>	<b>184,035,254</b>	<b>168,952,324</b>
	<u>Less:</u>		
	Provision for Impairment loss	2,075,029	1,278,153
	<b>Total</b>	<b>181,960,225</b>	<b>167,674,171</b>
6	<b>Trade receivables</b>		
a	<b>Trade receivables outstanding for a period less than six months from the date they are Secured, considered good</b>	21,731,017	129,277,408
	Unsecured, considered good	-	364
	Unsecured, considered doubtful	986,251	243,602
	<b>Total</b>	<b>22,717,269</b>	<b>129,521,374</b>
	<u>Less:</u>		
	Impairment loss	986,251	243,602
	<b>Total</b>	<b>21,731,017</b>	<b>129,277,772</b>
b	<b>Trade receivables outstanding for a period greater than six months from the date they are due for payment</b>		
	Secured, considered good	4,043,171	846,571
	Unsecured, considered good	-	-
	Unsecured, considered doubtful	80,004,493	114,580,522
	<b>Total</b>	<b>84,047,664</b>	<b>115,427,093</b>
	<u>Less:</u>		
	Impairment loss	80,004,493	114,580,521
	<b>Total</b>	<b>4,043,171</b>	<b>846,571</b>
	<b>Grand Total</b>	<b>25,774,188</b>	<b>130,124,343</b>

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IFCI Financial Services Limited (Consolidated Financial Statement)			
(Amount in Rs.)			
Note No.	Particulars	As at 31st March 2020	As at 31st March 2019
7	Cash and cash equivalents		
	Bank Balances		
	a. Current Accounts	13,90,75,674	12,36,43,047
	Cash Balance	48,196	8,059
	<b>Total</b>	<b>13,91,23,870</b>	<b>12,36,51,106</b>
8	Bank balances other than above	35,15,61,418	29,33,98,025
	<b>Total</b>	<b>35,15,61,418</b>	<b>29,33,98,025</b>
9	Short term loans and advances		
	a. Loans and advances to related parties		
	Secured, considered good	-	-
	Unsecured, considered good	-	-
	Unsecured, considered doubtful	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	b. Others		
	Loans	2,84,33,273	18,98,36,660
	Less : Loss on Impairment	17,83,595	8,14,26,401
	<b>Total</b>	<b>2,66,49,678</b>	<b>10,84,10,259</b>
	Advance Tax (net of provisions)	3,65,53,814	3,21,29,686
	Prepaid Expenses	52,21,817	59,76,313
	Secured, Considered good	82,08,450	84,02,366
	<b>Total</b>	<b>4,99,84,081</b>	<b>4,65,08,365</b>
	Less : Loss on Impairment	-	-
	<b>Total</b>	<b>4,99,84,081</b>	<b>4,65,08,365</b>
	<b>Total</b>	<b>4,99,84,081</b>	<b>4,65,08,365</b>
10	Other current assets		
	Interest accrued on Deposits	1,24,45,672	74,40,197
	Other Assets	17,19,555	-
	<b>Total</b>	<b>1,41,65,227</b>	<b>74,40,197</b>

For RAMAN ASSOCIATE  
Chartered Accountants

  
Dr. AP VJAYENDRAN, PCA,  
PARTNER  
MEMBERSHIP No: 215106  
FIRM REGISTRATION No: 0029108





**IFCI Financial Services Limited (Consolidated Financial Statement)**

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2020	As at 31st March 2019
11	<b>Deferred Tax Liabilities</b>		
	Deferred Tax Liabilities (Net)	2,288,224	2,539,398
	<b>Total</b>	<b>2,288,224</b>	<b>2,539,398</b>
12	<b>Other Non Current Liabilities</b>		
	Security and Sundry Deposits	4,311,726	6,902,487
	<b>Total</b>	<b>4,311,726</b>	<b>6,902,487</b>
13	<b>Trade Payables</b>		
	Dues of creditors other than Micro and Small Enterprises	170,084,436	230,377,522
	Borrowings	-	-
	<b>Total</b>	<b>170,084,436</b>	<b>230,377,522</b>
14	<b>Other current Liabilities</b>		
	Creditors for expenses	6,514,259	7,105,685
	Statutory dues	4,688,880	5,192,425
	Other liabilities	9,341,384	13,212,730
	<b>Total</b>	<b>20,544,522</b>	<b>25,510,840</b>
15	<b>Short term provisions</b>		
	Gratuity	451,806	238,060
	Leave Encashment	11,581,508	9,077,023
	Bonus	673,965	820,858
	<b>Total</b>	<b>12,707,279</b>	<b>10,135,941</b>

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**IFCI Financial Services Limited (Consolidated Financial Statement)**

(Amount in Rs.)

Note No.	Particulars	Year ended 31st March 2020	Year ended 31st March 2019
16	<b>Revenue From Operations</b>		
	Brokerage On Stock Broking	102,826,027	117,813,770
	Commission On Mutual Fund	11,959,457	12,139,789
	Insurance Commission	93,320	108,048
	Loan Syndication Fee	-	-
	Valuation Fees	-	-
	Merchant Banking & Valuation Fees	13,810,822	112,500
	Depository Income	5,688,314	4,012,482
	Commision From IPO / Bonds / Others	-	-
	Interest & Processing fees on loans	7,655,754	33,112,796
	Gain on Fair value changes	5,968,673	13,799,998
	Commision On Fixed deposits	-	-
	Account Opening Charges	163,500	160,489
	Dividend income	41,558	95,156
		<b>148,207,425</b>	<b>181,355,028</b>
17	<b>Other Operational Income</b>		
	Delayed Payment Interest	9,715,849	11,697,879
	Other Operational Income	2,200,150	-
	<b>Total</b>	<b>11,915,999</b>	<b>11,697,879</b>
18	<b>Other Income</b>		
	Interest Income	24,077,799	21,514,672
	Profit on Sale of Investments	4,847,376	4,116,114
	Net gain on fair value changes	11,404	3,014,606
	Interest Income on IT Refund	291,207	472,896
	Miscellaneous Income	1,577,279	16,125,190
	<b>Total</b>	<b>30,805,065</b>	<b>45,243,478</b>

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**IFCI Financial Services Limited (Consolidated Financial Statement)**

(Amount in Rs.)

Note No.	Particulars	Year ended 31st March 2020	Year ended 31st March 2019
19	<b>Employee Benefit Expenditure</b>		
	(a) Salaries and incentives	89,018,026	87,111,175
	(b) Contributions to -	-	-
	Provident fund & Employee State Insurance	5,979,408	5,986,195
	Gratuity fund contributions	1,788,036	1,279,988
	(d) Social security and other benefit plans for	-	-
	Staff Welfare	4,167,220	3,709,619
	<b>Total</b>	<b>100,952,691</b>	<b>98,086,977</b>
20	<b>Finance Costs</b>		
	Interest Expenses	30,855	55,028
	Commission to Stockholding Corporation of India (SHCIL)	30,999	-
	Bank Financial Costs	1,601,912	2,358,720
	<b>Total</b>	<b>1,663,766</b>	<b>2,413,748</b>

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**IFCI Financial Services Limited (Consolidated Financial Statement)**

		(Amount in Rs.)	
Note No.	Particulars	Year ended 31st March 2020	Year ended 31st March 2019
21	<b>Other Expenses</b>		
	Fees To Clearing Member	2,248,653	3,377,830
	Information Technology Exp	2,562,056	2,479,100
	Data Feed Charges	2,097,291	1,974,114
	DP Expenses	409,616	307,760
	Professional Charges	23,925,351	25,485,442
	Advertisement	94,125	40,634
	Audit Fees	1,625,015	1,492,470
	Electricity Charges	4,116,620	4,059,233
	Insurance Expenses	2,827,989	1,943,379
	Commission Paid	11,823,089	8,200,967
	Postage & Telegram	723,115	920,033
	Printing & Stationery	1,082,623	1,319,157
	Rent	19,605,554	21,593,834
	Rates & Taxes	633,104	115,465
	Repairs & Maintenance	2,145,859	657,816
	Sitting Fees	437,900	312,500
	Membership Fee	5,176,796	4,814,681
	Telephone Expenses	4,505,242	5,787,218
	Training Expenses	165,511	124,118
	Travelling & Conveyance Exp	1,355,000	1,322,922
	Office Maintenance	5,451,008	6,047,463
	Other Administrative Expenses	3,469,556	3,542,451
	<b>Total</b>	<b>96,481,071</b>	<b>95,918,586</b>
22	<b>Impairment on financial instrument</b>		
	Loss on fair value of shares	808,280	(16,855,829)
	Loss on sale of shares	-	17,602,226
	Bad debts written off	119,315,998	1,484,346
	Loss on Impairment	(115,336,860)	69,247,455
	ECL provision on standard assets	1,783,595	-
	<b>Total</b>	<b>6,571,013</b>	<b>71,478,198</b>

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# IFCI Financial Services Limited.

## Notes to the Consolidated Financial Statements

(for the year ended 31st March 2020)

### Groups Background:

The consolidated Financial Statements comprise financial statements of IFCI Financial Services Limited (the Parent) and its subsidiaries collectively the group for the year ended 31st March, 2020.

IFCI Financial Services Ltd (IFIN) was promoted in 1995, by IFCI Ltd., to provide a wide range of financial products and services to investors, institutional and retail. IFIN is primarily involved in Stock Broking, Investment Banking, Mutual Fund Distribution & Advisory Services, Depository Participant Services, Insurance Products Distribution and the like.

IFIN is a SEBI registered Stock Broker on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange (BSE) etc., and is positioned as a global financial supermarket, built on the foundations of incisive research and trust. Intense interaction with investors helps us understand their specific needs and suggest holistic and appropriate financial solutions. Our team of professionals continuously scans the financial arena and stay ever prepared to educate investors and partner them in creating enduring wealth.

### Subsidiaries:

The subsidiary company IFIN Commodity Limited is a registered member of Multi Commodity Exchange Limited and its primarily engaged in the business of providing Commodity Market related transaction services.

The subsidiary company IFIN Securities Finance Limited is a Non Banking Finance Company, registered u/s 45-IA of Reserve Bank of India Act, is primarily engaged in the business of margin funding, providing loan against shares & property, Promoter funding, etc.

The subsidiary company IFIN Credit Limited is not engaged in any business activity.



### **IFCI Limited, Our legendary parent Institution**

The Government of India established The Industrial Finance Corporation of India (IFCI) on July 1, 1948, as India's first and premier Development Financial Institution, to cater to the long – term financial needs of the Industrial sector.

## **Significant Accounting Policies & Key accounting estimates and judgements :**

### **I. Basis of Preparation of consolidated Financial Statements :**

These financial statements are the consolidated financial statements of Group prepared in accordance with Indian Accounting Standards ('IND AS') notified under section 133 of the companies act 2013, read together with the companies (Indian Accounting Standards) Rules,2015 (as amended).

These consolidated financial statements are prepared under the historical cost convention except for certain financial assets and financial liabilities that are measured at each of each reporting period, as stated in the accounting policies stated below. These accounting policies have been applied consistently over all the periods presented in these consolidated financial statements.

The financial statements for the year ended March 31, 2020 are the Second financial statements of the Company prepared under Ind AS.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

The financial statements were authorised for issue by the Company's Board of Directors on 15<sup>th</sup> June 2020.

### **II. Functional and Presentation currency:**

These financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All amounts have been denominated in Indian Rupees and rounded off to the nearest two decimal, except when otherwise indicated.

### **III. Basis of measurement**

The financial statements are prepared on historical cost basis, except for Loans and Advances which are measured at Amortised cost using Effective rate of interest

#### **Use of Judgements and Estimates:**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets





and liabilities (including contingent liabilities and assets) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### **A. Judgements**

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included here:

**Classification of financial assets:** assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

**Impairment of financial assets:** establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of expected credit loss ('ECL') and selection of models used to measure ECL

**Equity accounted investees:** The Company has significant influence over its subsidiaries (investee) of IFIN Commodities Limited (ICOM), IFIN Securities Finance Limited (ISFL) & IFIN Credit Limited (ICL).

#### **B. Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2019 is included in the following notes:

**Impairment of financial instruments:** determining inputs into the ECL measurement model, including incorporation of forward looking information including key assumptions used in estimating recoverable cash flows

- Determination of the fair value of financial instruments with significant unobservable inputs.
- Measurement of defined benefit obligations: key actuarial assumptions.
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.

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- Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized
- Estimates regarding the value in use of the cash generating unit (CGU) for non financial assets based on the future cash flows.; and
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

#### IV. Business Combinations

Business Combinations are accounted for using the acquisitions method. At the Acquisitions 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 exceed 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 as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The costs of acquisitions 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.

In case of business combinations involving entities under common control, the above policy does not apply. 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 amount on the date of the acquisition subject to necessary adjustments required to harmonic accounting policies. Any excess or short fall of the consideration paid over the share capital of transferor entity or business is recognized as capital reserve under equity.



## 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 group's cash generation 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 CGU to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the group.

A CGU to which the 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 exceed the carrying amount of the CGU, the group recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is 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.

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**V. Principles and assumptions used for consolidated financial statements and pro-forma adjustments**

The consolidated financial statements have been prepared applying the principles laid in the Accounting Standard (AS) 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India as considered appropriate for the purposes of these Consolidated Balance Sheet, and Profit and Loss Account, together referred to in as 'Consolidated Financial Statements'.

Following are the companies whose accounts have been considered for the consolidated financial statements.

IFCI Financial Services Ltd's (the parent company or the holding company) shareholding in the following companies as on 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019 are as under:

Name of the Subsidiary	Country		As on 31st Mar 2020		As on 31st Mar 2019	
	Date on which became a Subsidiary		No of shares held	% of holding	No of shares held	% of holding
IFIN Commodities Ltd.	India	30.01.2009	50,00,000	100	50,00,000	100
IFIN Credit Ltd.	India	01.02.2010	25,00,000	100	25,00,000	100
IFIN Securities Finance Ltd. (Formerly known as Narayan Sriram Investments Private Ltd)	India	02.03.2011	30,01,000	100	30,01,000	100

**VI. Principles used in preparing Consolidated Financial statements:**

a) In preparing consolidated financial statements, the financial statements of the parent and its subsidiaries is combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.

b) Intra-group transactions are eliminated in preparation of consolidated financial statements

c) The cost to the parent of its investment in each subsidiary and the parent's portion of equity of each subsidiary, at the date on which investment in each subsidiary is made, is eliminated.

(i) In the case of IFIN Commodity Ltd., since the amount paid is equal to the paid up capital of the subsidiary, there is neither goodwill nor a capital reserve.

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(ii) In the case of IFIN Credit Ltd., IFCI Financial Services Ltd. had acquired the 100% of the share capital in two stages i.e. initially 45% in the accounting year 2008-09 and the balance in 2009-10. The total amount paid is Rs.2,79,00,000 for a net asset value of Rs. 1,98,81,335/- as on 01.02.2010 i.e., the date on which the Company became a subsidiary (Wholly owned). The surplus of Rs.80,18,665/- is adjusted against the Amalgamation Reserve of Rs.97,63,970/- leaving a balance of Rs.17,45,305/-.

(iii) In the case of IFIN Securities Finance Ltd (Formerly known as Narayan Sriram Investments Private Ltd.), IFCI Financial Services Ltd. had acquired the 100% of the share capital for a consideration of Rs. 73,23,063 for a total equity of Rs.1,00,000/- as on 02.03.2011 i.e., the date on which the Company became a subsidiary (Wholly owned). The total reserves and surplus as on date of acquisition of Rs.50,69,206/- and the balance amount of Rs. 22,53,857 is shown as goodwill.

#### VI. Revenue Recognition:

- 1) Brokerage Income is recognized on the trade date of the transaction upon confirmation of the transactions by the exchanges.
- 2) Loan Syndication Fees are recognised when the right to receive the income is established.
- 3) Depository Services incomes are recognised on the basis of agreements entered into with clients and when the right to receive the income is established.
- 4) Insurance Commission from Agency business is booked upon actual receipt of commission from the principal.
- 5) Commission from selling of mutual funds is accounted on receipt basis.
- 6) Recovery from bad debts written off is recognised as income on the basis of actual realisation from customers.
- 7) Dividends declared by the respective Companies till the close of the accounting period are accounted for as income when the right to receive the dividend is established.
- 8) Interest income from financial assets is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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## VII. Recognition of Financial Instruments

### (a) Trade Receivables & Trade Payables

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include trade receivables, trade payables and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature.

Management reviews the financial instruments on the reporting date and recognizes impairment losses, when the carrying amount is less than the recoverable amount.

### (b) Investment in equity instruments in subsidiaries

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries and associates at:

- a) cost determined in accordance with Ind AS 27; or
- b) deemed cost, which shall be its:
  - i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
  - ii) previous GAAP carrying amount at that date.

A first-time adopter may elect the above option for each subsidiary, that it elects to measure using a deemed cost.

The Company has elected to apply the exemption available under Ind AS 101 to use the carrying value (measured as per the previous GAAP) for all its investments in subsidiaries as recognised in the financial statements as at the date of transition to Ind ASs, as deemed cost as at the date of transition (i.e. 1 April 2017).

### (c) Cash and cash equivalents

The Company holds cash and cash equivalents of Rs.4906.85 lacs at 31 March 2020 (31 March 2019: Rs.4170.49 lacs). The cash and cash equivalents are held with bank as current account balances and Fixed Deposit balances.

The Company considers that its cash and cash equivalents have low credit risk and thus no need for any impairment.

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## VIII. Investments:

- The Company acquires holds and deals in shares in its own account also. The investments intended to be held for one year or more were classified as long-term investments and provision for diminution in the value of long term investments being made only if such a decline is other than temporary.
- Current investments are considered as stock in trade and are valued at lower of cost or net realizable value.

## IX. Property, plant and equipment and Investment property

### Recognition and measurement

Property, plant and equipment held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Investment Property consists of building let out to earn rentals. The Company follows cost model for measurement of investment property.

### Depreciation

Depreciation is provided using the straight line method over the useful life as prescribed under Schedule II to the Companies Act, 2013. Depreciation is calculated on pro-rata basis, including the month of addition and excluding the date of sale/disposal. Residual value in respect of assets is considered as 5% of the cost for computing depreciation.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

### De-recognition





An item of property, plant and equipment or investment property is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment or investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### **Transition to Ind AS**

The Company has elected to continue with the carrying value of all of its property, plant and equipment and investment property recognised as of April 1, 2018 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

#### **Intangible assets**

##### **Recognition and measurement**

Intangible assets are recognized at cost of acquisition which includes all expenditure that can be directly attributed or allocated on a reasonable and consistent basis, to create, produce or making the asset ready for its intended use.

##### **Amortisation**

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### **De-recognition**

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is de-recognized.

#### **Transition to Ind AS**

The Company has elected to continue with the carrying value of all of its intangible asset recognised as of April 1, 2018 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.



**Non Competent Fee:**

Intangible assets are recognized if they are separately identifiable and the Company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the profit and loss account.

The computer software is identified as intangible assets and has been amortized at the rate 40% following WDV method. The consideration paid as non-compete fees is identified as an Intangible Asset and has been amortised as per the terms of the agreement on straight line basis.

Depreciation on the fixed assets is provided on the written down value method in the manner prescribed under Schedule II of the Companies Act, 2013

**X. Impairment of Assets:**

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the period/year in which the said asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

**XI. Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amount of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The 'recoverable amount' of an asset is the greater of its value in use and its fair value less costs to sell.

Impairment losses are recognised in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



## **XII. Employee Benefits:**

Employee benefits comprise both Defined contribution plan and Defined benefit plans. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

### **Defined contribution plan -**

- The Company's Provident Fund Scheme and Employee State insurance scheme are defined contribution plan and company's contribution paid/payable is recognized as expense in Profit & Loss account during the period in which the employee renders the related service.

### **Defined Benefit Plan -Gratuity**

- The Company's liability towards Gratuity is a Defined Benefit Plan. The liability towards Gratuity is determined using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of Employee benefit entitlement. The gratuity Scheme is operated through Group gratuity Scheme of LIC. The gratuity liabilities are provided based on Actuarial Valuation certified by LIC. Actuarial gains and losses are charged to Profit and Loss Account.

### **Compensated Absence-Leave Salary**

- The policy provides for that an employee is entitled to 24 days of earned leave per year and maximum of 15 days leave standing to the credit of the employee at the end of the calendar year will be paid as leave salary calculated on the Gross component. The expenses on account thus arising are recognized in the profit and loss account.

## **XIII. Income Taxes:**

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax base and book base). It is recognised in profit or loss except to the extent that it relates to a business combination

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#### **A. Current tax**

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Minimum alternative tax ("MAT") under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss.

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### **B. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are reviewed at each reporting date and based on management's judgment, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

- a) has a legally enforceable right to set off current tax assets against current tax liabilities; and

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b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

## B. Notes forming part of the Accounts

### I. Nature of Business:

The Parent Company is a SEBI registered Stock Broker on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange (BSE) is primarily engaged in the business of providing securities market related transaction services.

II. Decision to continue with the process of merger considered at the meeting of the Board of Directors held on 22.04.2015, with the IFIN Commodities Limited and IFIN Credit Limited, (subsidiaries of IFCI Financial Services Limited) was put on hold vide letter dated 13.06.2016 from IFCI limited (ultimate holding company), as they are in the process of obtaining approval in this regards from Government of India. The same had been intimated to the office of the Regional Director, Southern Region , Minister of Corporate affairs vide company's letter dated 24.06.2016. The company is yet to receive any approval in this regard.

### III. Contingent Liabilities not provided for:

Bank guarantees aggregating to Rs. 6,70,00,000 (Previous Year – Rs. 25,00,00,000/-) to National Stock Exchange of India Limited, Rs.23,75,000/- (Previous Year – 3,00,00,000/-) to Bombay Stock Exchange, Rs. 10,00,00,000 (Previous Year – Rs. Nil)/- to Stock Holding Corporation of India and Rs. 3,00,00,000 (Previous Year – Nil) to Multi Commodity Exchange Limited as on 31<sup>st</sup> March 2018 for meeting margin requirements.

The Company has pledged fixed deposits aggregating to Rs. 16,93,00,000/- (Previous Year – Rs. 16,00,00,000/-) with banks for obtaining the above bank guarantees.

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Counter guarantee given by the Parent Company (IFCI Limited) to a bank for issue of bank guarantee to the subsidiary company IFCI Financial Services Limited – Rs. Nil (previous year – Nil/-) and IFIN Commodities Limited – Rs.3,00,00,000/- (previous year – Rs.4,00,00,000/-)

Other Contingent liabilities in respect of claims against the company:

(Rupees in lakhs)

Forum before which the case is pending	No. of cases	Amount
District Court, Patiala House, New Delhi	1	1.43
Additional City Civil & Sessions Judge, Bangalore	1	127.45
High court of Madras	1	5.00
Principal District Judge, Panaji	8	954.96

**a. Estimated amount of contracts remaining to be executed**

Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances) is Rs. NIL (Previous Year – Nil)

**b. Earnings Per Share:**

The Earning per Share [EPS] has been computed in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India. The numerators and denominators used to calculate the EPS are:

(Amounts in Rupees)

Particulars	As on 31-03-2020	As on 31-03-2019
Net Profit for the year available for the equity share holders (Before extra-ordinary Item)	(12,92,19,580)	3,97,96,487
Nominal value per equity share	10	10

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Weighted Average No. of outstanding equity shares during the year – Basic & Diluted.	4,15,33,709	4,15,33,709
Basic & Diluted Earnings per Share (Before extraordinary Item)	(0.39)	(0.89)

**c. Current and Deferred Taxation:**

- (a) The Subsidiary Company IFIN Commodities Limited has provided Current Tax Rs. NIL (Previous Year Rs. 6,33,570) and Deferred Tax Rs. NIL (Previous Year Rs. (2,870/-) ) as per provisions of Income Tax Act, 1961
- (b) The Subsidiary Company IFIN Credit Limited has provided Current Tax Rs. NIL (Previous Year – Rs. Nil) as per provisions of Income Tax Act, 1961 and Deferred Tax Rs. (2,73,000/-) (Previous Year Rs. 16,574/-)
- (c) The Subsidiary Company IFIN Securities Finance Limited has provided for Current Tax amounting to NIL/- (Previous Year Rs.54,51,948) and Deferred Tax Rs. NIL (Previous Year Rs.NIL).
- d. During the year the tax effect on timing difference has resulted in Deferred Tax Liability and as a matter of prudence the company has recongnized the same in the books. The Parent Company IFCI Financial Services Limited has recognized Rs. (2,67,748).

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e. Managerial Remuneration:

(Amount in Rupees)

Particulars	2019-20	2018-19
To Whole Time Director		
(a) Salary and Allowances	3746283	0
To Managing Director T(On deputation from IFCI Limited)		
(a) Salary and Allowances	37,46,283	8,66,835
(b) Contribution to PF and other funds	0	0
<b>Total</b>	<b>37,46,283</b>	<b>8,66,835</b>

f. Related Party Disclosure as per AS 18:

- a) Holding Company : IFCI Limited
- b) Subsidiary Companies :
- a) IFIN Commodities Limited
  - b) IFIN Credit Limited
  - c) IFIN Securities Finance Limited (Formerly known as Narayan Sriram Investments Private Limited)
- c) Fellow Subsidiaries :
- a) IFCI Venture Capital Funds Limited
  - b) IFCI Factors Limited
  - c) IFCI Infrastructure Development limit
  - d) Stock Holding Corporation of India Limited
  - e) MPCON Limited

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d) Transaction with Related Parties:

(Amount in Rupees)

Sl. No.	Particulars	Holding /Subsidiary/ Fellow Subsidiary Companies		Key Managerial Personnel	
		2019-20	2018-19	2019-20	2018-19
1	Rent Paid to IFCI Ltd.	1,08,18,370	1,13,21,290	-	-
2	Rent received from IFIN Commodities Ltd.	22,97,928	27,11,592	-	-
3	Brokerage Received from IFCI Ltd	34,75,972	32,17,597	-	-
4	Portfolio Management Services fees received	-	-	-	-
5	Depository Services Fees received from IFCI Limited	5,37,549	10,67,833	-	-
6	Reimbursement of Expenses to IFCI Limited.	-	6,14,543	-	-
7	Managerial Remuneration	-	-	-	2,52,292
8	Corporate Guarantee Issued to IFIN Commodities Ltd	5,00,00,000	5,00,00,000	-	-
9	Equity contribution made in IFIN Securities Finance Limited	30,01,00,000	30,01,00,000	-	-
10	Equity contribution made in IFIN Commodity Limited	5,00,00,000	5,00,00,000	-	-
11	Brokerage received from IFCI Factors Ltd	-	60,382	-	-
12	Reimbursement of Expenses from IFIN Securities Finance Limited	85,00,000	1,25,00,000	-	-
13	Reimbursement of Expenses from IFIN Credit Limited	12,60,000	12,60,000	-	-
14	Amount Due from IFIN Credit Limited	70,000	14,68,692	-	-
21	Amount Due from IFIN Commodities Limited	-	-	-	-

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#### g. Employee Benefits

Provisions for employee benefits under revised AS 15:

(a) Defined Contribution plan: Provident and other statutory funds. The amount recognized as an expense during the year is Rs. 77,67,444/- (Previous Year – Rs. 72,66,183 /-) towards Provident fund.

(b) Defined Benefit plan-Liability on account of encashment of leave to employees is paid within one year from the end of the financial year.

(c) The Company has constituted The Employees Group Gratuity Fund under the Group Gratuity Assurance Scheme administered by the Life Insurance Corporation of India. The scheme provides for Lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each year of completed service or part thereof in excess of 6 months. Vesting occurs on completion of 5 years of service.

#### h. Employee Benefits

The following table sets out the Gratuity plan as required under AS-15 (revised).

Particulars	IFIN - Year 2019-20	ICOM - Year 2019-20
Policy No	605000538	605000514
Date of Valuation	31/03/2020	31/03/2020
<b>Membership Date</b>		
Number of Members	143	19
Average age	40.76	37.53
Average Monthly Salary	21093.76	13521.89
Average past Service	7.66	7.42
Valuation Method	Projected unit credit method	Projected unit credit method
<b>Results of Valuation</b>		
Present value of Past Service Benefit	1,13,69,998	7,95,846
Service cost	12,69,123	1,00,966
Fund with LIC	1,28,48,732	9,17,603
Accrued Gratuity	1,49,12,507	11,38,979
<b>Actuarial Assumptions</b>		
Mortality Rate	LIC (2006-08) ultimate	LIC (2006-08) ultimate
Discount rate	7.25 % p.a.	7.25 % p.a.
Salary escalation rate	5%	5%
Withdrawal rate	1% to 3% depending on age	1% to 3% depending on age
<b>Total Amount Payable</b>	<b>NIL</b>	<b>NIL</b>

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- i. Balances of Sundry Debtors, Advances recoverable are subject to confirmation from the respective parties. In the opinion of the management the same are good and recoverable, except for an amount of Rs. 8,09,90,744/- which is provided for.
- j. Company had initiated the process of identifying the vendors under Micro, Small & Medium Enterprises Development Act, 2006. The Company is yet to receive intimation from the vendors stating their status under Micro, Small & Medium Enterprises Development Act, 2006. In view of this, the company has not made any provision and disclosure required by this Act.
- k. Figures have been rounded off to the nearest Rupee. Figures in bracket represent previous year's figures.
- l. Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with the current year figures.

**i. Financial impact of Covid-19 lockdown**

The Government of India had announced a nation-wide lockdown on March 24, 2020 which led to significant volatility in the Indian financial markets and a decrease in economic activities.

The company's principal business is lending against shares and margin funding. The Reserve Bank of India through its regulatory package in April 17, 2020 had permitted Banks / NBFCs to extend moratorium / deferment for servicing of interest and principal for a period of three months starting from March 1, 2020 till May 31, 2020 and subsequently extended the moratorium / deferment for servicing of interest and principal in May 23, 2020. for a further period of three months from June 1, 2020 till August 31, 2020. The loan moratorium was made available to borrowers who had availed the loan prior to March 1, 2020 and the modalities for availment of this moratorium had been disclosed in the Company's website and communicated to the borrowers. However none of the borrowers have availed the moratorium and are servicing the loans.

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The Covid-19 post lockdown has resulted in a decline in prices of listed / quoted equity shares and the loans against shares and margin funding portfolio have witnessed a partial decline in the underlying security value. However, the Company has mitigated risks by ensuring adequate security cover in line with its loan policy. However, the company as a matter of prudence has increased its Expected Credit loss (ECL) provisioning over that of the previous year based on past history of the borrowers, and risk of credit default that may result due to likely stress in the financial position of our borrowers.

The Company's business is likely to be impacted by lower lending opportunities and marginally higher credit losses in the coming financial year thereby affecting future profitability. Moreover, due to the uncertainties associated with the pandemic, the actual impact may not be in line with current estimates. The Company shall continue to closely monitor any changes to the estimates based on future economic conditions. Further, the impact assessment does not indicate any adverse impact on the ability of the company to continue as a going concern.

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF IFCI FINANCIAL SERVICES LIMITED**

#### **Report on the Standalone Ind AS Financial Statements**

##### **Opinion**

We have audited the standalone Ind AS financial statements of **IFCI FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2020, and 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 standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss, changes in equity and its cash flows for the year ended on that date.

##### **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 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 together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, 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.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the *Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information*, but does not include the standalone financial statements and our auditor's report thereon.







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Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

#### **Responsibility of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 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.





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#### **Disclosure on Impact of COVID-19:**

The Government of India had announced a Nation-wide lockdown on March 24, 2020 which led to Significant Volatility in the Indian Financial Markets and a decrease in economic activities.

As, the Company is primarily involved in Stock Broking, Investment Banking, Mutual Fund Distribution & Advisory Services, Depository Participant Services, Insurance Products Distribution and the like.

The impact of COVID-19 on the company's financial condition and results of operations, including expected impact on future operating results and near-and-long-term financial condition and the company expects that COVID-19 will impact future operations differently than how it affected the current period. The Actual impact may not be in line with the current estimates.

To Tackle the Covid-19 Lock down, the Company Introduced the Work from Home Policy through Remote Connectivity Program which ensures the Regular Business Operations got unaffected. There is no significant change In the Current Financial Position of the company as of now.

#### **Auditor's Responsibilities for the Audit of Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS 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 Ind AS 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Financial Statements 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.





**IFCI Financial Services Limited**  
Balance Sheet as at 31st March 2020

(Amount in Rs.)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
<b>(1) ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	1	2,955,805	2,490,565
(b) Capital work-in-progress		-	-
(c) Investment Property	2	385,223,063	385,223,063
(d) Goodwill		-	-
(e) Other Intangible assets	3	1,520,560	1,577,216
<b>(g) Financial Assets</b>			
(h) Financial Assets		-	-
(i) Investments		-	-
(ii) Trade receivables		-	-
(iii) Loans		-	-
(iv) Others (to be specified)		-	-
(h) Deferred tax assets (net)		-	-
(i) Other non-current assets	4	75,880,362	61,145,099
<b>(2) Current assets</b>			
(a) Inventories		-	-
<b>(b) Financial Assets</b>			
(i) Investments	5	1,049,067	-
(ii) Trade receivables	6	25,723,431	130,123,978
(iii) Cash and cash equivalents	7	114,531,476	89,196,312
(iv) Bank balances other than (iii) above	8	222,179,849	232,869,734
(v) Loans / Advances	9	45,040,704	43,569,902
(c) Current Tax Assets (Net)		-	-
(d) Other current assets	10	10,309,209	5,133,793
<b>Total Assets</b>		<b>884,413,526</b>	<b>951,331,652</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	SCE	415,337,090	415,337,090
(b) Other Equity	SCE	290,176,454	301,892,206
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings		-	-
(ii) Trade payables		-	-
(iii) Other financial liabilities		-	-
(b) Provisions		-	-
(c) Deferred tax liabilities (Net)	11	2,651,556	2,646,304
(d) Other non-current liabilities	12	4,311,726	6,902,487
<b>Current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	13	-	-
(ii) Trade payables		148,702,708	204,301,435
(b) Other current liabilities	14	12,368,522	11,391,896
(c) Provisions and Current Tax Liabilities	15	10,865,470	8,860,234
(d) Current Tax Liabilities (Net)		-	-
<b>Total Equity and Liabilities</b>		<b>884,413,526</b>	<b>951,331,652</b>

See accompanying notes to the standalone Ind AS financial statements

In terms of our report on even date attached herewith

FOR AND ON BEHALF OF THE BOARD OF  
IFCI FINANCIAL SERVICES LIMITED

For Raman Associate  
Chartered Accountants  
FRN - 0029105



Dr. A.P Vijayendran  
Partner, M. No. 215166

Place : Chennai  
Date : 15/06/2020

O. Ramesh Babu  
Managing Director

Aby Eapen  
Company Secretary

Ramesh N. S.  
Director

A.V. Pushparaj  
Chief Financial Officer

**IFCI Financial Services Limited**  
Statement of Profit and Loss for the period ended 31st March 2020

(Amount in Rs.)

	Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
I	Revenue From Operations	16	126,675,920	122,542,908
II	Other Operating Income	17	9,715,849	11,697,879
II	Other Income	18	28,918,998	44,495,988
III	Total Income (I+II)		165,310,766	178,736,776
IV	<b>EXPENSES</b>			
	Employee benefits expense	19	86,185,570	85,168,569
	Finance costs	20	1,347,027	1,995,068
	Depreciation and amortization expense	1	1,649,360	560,512
	Other expenses	21	87,433,021	87,445,013
	Total expenses (IV)		176,614,978	175,169,162
V	Profit/(loss) before exceptional items and tax (I- IV)		(11,304,212)	3,567,613
VI	Impairment on financial instrument	22	406,288	(29,242)
VII	Profit/(loss) before tax (V-VI)		(11,710,500)	3,596,855
VIII	Tax expense:			
	(1) Current tax		-	675,546
	(2) Deferred tax		5,252	9,273
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		(11,715,752)	2,912,034
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	-
XIII	Profit/(loss) for the period (IX+XII)		(11,715,752)	2,912,034
IX	<b>Other Comprehensive Income</b>			
a. (i)	Items that will not be reclassified to Profit or Loss		-	-
	(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
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		-	-
XI	Total Other Comprehensive Income for the period		-	-
XII	Earnings per Share (EPS) - not annualised		-	-
	Basic & Diluted		(0.38)	0.07

See accompanying notes to the standalone Ind AS financial statements

In terms of our report on even date

attached herewith

FOR AND ON BEHALF OF THE BOARD OF  
IFCI FINANCIAL SERVICES LIMITED

For Raman Associate  
Chartered Accountants  
FRN - 0029105



Dr. A.P Vijayendran  
Partner, M. No. 215166

Place : Chennai

Date : 15/06/2020

O. Ramesh Babu  
Managing Director

Aby Eapen  
Company Secretary

Ramesh N.G.S.  
Director

A.V. Pushparaaj  
Chief Financial Officer

**IFCI Financial Services Limited**  
Cash Flow Statement As on 31st March 2020

(Amount in Rs)

Particulars		As at 31.03.2020	As at 31.03.2019
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax	(11,710,509)	3,590,855
	Adjustments for:		
	Depreciation / Amortisation on Fixed Assets	16,49,360	5,80,512
	Dividend Received (considered separately under Investment Activities)	-	(51,630)
	Profit on Sale of Investments (considered separately under Investment Activities)	37,865	-
	Finance Cost (considered separately under Finance Activities)	1,347,007	19,95,668
	Interest income	(16,687,147)	(17,309,457)
	Profit/(Loss) on Fixed Asset	-	(16,805,807)
	Operation Profit before Working Capital Changes	(25,263,597)	(31,238,632)
	Adjustments for:		
	(Increase) / Decrease in Current Investments	(1,049,367)	5,640,803.00
	(Increase) / Decrease in Trade Receivables	904,799,536	(48,698,920)
	(Increase) / Decrease in Loans & Advances	(1,470,933)	37,494,511
	(Increase) / Decrease in Other current Assets	(5,175,626)	-1,999,151
	Increase / (Decrease) in Trade Payable	(35,598,728)	8,426,051
	Increase / (Decrease) in Other Current Liabilities	988,929	(2,121,326)
	Increase / (Decrease) in Provisions	2,016,440	-33,038,017
		<b>44,110,261</b>	<b>-63,188,130</b>
	Cash Generated from Operation before tax	<b>28,746,664</b>	<b>-74,486,762</b>
	Direct taxes paid	-	675,546
	Net cash from Operating Activities	<b>28,746,664</b>	<b>-75,162,308</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	2,087,944	(409,990)
	Decrease in Capital advances	-	-
	(Increase) / Decrease in Fixed Deposits	10,689,880	645,706
	(Increase) / Decrease in Other Non-current Assets	(14,725,243)	-
	Dividend Received	0	5,610
	Profit on Sale of Investments	(37,662.97)	0
	Interest received	1,15,31,721	1,73,33,459
	Net Cash used in / raised from Investing Activities	<b>94,85,629</b>	<b>1,76,47,185</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Dividend Received	-	-
	Mutual Fund	10,37,063	-
	Deferred tax paid	-	-
	Issue of Share Capital	-	-
	Share Application Money Repaid	-	-
	Finance Cost	(1,347,007)	(1,995,958)
	Increase / (Decrease) in other Non-current Liabilities	(2,590,764)	-
	Loan Proceeds Received	-	-
	Repayment of Loans	-	-
		<b>(2,900,128)</b>	<b>(1,995,958)</b>
	Net Changes in Cash & Cash Equivalent (a+b+c)	<b>25,333,162</b>	<b>-59,470,194</b>
	Opening Cash and Cash Equivalent	<b>5,91,98,314</b>	<b>14,26,68,508</b>
	Closing Cash and Cash Equivalent	<b>31,25,31,476</b>	<b>5,91,98,314</b>
	Increase / (Decrease) in Cash & Cash Equivalent	<b>25,333,162</b>	<b>-59,470,194</b>

**Notes**

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Effective April 1, 2018, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements.

For Ramon Associate  
Chartered Accountants  
FRN - 0029105



Dr. A.P. Vijayendran  
Partner, M. No. 285166



Place : Chennai  
Date : 15/06/2020

FOR AND ON BEHALF OF THE BOARD OF  
IFCI FINANCIAL SERVICES LIMITED

  
Managing Director

  
Director

  
Aby Eagan  
Company Secretary

  
A V Pushpan  
Chief Financial Officer



IFCI Financial Services Limited					
Statement of Changes in Equity for the period ended 31st March 2020					
A. Equity Share Capital	(In Units)				
Particulars	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period (Qty)	Balance at the end of the reporting period (Rs.)	% of Share Holding
IFCI Limited and nominees	39,363,809	-	39,363,809	393,638,090	94.78
Ms. Chandra Ramesh	1,757,619	-	1,757,619	17,576,190	4.23
Mr. D V Ramesh	412,281	-	412,281	4,122,810	0.99
<b>Total</b>	<b>41,533,709</b>	<b>-</b>	<b>41,533,709</b>	<b>415,337,090</b>	<b>100</b>

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**IFCI Financial Services Limited**  
Statement of Changes in Equity for the period ended 31st March 2020

B. Other Equity	Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus						Total
				Capital Reserve	Securities Premium Reserve	Statutory Reserves	General Reserve	Amalgamation Reserve	Retained Earnings	
	Balance at the beginning of the reporting period	-	-	-	451,643,790	-	9,179,620	9,763,970	(168,695,175)	301,892,305
	Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-
	Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-
	Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-
	Dividends	-	-	-	-	-	-	-	(11,715,752)	-
	Transfer to retained earnings	-	-	-	-	-	-	-	-	-
	Any other change (to be specified)	-	-	-	-	-	-	-	-	-
	Balance at the end of the reporting period	-	-	-	451,643,790	-	9,179,620	9,763,970	(138,410,927)	290,176,454

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IRCI FINANCIAL SERVICES LIMITED  
 Note No:123

Fixed Assets	Gross Block						Accumulated Depreciation				Net Block		Amount in Rs.	
	Balance as at 1st April 2019	Additions	Disposals	Acquired through business	Revaluations/ (impairments)	Balance as at 31st March 2020	Balance as at 1st April 2019	Depreciation charge for the year	Balance as at 31st March 2020	Balance as at 1st March 2020	Balance as at 31st March 2019	Balance as at 31st March 2019	Balance as at 31st March 2019	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>a</b> Tangible Assets														
Furniture and Fixtures	5,677,796	-	-	-	-	5,677,796	5,377,447	56,089	5,433,576	244,220	303,319	303,319		
Vehicles	22,130	-	-	-	-	22,130	21,307	175	21,682	466	643	643		
Office equipment	11,526,646	240,541	-	-	-	11,791,288	10,971,156	225,476	10,596,032	1,193,650	1,133,490	1,133,490		
Computer hardware	37,389,874	1,719,303	-	-	-	39,109,177	36,385,782	1,235,954	37,591,726	1,517,451	1,054,112	1,054,112		
<b>Total</b>	<b>54,616,437</b>	<b>1,969,844</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,599,331</b>	<b>52,123,672</b>	<b>1,517,204</b>	<b>53,640,876</b>	<b>2,935,865</b>	<b>2,490,595</b>	<b>2,490,595</b>		
Investment Property														
Investments in Equity Instruments	385,223,063	-	-	-	-	385,223,063	-	-	-	-	-	-		
<b>Total</b>	<b>385,223,063</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>385,223,063</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>385,223,063</b>	<b>385,223,063</b>	<b>385,223,063</b>		
<b>b</b> Intangible Assets														
Computer software	22,733,175	75,000	-	-	-	22,808,175	31,155,959	131,406	31,287,315	1,570,560	1,577,216	1,577,216		
Others - Non computer	10,000,000	-	-	-	-	10,000,000	10,000,000	-	10,000,000	-	-	-		
<b>Total</b>	<b>42,733,175</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,733,175</b>	<b>41,155,959</b>	<b>131,406</b>	<b>41,287,315</b>	<b>1,570,560</b>	<b>1,577,216</b>	<b>1,577,216</b>		
<b>c</b> Capital Work In Progress														
<b>Total</b>	<b>97,348,612</b>	<b>2,057,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,332,556</b>	<b>93,281,531</b>	<b>1,649,560</b>	<b>94,931,191</b>	<b>4,476,365</b>	<b>4,067,231</b>	<b>4,067,231</b>		
<b>d</b> Intangible assets under Development														
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Grand Total</b>	<b>97,348,612</b>	<b>2,057,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,332,556</b>	<b>93,281,531</b>	<b>1,649,560</b>	<b>94,931,191</b>	<b>4,476,365</b>	<b>4,067,231</b>	<b>4,067,231</b>		
<b>Previous Year</b>	<b>105,103,359</b>	<b>543,384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,647,348</b>	<b>100,665,579</b>	<b>596,241</b>	<b>101,264,790</b>	<b>4,302,968</b>	<b>4,433,419</b>	<b>4,433,419</b>		

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IFCI Financial Services Limited			
(Amount in Rs.)			
Note No. 4	Particulars	As at 31st March 2020	As at 31st March 2019
A	<b>Security Deposits</b>		
	Fixed Deposits	-	-
	Secured, considered good	70,789,771	56,100,687
	Unsecured, considered good *	-	-
	Doubtful	-	-
	<b>Total</b>	<b>70,789,771</b>	<b>56,100,687</b>
B	<b>Other Loans and advances</b>		
	Secured, considered good	5,090,591	5,044,412
	Unsecured, considered good *	-	-
	Doubtful	-	-
	<b>Total</b>	<b>5,090,591</b>	<b>5,044,412</b>
	<b>Grand Total</b>	<b>75,880,362</b>	<b>61,145,099</b>

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IFCI Financial Services Limited

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2020	As at 31st March 2019
5	<b>Current Investments</b>		
	(a) Investment in Equity instruments	-	-
	(b) Investments in Mutual Funds	1,037,663	-
	<b>Total</b>	<b>1,037,663</b>	<b>-</b>
	<u>Less:</u>		
	Provision for Impairment loss allowance	(11,404)	-
	<b>Total</b>	<b>1,049,067</b>	<b>-</b>
6	<b>Trade receivables</b>		
a	<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
	Secured, considered good	21,731,017	129,277,408
	Unsecured, considered good	-	-
	Unsecured, considered doubtful	986,251	238,214
	<b>Total</b>	<b>22,717,269</b>	<b>129,515,622</b>
	<u>Less:</u>		
	Provision for Impairment loss	986,251	238,214
	<b>Total</b>	<b>21,731,017</b>	<b>129,277,408</b>
b	<b>Trade receivables outstanding for a period greater than six months from the date they are due for payment</b>		
	Secured, considered good	3,992,413	846,571
	Unsecured, considered good	-	-
	Unsecured, considered doubtful	79,914,332	114,572,827
	<b>Total</b>	<b>83,906,745</b>	<b>115,419,398</b>
	<u>Less:</u>		
	Provision for Impairment loss	79,914,332	114,572,828
	<b>Total</b>	<b>3,992,413</b>	<b>846,570</b>
	<b>Grand Total</b>	<b>25,723,431</b>	<b>130,123,978</b>

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IFCI Financial Services Limited

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2020	As at 31st March 2019
7	<b>Cash and cash equivalents</b>		
	Balances with bank	114,490,717	89,197,471
	Cash on hand	40,759	841
	<b>Total</b>	<b>114,531,476</b>	<b>89,198,312</b>
8	<b>Bank balances other than (iii) above</b>		
	Bank Deposits	222,179,849	232,869,732
	<b>Total</b>	<b>222,179,849</b>	<b>232,869,732</b>
9	<b>Short term loans and advances</b>		
	<b>a. Loans and advances to related parties</b>		
	Secured, considered good	-	-
	Unsecured, considered good	70,000	1,468,692
	Unsecured, considered doubtful	-	-
	<b>Total</b>	<b>70,000</b>	<b>1,468,692</b>
	<b>Less:</b>		
	Provision for Impairment loss	-	-
	<b>Total</b>	<b>70,000</b>	<b>1,468,692</b>
	<b>b. Others</b>		
	Other Loans and Advances	8,208,450	7,252,253
	Tax (net of provisions)	31,665,395	29,352,236
	Prepaid Expenses	5,096,859	5,496,721
	Sundry Deposits	-	-
	<b>Total</b>	<b>44,970,704</b>	<b>42,101,210</b>
	<b>Less:</b>		
	Provision for Impairment loss	-	-
	<b>Total</b>	<b>44,970,704</b>	<b>42,101,210</b>
	<b>Grand Total</b>	<b>45,040,704</b>	<b>43,569,902</b>
10	<b>Other current assets</b>		
	Interest accrued on Deposits	10,309,209	5,133,783
	Other Assets	-	-
	Interest Receivable	-	-
	<b>Total</b>	<b>10,309,209</b>	<b>5,133,783</b>

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**IFCI Financial Services Limited**

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2020	As at 31st March 2019
11	<b>Deferred Tax Liabilities</b>		
	Deferred Tax Liabilities (Net)	2,651,556	2,646,304
	<b>Total</b>	<b>2,651,556</b>	<b>2,646,304</b>
12	<b>Other Non Current Liabilities</b>		
	Security and Sundry Deposits	4,311,726	6,902,487
	<b>Total</b>	<b>4,311,726</b>	<b>6,902,487</b>
13	<b>Borrowings</b>		
	(a) Borrowings from related parties	-	-
	(b) Others	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
14	<b>Other current Liabilities</b>		
	Loans and advances to related parties	-	-
	Creditors for expenses	3,170,605	3,364,559
	Statutory dues	4,351,658	4,596,143
	Other liabilities	4,846,259	3,431,193
	<b>Total</b>	<b>12,368,522</b>	<b>11,391,896</b>
15	<b>Short term provisions</b>		
	Gratuity	-	55,000
	Leave Encashment	10,213,578	8,115,599
	Bonus	651,892	689,635
	<b>Total</b>	<b>10,865,470</b>	<b>8,860,234</b>

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**IFCI Financial Services Limited**

(Amount in Rs.)

<b>Note No.</b>	<b>Particulars</b>	<b>For the year ended 31st March 2020</b>	<b>For the year ended 31st March 2019</b>
16	<b>Revenue From Operations</b>		
	Brokerage On Stock Broking	94,977,307	105,970,812
	Commission On Mutual Fund	11,959,457	12,139,789
	Insurance Commission	93,320	108,048
	Loan Syndication Fee	-	112,500
	Merchant Banking & Valuation Fees	13,810,822	-
	Depository Income	5,688,314	4,012,482
	Account Opening Charges	146,700	147,667
	Dividend income	-	51,610
		<b>126,675,920</b>	<b>122,542,908</b>
17	<b>Other Operational Income</b>		
	Delayed Payment Interest	9,715,849	11,697,879
	<b>Total</b>	<b>9,715,849</b>	<b>11,697,879</b>
18	<b>Other Income</b>		
	Rental Income	2,297,928	2,297,928
	Miscellaneous Income	9,884,856	24,365,707
	Interest Income	16,687,147	17,359,457
	Profit on Sale of Investments	37,663	-
	Net gain on fair value changes	11,404	-
	Interest Income on IT Refund	-	472,896
	<b>Total</b>	<b>28,918,998</b>	<b>44,495,988</b>

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**IFCI Financial Services Limited**

(Amount in Rs.)

Note No.	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
19	<b>Employee Benefit Expenditure</b>		
	(a) Salaries and incentives	75,884,305	75,919,293
	(b) Contributions to Provident fund & Employee State Insurance	5,199,135	5,196,808
	Gratuity fund contributions	1,584,840	1,279,988
	Staff Welfare	3,517,290	2,772,480
	<b>Total</b>	<b>86,185,570</b>	<b>85,168,569</b>
20	<b>Finance Costs</b>		
	Bank Financial Costs	1,347,027	1,995,068
	<b>Total</b>	<b>1,347,027</b>	<b>1,995,068</b>

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## IFCI Financial Services Limited

(Amount in Rs.)

Note No.	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
21	<b>Other Expenses</b>		
	Fees To Clearing Member	2,248,653	3,371,430
	Information Technology Exp	2,517,872	2,154,685
	Data Feed Charges	2,097,291	1,974,114
	DP Expenses	409,616	307,760
	Broking Stamp Expenses	30,400	6,400
	Professional Charges	21,651,955	23,278,015
	Advertisement	6,600	40,634
	Audit Fees	925,000	805,000
	Electricity Charges	4,076,620	4,059,233
	Insurance Expenses	2,381,749	1,831,016
	Commission Paid	11,002,314	7,573,879
	Postage & Telegram	632,680	748,352
	Printing & Stationery	1,008,801	1,156,415
	Rent	19,375,994	21,593,834
	Rates & Taxes	151,903	36,020
	Repairs & Maintenance	719,774	657,816
	Sitting Fees	333,000	202,500
	Membership Fee	4,915,795	4,654,612
	Telephone Expenses	4,370,548	5,788,140
	Training Expenses	165,511	124,118
	Travelling & Conveyance Exp	1,119,889	1,049,256
	Office Maintenance	5,451,008	4,694,560
	Other Administrative Expenses	1,840,051	1,337,225
	<b>Total</b>	<b>87,433,021</b>	<b>87,445,013</b>
22	<b>Impairment on financial instrument</b>		
	Provision for impairment in the value of investment	-	(17,572,967)
	Loss on sale of shares	-	17,602,226
	Bad debts written off	34,316,747	470,120
	Provision on impairment on receivable	(33,910,459)	(528,621)
	<b>Total</b>	<b>406,288</b>	<b>(29,242)</b>

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## IFCI Financial Services Limited

### Significant Accounting Policies & Notes to Accounts for the year ended March, 31 2020

#### I. Background

IFCI Financial Services Ltd (IFIN) was promoted in 1995, by IFCI Ltd., to provide a wide range of financial products and services to investors, institutional and retail. IFIN is primarily involved in Stock Broking, Investment Banking, Mutual Fund Distribution & Advisory Services, Depository Participant Services, Insurance Products Distribution and the like.

The Company is a SEBI registered Stock Broker or National Stock Exchange of India Ltd (NSE), Bombay Stock Exchange (BSE) and Multi Commodity Stock Exchange (MCX-SX) and primarily engaged in the business of providing securities market related transaction services.

#### II. Basis of Preparation of Financial Statements:

The financial statements for the year ended March 31, 2020 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time, in this regard.

For periods up to and including the year ended March 31, 2018, the Company presented its financial statements on accrual basis under historical cost convention, and conform in all material aspects to the Generally Accepted Accounting Principles in India ('Indian GAAP' or 'previous GAAP') which encompasses applicable accounting standards relevant provisions of the Companies Act, 2013.

The financial statements for the year ended March 31, 2020 are the Second financial statements of the Company prepared under Ind AS and the date of transition to the Ind AS was April 1, 2017.

The financial statements were authorised for issue by the Company's Board of Directors on 15<sup>th</sup> June 2020.

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### III. Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All amounts are rounded off to the nearest two decimal, except when otherwise indicated.

### IV. Use of judgments and estimates:

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### V. Revenue recognition

- 1) Brokerage Income is recognized on the trade date of the transaction upon confirmation of the transactions by the exchanges.
- 2) Loan Syndication Fees are recognised when the right to receive the income is established.
- 3) Depository Services incomes are recognised on the basis of agreements entered into with clients and when the right to receive the income is established.
- 4) Insurance Commission from Agency business is booked upon actual receipt of commission from the principal.
- 5) Commission from selling of mutual funds is accounted on receipt basis.
- 6) Recovery from bad debts written off is recognised as income on the basis of actual realisation from customers.

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- 7) Dividends declared by the respective Companies till the close of the accounting period are accounted for as income when the right to receive the dividend is established.
- 8) Interest income from financial assets is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

## V. Recognition of Financial Instruments

### a) Trade Receivables & Trade Payables

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include trade receivables, trade payables and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature.

Management reviews the financial instruments on the reporting date and recognizes impairment losses, when the carrying amount is less than the recoverable amount.

### b) Investment in equity instruments in subsidiaries

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries and associates at:

- a) Cost determined in accordance with Ind AS 27; or
- b) Deemed cost, which shall be its:
  - i) Fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
  - ii) Previous GAAP carrying amount at that date.

A first-time adopter may elect the above option for each subsidiary, that it elects to measure using a deemed cost.

The Company has elected to apply the exemption available under Ind AS 101 to use the carrying value (measured as per the previous GAAP) for all its investments in subsidiaries as recognised in the financial statements as at the date of transition to Ind ASs, as deemed cost as at the date of transition (i.e. 1 April 2018).





**c) Cash and cash equivalents**

The Company holds cash and cash equivalents of Rs.3365.89 lacs at 31 March 2020 (31 March 2019: Rs.3220.68 lacs). The cash and cash equivalents are held with bank as current account balances and Fixed Deposit balances.

The Company considers that its cash and cash equivalents have low credit risk and thus no need for any impairment.

**VI. Investments:**

- The Company acquires holds and deals in shares in its own account also. The investments intended to be held for one year or more were classified as long-term investments and provision for diminution in the value of long term investments being made only if such a decline is other than temporary.
- Current investments are considered as stock in trade and are valued at lower of cost or net realizable value.

**VII. Property, plant and equipment and Investment property**

**Recognition and measurement**

Property, plant and equipment held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Investment Property consists of building let out to earn rentals. The Company follows cost model for measurement of investment property.

**Depreciation**

Depreciation is provided using the straight line method over the useful life as prescribed under Schedule II to the Companies Act, 2013. Depreciation is calculated on pro-rata basis, including the month of addition and excluding the date of sale/disposal. Residual value in respect of assets is considered as 5% of the cost for computing depreciation.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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**De-recognition**

An item of property, plant and equipment or investment property is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment or investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Transition to Ind AS**

The Company has elected to continue with the carrying value of all of its property, plant and equipment and investment property recognised as of April 1, 2018 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

**Intangible assets****Recognition and measurement**

Intangible assets are recognized at cost of acquisition which includes all expenditure that can be directly attributed or allocated on a reasonable and consistent basis, to create, produce or making the asset ready for its intended use.

**Amortisation**

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**De-recognition**

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is de-recognized.

**Transition to Ind AS**

The Company has elected to continue with the carrying value of all of its intangible asset recognised as of April 1, 2017 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

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**VIII. Impairment of Assets:**

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the period/year in which the said asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

**IX. Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amount of its non financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The 'recoverable amount' of an asset is the greater of its value in use and its fair value less costs to sell.

Impairment losses are recognised in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**X. Employee Benefits:**

Employee benefits comprise both Defined contribution plan and Defined benefit plans. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

**Defined contribution plan -**

- The Company's Provident Fund Scheme and Employee State insurance scheme are defined contribution plan and company's contribution paid/payable is recognized as expense in Profit & Loss account during the period in which the employee renders the related service.

**Defined Benefit Plan -Gratuity**

- The Company's liability towards Gratuity is a Defined Benefit Plan. The liability towards Gratuity is determined using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of Employee benefit entitlement. The gratuity Scheme is operated through Group gratuity Scheme of LIC. The gratuity



liabilities are provided based on Actuarial Valuation certified by LIC. Actuarial gains and losses are charged to Profit and Loss Account.

- **Compensated Absence-Leave Salary**

The policy provides for that an employee is entitled to 24 days of earned leave per year and maximum of 15 days leave standing to the credit of the employee at the end of the calendar year will be paid as leave salary calculated on the Gross component. The expenses on account thus arising are recognized in the profit and loss account.

**XI. Income Taxes:**

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax base and book base). It is recognised in profit or loss except to the extent that it relates to a business combination

**Current tax**

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss.

Current tax assets and liabilities are offset only if, the Company:

- a) Has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**A. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.



Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

- a) Has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

## **XII. Provision , Contingent Liabilities and Contingent Assets:**

### **Provisions**

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation.

### **Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognized/ disclosed in the financial statements.

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**XIII. Contingent Liabilities not provided for:**

Bank guarantees aggregating to Rs. 6,70,00,000 (Previous Year – Rs. 25,23,75,000/-) to National Stock Exchange of India Limited, Rs.23,75,000/- (Previous Year – 3,00,00,000/-) to Bombay Stock Exchange and Rs. 10,00,00,000/- (Previous Year – Nil)/- to Stock Holding Corporation of India Limited as on 31<sup>st</sup> March 2020 for meeting margin requirements.

The Company has pledged fixed deposits aggregating to Rs. 8,46,00,000/- (Previous Year – Rs. 14,11,87,500/-) with banks for obtaining the above bank guarantees.

Other Contingent liabilities in respect of claims against the company:

(Rupees in lakhs)

Forum before which the case is pending	No. of cases	Amount
14 <sup>th</sup> Additional City Civil Court, Bangalore	1	127.45
District Court, Patiala House, New Delhi	1	1.43
High Court of Madras	1	5
District & Sessions Judge, Chandigarh	1	1.90

**XIV. Earnings Per Share:**

The Earning per Share [EPS] has been computed in accordance with the Indian Accounting Standard 33 issued by the Institute of Chartered Accountants of India. The numerators and denominators used to calculate the EPS are:

(Amounts in Rupees)

Particulars	As on 31-03-2020	As on 31-03-2019
Net Profit for the year available for the equity share holders (Before extra-ordinary Item)	(1,17,15,751)	29,12,034
Nominal value per equity share	10	10
Weighted Average No. of outstanding equity shares during the year – Basic & Diluted.	4,15,33,709	4,15,33,709
Basic & Diluted Earnings per Share (Before extra-ordinary Item)	(0.38)	0.07

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**XV. Current and Deferred Taxation:**

- a. Provision for current tax amounting to Rs. NIL has been provided.
- b. During the Year the tax effect on timing difference has resulted in Deferred Tax liability and the same has been duly accounted as under:

Deferred Tax Asset / Liability	2019-20	2018-19
DTA / (DTL)	(5252)	(9275)
<b>Total</b>	<b>(5252)</b>	<b>(9275)</b>

**c. Managerial Remuneration: (Amount in Rupees)**

Particulars	2019-20	2018-19
To Managing Director (On deputation from IFCI Limited)		
(a) Salary and Allowances	0	8,66,835
(b) Contribution to PF and other funds	-	-
<b>Total</b>	<b>0</b>	<b>8,66,835</b>

**d. Details of Auditors Remuneration (Excluding Service Tax / GST):**

Nature of Service	2019-20	2018-19
Statutory Audit Fee	5,00,000	5,00,000
Consolidation Fee	1,95,000	75,000
For Quarterly Reporting and Consolidating financial Statements	1,80,000	1,80,000
Tax Audit	50,000	50,000
Other Services	-	-
<b>Total</b>	<b>9,25,000</b>	<b>8,05,000</b>

**e. Related Party Disclosure :**

- a) Holding Company : IFCI Limited
- b) Subsidiary Companies :  
a) IFIN Commodities Limited  
b) IFIN Credit Limited  
c) IFIN Securities Finance Limited (Formerly known as Narayan Sriram Investments Private Limited)
- c) Fellow Subsidiaries :  
a) IFCI Venture Capital Funds Limited  
b) IFCI Factors Limited

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c) IFCI Infrastructure Development limit

d) Stock Holding Corporation of India Limited

e) MPCON Limited

**d) Transaction with Related Parties:**

(Amount in Rupees)

Sl. No.	Particulars	Holding /Subsidiary/ Fellow Subsidiary Companies		Key Managerial Personnel	
		2019-20	2018-19	2019-20	2018-19
1	Rent Paid to IFCI Ltd.	1,08,18,370	1,13,21,290	-	-
2	Rent received from IFIN Commodities Ltd.	22,97,928	22,97,928	-	-
3	Brokerage Received from IFCI Ltd	34,75,972	32,17,597	-	-
4	Portfolio Management Services fees received	-	-	-	-
5	Depository Services Fees received from IFCI Limited	5,37,549	10,67,833	-	-
6	Reimbursement of Expenses to IFCI Limited.	-	6,14,543	-	-
7	Reimbursement of Exp received from IFIN Commodities Limited	-	-	-	-
8	Managerial Remuneration	-	-	-	2,52,292
9	Consultancy Fee received from IFIN Commodities Limited	-	-	-	-
10	Loan Availed from IFIN Securities Finance Limited	-	-	-	-
11	Loan Repaid to IFIN Securities Finance Limited	-	-	-	-
12	Corporate Guarantee Issued to IFIN Commodities ltd	5,00,00,000	5,00,00,000	-	-
13	Interest Paid to IFIN Securities Finance Ltd	-	-	-	-
14	Equity contribution made in IFIN Securities Finance Limited	30,01,00,000	30,01,00,000	-	-

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15	Equity contribution made in IFIN Commodity Limited	5,00,00,000	5,00,00,000	-	-
16	Brokerage received from IFCI Factors Ltd	0	60,382	-	-
17	DP income received from IFCI Factors Ltd	13,970	12,733		
18	Reimbursement of Expenses from IFIN Securities Finance Limited	85,00,000	1,25,00,000		
19	Amount Due from IFIN Securities Finance Limited	-	-	-	-
20	Brokerage Income received from IFIN Securities Finance Limited	6,842	14,080		
21	Reimbursement of Expenses from IFIN Credit Limited	12,60,000	12,60,000	-	-
22	Amount Due from IFIN Credit Limited	70,000	14,68,692	-	-
23	Amount Due from IFIN Commodities Limited	-	-	-	-
24	DP income received from IFCI Ventures Capital Fund Limited	4,000	47,000		
25	Brokerage Income received from IFCI Ventures Capital Fund Limited	4,984	24,824		
26	Amount Paid to IFCI Limited for Letter of Credit	0	4,59,769		

#### XVI. Employee Benefits

Provisions for employee benefits as per Ind AS:

- (a) Defined Contribution plan: Provident and other statutory funds. The amount recognized as an expense during the year is Rs. 51,99,135/- (Previous Year – Rs. 51,96,808 /-) towards Provident fund.
- (b) Defined Benefit plan-Liability on account of encashment of leave to employees is paid within one year from the end of the financial year.

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- (c) The Company has constituted The Employees Group Gratuity Fund under the Group Gratuity Assurance Scheme administered by the Life Insurance Corporation of India. The scheme provides for Lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each year of completed service or part thereof in excess of 6 months. Vesting occurs on completion of 5 years of service.

#### XVII. Employee Benefits

The following table sets out the Gratuity plan as per Ind AS:

Particulars	Year 2019-20	Year 2018-19
<b>Policy No</b>	605000538	605000538
Date of Valuation	31/03/2020	31/03/2019
<b>Membership Date</b>		
Number of Members	143	150
Average age	40.76	39.73
Average Monthly Salary	21093.76	20207.84
Average past Service	7.66	7.13
Valuation Method	Projected unit credit method	Projected unit credit method
<b>Results of Valuation</b>		
Present value of Past Service Benefit	1,13,69,998	1,31,28,064
Service cost	12,69,123	15,94,494
Fund with LIC	1,28,48,732	1,11,62,337
Accrued Gratuity	1,49,12,507	1,40,24,947
<b>Actuarial Assumptions</b>		
Mortality Rate	LIC (2006-08) ultimate	LIC (2006-08) ultimate
Discount rate	7.25 % p.a.	7.50 % p.a.
Salary escalation rate	5%	5%
Withdrawal rate	1% to 3% depending on age	1% to 3% depending on age
<b>Total Amount Payable</b>	0	35,60,221

- XVIII. Balances of Sundry Debtors, Advances recoverable are subject to confirmation from the respective parties. In the opinion of the management the same are good and recoverable, except for an amount of Rs. 8, 09, 00,583/- which is provided for.

*[Handwritten Signature]*





XIX. Company had initiated the process of identifying the vendors under Micro, Small & Medium Enterprises Development Act, 2006. The Company is yet to receive intimation from the vendors stating their status under Micro, Small & Medium Enterprises Development Act, 2006. In view of this, the company has not made any provision and disclosure required by this Act.

XX. Figures have been rounded off to the nearest Rupee. Figures in bracket represent previous year's figures. Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with the current year figures.

**XXI. Financial impact of Covid-19 lockdown**

The Government of India had announced a nation-wide lockdown on March 24, 2020 which led to significant volatility in the Indian financial markets and a decrease in economic activities.

The company's principal business is lending against shares and margin funding. The Reserve Bank of India through its regulatory package In April 17, 2020 had permitted Banks / NBFCs to extend moratorium / deferment for servicing of interest and principal for a period of three months starting from March 1, 2020 till May 31, 2020 and subsequently extended the moratorium / deferment for servicing of interest and principal in May 23, 2020. for a further period of three months from June 1, 2020 till August 31, 2020. The loan moratorium was made available to borrowers who had availed the loan prior to March 1, 2020 and the modalities for availment of this moratorium had been disclosed in the Company's website and communicated to the borrowers. However none of the borrowers have availed the moratorium and are servicing the loans.

The Covid-19 post lockdown has resulted in a decline in prices of listed / quoted equity shares and the loans against shares and margin funding portfolio have witnessed a partial decline in the underlying security value. However, the Company has mitigated risks by ensuring adequate security cover in line with its loan policy. However, the company as a matter of prudence has increased its Expected Credit loss (ECL) provisioning over that of the



previous year based on past history of the borrowers, and risk of credit default that may result due to likely stress in the financial position of our borrowers.

The Company's business is likely to be impacted by lower lending opportunities and marginally higher credit losses in the coming financial year thereby affecting future profitability. Moreover, due to the uncertainties associated with the pandemic, the actual impact may not be in line with current estimates. The Company shall continue to closely monitor any changes to the estimates based on future economic conditions. Further, the impact assessment does not indicate any adverse impact on the ability of the company to continue as a going concern.

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