IFCI FINANCIAL SERVICES LIMITED

(Subsidiary of IFCI Limited)

CIN: U74899DL1995GOI064034

ANNUAL REPORT2020-21

26th ANNUAL GENERAL MEETING

DATE: OCTOBER 22, 2021

DAY: FRIDAY

TIME: 03.00 PM

***Registered office:* IFCI TOWER 61 Nehru Place New Delhi DL 110019 IN**

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

Website- www.ifinltd.in

Ph: 044 2830 6600
Email- cs@ifinltd.in

IFCI FINANCIAL SERVICES LIMITED

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

Mr. Ramesh N G S	-	Director
Mr. Rajesh Kumar	-	Additional Director
Mr. Jayesh A Shah	-	Additional Director
Mr. Alan Savio Pacheco	-	Nominee Director
Mr. Karra Visweswar Rao	-	Managing Director

Chief Financial Officer

Mr. A V Pushparaj

Statutory Auditors (2020-21)

M/s. S Venkatram & Co, LLP

Chartered accountants

FRN 004656S/ S200095

Shri R Vaidyanathan

M. No: 018953

Partner

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NOTICE

Notice is hereby given that the 26th Annual General Meeting of the shareholders of M/s. IFCI Financial Services Limited will be held by Video Conferencing at IFCI Tower, 61, Nehru Place, New Delhi – 110 019 on Friday, October 22nd, 2021 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, 2021, together with the Board of Directors' Report and Auditors' Report thereon.

2. To appoint a Director in place of Shri Ramesh NGS (DIN: 06932731), 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 2021-22, as may be deemed fit."

SPECIAL BUSINESS

4. **To appoint Shri Rajesh Kumar (DIN: 08732528) as Director of the Company.**

To consider and if thought fit, to pass, with or without modification(s) if any, the following resolution as an **"Ordinary Resolution"**

"**RESOLVED THAT** pursuant to provisions of Section 152 and 161 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Shri Rajesh Kumar (DIN: 08732528), who was appointed by the Board of Directors as an Additional Director on 07.11.2020 and in respect of whom the Company has received a notice in writing, under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and whose office is liable to retire by rotation."

"**RESOLVED FURTHER THAT** any one of the Directors of the Company be and is hereby authorized to digitally sign and file the necessary e-forms with the Registrar of Companies and inform other statutory authorities as may be necessary in connection with the above appointment."

5. **To appoint Shri Jayesh Amichand Shah (DIN: 00882080) as Director of the Company.**

To consider and if thought fit, to pass, with or without modification(s) if any, the following resolution as an **"Ordinary Resolution"**

"**RESOLVED THAT** pursuant to provisions of Section 152 and 161 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Shri Jayesh Amichand Shah (DIN: 00882080), who was appointed by the Board of Directors as an Additional Director on 07.11.2020 and in respect of whom the Company has received a notice in writing, under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and whose office is liable to retire by rotation."

"**RESOLVED FURTHER THAT** any one of the Directors of the Company be and is hereby authorized to digitally sign and file the necessary e-forms with the Registrar of Companies and inform other statutory authorities as may be necessary in connection with the above appointment.”

6. To appoint Shri Karra Visweswar Rao as Managing Director of the Company.

To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Section 152,161,196, 197 and 203 of the Companies Act, 2013 and any other applicable provisions of Companies Act, 2013 and the rules made thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] the consent of members be and is hereby accorded to appoint Shri Karra Visweswar Rao (DIN: 08111685) as Managing Director of the company with for the period of two years with effect from January 1st, 2021 on the terms & conditions and remuneration as set out in the letter of Deputation issued by IFCI Limited, who was appointed by the Board of Directors as Additional Director and designated as Managing Director with effect from January 1st, 2021.

“RESOLVED FURTHER THAT any of the Directors or the Company Secretary of the Company be and are hereby authorized to digitally sign and file necessary e-form with the Registrar of Companies and other statutory authorities as may be necessary in connection with the above appointment.”

By Order of the Board
For IFCI Financial Services Limited
Sd/-
Karra Visweswar Rao
Managing Director

Place: Chennai
Date: 30.09.2021

EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the special businesses under Item No. 4, 5 and 6 accompanying the Notice.

SPECIAL BUSINESS

Item 4: To appoint Shri Rajesh Kumar (DIN: 08732528) as Director of the Company.

Mr. Rajesh Kumar (DIN: 08732528) was appointed as an Additional Director by the Board of Directors w.e.f 07.11.2020 in accordance with the provisions of Section 152 & 161 of the Companies Act, 2013 and will hold the office of directorship only until the conclusion of this Annual General Meeting under Section 161 of the Companies Act, 2013.

Mr. Rajesh Kumar is an Ex- Senior Banker with global experience of more than 35 years in IT and Banking Sector. He retired as Chief General Manager of SBI in June 2020 and handled many crucial assignments in leadership position with extensive knowledge and experience in Banking, IT, Corporate Credit and Trade Finances etc. Presently he is a Nominee Director in Jio Payments Bank Limited.

The Company has received a notice in writing under section 160(1) of the Companies Act, 2013 proposing his candidature for the office of Director of the Company. In accordance with the proviso to Section 160 of the Companies Act, 2013, the NRC and the Board of the Company has considered and recommended to the shareholders, appointment of Mr. Rajesh Kumar, as a Non-Executive Director of the Company, liable to retire by rotation.

The Board and the company will immensely benefit from his rich experience and expertise. Accordingly, the Board recommends this resolution for approval of the members of the company.

The appointment proposed in Item No. 4 is not affecting any other Company in the manner as prescribed in the provisions of Section 102 of the Companies Act, 2013.

Hence, the Directors recommend the resolution at Item No. 4 as Ordinary Resolution for the approval of Shareholders.

None of the Directors of the Company or their relatives, except Mr. Rajesh Kumar, are in any way concerned or interested in the said resolution.

Item No. 5: To appoint Shri Jayesh Amichand Shah (DIN: 00882080) as Director of the Company.

Mr. Jayesh Amichand Shah (DIN: 00882080) was appointed as an Additional Director by the Board of Directors w.e.f 07.11.2020 in accordance with the provisions of Section 152 & 161 of the Companies Act, 2013 and will hold the office of directorship only until the conclusion of this Annual General Meeting under Section 161 of the Companies Act, 2013.

Mr. Jayesh Amichand Shah is a Management Professional with over 32 years of extensive professional experience in Financial Services. He has extensive experience in top executive leadership roles in a multi cultural environment with significant accomplishments in the Middle East across three countries.

The Company has received a notice in writing under section 160(1) of the Companies Act, 2013 proposing his candidature for the office of Director of the Company. In accordance with the proviso to Section 160 of the Companies Act, 2013, the NRC and the Board of the Company has considered and recommended to the shareholders, appointment of Mr. Jayesh A Shah, as a Non-Executive Director of the Company, liable to retire by rotation.

The Board and the company will immensely benefit from his rich experience and expertise. Accordingly, the Board recommends this resolution for approval of the members of the Corporation.

The appointment proposed in Item No. 5 is not affecting any other Company in the manner as prescribed in the provisions of Section 102 of the Companies Act, 2013.

Hence, the Directors recommend the resolution at Item No. 5 as Ordinary Resolution for the approval of Shareholders.

None of the Directors of the Company or their relatives, except Mr. Jayesh Amichand Shah, are in any way concerned or interested in the said resolution.

Item No. 6: To appoint Shri Karra Visweswar Rao as Managing Director of the Company.

IFCI Limited vide its letter no. IFCI/SACD/2020-201229001 dated December 29th, 2020 has advised IFIN to appoint Shri Karra Visweswar Rao DGM of IFCI Limited as Managing Director of IFIN with effect from 01st January, 2021, in place of Shri. O. Ramesh Babu. Further IFCI Vide its letter No. HR/PF-KVR/2020-301201 dated December 30, 2020 has detailed the terms and conditions of his deputation in IFIN.

In view of the above, the Board of Directors appointed Mr. Karra Visweswar Rao as Additional Director to assume the responsibilities as Managing Director with effect from 01.01.2021 for the period of 2 years on the terms & conditions and remuneration as set out in the letter of Deputation issued by IFCI.

The terms and conditions of appointment of Mr. Karra Visweswar Rao are as per the letter of deputation issues by IFCI Limited which is attached herewith as annexure for the reference of the members.

In view of the exemption notification dated June 05, 2015 issued by the Ministry of Corporate Affairs, Government Company is exempted from complying with the provisions of sub sections (2) and (4) of Section 196 of the Companies Act, 2013. Accordingly IFIN, being a Government Company by virtue of being subsidiary of the government company is exempted from complying with the above said provisions. In accordance with the provisions of 161 of the Companies Act, 2013 as Mr. Karra Visweswar Rao was initially appointed as an Additional Director, therefore, the term of Additional Director would come to an end at this Annual General Meeting. Accordingly, the resolution is being put up to the shareholders for approval.

Mr. Karra Visweswar Rao has been heading IFCI Financial Services Limited as Managing Director since 01.01.2021. He is a qualified Chartered Accountant and a Cost Accountant holding associate membership with the Institute of Chartered Accountants of India and Institute of Cost Accountants of India. He is a seasoned banker having over 17 years of experience in corporate banking industry.

The NRC and the Board of the Company has considered and recommended to the shareholders, regularization/ appointment of Mr. Karra Visweswar Rao, as Managing Director of the Company for the period of two years with effect from 01.01.2021.

The appointment proposed in Item No. 6 is not affecting any other Company in the manner as prescribed in the provisions of Section 102 of the Companies Act, 2013.

Hence, the Directors recommend the resolution at Item No. 6 as Ordinary Resolution for the approval of Shareholders.

None of the Directors of the Company or their relatives, except Mr. Karra Visweswar Rao, are in any way concerned or interested in the said resolution.

By Order of the Board
For IFCI Financial Services Limited
Sd/-
Karra Visweswar Rao
Managing Director

Place: Chennai
Date: 30.09.2021

Notes:

1. *In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and clarification circular No. 02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.*
2. *The deemed venue for 26th Annual General Meeting shall be the registered office of the company at IFCI Tower, 61, Nehru Place, New Delhi – 110 019.*
3. *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 MCA Circular, 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 AGM through video conferencing and hence the Proxy Form and Attendance Slip are not annexed to this Notice.*
4. *However, the Body Corporates members (i.e. other than individuals) are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat. The body corporate are required to forward a scanned copy or hard copy of its board or governing body's resolution/authorization letter etc. authorizing their representatives to attend the AGM. The said resolution/authorization shall be sent to the Company by email through its registered email address to cs@ifinltd.in or the hard copy can be send at Continental Chambers, 3rd Floor, 142 MG Road, Nungambakkam, Chennai- 600034 addressing to company secretary.*
5. *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 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.*
6. *In case of joint holders, the Member whose name appears as the first holder in the order of*

names as per the Register of Members of the Company will be entitled to vote at the AGM.

7. *The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, setting out material facts in respect of the item nos. 4 to 6 is annexed hereto.*
8. *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 Meeting without restriction on account of first come first served basis.*
9. *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.*
10. *The Members will be allowed to pose questions during the course of the Meeting. The questions/queries can also be given in advance at cs@ifinltd.in will be suitably replied by the company during the Meeting, if time permits*
11. *As per the MCA Circulars, the Notice calling the AGM has been uploaded on the website of the Company at www.ifinltd.in and the notice along with the Annual Report is being sent through electronic mode to the members whose E-mail ID are registered with the company. Members may note that the Notice will also be available on the Company's website at www.ifinltd.in. Further, updation if any, will be provided on the website of the Company at www.ifinltd.in .*
12. *All documents referred to in the Notice calling the AGM and the Explanatory Statement are available for inspection by members through electronic mode on all working days except Saturdays, Sundays and Holidays between 11:00 AM to 01:00 pm upto the date of this AGM. The same will be shared with the members on receipt of request. The members desiring to inspect the relevant documents referred are required to send request on the company secretary email address-cs@ifinltd.in. An extract of such documents would be send to the members on their registered email address.*
13. *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 ,MCA Circular No. 20/2020 dated May 5th, 2020 and clarification circular No. 02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars".

14. *The route map for the venue of AGM is not annexed to this notice as the AGM is being conducted through Video conferencing and/or other audio visual means.*

15. *Details of Directors seeking appointment or re-appointment at the Annual General Meeting of the company to be held on Friday, October 22nd, 2021 are provided in Annexure - A of this notice.*

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

1. AGM through VC/OAVM: Members will be provided with a facility to attend the AGM through video conferencing platform – CISCO Webex/ Lifesize.

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 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. 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 21st, 2021. This will be done on first come first served basis.

5. Members will be provided with a facility to attend the AGM through video conferencing platform, 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. Use of headphones is highly recommended.

9. Members who need assistance before or during the AGM may contact Ms. Pragyan Shree, Company Secretary by sending an email request at the email id: cs@ifinltd.in *or Contact on – 044-28306613.*

Annexure – A

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

Name of the Director	Shri Ramesh NGS	Shri Rajesh Kumar	Shri Jayesh Amichand Shah	Mr. Karra Visweswar Rao
Date of Birth	October 14, 1961	15.06.1960	13.02.1961	15.04.1977
Date of Appointment	23.05.2019	07.11.2020	07.11.2020	01.01.2021
Expertise in Specific functional area	Financial Services and Banking	Banking and IT Sector	Financial Sector	Financial Services and Banking
Qualification	1. B.Sc. 2.PGDIFM	1.PG Diploma in Management 2. PG Diploma in Human Resource Management 3. PG Diploma in Office Management and Procedures 4. Certified Associate from IIBF 5. Leadership program at Wharton Business School	1.B.Tech 2. PGDM	B.Com., CA, CMA
Experience	30 plus years of experience in banking and Financial Services	Over 35 years of experience in Banking and IT Sector	Over 32 years of extensive professional experience in financial services	Seasoned banker having over 17 years of experience in corporate

				banking industry
Directorships in other Companies	1. Stockholding Securities IFSC Limited 2. SHCIL Services Limited 3. Wonder Home Finance Limited 4. Stockholding Corporation of India Limited 5. Stockholding Document Management Services Limited 6. IFIN Securities Finance 7. IFIN Commodities Limited 8. IFIN Credit Limited 9. Indian Clearing Corporation Limited-Member Advisory committee	1. Jio Payment Bank Limited	2. Jevat Virchand Leasing And Investment Pvt.Ltd.	1. IFIN Credit Limited 2. IFIN Commodities Limited 3. IFIN Securities Finance Limited
Number of Board Meetings attended during the Year(2020-21)	7	4	4	2
Chairman/ Membership of the Committee across all Companies	Nil	**1.IFCI Financial Services Limited** 1. Chairman of Audit Committee 2. Chairman of IT	**1.IFCI Financial Services Limited** 1. Chairman of Nomination and Remuneration	**1. IFCI Financial Services Limited** a) Member in

		Strategy Committee 3. Member of Nomination and Remuneration Committee 4. Member of Risk Management Committee	Committee 2. Chairman of Risk Management Committee 3. Member of Audit Committee 4. Member of IT Strategy Committee	Audit Committee b) Member of Nomination and Remuneration Committee c) Member of Risk Management Committee d) Member of IT Strategy Committee **2. IFIN Securities Finance Limited** a) Member of Audit Committee b) Member of Nomination and Remuneration Committee c) Chairman of Risk Committee

				d) Chairman of Asset Liability Management Committee e) Chairman of Share Transfer Committee **3. IFIN Commodities Limited** Chairman of Share Transfer Committee **4. IFIN Credit Limited** Chairman of Share Transfer Committee
Shareholding in the Company	Nil	Nil	Nil	Nil
Relationship with other Directors	Nil	Nil	Nil	Nil

BOARD'S REPORT

To

The Members of

IFCI Financial Services Limited

The Board of Directors of your Company presents the 26th Annual Report of IFCI Financial Services Limited, together with the Audited Financial Statement, for the year ended March 31, 2021.

1. Financial Results

(Rs. in lakh)

Particulars	Standalone		Consolidated	
	31.03.2021	**31.03.2020**	**31.03.2021**	**31.03.2020**
Operating Results:				
Income from Operations	1396.67	1363.92	1513.13	1601.23
Other Income	197.25	289.19	307.39	308.05
Gross Income	1593.92	1653.11	1820.50	1909.28
Gross Expenditure	1720.78	1735.47	1954.18	3167.50
Profit/ (Loss) before Exceptional item, Interest, Depreciation and Tax	(126.86)	(82.36)	(133.68)	(1258.22)
Less: Interest & BG Charges	13.01	14.19	14.03	16.64
Profit/(Loss) before Exceptional Item, Depreciation and Tax	(139.87)	(96.55)	(147.71)	(1274.86)
Less: Depreciation	5.81	16.49	7.77	17.34
Profit before Exceptional item and tax	(145.68)	(113.04)	(155.48)	(1292.20)
Less: Impairment on financial Instrument	12.85	4.06	18.82	(1127.45)
Profit before Tax	(158.53)	(117.10)	(174.30)	(164.75)
Less: Current year tax	-	-	3.50	-
Less: Income Tax for earlier years	-	-	-	0.42
Less: Deferred Tax Charges (Net)	(26.52)	0.05	(10.25)	(2.68)

(Rs. in lakh)

Particulars	Standalone		Consolidated	
Other Comprehensive Income	13.18	-	13.92	-
Profit after tax	(118.83)	(117.15)	(153.63)	(162.49)

2. Financial Performance

The Operating Income of IFIN marginally increased from Rs. 1363.92 lakh during FY 2019-20 to Rs.1396.66 lakh during FY 2020-21, mainly due to increase in Brokerage Income from Rs.949.77 lakh during FY 2019-20 to Rs.1094.33 lakh during FY 2020-21. Within the Operating income, Other Operating Income, comprising delayed payment charges, however decreased from Rs.97.16 lakh to Rs.61.74 lakh.

However, Other Income decreased from Rs. 289.19 lakh in 2019-20 to Rs.197.26 lakh in 2020-21, mainly due to reduction in sharing of expenses between ISFL from Rs.85 lakh in 2019-20 to Rs.18 lakh in 2020-21. And there has been some reduction in the interest earned on fixed deposits kept with banks on account of lower interest rates.

The Board was further informed that there has been a marginal decrease in the overall expenses, from Rs.1770.21 lakh in 2019-20 to Rs.1752.45 lakh in 2020-21.

Employee Cost decreased from Rs.861.86 lakh in 2019-20 to Rs.799.90 lakh in 2020-21, Depreciation and Amortization Expense decreased from Rs.16.49 lakh in 2019-20 to Rs.5.81 lakh in 2020-21. Finance Cost decreased from Rs.14.19 lakh during 2019-20 to Rs.13.01 lakh during 2020-21, on account of lower commission paid on Bank Guarantees for reduced amounts provided to Stock Exchanges. Other Expenses also decreased from Rs.522.51 lakh during 2019-20 to Rs.479.40 lakh during 2020-21.

Net addition of Impairment on Financial Instruments at Rs.12.85 lakh as compared to Rs.4.06 lakh in the previous year.

After considering the above, the Surplus of Expenditure over Income at Rs.158.53 lakh in 2020-21 as compared to Surplus of Expenditure over Income of Rs.117.10 lakh in 2019-20. Further, PBT and PAT of IFIN on Stand-alone basis was Rs.(158.53) lakh and Rs.(132.01) lakh, respectively, for the year 2020-21, as against the PBT and PAT of Rs.(117.10) lakh and Rs.(117.15) lakh, respectively, achieved in the previous year 2019-20.

The total comprehensive income on standalone basis was Rs. (118.83) lakh in FY 2020-21 as against Rs. (117.15) lakh in the previous FY 2019-20.

3. Operational Performances

3.1 Stock Broking

The Broking Income of IFIN has increased from Rs. 949.77 lakh during the FY 2019-20 to Rs. 1094.32 lakh during the FY 2020-21, mainly due to positive market sentiments in Capital Markets. The Company's stock broking operations are expected to grow tremendously across geography during the Financial Year 2021-22. With wider reach expected in the Financial Year 2020-21, 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. 2.85 Lakh for the FY 2020-21 (previous year Rs 0.93 lakh).

3.3 Brokerage from Selling of Mutual Funds/IPO/Bonds

During the year, your company has earned an income of Rs.100.49 lakh in the FY 2020-21 from selling of mutual fund units as compared to Rs. 119.59 lakh in the previous reporting 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 2020-21 was Rs.107.65 lakh (previous year Rs. 56.88 lakh)

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

During the year the Company has earned gross income of Rs. 26.68 lakh (Previous Year- Rs. 138.11 lakh) in this product.

4. Business Environment

Business Environment 2020-21

The COVID-19 pandemic impact on global economies including the Indian economy has been unprecedented and largely disruptive. The Indian economy contracted by 8 percent in FY 2020-21 as against 4 percent growth recorded during FY 2019-20, marking a recession for the first time since 1980 as per the IMF World Economic Outlook in April 2021. Overall economic slowdown which is led by the COVID-19 onset followed by strict lockdowns severely impacted economic activity, bringing manufacturing and trading activities to a standstill. Prolonged COVID lockdown worsened existing vulnerabilities of the country including the weakened financial sector, private investments, and consumption demand.

Financial markets also went through extreme volatility due to distribution in the economy and its impact on companies. But the second half of FY 2020-21, saw a shift and remarkable recovery due to unlocking from COVID restrictions, pick-up in industrial activity and stimulus announced by the government. Due to global liquidity push and improvement in investor sentiment, financial markets soared to all-time highs. To cater to the unprecedented rise in trading account and volume, broking firms have been adopting innovative technologies such as cloud-based systems, providing APIs for Algo trading and IT-enabled applications that form the industry's backbone.

The FY 2020-21 has been a remarkable year in terms of growth for the broking Companies. Indian investors opened a record 14.2 million new demat accounts in FY21, nearly three times the figure in the previous fiscal year, as the global pandemic and business disruptions opened up new investment opportunities. In contrast, 4.9 million demat accounts were opened in FY20, with a three-year average of 4.3 million in the three fiscal years starting FY18, data from National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL) showed. The onset of the COVID-19 pandemic has caused a surge in the digital brokerage industry as more customers moved to trading as a means of saving.

India is the second fastest growing fintech market in the world after China. Increased adoption of smartphones and burgeoning digital infrastructure have been driving the fintech market. Fintech companies are at the forefront with digital transactions taking place higher than ever in a post-COVID world. India accounted for the highest fintech adoption rate of 87 percent of all the emerging markets vis-à-vis the global average adoption rate at 64 percent.

Discount Brokerage – Major threat to full-service brokerage.

The financial sector including stock broking has witnessed a sweeping change after digitization and has paved the way for new clients. Unlike traditional brokers, the role of discount brokers is mainly limited to providing an online trading platform to customers. The increase in smartphone users along with increase in internet penetration has made it appropriate for discount brokers to capitalise on the market opportunities and enable customers to trade online at almost zero cost. Investing through discount brokers is quite cheap. It is 90 percent cheaper than traditional brokers. Profits are not eaten up by high brokerage of traditional brokers.

Another important factor driving the growth of the discount brokerage industry is India's demographic profile. India has the largest working-age population with millennials (median age of 30 to 35) accounting for 36 percent of the population and projected to be around 50 percent of its workforce by 2025. Millennials, who are more tech savvy and price conscious, have favoured discount brokers over traditional brokers because of the former's simplicity and fast-paced nature of services. Discount brokerage charges are usually close to nil which has attracted investors.

Discount brokers continue to dominate with a market share of 43 percent, twice the market penetration of bank backed brokers' share of 21 percent. Year-to-date (till February), discount brokers had a 64 percent incremental market share while bank-backed brokers had a 13 percent incremental market share. (Source: www.businesstoday.in). So, the majority of new accounts i.e 64 percent of new accounts goes to discount brokers and it is a major threat for traditional broking companies.

Besides low brokerage, independent advisory services, offering informative content free of cost further gives an edge to the discount brokers. Discount brokers provide unrestricted access to information on their website and applications, which attracts large customers. First-time investors are also more inclined towards the discount broker services as it provides customisation.

5. Outlook:

Due to tectonic changes in the broking industry, it's essential for traditional brokers to find a new business strategy to stay competitive in the industry. IFIN shall adopt the following strategy in order to maintain its growth and profitability for FY 2021-22.

- Automate the various processes to reduce the cost.
- Invest in technology to get the best front-end software and user-friendly backend software at appropriate cost.
- Provide flat brokerage for online trading clients like discount brokers.
- Digital marketing: Acquire new clients through digital mode.
- Due to technological change, it is necessary to implement a business model similar to discount brokers.

6. Subsidiaries

6.1 IFIN Securities Finance Limited

IFIN Securities Finance Limited, a NBFC is a wholly owned subsidiary of IFCI Financial Services Limited. It is engaged in the business of margin funding, providing Loan against Shares, Mutual Funds and Sovereign Gold Bonds 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 (NSEL), 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, 2021.

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, 2021.

10. Directors and Key Managerial person

Changes in Directors and KMP during the FY 2020-21

- Shri Sunit Vasant Joshi, Independent Director has ceased to be associated with the company with effect from 24.10.2020, consequent upon his tenure as an Independent Director ended on that date. Your Directors place on records their sincere appreciation for the significant contributions made by Shri Sunit Vasant Joshi, as an Independent Director of the company.
- Smt. Aparna Chaturvedi, Independent Director has ceased to be associated with the company with effect from 24.10.2020, consequent upon her tenure as an Independent Director ended on that date. Your Directors place on records their sincere appreciation for the significant contributions made by Smt. Aparna Chaturvedi, as an Independent Director of the company.
- Shri O Ramesh Babu who retires by rotation at the 25th Annual General Meeting held on October 28th, 2020 was re-appointed as the director of the company.
- The Board of Directors has appointed Shri Rajesh Kumar as Additional Director of the company with effect from 07.11.2020 who shall hold the office upto the conclusion of the ensuing Annual General Meeting.

- The Board of Directors has appointed Shri Jayesh Amichand Shah as Additional Director of the company with effect from 07.11.2020 who shall hold the office upto the conclusion of the ensuing Annual General Meeting.
- Shri O Ramesh Babu has resigned from the Board of the company as Managing Director with effect from January 1st, 2021 on account of withdrawal of Nomination by IFCI Limited. Your Directors place on records their sincere appreciation for the significant contributions made by Shri O Ramesh Babu, as Managing Director of the company.
- Shri Karra Visweswar Rao was appointed as Additional Director designated as Managing Director to assume responsibilities as Managing Director of the company with effect from January 1st, 2021.
- Shri. Sreekumaran V Nair, Nominee Director ceased to be associated with the company with effect from March 12th, 2021 on account of withdrawal of nomination by IFCI Limited. Your Directors place on records their sincere appreciation for the significant contributions made by Shri Sreekumaran V Nair, as Nominee Director of the company.
- Shri Alan Savio Pacheco was appointed as Nominee Director on the Board of the company with effect from March 12th, 2021.

Changes in Directors and KMP:

- Ms. Meera Ranganathan, Chief Operating Officer ceased to be associated with the company on account of withdrawal of nomination by IFCI Limited with effect from July 1st, 2021.
- Shri Aby Eapen, Company Secretary resigned and relieved from his services with effect from June 16th, 2021.

As at March 31st, 2021, the Board consisted of 5 Directors comprising of 1 Nominee Director, 3 Non-Executive Director and 1 Managing 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 31st, 2021 is given below:-

S. No.	Name of Director	Attendance Particulars		No. of other Directorships as on 31st March, 2021
		No. of Meetings during the tenure of respective directors in FY 2020-21		Other Director-ships (Including Private Limited Companies)
		Held	Attended	
1.	Shri Ramesh NGS	7	7	8
2.	Shri Karra Visweswar Rao	2	2	2
3.	Shri Jayesh Amichand Shah	4	4	1
4.	Shri Rajesh Kumar	4	4	1
5.	Shri Alan Savio Pacheco	1	1	2
6.	Shri Sreekumaran V Nair	6	3	1
7.	Shri Sunit V Joshi	3	3	1
8.	Smt. Aparna Chaturvedi	3	3	3
9.	Shri O Ramesh Babu	5	5	-

Notes:

a) *Shri Karra Visweswar Rao was appointed as Managing Director of IFCI Financial Services Limited with effect from January 1st, 2021 in place of Shri O Ramesh Babu.*

b) *Shri Rajesh Kumar was appointed as Additional Director on the Board of IFCI Financial Services Limited with effect from November 7th, 2020.*

c) *Shri Jayesh A Shah was appointed as Additional Director on the Board of IFCI Financial Services Limited with effect from November 7th, 2020.*

d) *Shri Alan Savio Pacheco was appointed as Nominee Director on the Board with effect from March 12th, 2021 and Shri V S Nair ceased to be associated with the company as*

Nominee Director with effect from March 12th, 2021.

e) *Shri Sunit Vasant Joshi and Smt. Aparna Chaturvedi , Independent Directors ceased to be associated with the company with effect from October 24th, 2020.*

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 2020-21, Seven (7) Board Meetings were held, which are as follows:

15.06.2020	29.07.2020	23.09.2020	
07.11.2020	31.12.2020	03.02.2021	31.03.2021

Shri Ramesh NGS 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 Non- Executive Directors and Managing Director. The composition of the Audit committee and attendance of directors at the meetings for the FY 2020-21 is shown below:-

S. No.	Name of Director	Designation	No. of Committee Meetings during the tenure of respective directors in FY 2020-21.	
			Held	Attended

S. No.	Name of Director	Designation	No. of Committee Meetings during the tenure of respective directors in FY 2020-21.	
			Held	**Attended**
1.	Shri Rajesh Kumar	Chairman (Non- executive Director)	2	2
2.	Shri Jayesh Shah	Member (Non-executive Director)	2	2
3.	Shri Karra Visweswar Rao	Member (Managing Director)	2	2
4.	Shri Sunit V Joshi	Chairman (Independent, Non-executive)	3	3
5.	Shri O Ramesh Babu	Member (Managing Director)	3	3
6.	Smt.Aparna Chaturvedi	Member (Independent, Non-executive)	3	3
7.	Shri O Ramesh Babu	Chairman (Managing Director)	1	1
8.	Shri Ramesh NGS	Member (Non- Executive)	1	1
9.	Shri Sreekumaran V Nair	Member (Non- Executive)	1	0

Notes: i) Consequent to expiry of tenure of the independent directors i.e. Mr. Sunit Vasant Joshi and Smt. Aparna Chaturvedi, the committee was reconstituted with effect from October 29th, 2020.

ii) The committee was again re-constituted after the induction of Shri Rajesh Kumar and Shri Jayesh A Shah with effect from December 31st, 2021.

The Managing Director / Whole-time Director, Chief Operating Officer, 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 2020-21, the Audit Committee of Directors of the Company met 6 times. The dates of the meetings were 15.06.2020, 29.07.2020, 23.09.2020, 07.11.2020, 03.02.2021 and 31.03.2021.

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 Non-Executive Directors and Managing Director. The composition of the Nomination and Remuneration Committee and attendance of directors at the meetings for the FY 2020-21 is shown below:-

S. No.	Name of Director	Category	No. of Meetings during the tenure of respective directors in FY 2020-21	
			Held	Attended
1.	Shri Jayesh Amichand Shah	Chairman (Non-executive)	1	1
2	Shri Rajesh Kumar	Member (Non- Executive)	1	1
3	Shri Karra Visweswar	Member	1	1

S. No.	Name of Director	Category	No. of Meetings during the tenure of respective directors in FY 2020-21	
			Held	Attended
	Rao	(Managing Director)		
4	Shri O Ramesh Babu	Chairman (Managing Director)	2	2
5	Shri Ramesh NGS	Member (Non- Executive)	2	2
6.	Shri Sunit V Joshi	Chairman (Independent, Non-executive)	2	2
7.	Smt. Aparna Chaturvedi	Member (Independent, Non-executive)	2	2
8.	Shri V S Nair	Member (Non-executive)	4	0

Notes: i) Consequent to expiry of tenure of the independent directors i.e. Mr. Sunit Vasant Joshi and Smt. Aparna Chaturvedi, the committee was reconstituted with effect from October 29th, 2020.
ii) The committee was again re-constituted after the induction of Shri Rajesh Kumar and Shri Jayesh A Shah with effect from December 31st, 2021.

B. The number of meetings held and dates

During the financial year 2020-21, the Nomination & Remuneration Committee of Directors of the Company met 5 (Five) times on 15.06.2020, 23.09.2020, 07.11.2020, 31.12.2020 and March 31st,2021 .

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 Risk Management Committee

A Composition

The Risk Management Committee of the Company presently consists of 2 Non- Executive Directors and one Managing Director. The composition of the Nomination and Remuneration Committee and attendance of directors at the meetings as on March 31st, 2021 is shown below:-

S. No.	Name of Director	Category	No. of Meetings during the tenure of respective directors in FY 2020-21	
			Held	Attended
1.	Shri Jayesh Amichand Shah	Chairman (Non-executive)	1	1
2	Shri Rajesh Kumar	Member (Non- Executive)	1	1
3	Shri Karra Visweswar Rao	Member (Managing Director)	1	1

B. The number of meetings held and dates

During the financial year 2020-21, the Risk Management Committee of Directors of the Company met once on 03.02.2021.

11.4 Information Technology Strategy Committee

A Composition

The IT Strategy Committee of the Company presently consists of 2 Non- Executive Directors and one Managing Director. The composition of the Nomination and Remuneration Committee and attendance of directors at the meetings as on March 31st, 2021 is shown below:-

S. No.	Name of Director	Category	No. of Meetings during the tenure of respective directors in FY 2020-21	
			Held	Attended
1.	Shri Rajesh Kumar	Chairman (Non-executive)	1	1
2	Shri Jayesh Amichand Shah	Member (Non- Executive)	1	1
3	Shri Karra Visweswar Rao	Member (Managing Director)	1	1

C. The number of meetings held and dates

During the financial year 2020-21, the IT Strategy Committee of Directors of the Company met once on 03.02.2021.

11.5 Other Committees

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

11.6 General Meetings held during the Financial Year 2020-21.

The General Meetings of the company are held during the financial year are as under:

General Meeting	25th Annual General Meeting
Venue	IFCI Tower, 61 Nehru Place, New Delhi, Through Video Conferencing
Date and Day of meeting	Wednesday, 28th October, 2020

The above mentioned General Meeting did not pass any special resolutions

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, 2021 is attached as **Annexure-II.** The copy of the Annual Return is also available at the website of the Company. The link is provided below:

URL:	http://www.ifinltd.in/Aboutus/Financials

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 149 of the Companies Act, 2013

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

URL:	http://www.ifinltd.in/Privacy-Policy

16. Auditors

M/s S Venkatram, Chartered Accountants, (Firm Reg. No. 004656S) was appointed by the Comptroller & Auditor General of India (C&AG) as Statutory Auditor of your Company for FY 2020-21. C&AG shall appoint Statutory Auditors for the Financial Year 2021-22.

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, 2021 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. The transactions entered with the holding, subsidiaries and other group company is as follows:

Sr. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ Arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any
1	IFCI Limited- Holding Company	Brokerage	On going basis/ As per approved terms	Ordinary course of business
		DP Income received	On going basis/ as per approved terms	Ordinary course of business
		Insurance for deputed employees paid	As per approved terms	Ordinary course of business
		Reimbursement of MD Salary paid by IFCI Limited	As per terms of deputation	Ordinary course of business
		Rent	As per terms of agreement/ on going basis	Ordinary course of business
		Deputation salary received	As per terms of deputation	Ordinary course of business
2	IFIN Securities Finance Limited – Subsidiary company	Reimbursement of office expenses	On going basis	Ordinary course of Business
		Brokerage Income		Ordinary course of business
		Commission income	As per the terms of agreement	Ordinary course of Business
		Re-imbursement of Laptop hire charges received	As per agreed terms	Ordinary course of business
		Deputation salary paid	Ongoing basis/ as per terms of deputation	Ordinary course of business
		PM Care Fund – Covid 19 contribution	During covid period contribution	
		Deputation salary received	Ongoing basis/ As per terms of deputation	Ordinary course of Business
3	IFIN Commodities Limited – subsidiary company	Reimbursement of office expenses received	On going basis	Ordinary course of business
		PM Care Fund – Covid 19 contribution	During covid period contribution	
		Deputation salary paid	Ongoing basis/ as per terms of deputation	Ordinary course of business
4	IFIN Credit Limited – Subsidiary Company	Reimbursement of office expenses received	On going basis	Ordinary course of business
5	IFCI Factors Limited- Fellow subsidiary Company	Brokerage	As per approved terms	Ordinary course of business
		DP Income received	As per approved terms	Ordinary course of business
6	IFCI Venture Capital Fund Limited- Fellow	Brokerage	As per approved terms	Ordinary course of business

	subsidiary Company	DP Income received	As per approved terms	Ordinary course of business

There were no materially significant transactions with Related Parties during the financial year 2020-21 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 2020-21, 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. Details of Frauds

There is no fraud as reported by Auditors during the year under review.

22. 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, 2021 and the date of the report.

23. 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.

24. 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, 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.

The company has also constituted internal risk committee and Risk management committee at Board Level to monitor and mitigate the risk and safe guard the interest of the company.

25. 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 also appointed M/s. Madhubalan and Associates, Chartered Accountants, 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.

26. 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.

27. Anti - Sexual Harassment Policy

The 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 compliant pursuant to the provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

28. 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.

29. 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.

30. 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.

31. 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/-	**Sd/-**
	Karra Visweswar Rao	**Ramesh NGS**
Place: Chennai	**Managing Director**	**Director**
Date: 15.09.2021	**(DIN:08111685)**	**(DIN: 06932731)**

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	(1,34,89,816)	(25,76,415)	(52,54,319)
6.	Total assets	29,21,74,163	6,61,28,574	1,98,15,868
7.	Total Liabilities	55,63,979	1,87,04,989	70,187
8.	Investments	13,89,77,407	Nil	Nil
9.	Turnover	1,63,52,107	92,39,472	9,20,299
10.	Profit before taxation	23,14,639	(38,23,684)	(67,789)
11.	Provision for taxation	3,47,142	(19,000)	21,388
12.	Profit after taxation	19,67,497	(38,04,684)	(89,177)
13.	Total Comprehensive Income	23,06,431	(40,69,684)	(89,177)
14.	Proposed Dividend	Nil	Nil	Nil
15.	% of shareholding	100%	100%	100%

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/-	Sd/-	Sd/-
A V Pushparaj	**Karra Visweswar Rao**	**Ramesh NGS**
Chief Financial Officer	**Managing Director**	**Director**

Date: 15.09.2021

Place: Chennai

Annexure - II

Form no. MGT 9

Extract of Annual Return for the financial year ended on 31.03.2021

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: cs@ifinltd.in 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	68.66 %

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, 3rd Floor, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034	U65991TN1989GOI017792	Subsidiary	100%	Section 2 (87)
3.	IFIN Commodities Limited	U93000TN2009GOI070524	Subsidiary	100%	Section 2 (87)

	Continental Chambers, 142, 3rd Floor, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034				
4.	IFIN Credit Limited Continental Chambers, 142, 3rd 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 31.03.2020]**				**No. of Shares held at the end of the year [As on 31.03.2021]**				**% Change during the year**
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	3,93,63,803	3,93,63,803	94.78	-	3,93,63,803	3,93,63,803	94.78	0
B. Public Shareholding	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2020]				No. of Shares held at the end of the year [As on 31.03.2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	21,69,900	21,69,900	5.22	-	21,69,900	21,69,900	5.22	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2020]				No. of Shares held at the end of the year [As on 31.03.2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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	-	-	-	-	-	-	-	-	-
Sub-total**	-	21,69,900	21,69,900	5.22	-	21,69,900	21,69,900	5.22	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2020]				No. of Shares held at the end of the year [As on 31.03.2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(B)(2):-									
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	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	
1.	IFCI Limited	3,93,63,803	100.00	-	3,93,63,803	100.00	-	-
2.	Shri Prabhjot	1	0.00	-	1	0.00	-	-

	Singh (Nominee of IFCI Limited)							
3.	Shri Manish Kumar (Nominee of IFCI Limited)	1	0.00	-	1	0.00		
4.	Shri Sanjeev Jindal (Nominee of IFCI Limited)	1	0.00	-	1	0.00		
5.	Shri Amit Joshi (Nominee of IFCI Limited)	1	0.00	-	1	0.00		
6.	Shri Zubair Khan (Nominee of IFCI Limited)	1	0.00	-	1	0.00		
7.	Shri Vishnu Shankar Varshney (Nominee of IFCI Limited)	1	0.00	-	1	0.00		
	Total	**3,93,63,809**	**100.00**	**-**	**3,93,63,809**	**100.00**	**-**	**-**

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
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
Indebtedness at the beginning of the financial year				
a) Principal Amount	-	-	-	-
b) Interest due but not paid	-	-	-	-
c) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
a) Principal Amount	-	-	-	-
b) Interest due but not paid	-	-	-	-
c) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

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	9,79,940	-	9,79,940
	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	-	-	-
	Total (A)	9,79,940	-	9,79,940
	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	73,500	73,500	1,47,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	**73,500**	**73,500**	1,47,000
2.	Other Non-Executive Directors	**Shri Rajesh Kumar**	**Shri Jayesh A Shah**	-
	Fee for attending board/ committee meetings	85,500	85,500	1,71,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	**85,500**	**85,500**	**1,71,000**
	Total (B)=(1+2)	**3,18,000**	**3,18,000**	**3,18,000**
	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.

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	-	9,47,397	10,59,396	20,06,793
	(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				
	Total		9,47,397	10,59,396	20,06,793

VII. Penalties / Punishment/ Compounding of Offences:

There were no Penalty / Punishment/ Compounding under Companies Act during the year ended 31.03.2021.

By Order of the Board

For IFCI Financial Services Limited

	Sd/-	**Sd/-**
	Karra Visweswar Rao	**Ramesh NGS**
Place: Chennai	**Managing Director**	**Director**
Date: 15.09.2021	**(DIN:08111685)**	**(DIN: 06932731)**

Annexure-III

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IFCI FINANCIAL SERVICES LIMITED, CHENNAI FOR THE YEAR ENDED 31 MARCH 2021.

The preparation of consolidated financial statements of IFCI Financial Services Limited, Chennai for the year ended 31 March 2021 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) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) 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 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of IFCI Financial Services Limited for the year ended 31 March 2021 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of IFCI Financial Services Limited and IFIN Credit Limited, but did not conduct supplementary audit of the financial statements of IFIN Commodities Limited and IFIN Securities Finance Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

(DEVIKA NAYAR)
DIRECTOR GENERAL OF COMMERCIAL AUDIT

Place: Chennai
Date: 09.09.2021

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF IFCI FINANCIAL SERVICES LIMITED, CHENNAI FOR THE YEAR ENDED 31 MARCH 2021.

The preparation of financial statements of IFCI Financial Services Limited, Chennai for the year ended 31 March 2021 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 is 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 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of IFCI Financial Services Limited for the year ended 31 March 2021 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

(DEVIKA NAYAR)
DIRECTOR GENERAL OF COMMERCIAL AUDIT

Place: Chennai
Date: 09.09.2021

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/-	**Sd/-**
	Karra Visweswar Rao	**Ramesh NGS**
Place: Chennai	**Managing Director**	**Director**
Date: 15.09.2021	**(DIN: 08111685)**	**(DIN: 06932731)**

S. Venkatram & Co. LLP
Chartered Accountants
"Formerly known as S. Venkatram & Co." (Regn No: 722)
Converted and registered as LLP vide LLPIN AAM-3179/27.03.2018
with Limited Liability

218, T.T.K. Road,
Alwarpet, Chennai – 600 018.
Ph. No.: 2499 21 55 / 56 / 57
E.mail : admin@svco.in

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IFCI FINANCIAL SERVICES LIMITED

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **IFCI FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2021, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its *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 Standalone 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 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 on the Standalone Financial Statements.

S. VENKATRAM & CO. LLP
No. 218, TTK Road, Chennai-18
Chartered Accountants

Key Audit Matters

This Company is an unlisted public sector company (where the shareholding of the entities owned by the Government of India is more than 51%). We have been informed by the management that the transactions of the Company are not: (a) significant as compared to the size of operations of its Holding Company; (b) the transactions of the Company are not complex; and (c) of such nature to be of public interest. In view of the above, we are not mentioning any Key Audit Matters.

Emphasis of Matter

We draw attention to Note 37 in the Standalone Financial Statements, which describes the effect of COVID 19 on the Company. The Management has performed an impairment assessment for its assets. The Management assessment shows no indication of material fall in realizable value than the book value of those assets. However, the impact of COVID-19 may be different from that of estimates and judgements made by the management as at the date of approval of these Standalone Financial Statements. Further the impact on the financial performance is dependent on future development which are highly uncertain.

Our opinion is not modified in respect of this matter.

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 Board's Report including Annexures to Board's Report but does not include the Standalone Financial Statements and our auditor's report thereon.

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.

S. VENKATRAM & CO. LLP
No. 218, TTK Road, Chennai-18
Chartered Accountants

Responsibility of Management and Those Charged with Governance for the Standalone 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 Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (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 Standalone Financial Statements, Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of Standalone Financial Statements

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

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

S. VENKATRAM & CO. LLP
No. 218, TTK Road, Chennai-18
Chartered Accountants

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 Standalone 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matters

a) Further to the continuous spreading of COVID -19 across India, the Tamilnadu Government announced a strict 14 days lockdown on May 10, 2021, which was further extended till the date

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of this report to contain the spread of virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the major portion of the audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the Standalone Financial Statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

b) The Standalone Financial statement contains amounts for the year ended March 31, 2020 which are subjected to audit by a firm other than S. Venkatram & Co. LLP who have issued an unmodified audit opinion.

Report on Other Legal and Regulatory Requirements

1. As required by the **Companies (Auditor's Report) Order, 2016** ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **"Annexure 1"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. We are enclosing our report in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, in "**Annexure 2**" on the directions issued by the Comptroller and Auditors General of India.

3. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

S. VENKATRAM & CO. LLP
No. 218, TTK Road, Chennai 18
Chartered Accountants

c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) We have been informed that the provisions of the section 164(2) of the Act in respect of the disqualification of directors are not applicable to the Company, being a Government Company in terms of notification no. G.S.R. 463(E) dated June 5, 2015 issued by the Ministry of Corporate Affairs, Government of India.

f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 3**". Our Report expressed an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 29 of the Notes forming part of Standalone Financial Statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

4. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanation given to us, the provisions of section 197 of the Act are not applicable as the Company is a Government Company.

For S. Venkatram & Co LLP
Chartered Accountants
FRN. No. 004656S/S200095

S. VENKATRAM & CO LLP ★ No. 218, TTK Road, Chennai-18 ★ Chartered Accountants

R. Vaidyanathan
Partner
M.No. 018953
UDIN: 21018953AAAABJ5581

Place: Chennai
Date: 15th June 2021

ANNEXURE "1" TO THE INDEPENDENT AUDITOR'S REPORT

REPORT ON THE COMPANY (AUDITOR'S REPORT) ORDER, 2016 ("THE ORDER"), UNDER CLAUSE (i) OF SUB-SECTION (11) OF SECTION 143 OF THE COMPANIES ACT, 2013 (the ACT)

(Referred to in **Paragraph 1** under **'Report on Other Legal and Regulatory Requirements'** of our report of even date to the members of **IFCI FINANCIAL SERVICES LIMITED** on the Standalone Financial Statements for the year ended 31st March 2021)

i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of property, plant & equipment.

(b) The Property, plant & equipment have been physically verified by the management in accordance with a regular programme of verification at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company does not own any immovable properties. Therefore, provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii) The Company is in the business of rendering services and consequently do not hold any inventory. Therefore, the provisions of clause 3(ii) of the Order are not applicable to the Company.

iii) The Company has not granted any loan, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv) The company has not granted any loans, investments, guarantees and securities to which provisions of section 185 and 186 of the Act applies. Therefore, the provisions of clause 3(iv) of the said Order with respect of Section 185 are not applicable to the Company.

S. VENKATRAM & CO. LLP No. 218, TTK Road, Chennai-18 Chartered Accountants

v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, wherever applicable. Therefore the provisions of clause 3(v) of the Order are not applicable to the Company.

vi) The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the company.

vii) a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues with the appropriate authorities during the year and there are no undisputed statutory dues as at 31st March 2021, outstanding for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and as per the books of accounts, there are no dues outstanding of Income Tax, TDS and Goods and Service tax which have not been deposited as on 31st March 2021 by the company, on account of any dispute, except for the following:-

Sl. No	**Name of the Statute**	**Nature of Dues**	**Amounts Involved**	**Period to which the amount relates (Financial Year)**	**Forum where disputed is pending**
1	Income Tax Act, 1961	Income Tax	3,68,476	2011-12	Commissioner of Income Tax (Appeals)
2			1,28,55,235	2012-13	
3			3,46,240	2014-15	
4			3,59,690	2015-16	
5			12,97,843	2017-18	
6	Income Tax Act, 1961	TDS	94,802	Various years	Demand as per Traces

viii) According to the records of the Company examined by us and the information and explanation provided to us, the Company has not taken any loan from financial institutions, banks or government. Further, the Company has no debenture holders. Therefore the provisions of clause 3(viii) of the Order are not applicable to the Company.

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No. 218, TTK Road, Chennai-18
Chartered Accountants

ix) The company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly the provisions of clause 3(ix) of the Order are not applicable to the Company.

x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi) The Company is a Government Company and hence provision of section 197 read with Schedule V of the Act are not applicable. Accordingly, the provisions of clause 3(xi) of the Order are not applicable to the Company.

xii) The Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company.

xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Standalone Financial Statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv) The Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

xv) The Company has not entered into any non-cash transactions with directors or persons connected with them within the meaning of Section 192 of the Act. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.

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No. 218, TTK Road, Chennai-18
Chartered Accountants

xvi) The company is not required to be registered under Section 45 - IA of Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For S. Venkatram & Co LLP
Chartered Accountants
FRN. No. 004656S/S200095

S. VENKATRAM & CO. LLP
No. 218,
TTK Road,
Chennai-18
Chartered Accountants

R. Vaidyanathan
Partner
M.No. 018953
UDIN: 21018953AAAABJ5581

Place: Chennai
Date: 15th June 2021

ANNEXURE "2" to INDEPENDENT AUDITOR'S REPORT

REPORT ON THE DIRECTIONS ISSUED BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

(Referred to in **Paragraph 2** under **'Report on Other Legal and Regulatory Requirements'** of our report of even date to the members of **IFCI FINANCIAL SERVICES LIMITED** on the Standalone Financial Statements for the year ended 31st March, 2021)

S.No.	GENERAL DIRECTIONS	AUDITOR'S COMMENT
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has a system in place to process all the accounting transactions through its IT systems with the support of accounting software – LIDHA DIDHA (LD). The main activity is accounting for brokerage income earned from clients trading in equities and derivatives which are updated on a daily basis based on the trades carried through the exchange with the support of file / data shared by the exchanges. In respect of payroll related data, based on the files received from payroll department entries are uploaded periodically / monthly in the respective ledger accounts in the accounting software. Other administrative and routine entries are passed through the accounting software with appropriate menu based operations. Based on the verification carried out by us during the course of our audit we have not come across any discrepancies in processing of accounting transactions outside the IT systems which has a significant implications on the integrity of accounts.

2.	Whether there is any restructuring of any existing loan or cases of waiver / write off of debts / loans / interest, etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for?	As per the information and explanations given to us the Company has not made any borrowings.
3.	Whether funds received / receivable for specific schemes from Central / State Government or its agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.	As per the information and explanations given to us the Company has neither received any funds nor is receivable for specific schemes from Central / State Government or its agencies.

For S. Venkatram & Co LLP
Chartered Accountants
FRN. No. 004656S/S200095

S. Venkatram & Co. LLP * Chartered Accountants * No. 218, TTK Road, Chennai-18

R. Vaidyanathan
Partner
M.No. 018953
UDIN: 21018953AAAABJ5581

Place: Chennai
Date: 15th June 2021

ANNEXURE "3" to INDEPENDENT AUDITOR'S REPORT

REPORT ON THE INTERNAL FINANCIAL CONTROLS with reference to STANDALONE FINANCIAL STATEMENTS UNDER CLAUSE (i) OF SUBSECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("the Act")

(Referred to **Point f in Paragraph 3** under **'Report on Other Legal and Regulatory Requirements'** section of our report of even date to the members of **IFCI FINANCIAL SERVICES LIMITED** on the Standalone Financial Statements for the year ended 31st March, 2021.)

We have audited the internal financial controls with reference to Standalone Financial Statements of **IFCI FINANCIAL SERVICES LIMITED** as of 31st March 2021 in conjunction with our audit of the Standalone Financial Statements for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to Standalone Financial Statements based on the criteria established by the Company considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Controls over Financial Reporting issued by Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note"), to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. 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

S. VENKATRAM & CO. LLP No. 218, TTK Road Chennai-18 Chartered Accountants internal financial controls with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements includes obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Standalone Financial Statements includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls,

S. VENKATRAM & CO. LLP
No 218, TTK Road, Chennai-18
Chartered Accountants

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at 31st March, 2021, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

We bring to the attention of the users that the audit of the internal financial controls system with reference to the Standalone Financial Statements and the operating effectiveness of such internal financial controls system with reference to the Standalone Financial Statements has been performed remotely in the conditions more fully explained in the Other Matters Paragraph of our Independent Audit Report on the audit of the Standalone Financial Statements.

Our opinion on the internal financial controls system with reference to the Standalone Financial Statements is not modified in respect of the above

For S. Venkatram & Co LLP
Chartered Accountants
FRN. No. 004656S/S200095

S. VENKATRAM & CO. LLP * No. 218, TTK Road, Chennai-18 * Chartered Accountants

R. Vaidyanathan
Partner
M.No. 018953
UDIN: 21018953AAAABJ5581

Place: Chennai
Date: 15th June 2021

IFCI Financial Services Limited
Balance Sheet as at March 31, 2021
(All amounts are in Indian Rupees, unless otherwise stated)

	Note	March 31, 2021	March 31, 2020
ASSETS			
1. Non-Current assets			
(a) Property, Plant and Equipment	2	29,51,807	29,55,805
(b) Other Intangible Assets	3	14,85,782	15,20,560
(c) Financial Assets			
- Investments	4	38,52,23,063	38,52,23,063
- Other Financial Assets	5	1,51,09,480	2,10,32,976
(d) Other Non-Current Assets	6	3,63,04,822	3,15,65,904
Total Non-Current Assets		**44,10,74,954**	**44,22,98,308**
2. Current assets			
(a) Financial Assets			
- Investments	7	52,977	10,49,067
- Trade Receivables	8	3,71,07,593	3,31,38,452
- Cash and Cash equivalents	9	10,34,92,976	11,45,31,476
- Bank balances other than Cash and Cash equivalents	10	19,76,09,545	22,21,79,849
- Other Financial Assets	5	16,67,73,968	5,49,49,771
(b) Other Current Assets	11	94,82,847	1,62,66,604
Total Current Assets		**51,45,19,907**	**44,21,15,218**
Total Assets		**95,55,94,861**	**88,44,13,526**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	12	41,53,37,090	41,53,37,090
(b) Other Equity		27,82,92,736	29,01,76,454
Total Equity		**69,36,29,826**	**70,55,13,544**
Liabilities			
1. Non-Current Liabilities			
(a) Financial Liabilities			
- Other Financial Liability	13	37,58,726	43,11,726
(b) Provisions	16	88,59,438	1,02,13,578
(c) Deferred Tax Liabilities (net)		-	26,51,556
Total Non-Current Liabilities		**1,26,18,164**	**1,71,76,860**
2. Current Liabilities			
(a) Financial Liabilities			
- Trade Payables	14		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		23,83,06,802	14,87,02,708
- Other Financial Liabilities		-	-
(b) Other Current Liabilities	15	1,09,84,689	1,30,20,414
(c) Provisions	16	55,380	-
Total Current Liabilities		**24,93,46,871**	**16,17,23,122**
Total Equity and Liabilities		**95,55,94,861**	**88,44,13,526**

The Significant accounting policies and Notes to Accounts are an integral part of these financial statements

As per our attached Report of even date
For S. VENKATRAM & CO. LLP
Chartered Accountants
Firm Regd No.004656S/ S200095

R. Vaidyanathan
Partner
M.No : 018953

S. VENKATRAM & CO. LLP
No. 218, TTK Road, Chennai-18
Chartered Accountants

Place : Chennai
Date: June 15, 2021

for **and on behalf of the Board of Directors of**
IFCI Financial Services Limited
CIN: U74899DL1995GOI064034

K.V Rao
Director
DIN: 08111685

Ramesh N.G.S
Director
DIN: 06932731

Aby Eapen
Company Secretary
M.A23807

A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: June 15, 2021

IFCI Financial Services Limited

Statement of Profit and Loss for the year ended March 31, 2021

(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	March 31, 2021	March 31, 2020
Revenue from Operation	17	13,96,66,070	13,63,91,769
Other Income	18	1,97,25,617	2,89,18,998
Total Income		**15,93,91,686**	**16,53,10,766**
Expenses			
Operational Expense	19	4,41,47,857	3,51,10,027
Employee Benefit Expenses	20	7,99,90,319	8,61,85,570
Finance Costs	21	13,01,335	14,19,490
Depreciation and Amortisation Expense	22	5,80,660	16,49,360
Other Expenses	23	4,79,39,905	5,22,50,531
Impairment on Financial Instruments	24	12,84,870	4,06,288
Total Expenses		**17,52,44,947**	**17,70,21,266**
Profit/(Loss) before exceptional item and Tax		**(1,58,53,261)**	**(1,17,10,500)**
Exceptional Items		-	-
Profit/(Loss) before Income Tax Expense		**(1,58,53,261)**	**(1,17,10,500)**
Current Tax		-	-
Deferred Tax		(26,51,556)	5,252
Income Tax Expense		**(26,51,556)**	**5,252**
Profit(Loss) after Tax		**(1,32,01,705)**	**(1,17,15,752)**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of Defined Benefit Liability (Asset)		13,17,987	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		**13,17,987**	-
Items that will be reclassified subsequently to profit or loss		-	-
Other Comprehensive Income for the year, net of income tax expense		**13,17,987**	-
Total Comprehensive Income		**(1,18,83,718)**	**(1,17,15,752)**
Earnings per Share			
Basic and diluted earnings per share (in ₹)	25	(0.32)	(0.28)

The Significant accounting policies and Notes to Accounts are an integral part of these financial statements

As per our attached Report of even date
For S. VENKATRAM & CO. LLP
Chartered Accountants
Firm Regd No.004656S/ S200095

R. Vaidyanathan
R. Vaidyanathan
Partner
M.No : 018953

S. VENKATRAM & CO. LLP No. 218, TTK Road, Chennai-18 Chartered Accountants

Place : Chennai
Date: June 15, 2021

for **and on behalf of the Board of Directors of**
IFCI Financial Services Limited
CIN: U74899DL1995GOI064034

K.V Rao
Director
DIN: 08111685

Ramesh N.G.S
Director
DIN: 06932731

Aby Eapen
Company Secretary
M.A23807

A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: June 15, 2021

IFCI Financial Services Limited
Cash flow statement for the year ended March 31, 2021
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars		March 31, 2021	March 31, 2020
Cash flow from operating activities			
Net Profit / (Loss) before Tax		(1,58,53,261)	(1,17,10,500)
Adjustments for:-			
Depreciation		5,80,660	16,49,360
Finance Costs		13,01,335	14,19,490
Fair value change in Investment		8,935	(11,404)
Net Gain on Sale of Investments		(12,846)	(37,663)
Interest income		(1,37,65,905)	(1,66,87,147)
Impairment of Receivables		12,84,870	4,06,288
Remeasurements of Defined Benefit Liability		13,17,987	
Loss on scrapped asset		468	-
Operating Cash Flow before Working Capital Changes		**(2,51,37,756)**	**(2,49,71,575)**
Adjustments for:			
(Increase) / Decrease in Trade Receivables		(52,54,012)	10,39,94,259
(Increase) / Decrease in Loans & Advances		-	8,42,357
(Increase) / Decrease in Other current Assets		67,83,757	(51,75,426)
Increase / (Decrease) in Trade Payable		8,96,04,094	(5,55,98,728)
Increase / (Decrease) in Other Current Liabilities		(20,35,725)	9,76,626
Increase / (Decrease) in Provisions		(12,98,760)	20,05,236
(Increase) / Decrease in Financial Asset		(10,59,00,701)	-
Increase / (Decrease) in Financial Liability		(5,53,000)	-
Cash generated from Operating Activities		**(4,37,92,102)**	**2,20,72,749**
Income Taxes Paid (Net of Refunds)		(26,81,733)	(23,13,159)
Net Cash from Operating Activities	(A)	**(4,64,73,835)**	**1,97,59,590**
Cash Flow from Investing Activities			
Purchase of Fixed Assets		(5,42,355)	(20,57,944)
(Increase) / Decrease in Fixed Deposits		2,45,70,305	1,06,89,885
Sale of Current Investment		10,00,000	90,00,000
Purchase of Current Investment		-	(1,00,00,000)
Gratuity Fund Asset		(20,57,185)	-
(Increase) / Decrease in Other Non current Assets		-	(1,47,35,263)
Interest received		1,37,65,905	1,66,87,147
Net Cash used in Investing Activities	(B)	**3,67,36,670**	**95,83,824**
Cash flow from Financing Acdivities			
Mutual Fund		-	
Interest Expense		(13,01,335)	(14,19,490)
Increase / (Decrease) in Other Non current Liability			(25,90,761)
Net Cash from Financing Activities	(C)	**(13,01,335)**	**(40,10,252)**
Net Increase/ (Decrease) in Cash and Cash Equivalents	(A + B + C)	**(1,10,38,500)**	**2,53,33,162**
Cash and Cash Equivalents at the beginning of the year		11,45,31,476	8,91,98,314
Cash and Cash Equivalents at the end of the year		**10,34,92,976**	**11,45,31,476**
Reconciliation of Cash and Cash Equivalents as per the Cash Flow Statement			
Balance with Banks in Current Accounts		10,34,92,114	11,44,90,717
Cash on Hand		862	40,759
		10,34,92,976	**11,45,31,476**

The Significant accounting policies and Notes to Accounts are an integral part of these financial statements

As per our attached Report of even date
For S. VENKATRAM & CO. LLP
Chartered Accountants
Firm Regd No.004656S/ S200095

R. Vaidyanathan
Partner
M.No : 018953

S. VENKATRAM & CO. LLP ★ Chartered Accountants ★ No. 218, TTK Road, Chennai-18

Place : Chennai
Date: June 15, 2021

for **and on behalf of the Board of Directors of**
IFCI Financial Services Limited
CIN: U74899DL1995GOI064034

K.V Rao
Director
DIN: 08111685

Ramesh N.G.S
Director
DIN: 06932731

Aby Eapen
Company Secretary
No.A23807

A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: June 15, 2021

IFCI Financial Services Limited
Statements of Changes in Equity for the year ended March 31, 2021
(All amounts are in Indian Rupees, unless otherwise stated)

	Equity Share capital	Reserves and Surplus				Total
		Securities Premium Reserve	General Reserve	Amalgamation Reserve	Retained Earnings	
Balance at the beginning of the reporting period, April 01, 2019	41,53,37,090	45,16,43,790	91,79,620	97,63,970	(16,86,95,175)	71,72,29,295
Profit or Loss for the period	-	-	-	-	(1,17,15,752)	(1,17,15,752)
Other Comprehensive Income (net of tax)	-	-	-	-	-	-
Total Comprehensive Income	**41,53,37,090**	**45,16,43,790**	**91,79,620**	**97,63,970**	**(18,04,10,926)**	**70,55,13,544**
Transferred to Retained Earnings					-	-
Balance as at April 1, 2020	**41,53,37,090**	**45,16,43,790**	**91,79,620**	**97,63,970**	**(18,04,10,926)**	**70,55,13,544**
Profit or Loss for the period					(1,32,01,705)	(1,32,01,705)
Other Comprehensive Income (net of tax)					13,17,987	13,17,987
Transferred to Retained Earnings					-	-
Balance as at March 31, 2021	**41,53,37,090**	**45,16,43,790**	**91,79,620**	**97,63,970**	**(19,22,94,644)**	**69,36,29,826**

The Significant accounting policies and Notes to Accounts are an integral part of these financial statements

As per our attached Report of even date
For S. VENKATRAM & CO. LLP
Chartered Accountants
Firm Regd No.004656S/ S200095

R. Vaidyanathan
Partner
M.No : 018953

S. VENKATRAM & CO. LLP
No. 218, TTK Road, Chennai-18
Chartered Accountants

Place : Chennai
Date: June 15, 2021

for **and on behalf of the Board of Directors of**
IFCI Financial Services Limited
CIN: U74899DL1995GOI064034

0-6

K.V Rao
Director
DIN: 08111685

Ramesh N.C.S
Director
DIN: 06932731

Aby Eapen
Company Secretary
No.A23807

A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: June 15, 2021

1 Significant Accounting Policies

A Reporting Entity

IFCI Financial Services Limited (IFIN) was incorporated on June 04, 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 of National Stock Exchange of India Ltd (NSE), Bombay Stock Exchange (BSE) and Multi Commodity Stock Exchange (MCX-SX) and a Depository Participant with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and is primarily engaged in the business of providing securities market related transaction services. The Company is also a registered Merchant Banker Category I

B Summary of Significant Accounting Policies:

This note provides a list of the significant accounting policies adopted in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of Preparation

(i) Statement of Compliance

The Financial Statements for the year ended March 31, 2021 have been prepared by the Company in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015.

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, 2021 are the fourth 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 June 15, 2021.

The financial statements have been prepared in accordance with historical cost basis, except for certain financial instruments which are measured at fair values, as explained in the accounting policies.

(ii) Functional and Presentation Currency

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

(iii) Use of Estimates and Judgment

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

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

(v) Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Ind AS 7 'Statement of Cash Flows'

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(vi) Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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b) Financial Instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(ii) Classification and Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified and measured at
- Amortised Cost;
- FVOCI; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.
FVOCI	These assets are subsequently measured at fair value Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial Liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit or Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

(iii) Derecognition

Financial Assets

The Company derecognises a financial asset when :

– the contractual rights to the cash flows from the financial asset expire, or

– the company transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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c) Investments

Investments in subsidiaries, joint ventures and associates are accounted for at cost in the financial statements and the same are tested for impairment in case of any indication of impairment.

Other Investments:

All equity investments in scope of Ind AS 109 (i.e. other than equity investments in subsidiaries / associates / joint ventures) are measured at FVTPL.

Subsequently, these are measured at fair value and changes therein, are recognised in profit and loss account. However on initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis.

d) Property, Plant and Equipment

(i) Recognition and Measurement

Property, Plant and Equipment are stated at cost (cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition including applicable borrowing costs for qualifying assets) and is net of accumulated depreciation and impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using straight-line method and is generally recognised in the Statement of Profit and Loss.

Residual value in respect of assets is considered as 5% of the cost for computing depreciation.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful life (in years)
Computer equipment's and accessories	3
Office equipment's	5
Motor Vehicles	10
Furniture and fittings	10

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the month in which asset is disposed of.

(iv) Derecognition

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

e) Other Intangible Assets

(i) Recognition and Measurement

Other intangible assets are initially measured at cost. Such intangibles are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on internally generated intangibles is recognised in Statement of Profit and Loss as incurred.

(iii) Amortization

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Assets	Useful life (in years)
Computer Software	6
Non compete fees	5

Amortisation method, useful lives and residual values are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

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f) Impairment

(i) Impairment of Financial Instruments

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and FVOCI. At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit - impaired. A financial asset is 'credit - impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Impairment loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls). The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime impairment pattern at each balance sheet date, right from its initial recognition.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its estimated recoverable amount in the Statement of Profit and Loss.

The Company's non-financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into CGUs. Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made 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.

g) Employee Benefits

(i) Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Provident Fund

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions. The contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and there are no other obligations other than the contribution payable.

(iii) Gratuity

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The gratuity Scheme is operated through Group gratuity Scheme of LIC. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

(iv) Compensated Absences

The policy provides for that an employee is entitled to 24 days of earned leave per year and maximum of 30 days leave subject to availability of Annual Leave standing to the credit of the employee at any time during the 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.

Provision for long-term compensated absences is accrued and provided for on the basis of actuarial valuation made at the end of each financial period. The actuarial valuation is done as per projected unit credit method. Short-term encashment of accumulated leave balances are accounted for in the year in which the leave balances are credited to employees on actual basis.

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h) Provisions (other than for employee benefits) and Contingent Liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingent Liabilities

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

i) Revenue Recognition

(i) Brokerage Income is recognized on the trade date of the transaction upon confirmation of the transactions by the exchanges.

(ii) Loan Syndication Fees are recognised when the right to receive the income is established.

(iii) Depository Services incomes are recognised on the basis of agreements entered into with clients and when the right to receive the income is established.

(iv) Insurance Commission from Agency business is booked upon actual receipt of commission from the principal.

(v) Commission from selling of mutual funds is accounted on receipt basis.

(vi) Recovery from bad debts written off is recognised as income on the basis of actual realisation from customers.

(vii) 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.

(viii) Interest income from financial assets is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(ix) All other income are recognized on an accrual basis, when there is no uncertainty in the ultimate realization/ collection.

j) Leases

The Company has applied Ind AS 116 (as notified by the Ministry of Corporate Affairs on 30th March 2019) that is effective for annual periods that begin on or after 01st April 2019. Ind AS 116 'Leases' replaces Ind AS 17 'Leases. The new Standard has been applied by the Company using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognized in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for

a. Leases of low value assets; and

b. Leases with a duration of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used

The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

k) Income Tax

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

(i) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) 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 corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

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Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by 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 if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

l) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

m) Cash and Cash Equivalents

Cash and cash equivalent comprise of cash on hand and at banks including short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Other bank deposits which are not in the nature of cash and cash equivalents with a maturity period of more than three months are classified as bank balances other than cash and cash equivalents.

n) Bank balances other than Cash and Cash equivalents

Other bank deposits which are not in the nature of cash and cash equivalents with a maturity period of more than three months are classified as bank balances other than cash and cash equivalents.

C Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2021

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IFCI Financial Services Limited
Notes to the financial statements
(All amounts are in Indian Rupees, unless otherwise stated)

2 Property, Plant and Equipment

Reconciliation of Carrying Amount

	Motor Vehicles	Computer Equipments and Accessories	Furniture & Fixtures	Office Equipments	Total
Gross Carrying Amount					
Balance as at April 1, 2020	22,150	3,91,09,177	56,77,766	1,17,90,288	5,65,99,381
Additions	-	2,05,000	-	2,14,355	4,19,355
Disposals	(22,150)	-	-	-	(22,150)
Balance as at March 31, 2021	-	**3,93,14,177**	**56,77,766**	**1,20,04,643**	**5,69,96,586**
Accumulated Depreciation and Impairment Losses					
Balance as at April 1, 2020	21,682	3,75,91,726	54,33,536	1,05,96,632	5,36,43,576
Depreciation for the year		2,16,256	11,183	1,95,446	4,22,885
Disposals	(21,682)				(21,682)
Balance as at March 31, 2021	-	**3,78,07,982**	**54,44,719**	**1,07,92,078**	**5,40,44,779**
Carrying Amounts (net)					
At March 31, 2021	-	**15,06,195**	**2,33,047**	**12,12,565**	**29,51,807**
At March 31, 2020	**468**	**15,17,451**	**2,44,230**	**11,93,656**	**29,55,805**

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IFCI Financial Services Limited
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(All amounts are in Indian Rupees, unless otherwise stated)

3 Other Intangible Assets

Reconciliation of Carrying Amount

	Computer Software	Others - Non compete fees	Total
Gross Carrying Amount			
Balance as at April 1, 2020	3,28,08,175	1,00,00,000	4,28,08,175
Additions	1,23,000	-	1,23,000
Balance as at March 31, 2021	**3,29,31,175**	**1,00,00,000**	**4,29,31,175**
Accumulated Amortisation and Impairment Losses			
Balance as at April 1, 2020	3,12,87,615	1,00,00,000	4,12,87,615
Amortisation for the year	1,57,778	-	1,57,778
Balance as at March 31, 2021	**3,14,45,393**	**1,00,00,000**	**4,14,45,393**
Carrying Amounts (net)			
As at March 31, 2021	**14,85,782**	-	**14,85,782**
As at March 31, 2020	**15,20,560**	-	**15,20,560**

4 Investment - Non-Current

	Units	As at March 31, 2021	Units	As at March 31, 2020
Investment measured at cost				
In Equity Shares of Subsidiary Companies				
Unquoted, fully paid up				
IFIN Commodities Limited	50,00,000	5,00,00,000	50,00,000	5,00,00,000
IFIN Credit Limited	25,00,000	2,79,00,000	25,00,000	2,79,00,000
IFIN Securities Finance Limited	30,01,000	30,73,23,063	30,01,000	30,73,23,063
Total		**38,52,23,063**		**38,52,23,063**

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	As at March 31, 2021	As at March 31, 2020
5 Other Financial Assets		
Security Deposits	17,75,58,651	7,08,92,156
Rent advances	43,24,797	50,90,591
	18,18,83,448	7,59,82,747
The above shall also be sub-classified as:		
Considered Good - secured	-	-
Considered Good - unsecured	18,18,83,448	7,59,82,747
Balances which have significant increase in credit risk	-	-
Credit Impaired	-	-
	18,18,83,448	7,59,82,747
Current *	16,67,73,968	5,49,49,771
Non-Current	1,51,09,480	2,10,32,976

** Deposit amounting to Rs.12,01,48,468 (Previous year - Rs.1,79,54,086) represents margin money maintained with Exchange*

	As at March 31, 2021	As at March 31, 2020
6 Other Non-Current Assets		
Balance with IT Authorities	3,42,47,637	3,15,65,904
Fair Value of Plan Asset - Gratuity fund	20,57,185	-
	3,63,04,822	3,15,65,904
7 Investment - Current		
Investments measured at Fair Value through Profit and Loss (FVTPL)		
- In Equity Instrument	-	-
- In Mutual Funds	50,509	10,37,663
	50,509	10,37,663
Less:		
Increase/Decrease in Fair Value	2,468	11,404
Total of Investments measured at Fair Value Through Profit and Loss	52,977	10,49,067
8 Trade Receivables		
Considered Good Secured	3,71,07,593	3,31,38,452
Considered Good Unsecured	8,21,85,454	8,09,00,583
Receivables which have significant increase in Credit Risk	-	-
Credit Impaired	-	-
Less:		
Allowance for doubtful receivables	(8,21,85,454)	(8,09,00,583)
Net Trade Receivables	3,71,07,593	3,31,38,452
Of the above, trade receivables from related parties are as below:		
Total Trade Receivables from Related Parties	-	-
Less: Loss Allowance	-	-
Net Trade Receivables	3,71,07,593	3,31,38,452

The Company's exposure to credit and currency risks, and loss allowance related to trade receivables are disclosed in Note 27

	As at March 31, 2021	As at March 31, 2020
9 Cash and Bank Balances		
Cash and Cash Equivalents		
Balance with banks in current accounts	10,34,92,114	11,44,90,717
Cash on Hand	862	40,759
	10,34,92,976	11,45,31,476
10 Bank balances other than Cash and Cash equivalents		
Bank deposit accounts (more than 3 months but less than 12 months maturity) *	19,76,09,545	22,21,79,849
	19,76,09,545	22,21,79,849

**Other Bank Balances in deposit accounts includes fixed deposits with banks aggregating to ₹ 8,46,87,500/- (As at March 31, 2020 - ₹ 8,46,87,500/-) against which lien has been marked by the banks as security for guarantees issued on behalf of the Company.*

	As at March 31, 2021	As at March 31, 2020
11 Other Current Assets		
Interest accrued on Deposits	17,46,982	1,03,09,209
Balance with Revenue Authorities	7,46,260	99,491
Prepaid Expenses	63,90,885	50,96,859
Other Advances	25,126	95,638
Employee Advances	5,73,594	6,65,407
	94,82,847	1,62,66,604

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	As at 31 March 2021	As at 31 March 2020
12 Equity Share Capital		
Authorised		
50,000,000 equity shares of ₹ 10 each	50,00,00,000	50,00,00,000
Issued, subscribed and paid-up		
41,533,709 equity shares of ₹ 10 each fully paid up	41,53,37,090	41,53,37,090
	41,53,37,090	**41,53,37,090**

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Equity shares				
As at beginning of the period	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090
Shares issued during the period	-	-	-	-
At the end of the period	**4,15,33,709**	**41,53,37,090**	**4,15,33,709**	**41,53,37,090**

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/her/its share of the paid-up equity share capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

Particulars of shareholders holding more than 5% shares of a class of shares

	As at 31 March 2021		As at 31 March 2020	
	Number of shares held	% holding	Number of shares held	% holding
IFCI Limited and Nominees	3,93,63,809	94.78%	3,93,63,809	94.78%
Ms. Chandra Ramesh	17,57,619	4.23%	17,57,619	4.23%
Mr. D V Ramesh	4,12,281	0.99%	4,12,281	0.99%

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	As at March 31, 2021	As at March 31, 2020
13 Other Financial Liabilities		
Security deposits collected	37,58,726	43,11,726
	37,58,726	**43,11,726**
Security deposits		
Non-Current	37,58,726	43,11,726
Current		
	37,58,726	**43,11,726**

The Company's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in Note 27.

14 Trade and Other Payables

Other Trade Payables	23,83,06,802	14,87,02,708
Trade Payables to Related Parties		
	23,83,06,802	**14,87,02,708**

All trade payables are 'Current'.
The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 27.

15 Other Current Liabilities

Creditors for expenses	58,27,218	31,70,605
Employee Related payables	21,90,555	34,16,987
Statutory Dues payable	28,02,088	43,51,658
Other liabilities	1,64,828	20,81,164
	1,09,84,689	**1,30,20,414**

16 Provisions

Provisions for Employee Benefits		
Net Defined Benefit Liability - Gratuity plan	-	-
Liability for Compensated Absences	89,14,818	1,02,13,578
	89,14,818	**1,02,13,578**
Non-Current	88,59,438	1,02,13,578
Current	55,380	-
	89,14,818	**1,02,13,578**

For details about the related employee benefit expenses, see Note 20.

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IFCI Financial Services Limited
Notes to the financial statements
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	Period from April 01, 2020 to March 31, 2021	Period from April 01, 2019 to March 31, 2020
17 Revenue from Operation		
Brokerage On Stock Broking	10,94,32,518	9,49,77,307
Commission On Mutual Fund	1,00,49,277	1,19,59,457
Insurance Commission	2,85,219	93,320
Merchant Banking & Valuation Fees	26,68,000	1,38,10,822
Depository Income	1,07,65,178	56,88,314
Commission From ISFL Sharing	1,32,592	-
Account Opening Charges	1,59,750	1,46,700
	13,34,92,535	**12,66,75,920**
Other Operational Income		
Delayed Payment Interest	61,73,535	97,15,849
	13,96,66,070	**13,63,91,769**
18 Other Income		
Rental Income	20,34,130	22,97,928
Miscellaneous Income	39,21,671	98,84,856
Interest Income	1,37,65,905	1,66,87,147
Profit on Sale of Investments	12,846	37,663
Net gain on fair value changes	(8,935)	11,404
	1,97,25,617	**2,89,18,998**
19 Operational Expense		
Commission Paid	3,65,68,935	3,03,24,068
Fees To Clearing Member	41,13,809	22,48,653
Data Feed Charges	19,84,627	20,97,291
DP Expenses	14,62,261	4,09,616
Broking Stamp Expenses	18,225	30,400
	4,41,47,857	**3,51,10,027**
20 Employee Benefits Expense		
Salaries, Wages and Bonus	7,20,20,467	7,58,84,305
Contribution to Provident Fund and Other Funds	48,16,863	51,99,135
Gratuity	11,87,500	15,84,840
Staff Welfare Expense	19,65,488	35,17,290
	7,99,90,319	**8,61,85,570**
21 Finance costs		
Bank Charges	36,234	72,463
Bank Guarantee Commission Expense	12,65,101	13,47,027
	13,01,335	**14,19,490**
22 Depreciation and Amortisation Expense		
Depreciation of Property, Plant and Equipment	4,22,882	15,17,704
Amortisation of Intangible Assets	1,57,778	1,31,656
	5,80,660	**16,49,360**

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	Period from April 01, 2020 to March 31, 2021	Period from April 01, 2019 to March 31, 2020

23 Other Expenses

Information Technology Exp	33,22,284	25,37,872
Professional Charges	25,77,444	23,30,201
Advertisement	1,09,650	6,600
Audit Fees	9,75,000	9,25,000
Electricity Charges	33,07,546	40,76,620
Insurance Expenses	20,81,716	23,81,749
Postage & Telegram	3,45,563	6,32,680
Printing & Stationery	8,40,014	10,08,801
Rent	1,87,75,942	1,93,75,994
Rates & Taxes	86,412	1,51,903
Repairs & Maintenance	5,93,581	7,19,774
Sitting Fees	3,27,720	3,33,000
Membership Fee	6,20,307	6,47,785
Annual Maintenance Charges	43,27,448	42,68,009
Telephone Expenses	31,02,136	43,70,548
Training Expenses	77,215	1,65,511
Travelling & Conveyance Exp	7,88,466	11,19,889
Office Maintenance	49,10,147	54,31,008
Other Administrative Expenses	7,70,846	17,67,587
Loss on scrapped assets	468	
	4,79,39,905	**5,22,50,531**

Payments to Auditors
As Auditor:-

Statutory Audit Fee	6,00,000	5,75,000
Fees for Limited review (Standalone & Consolidtion)	3,10,000	3,00,000
Tax Audit	55,000	50,000
Other Service	10,000	-
	9,75,000	**9,25,000**

24 Impairment on financial instrument

Bad debts written off	-	3,43,16,747
Provision on imparment on receivable	12,84,870	(3,39,10,459)
	12,84,870	**4,06,288**

25 Earnings per share

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share based on profit attributable to equity shareholders and weighted average number of equity shares outstanding are as follows:

i. Profit attributable to equity shareholders (basic and diluted)		
Profit for the year, attributable to the equity holders	(1,32,01,705)	(1,17,15,752)
ii. Weighted average number of equity shares (basic and diluted)		
Opening balance	4,15,33,709	4,15,33,709
Additional shares issued during the year		-
Weighted average number of equity shares for the year	**4,15,33,709**	**4,15,33,709**
Basic and Diluted EPS	**(0.32)**	**(0.28)**

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26 Employee Benefit Expenses

(i) *Defined Contribution Plan*

The company has recognised an expense of ₹ 46,11,334/- (Previous year ₹ 51,99,135/-) towards provident fund

(ii) *Defined Benefit Plan - Compensated Absence*

The company has recognised an expense of ₹ 12,98,527/- during the year ended March 31, 2021 as per actuarial valuation report. The closing balance of compensated absence as at March 31, 2021 is ₹ 89,14,818/-

(iii) *Defined Benefit Plan - Gratuity*

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.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

A Reconciliation of Amounts in Balance Sheet

	For the period from April 01, 2020 to March 31, 2021	For the period from April 01, 2019 to March 31, 2020
Defined Benefit Obligation (DBO)	1,15,08,541	-
Fair Value of Plan Assets	1,35,65,726	-
Funded Status - (Surplus)/Deficit	**(20,57,185)**	-
Liability/(Asset) recognised in the Balance Sheet	**(20,57,185)**	-

B Reconciliation of the present value of Defined Benefit Obligation and Fair value of Plan Assets

The following table shows a reconciliation from the opening balances to the closing balances for the present value of Defined Benefit Obligation and Fair value of Plan Assets and its components.

Reconciliation of present value of defined benefit obligation

	For the period from April 01, 2020 to March 31, 2021	For the period from April 01, 2019 to March 31, 2020
Defined Benefit Obligation at the beginning of period	1,28,48,732	-
Benefits Paid	(21,04,997)	-
Current Service Cost	11,87,500	-
Interest Cost	8,92,987	-
Actuarial (gains)/losses recognised in other comprehensive income	(13,15,681)	-
Balance at the end of the year	**1,15,08,541**	-
Defined Benefit Obligation at the end of period	**1,15,08,541**	-

Reconciliation of fair value of Plan Asset

	For the period from April 01, 2020 to March 31, 2021	For the period from April 01, 2019 to March 31, 2020
Fair value of Plan Assets at the beginning of period	1,28,48,732	-
Interest Income	8,92,987	-
Actual Enterprise's Contribution	19,26,698	-
Actual Benefits Paid	(21,04,997)	-
Actuarial gains/(losses) recognised in other comprehensive income	2,306	-
Balance at the end of the year	**1,35,65,726**	-
Fair value of Plan Assets at the end of period	**1,35,65,726**	-

C *i. Expense recognised in profit or loss*

	March 31, 2021	March 31, 2020
Current Service Cost	11,87,500	-
Interest Cost	8,92,987	-
Expected Return on Plan Assets	(8,92,987)	
	11,87,500	-

ii. Remeasurements recognised in other comprehensive income

	March 31, 2021	March 31, 2020
Amount recognized in OCI at the beginning of period	-	-
Actuarial loss (gain)/loss on Defined Benefit Obligation	(13,15,681)	-
Actuarial loss gain/(loss) on Plan asset	2,306	
	(13,17,987)	-

D Defined Benefit Obligation

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	March 31, 2021	March 31, 2020
Discount rate	6.95%	-
Salary Escalation	0% for next year and 5.00% thereafter	-

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27 Financial instruments - Fair values and risk management

A Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy

March 31, 2021

	Amortised Cost	FVTPL	FVOCI	Total carrying amount
Financial assets				
Trade Receivables	3,71,07,593	-	-	3,71,07,593
Cash and Cash equivalents	10,34,92,976	-	-	10,34,92,976
Bank balances other than Cash and Cash equivalents	19,76,09,545			19,76,09,545
Other Financial Assets	18,18,83,448	-	-	18,18,83,448
Investments (other than investment in Subsidiary)	-	52,977	-	52,977
Total Financial assets	**52,00,93,563**	**52,977**	**-**	**52,01,46,540**
Financial liabilities				
Trade and Other Payables	23,83,06,802.22	-	-	23,83,06,802
Other Financial Liabilities	37,58,726.35	-	-	37,58,726
Total Financial liabilities	**24,20,65,529**	**-**	**-**	**24,20,65,529**

March 31, 2020

	Amortised Cost	FVTPL	FVOCI	Total carrying amount
Financial assets				
Trade Receivables	3,31,38,452	-	-	3,31,38,452
Cash and Cash equivalents	11,45,31,476	-	-	11,45,31,476
Bank balances other than Cash and Cash equivalents	22,21,79,849			22,21,79,849
Other Financial Assets	7,59,82,747	-	-	7,59,82,747
Investments (other than investment in Subsidiary)	-	10,49,067	-	10,49,067
Total Financial assets	**44,58,32,524**	**10,49,067**	**-**	**44,68,81,590**
Financial liabilities				
Trade and Other Payables	14,87,02,708	-	-	14,87,02,708
Other Financial Liabilities	43,11,726		-	43,11,726
Total Financial liabilities	**15,30,14,434**	**-**	**-**	**15,30,14,434**

- The fair value of investment (other than in subsidiary) is determined based on Level-1 input i.e the price quoted in active market.
- For all of the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

B Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk (see (B)(ii));
- Liquidity risk (see (B)(iii)); and
- Market risk (see (B)(iv)).

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

ii. Credit risk

Credit risk refer to the risk of default on its obligation by the counter party resulting in financial loss. Credit risk always managed by the Company by proper approvals. Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	Carrying amount March 31, 2020	Carrying amount March 31, 2020
Trade Receivables	3,71,07,593	3,31,38,452
Other Financial Assets	18,18,83,448	7,59,82,747
	21,89,91,042	**10,91,21,199**

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by the credit rating agencies. Investments primarily include investment in liquid mutual fund units.

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Trade Receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime impairment pattern at each balance sheet date, right from its initial recognition.

The Company has large customer base. As per the policy of the Company, for the equity clients receivable, provision of 100% is made on Quarterly basis on the unsecured outstanding receivable amount, only in case where such amount is outstanding for more than 10 days as at the Quarter end. Trade receivable to the extent not covered by collateral (i.e unsecured trade receivable) is considered as default and are fully provided for against the respective trade receivable and the amount of provision is debited to Statement of Profit and Loss. Subsequently if the amount is realised then the provision earlier created is reversed. The movement of allowances for doubtful receivables are provided herein under:-

Reconciliation of Allowance for doubtful receivables:-	March 31, 2021	March 31, 2020
Opening Balance	8,09,00,583	8,04,94,295
Created / (Utilized) during the year	12,84,870	4,06,288
Closing Balance	8,21,85,454	8,09,00,583

Other Financial Assets

This balance is primarily constituted by deposit given to Stock exchange in relation to maintain minimum base capital requirement. The Company does not expect any losses from non-performance by these counter-parties.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

The Company's principal sources of liquidity are cash and cash equivalents, the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of March 31, 2021, the Company had a working capital of ₹ 26,51,73,036/- including cash and bank balances of ₹ 10,34,92,976/- , Bank balances other than Cash and Cash equivalents of ₹. 19,76,09,545/- and current investments of ₹. 52,977/-. Further the promoter of the Company have also committed to support the company for there current and future requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

March 31, 2021

	Carrying amount	Contractual cash flows		
		Total	upto 1 year	more than 1 year
Financial assets				
Trade Receivables	3,71,07,593	3,71,07,593	3,71,07,593	-
Cash and Cash equivalents	10,34,92,976	10,34,92,976	10,34,92,976	-
Bank balances other than Cash and Cash equivalents	19,76,09,545	19,76,09,545	19,76,09,545	-
Other Financial Assets	18,18,83,448	18,18,83,448	16,67,73,968	1,51,09,480
Investments (other than investment in Subsidiary)	52,977	52,977	52,977	-
	52,01,46,540	52,01,46,540	50,50,37,059	1,51,09,480
Financial liabilities				
Trade Payables	23,83,06,802	(23,83,06,802)	(23,83,06,802)	-
Other financial liabilities	37,58,726	(37,58,726)	-	(37,58,726)
	24,20,65,529	(24,20,65,529)	(23,83,06,802)	(37,58,726)

March 31, 2020

	Carrying amount	Contractual cash flows		
		Total	upto 1 year	more than 1 year
Financial assets				
Trade Receivables	3,31,38,452	3,31,38,452	3,31,38,452	-
Cash and Bank Balances	11,45,31,476	11,45,31,476	11,45,31,476	-
Bank balances other than Cash and Cash equivalents	22,21,79,849	22,21,79,849	22,21,79,849	-
Other Financial Assets	7,59,82,747	7,59,82,747	5,49,49,771	2,10,32,976
Investments (other than investment in Subsidiary)	10,49,067	10,49,067	10,49,067	-
	44,68,81,590	44,68,81,590	42,58,48,614	2,10,32,976
Financial liabilities				
Trade Payables	14,87,02,708	(14,87,02,708)	(14,87,02,708)	-
Other financial liabilities	43,11,726	(43,11,726)		(43,11,726)
	15,30,14,434	(15,30,14,434)	(14,87,02,708)	(43,11,726)

iv. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

C Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through support from the Holding Company. The Company monitors capital using a ratio of net debt to equity. For this purpose, net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, trade payable, financial liabilities and other liabilities less cash and cash equivalents. Equity comprises all components of equity.

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28 Income Taxes (IND AS 12) :

Deferred Tax Asset / (Liability) as on March 31, 2021 has been arrived at as follows:

		March 31, 2021	March 31, 2020
Timing Difference on account of Disallowances		19,38,285	-
Timing Difference on account of Carry Forward Losses		73,93,398	-
	A	93,31,683	-
Less: Deferred Tax Liability arising on account of:			
Timing Difference on account of Disallowances			(26,51,556)
Timing Difference on account of Depreciation		(2,11,051)	-
	B	(2,11,051)	(26,51,556)
Net Deferred Tax Asset/(Liability)	(A+B)	91,20,632	(26,51,556)

According to IND AS-12, Deferred Tax Asset should be recognized only when there is a reasonable certainty supported by convincing evidence that sufficient future taxable income will be available. In view of prudence, the Company has not recognized Deferred Tax Asset.

29 Contingent liabilities

	March 31, 2021	March 31, 2020
Contingent liabilities		
a. Bank Guarentees (Note (i))	16,93,75,000	16,93,75,000
b. Claims against the Company not acknowledged as debts	1,33,88,000	1,35,78,000
c. TDS demand outstanding with TRACES (Note (ii))	94,802	-
d. Disputed Income tax demand* (Note (iii))	1,52,27,484	1,52,27,484
	19,80,85,286	19,81,80,484

Note

(i) The Company has provided Bank guarantees aggregating to ₹ 6,70,00,000/- (Previous Year - ₹ 6,70,00,000/-) to National Stock Exchange of India Limited, ₹ 23,75,000/- (Previous Year - ₹ 23,75,000/-) to Bombay Stock Exchange and ₹ 10,00,00,000/- (Previous Year - ₹ 10,00,00,000/-) to Stock Holding Corporation of India Limited as on March 31, 2021 for meeting margin requirements. The Company has pledged fixed deposits aggregating to ₹ 8,46,87,500 - (Previous Year - ₹ 8,46,87,500 -) with banks for obtaining the above bank guarantees.

(ii) The company has the following TDS Demand outstanding with TRACES as at March 31, 2021

Financial Year	*Amount*
2019 - 2020	*84*
2017 - 2018	*200*
Prior Years	*94,519*
	94,802

(iii) The company has the following Disputed Income tax demand as at March 31, 2021 and March 31, 2020

S.No	*Assessment year*	*Forum where appeal is pending*	*Amount of demand*
1	*2011-12*	*Commissioner of Income Tax (Appeals)*	*3,68,476*
2	*2012-13*	*Commissioner of Income Tax (Appeals)*	*1,28,55,235*
3	*2014-15*	*Commissioner of Income Tax (Appeals)*	*3,46,240*
4	*2015-16*	*Commissioner of Income Tax (Appeals)*	*3,59,690*
5	*2017-18*	*Commissioner of Income Tax (Appeals)*	*12,97,843*
			1,52,27,484

** The company is in the process of reconciling the amount of Income-tax demand outstanding with the provisions of tax held in books.*

30 Segment Reporting

The company operates only in India, and only in one segment i.e. stock broking and hence there are no reportable segments as defined in Indian Accounting Standard (IND AS -108) on "Segment Reporting The entire revenue earned by the company is through the aforesaid services.

31 Related parties

A Details of related parties and the relationships

Description of relationship	**Name of the party**	
- Holding Company	IFCI Limited	
- Subsidiary Company	a) IFIN Commodities Limited b) IFIN Credit Limited c) IFIN Securities Finance Limited (Formerly known as Narayan Sriram Investments Private Limited)	
- Fellow Subsidiary Company	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	
- Key management personnel	Mr. Ramesh N.G.S (w.e.f May 23, 2019)	Non-Executive Director
	Mr. Karra Visweswar Rao (w.e.f January 01, 2021)	Managing Director
	Mr. Jayesh Amichand Shah (w.e.f November 07, 2020)	Additional Director
	Mr. Rajesh Kumar (w.e.f November 07, 2020)	Additional Director
	Mr. Alan Savio Pacheco (w.e.f March 12, 2021)	Nominee Director
	Mrs. Aparna Chaturvedi (Cessation w.e.f October 24, 2020)	Independent Director
	Mr. Sunit V Joshi (Cessation w.e.f October 24, 2020)	Independent Director
	Mr. A.V Pushparaj	Chief Financial Officer (CFO)
	Mr. Aby Eapen	Company Secretary (CS)

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(All amounts are in Indian Rupees, unless otherwise stated)

B Transactions with key management personnel

i. Key Management Personnel Compensation

	Period ended March 31, 2021	Period ended March 31, 2020
Short-term benefits		
- Mr. A.V Pushparaj	10,59,396	10,28,539
- Mr. Aby Eapen	9,47,397	9,19,803
	20,06,793	19,48,342
Sitting fees paid to Directors		
- Mrs. Aparna Chaturvedi	66,000	1,66,500
- Mr. Jayesh Amichand Shah	85,500	-
- Mr. Rajesh Kumar	85,500	-
- Mr. Sunit V Joshi	81,000	1,66,500
	3,18,000	3,33,000

C Related party transactions other than those with Key Management Personnel

Name of Related party	Nature of Relationship	Nature of Transactions	March 31, 2021	March 31, 2020
IFIN Commodities Ltd.	Subsidiary Company	Reimbursement of Expenses received - Rent, Software AMC & Employee Cost	25,46,155	22,97,928
		PM Care Fund - Covid 19 Contribution	16,309	-
		Salary deputation paid	8,30,344	-
IFIN Securities Finance Limited	Subsidiary Company	Reimbursement of Expenses received	18,00,000	85,00,000
		Brokerage Income	7,024	6,842
		Commission Income	1,32,592	-
		Salary deputation received	3,94,014	-
		Reimbursement of Laptop Hire Charges received	1,19,783	-
		PM Care Fund - Covid 19 Contribution	8,671	-
		Salary deputation Paid	3,19,627	-
IFCI Limited	Holding Company	Brokerage	29,12,829	34,75,972
		DP Income received	1,98,262	5,37,549
		Insurance for Deputed Employees paid	64,559	-
		Reimbursement of MD salary paid by IFCI Ltd	9,79,940	-
		Rent	1,07,14,567	1,08,18,370
		Salary deputation received	4,49,002	-
IFIN Credit Ltd.	Subsidiary Company	Reimbursement of Expenses received - Rent, Office Maint., Employee Cost & Duties and Taxes	8,95,965	12,60,000
IFCI Factors Ltd.	Fellow Subsidiary Company	Brokerage	-	-
		DP Income received	5,977	13,970
IFCI Ventures Capital Fund Ltd.	Fellow Subsidiary Company	Brokerage	2,523	4,984
		DP Income received	3,000	4,000

D Related Party Balances

Name of Related party	Nature of Relationship	Nature of balance	March 31, 2021	March 31, 2020
IFCI Limited	Holding Company	Receivable	18,69,543	8,50,472
IFIN Commodities Limited	Subsidiary Company	Payable	2,16,164	-
IFIN Credit Limited	Subsidiary Company	Receivable	-	70,000
IFIN Securities Finance Limited	Subsidiary Company	Payable	8,75,557	(482)
IFCI Venture Capital Funds Limited	Fellow Subsidiary Company	Receivable	0	1,463
IFCI Factors Limited	Fellow Subsidiary Company	Receivable	7,053	-
Stock Holding Corporation of India Limited	Fellow Subsidiary Company	Payable	12,49,25,975	2,42,32,486

32 The Company when applying Ind AS 116 to leases previously classified as operating leases, has used practical expedients for not recognising right-of-use assets and liabilities for leases of low value assets. As the leases of the Company are short term leases, the Company has charged the lease expense as a period cost in the Statement of Profit & Loss Account.

33 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.

34 Previous year figures have been regrouped wherever necessary to confirm to the current year classification.

35 Figures are rounded off to nearest rupee.

36 Third Party balances are subject to confirmations and reconciliations if any.

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Chartered Accountants

37 COVID 19, a global pandemic has spread across the world and created a unprecedented level of disruption. The Company has considered the possible effects that may result from the pandemic relating to COVID 19. The Company has experienced significant difficulties with respect to collections, market demand, liquidity so far. However, based on the current indicators of the economic conditions, the company believes that it would be in a position to recover the carrying amounts of the assets viz., receivables, property, plant and equipment's and other intangible assets, and does not anticipate any material impact due to impairment of these financial and non-financial assets. However the impact assessment is continuous process, given the uncertainties. The Company will continue to monitor changes in future economic conditions. The Company believes the challenges faced due to COVID 19 would have a short term impact, and thus does not expect any major impact of COVID 19 on its ability to continue as a going concern. The Company is taking all necessary measures in terms of mitigating the impact of the challenge being faced in the business.

The Significant accounting policies and Notes to Accounts are an integral part of these financial statements

As per our attached Report of even date

For S. VENKATRAM & CO. LLP
Chartered Accountants
Firm Regd No.004656S/ S200095

R. Vaidyanathan
Partner
M.No : 018953

S. VENKATRAM & CO. LLP
No. 218,
TTK Road,
Chennai-18
Chartered Accountants

Place : Chennai
Date: June 15, 2021

***for* and on behalf of the Board of Directors of**
IFCI Financial Services Limited
CIN: U74899DL1995GOI064034

K.V Rao
Director
DIN: 08111685

Ramesh N.G.S
Director
DIN: 06932731

Aby Eapen
Company Secretary
N. A23807

A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: June 15, 2021

S. Venkatram & Co. LLP
Chartered Accountants
"Formerly known as S. Venkatram & Co." (Regn No: 722)
Converted and registered as LLP vide LLPIN AAM-3179/27.03.2018
with Limited Liability

218, T.T.K. Road,
Alwarpet, Chennai – 600 018.
Ph. No.: 2499 21 55 / 56 / 57
E.mail : admin@svco.in

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 (hereinafter referred to as the "Holding Company") and its Subsidiaries (Holding Company and its Subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2021, and 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 then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (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 31st March, 2021, of consolidated *loss* including other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

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. 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*

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Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical 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.

Key Audit Matters

The companies comprising of the Group are unlisted public sector entities (where the ultimate shareholding of the entities owned by the Government of India is more than 51%). We have been informed by the management that the transactions of the Group are not: (a) significant as compared to the size of operations of its Ultimate Holding Company; (b) the transactions of the Company are not complex; and (c) of such nature to be of public interest. In view of the above, we are not mentioning any Key Audit Matters.

Emphasis of Matter

We draw attention to Note 42 in the Consolidated Financial Statements, which describes the effect of COVID 19 on the Group. The Management has performed an impairment assessment for its assets. The Management assessment shows no indication of material fall in realizable value than the book value of those assets. However, the impact of COVID-19 may be different from that estimates and judgements made by the management as at the date of approval of these audited Consolidated Financial Statements. Further the impact on the financial performance is dependent on future development which are highly uncertain.

Our opinion is not modified in respect of this matter

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

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, 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.

S. Venkatram & Co. LLP * Chartered Accountants * No. 218, TTK Road, Chennai-18

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.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, Consolidated Changes in Equity and Consolidated Cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the 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 Board of Directors 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.

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding 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.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

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

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

Other Matters

a) We did not audit the financial statements of 3 Subsidiaries whose financial statements reflect total assets of ₹ 37,81,18,556/- as at 31st March 2021, total revenues of ₹ 2,65,11,877/- and net cash outflows amounting to ₹ 56,86,663/- for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid Subsidiaries is based solely on the reports of the other auditors.

   Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

b) Further to the continuous spreading of COVID -19 across India, the Tamilnadu Government announced a strict 14 days lockdown on May 10, 2021, which was further extended till the date of

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No. 218, TTK Road, Chennai-18
Chartered Accountants

this report to contain the spread of virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the major portion of the audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the Consolidated Financial Statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

c) The Consolidated Financial statement contains amounts for the year ended March 31, 2020 which are subjected to audit by a firm other than S. Venkatram & Co. LLP who have issued an unmodified audit opinion.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matters' paragraph we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
c) The Consolidated Balance Sheet, 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 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.

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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) We have been informed that the provisions of the section 164(2) of the Act in respect of the disqualification of directors are not applicable to the Holding Company and its Subsidiaries incorporated in India, being a Government Company in terms of notification no. G.S.R. 463(E) dated June 5, 2015 issued by the Ministry of Corporate Affairs, Government

f) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 1**" which is based on the auditor's reports of the Holding 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 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 - Refer *Note 32* of the Notes forming part of Consolidated Financial Statements;

   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its Subsidiary Companies incorporated in India.

For S. Venkatram & Co LLP
Chartered Accountants
FRN. No. 004656S/S200095

S. VENKATRAM & CO LLP * No. 218, TTK Road, Chennai-18 * Chartered Accountants

R. V. Nathan

Place: Chennai
Date: 15th June 2021

R. Vaidyanathan
Partner
M.No. 018953
UDIN: 21018953AAAABK6590

ANNEXURE "1" TO THE INDEPENDENT AUDITOR'S REPORT

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID CONSOLIDATED FINANCIAL STATEMENTS UNDER CLAUSE (i) OF SUBSECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("the Act")

(Referred to in point (f) in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of IFCI Financial Services Limited of even date to the members of **IFCI FINANCIAL SERVICES LIMITED** on the Consolidated Financial Statements for the year ended 31st March, 2021)

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31st March, 2021, we have audited the internal financial controls with reference to the Consolidated Financial Statements of **IFCI Financial Services Limited** (hereinafter referred to as "Holding Company") and its Subsidiary Companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its Subsidiary Companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to the Consolidated Financial Statements based on the 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.

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Chartered Accountants

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to the Consolidated Financial Statements 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 ICAI 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 with reference to the Consolidated Financial Statements. 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 with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to the Consolidated Financial Statements.

Meaning of Internal Financial Controls with reference to the Consolidated Financial Statements

A company's internal financial control with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the Consolidated Financial Statements includes those policies and procedures that:

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(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 with reference to the Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to the Consolidated Financial Statements, 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 with reference to the Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and according to the information and explanations given to us the Holding Company and its Subsidiary Companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to the Consolidated Financial Statements and such internal financial controls with reference to the Consolidated Financial Statements were operating effectively as at 31st March, 2021, based on the internal control with reference to the Consolidated Financial Statements 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the Consolidated Financial Statements insofar as it relates to 3

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Subsidiary Companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We bring to the attention of the users that the audit of the internal financial controls system with reference to the Consolidated Financial Statements and the operating effectiveness of such internal financial controls system with reference to the Consolidated Financial Statements has been performed remotely in the conditions more fully explained in the Other Matters Paragraph of our Independent Audit Report on the audit of the Consolidated Financial Statements.

Our opinion on the internal financial controls system with reference to the Consolidated Financial Statements is not modified in respect of the above

For S. Venkatram & Co LLP
Chartered Accountants
FRN. No. 004656S/S200095

S. VENKATRAM & CO. LLP * No. 218, TTK Road, Chennai-18 * Chartered Accountants

R. V. Natham

R. Vaidyanathan
Partner
M. No. 018953
UDIN: 21018953AAAABK6590

Place: Chennai
Date: 15th June 2021

IFCI Financial Services Limited
Consolidated Balance Sheet as at March 31, 2021
(All amounts are in Indian Rupees, unless otherwise stated)

	Note	March 31, 2021	March 31, 2020
ASSETS			
1. Non-Current assets			
(a) Property, Plant and Equipment	2	30,86,673	31,07,721
(b) Other Intangible Assets	3	14,85,783	15,98,248
(c) Goodwill		22,53,875	22,53,875
(d) Financial Assets			
- Loans	4	4,55,78,273	3,60,000
- Other Financial Assets	5	2,88,40,062	7,21,64,546
(e) Deferred tax assets (net)		3,61,079	-
(f) Other Non-Current Assets	6	4,06,46,676	3,61,79,927
Total Non-Current Assets		**12,22,52,421**	**11,56,64,317**
2. Current assets			
(a) Financial Assets			
- Investments	7	13,90,30,385	18,19,60,225
- Trade Receivables	8	3,69,09,404	3,31,19,210
- Cash and Bank Balances	9	15,08,98,707	16,76,23,870
- Bank balances other than Cash and Cash equivalents	10	30,00,72,774	28,55,79,849
- Loans	11	1,95,14,651	2,69,24,072
- Other Financial Assets	5	16,67,73,968	5,49,49,771
(b) Other Current Assets	12	1,34,47,112	2,02,47,561
Total Current Assets		**82,66,47,001**	**77,04,04,558**
Total Assets		**94,88,99,421**	**88,60,68,875**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	13	41,53,37,090	41,53,37,090
(b) Other Equity		24,54,31,896	26,07,95,596
Total Equity		**66,07,68,986**	**67,61,32,686**
Liabilities			
1. Non-Current Liabilities			
(a) Financial Liabilities			
- Other Financial Liabilities	14	37,58,726	43,11,726
(b) Provisions	17	90,93,168	1,02,13,578
(c) Deferred Tax Liabilities (net)		16,24,608	22,88,224
Total Non-Current Liabilities		**1,44,76,502**	**1,68,13,529**
2. Current Liabilities			
(a) Financial Liabilities			
- Trade Payables	15		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		23,72,35,499	14,89,43,370
- Other Financial Liabilities	14	9,66,710	23,46,171
(b) Other Current Liabilities	16	3,43,52,461	3,99,91,311
(c) Provisions	17	10,99,263	18,41,809
Total Current Liabilities		**27,36,53,933**	**19,31,22,660**
Total Equity and Liabilities		**94,88,99,421**	**88,60,68,875**

The Significant accounting policies and Notes to Accounts are an integral part of these Consolidated Financial Statements

As per our attached Report of even date
For S. VENKATRAM & CO. LLP
Chartered Accountants
Firm Regd No.004656S/ S200095

R. Vaidyanathan
Partner
M.No : 018953

S. VENKATRAM & CO. LLP
No. 218, TTK Road, Chennai-18
Chartered Accountants

Place : Chennai
Date: June 15, 2021

for **and on behalf of the Board of Directors of**
IFCI Financial Services Limited
CIN: U74899DL1995GOI064034

K.V Rao
Director
DIN: 08111685

Ramesh N.G.S
Director
DIN: 06932731

Aby Eapen
Company Secretary
ACS23807

A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: June 15, 2021

IFCI Financial Services Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2021
(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	March 31, 2021	March 31, 2020
Revenue from Operation	18	15,13,11,232	15,41,13,192
Other Income	19	3,07,39,439	3,68,15,296
Total Income		**18,20,50,670**	**19,09,28,488**
Expenses			
Operational Expense	20	4,51,51,343	3,59,30,802
Employee Benefit Expenses	21	9,56,79,613	10,09,52,691
Finance Costs	22	14,03,295	16,87,433
Depreciation and Amortisation Expense	23	7,77,115	17,34,544
Other Expenses	24	5,45,86,780	6,04,49,522
Impairment on Financial Instruments	25	18,82,531	66,48,092
Total Expenses		**19,94,80,678**	**20,74,03,084**
Profit/(Loss) before exceptional item and Tax		**(1,74,30,008)**	**(1,64,74,595)**
Exceptional Items		-	-
Profit/(Loss) before Income Tax Expense		**(1,74,30,008)**	**(1,64,74,595)**
Current Tax		3,50,000	42,269
Deferred Tax		(10,24,695)	(2,67,748)
Income Tax Expense		**(6,74,695)**	**(2,25,479)**
Profit(Loss) after Tax		**(1,67,55,313)**	**(1,62,49,116)**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of Defined Benefit Liability (Asset)		13,91,613	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		**13,91,613**	-
Items that will be reclassified subsequently to profit or loss		-	-
Other Comprehensive Income for the year, net of income tax expense		**13,91,613**	-
Total Comprehensive Income		**(1,53,63,700)**	**(1,62,49,116)**
Earnings per Share			
Basic and diluted earnings per share (in Rs.)	26	(0.40)	(0.39)

The Significant accounting policies and Notes to Accounts are an integral part of these Consolidated Financial Statements

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Chartered Accountants
Firm Regd No.004656S/ S200095

R. Vaidyanathan
Partner
M.No : 018953

S. VENKATRAM & CO. LLP No. 218, TTK Road, Chennai-18 Chartered Accountants

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for **and on behalf of the Board of Directors of**
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DIN: 06932731

Aby Eapen
Company Secretary
ACS 23807

A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: June 15, 2021

IFCI Financial Services Limited
Consolidated Cash flow statement for the year ended March 31, 2021
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars		March 31, 2021	March 31, 2020
Cash flow from operating activities			
Loss before Tax		(1,74,30,008)	(1,64,74,595)
Adjustments for:-			
Depreciation		7,77,115	17,34,544
Dividend Received (considered separately under Investment Activities)		6,708	41,558
Finance Costs		14,03,295	16,63,766
Fair value change in Investment		(19,34,644)	(11,404)
Net Gain on Sale of Investments		(61,64,814)	(37,663)
Loss on sale of Investment		15,84,056	-
Interest Income		(2,14,54,771)	(2,40,77,799)
Loss on scrapped asset		468	-
Remeasurements of Defined Benefit Liability		13,91,613	-
Impairment of Receivables		18,82,531	66,48,092
Operating Cash Flow before Working Capital Changes		**(3,99,38,451)**	**(3,05,13,500)**
Adjustments for:			
(Increase) / Decrease in Trade Receivables		(56,72,725)	9,77,02,063
(Increase) / Decrease in Loans & Advances		-	(58,85,263)
(Increase) / Decrease in Other current Assets		68,00,448	(67,25,030)
Increase / (Decrease) in Trade Payable		8,82,92,129	(6,02,93,086)
Increase / (Decrease) in Other Current Liabilities		(56,38,849)	-
(Increase) / Decrease in Short term Loans and Advances		-	7,82,84,865
Increase / (Decrease) in Provisions		(18,62,956)	25,71,338
(Increase) / Decrease in Financial Asset		(14,22,59,552)	-
Increase / (Decrease) in Financial Liability		(19,32,460)	(75,57,079)
Cash generated from Operating Activities		**(10,22,12,417)**	**6,75,84,308**
Income Taxes Paid (Net of Refunds)		(28,02,045)	2,25,479
Net Cash from Operating Activities	(A)	**(10,50,14,462)**	**6,78,09,787**
Cash Flow from Investing Activities			
Purchase of Fixed Assets		(6,44,071)	(20,57,944)
(Increase) / Decrease in Fixed Deposits		2,14,58,063	(2,96,63,393)
Sale of Current Investment		4,94,45,243	90,00,000
Interest received		2,14,54,771	2,40,77,799
Gratuity fund asset		(20,14,703)	-
Dividend Income		(6,708)	(41,558)
(Increase) / Decrease in Investments		-	(1,32,36,986)
Purchase of Current Investment		-	(1,00,00,000)
Net Cash used in Investing Activities	(B)	**8,96,92,595**	**(2,19,22,082)**
Cash flow from Financing Activities			
Finance Cost		(14,03,295)	(16,63,766)
Share Premium (net of expenses)		-	(2,51,174)
Net Cash from Financing Activities	(C)	**(14,03,295)**	**(19,14,941)**
Net Increase/ (Decrease) in Cash and Cash Equivalents	(A + B + C)	**(1,67,25,163)**	**4,39,72,764**
Cash and Cash Equivalents at the beginning of the year		16,76,23,870	12,36,51,106
Cash and Cash Equivalents at the end of the year		**15,08,98,707**	**16,76,23,870**
Reconciliation of Cash and Cash Equivalents as per the Cash Flow Statement			
Balance with Banks in Current Accounts		12,08,95,564	13,90,78,865
Cash on Hand		3,143	45,005
Short term Deposits		3,00,00,000	2,85,00,000
		15,08,98,707	**16,76,23,870**

The Significant accounting policies and Notes to Accounts are an integral part of these Consolidated Financial Statements

As per our attached Report of even date
For S. VENKATRAM & CO. LLP
Chartered Accountants
Firm Regd No.004656S/ S200095

R. Vaidyanathan
Partner
M.No : 018953

S. VENKATRAM & CO. LLP
No. 218,
TTK Road,
Chennai-18
Chartered Accountants

Place : Chennai
Date: June 15, 2021

for **and on behalf of the Board of Directors of**
IFCI Financial Services Limited
CIN: U74899DL1995GOI064034

K.V Rao
Director
DIN: 08111685

Ramesh N.G.S
Director
DIN: 06932731

Aby Eapen
Company Secretary
ACS23807

A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: June 15, 2021

IFCI Financial Services Limited
Consolidated Statements of Changes in Equity for the year ended March 31, 2021
(All amounts are in Indian Rupees, unless otherwise stated)

		Reserves and Surplus					
	Equity Share capital	Securities Premium Reserve	Statutory Reserves	General Reserve	Amalgamation Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period, April 01, 2019	41,53,37,090	45,16,43,790	61,89,500	95,01,851	17,45,305	(19,20,35,734)	69,23,81,803
Profit or Loss for the period						(1,62,49,116)	(1,62,49,116)
Other Comprehensive Income (net of tax)						-	-
Total Comprehensive Income	**41,53,37,090**	**45,16,43,790**	**61,89,500**	**95,01,851**	**17,45,305**	**(20,82,84,850)**	**67,61,32,687**
Transferred to Retained Earnings							-
Balance as at April 1, 2020	**41,53,37,090**	**45,16,43,790**	**61,89,500**	**95,01,851**	**17,45,305**	**(20,82,84,850)**	**67,61,32,687**
Profit or Loss for the period						(1,67,55,313)	(1,67,55,313)
Other Comprehensive Income (net of tax)						13,91,613	13,91,613
Transferred from Retained Earnings to Statutory reserve			3,93,500			(3,93,500)	-
Transferred to Retained Earnings							-
Balance as at March 31, 2021	**41,53,37,090**	**45,16,43,790**	**65,83,000**	**95,01,851**	**17,45,305**	**(22,40,42,050)**	**66,07,68,987**

The Significant accounting policies and Notes to Accounts are an integral part of these Consolidated financial statements

As per our attached Report of even date

For S. VENKATRAM & CO. LLP
Chartered Accountants
Firm Regd No.004656S/ S200095

R. Vaidyanathan
Partner
M.No : 018953

S. VENKATRAM & CO. LLP No. 218, TTK Road, Chennai-18 Chartered Accountants

Place : Chennai
Date: June 15, 2021

***for* and on behalf of the Board of Directors of**
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DIN: 06932731

Aby Eapen
Company Secretary
ACS 23807

A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: June 15, 2021

IFCI Financial Services Limited
Notes to the Consolidated Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

1 Significant Accounting Policies

A Groups Background:

The Consolidated Financial Statements comprises of standalone financial statements of IFCI Financial Services Limited (the Parent) and its subsidiaries collectively the group for the year ended 31st March,2021. 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 National Commodity and Derivatives Exchange (NCDEX) and it is 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, and is primarily engaged in the business of providing loans against shares and margin funding.
- 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.

B Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of the Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of Preparation

(i) Statement of Compliance

The Consolidated Financial Statements for the year ended March 31, 2021 have been prepared by the Group in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements for the year ended March 31, 2021 is the third Consolidated financial statements of the Company prepared under Ind AS and the date of transition to the Ind AS was April 1,2017.

The Consolidated financial statements were authorised for issue by the Company's Board of Directors on June 15, 2021.

The Consolidated financial statements have been prepared in accordance with historical cost basis, except for certain financial instruments which are measured at fair values, as explained in the accounting policies.

(ii) Functional and Presentation Currency

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

(iii) Use of Estimates and Judgment

The preparation of the Consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

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 Consolidated 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

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Chartered Accountants

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st March 2021 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.
- 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 acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The Consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income taxes and Ind AS 19, Employee Benefits, Respectively .Where the consideration transferred 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 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 exceed the recoverable amount of the CGU, the group recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is 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.

(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 Indian Accounting Standard (Ind AS) 110 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'.

IFCI Financial Services Ltd's (the parent company or the holding company) shareholding in the following companies as on March 31, 2021 and March 31, 2020 are as under:

Name of the Subsidiary	Country	Date on which became a Subsidiary	As on 31st Mar 2021		As on March 31, 2020	
			No of shares held	% of holding	No of shares held	% of holding
IFIN Commodities Limited	India	30-Jan-09	50,00,000	100%	50,00,000	100%
IFIN Credit Limited	India	01-Feb-10	25,00,000	100%	25,00,000	100%
IFIN Securities Finance Ltd. (Formerly known as Narayan Sriram Investments Private Ltd)	India	02-Mar-11	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.

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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 Commodities Ltd., since the amount paid is equal to the paid up capital of the subsidiary, there is neither goodwill nor a capital reserve.

(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 - 2009 and the balance in 2009 - 2010. 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 Net worth as on date of acquisition of Rs.50,69,206/- and the balance amount of Rs.22, 53,857 is shown as goodwill.

(vii) Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Ind AS 7 'Statement of Cash Flows'

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(viii) Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

b) Financial Instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(ii) Classification and Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified and measured at

- Amortised Cost;
- FVOCI; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised

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FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial Liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit or Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

(iii) Derecognition

Financial Assets

The Group derecognises a financial asset when :

– the contractual rights to the cash flows from the financial asset expire, or

– the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c) **Investments:**

All equity investments in scope of Ind AS 109 (i.e. other than equity investments in subsidiaries / associates / joint ventures) are measured at FVTPL.

Subsequently, these are measured at fair value and changes therein, are recognised in profit and loss account. However on initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis.

d) **Property, Plant and Equipment**

(i) Recognition and Measurement

Property, Plant and Equipment are stated at cost (cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition including applicable borrowing costs for qualifying assets) and is net of accumulated depreciation and impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using straight-line method and is generally recognised in the Statement of Profit and Loss.

Residual value in respect of assets is considered as 5% of the cost for computing depreciation.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful life (in years)
Computer equipment's and accessories	3
Office equipment's	5
Motor Vehicles	10
Furniture and fittings	10

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Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the month in which asset is disposed of.

(iv) Derecognition

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

e) Other Intangible Assets

(i) Recognition and Measurement

Other intangible assets are initially measured at cost. Such intangibles are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on internally generated intangibles is recognised in Statement of Profit and Loss as incurred.

(iii) Amortization

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Assets	Useful life (in years)
Computer Software	6
Non compete fees	3

Amortisation method, useful lives and residual values are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

f) Impairment

(i) Impairment of Financial Instruments

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and FVOCI. At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit - impaired. A financial asset is 'credit - impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Impairment loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls). The Group estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime impairment pattern at each balance sheet date, right from its initial recognition.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its estimated recoverable amount in the Statement of Profit and Loss.

The Group's non-financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into CGUs. Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made 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.

g) Employee Benefits

(i) Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Provident Fund

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Group make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The Group recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Group has no further obligations under the plan beyond its monthly contributions. The contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and there are no other obligations other than the contribution payable.

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(iii) Gratuity

The Group provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The gratuity Scheme is operated through Group gratuity Scheme of LIC. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

(iv) Compensated Absences

The policy provides for that an employee is entitled to 24 days of earned leave per year and maximum of 30 days leave subject to availability of Annual Leave standing to the credit of the employee at any time during the 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.

Provision for long-term compensated absences is accrued and provided for on the basis of actuarial valuation made at the end of each financial period. The actuarial valuation is done as per projected unit credit method. Short-term encashment of accumulated leave balances are accounted for in the year in which the leave balances are credited to employees on actual basis.

h) Provisions (other than for employee benefits) and Contingent Liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingent Liabilities

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Group, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

i) Revenue Recognition

(i) Brokerage Income is recognized on the trade date of the transaction upon confirmation of the transactions by the exchanges.

(ii) Loan Syndication Fees are recognised when the right to receive the income is established.

(iii) Depository Services incomes are recognised on the basis of agreements entered into with clients and when the right to receive the income is established.

(iv) Insurance Commission from Agency business is booked upon actual receipt of commission from the principal.

(v) Commission from selling of mutual funds is accounted on receipt basis.

(vi) Recovery from bad debts written off is recognised as income on the basis of actual realisation from customers.

(vii) 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.

(viii) Interest income from financial assets is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(ix) Interest earned on loans against shares (financial asset) in case of NBFC is recognized based on the effective interest rate (EIR) method as per Ind AS 109 & 32.

(x) All other income are recognized on an accrual basis, when there is no uncertainty in the ultimate realization/ collection.

j) Income Tax

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

(i) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) 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 corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

k) Borrowing Costs

Borrowing costs are interest incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an qualifying asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

l) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

m) Cash and Cash Equivalents

Cash and cash equivalent comprise of cash on hand and at banks including short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Other bank deposits which are not in the nature of cash and cash equivalents with a maturity period of more than three months are classified as bank balances other than cash and cash equivalents.

n) Bank balances other than Cash and Cash equivalents

Other bank deposits which are not in the nature of cash and cash equivalents with a maturity period of more than three months are classified as bank balances other than cash and cash equivalents.

C Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2021

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2 Property, Plant and Equipment

Reconciliation of Carrying Amount

	Motor Vehicles	Computer Equipments and Accessories	Furniture & Fixtures	Office Equipments	Total
Gross Carrying Amount					
Balance as at April 1, 2020	22,150	4,04,80,926	56,77,766	1,27,02,547	5,88,83,389
Additions	-	3,06,716	-	2,14,355	5,21,071
Disposals	(22,150)	-	-	-	(22,150)
Balance as at March 31, 2021	**-**	**4,07,87,642**	**56,77,766**	**1,29,16,902**	**5,93,82,310**
Accumulated Depreciation and Impairment Losses					
Balance as at April 1, 2020	21,682	3,88,57,286	54,33,536	1,14,63,164	5,57,75,668
Depreciation for the year	-	2,92,105	11,183	2,38,363	5,41,651
Disposals	(21,682)				(21,682)
Balance as at March 31, 2021	**-**	**3,91,49,391**	**54,44,719**	**1,17,01,527**	**5,62,95,637**
Carrying Amounts (net)					
At March 31, 2021	-	**16,38,251**	**2,33,047**	**12,15,375**	**30,86,673**
At March 31, 2020	**468**	**16,23,640**	**2,44,230**	**12,39,383**	**31,07,721**

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3 Other Intangible Assets

Reconciliation of Carrying Amount

	Computer Software	Others - Non compete fees	Total
Gross Carrying Amount			
Balance as at April 1, 2020	3,56,21,903	1,32,00,000	4,88,21,903
Additions	1,23,000	-	1,23,000
Balance as at March 31, 2021	**3,57,44,903**	**1,32,00,000**	**4,89,44,903**
Accumulated Amortisation and Impairment Losses			
Balance as at April 1, 2020	3,40,23,656	1,32,00,000	4,72,23,656
Amortisation for the year	2,35,464	-	2,35,464
Balance as at March 31, 2021	**3,42,59,120**	**1,32,00,000**	**4,74,59,120**
Carrying Amounts (net)			
As at March 31, 2021	**14,85,783**	-	**14,85,783**
As at March 31, 2020	**15,98,248**	-	**15,98,248**

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		As at March 31, 2021	As at March 31, 2020
4	**Loans**		
	Security Deposits		
	Secured, considered good	4,55,78,273	3,60,000
	Unsecured, considered good	-	-
	Doubtful	-	-
		4,55,78,273	**3,60,000**
5	**Other Financial Assets**		
	Fixed deposits (Maturing after 12 months)	15,30,582	3,74,81,570
	Security Deposits	18,97,58,651	8,45,42,156
	Rent advances	43,24,797	50,90,591
		19,56,14,030	**12,71,14,317**
	The above shall also be sub-classified as:		
	Considered Good - secured	-	-
	Considered Good - unsecured	19,56,14,030	12,71,14,317
	Balances which have significant increase in credit risk	-	-
	Credit Impaired	-	-
		19,56,14,030	**12,71,14,317**
	Current	16,67,73,968	5,49,49,771
	Non-Current	2,88,40,062	7,21,64,546
6	**Other Non-Current Assets**		
	Balance with IT Authorities	3,86,31,973	3,61,79,927
	Fair Value of Plan Asset - Gratuity	20,14,703	-
		4,06,46,676	**3,61,79,927**
7	**Investment - Current**		
	Investments measured at Fair Value through Profit and Loss (FVTPL)		
	- In Equity Instrument	4,913	27,32,747
	- In Mutual Funds	13,90,27,916	18,13,02,507
		13,90,32,829	**18,40,35,254**
	Less:		
	Increase/Decrease in Fair Value	(2,445)	(20,75,029)
	Total of Investments measured at Fair Value Through Profit and Loss	**13,90,30,385**	**18,19,60,225**
8	**Trade Receivables**		
	Considered Good Secured	3,69,00,005	3,30,68,452
	Considered Good Unsecured	8,21,94,853	8,09,51,341
	Receivables which have significant increase in Credit Risk	3,74,057	90,161
	Credit Impaired	-	-
	Less:		
	Allowance for doubtful receivables	(8,25,59,511)	(8,09,90,744)
	Net Trade Receivables	**3,69,09,404**	**3,31,19,210**
	Of the above, trade receivables from related parties are as below:		
	Total Trade Receivables from Related Parties	-	-
	Less: Loss Allowance	-	-
	Net Trade Receivables	**3,69,09,404**	**3,31,19,210**

The Group's exposure to credit and currency risks, and loss allowance related to trade receivables are disclosed in Note 28

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		As at March 31, 2021	As at March 31, 2020
9	**Cash and Bank Balances**		
	Cash and Cash Equivalents		
	Balance with banks in current accounts	12,08,95,564	13,90,78,865
	Cash on Hand	3,143	45,005
	Short term Deposits (maturity within 3 months)	3,00,00,000	2,85,00,000
		15,08,98,707	16,76,23,870
10	**Bank balances other than Cash and Cash equivalents**		
	Bank deposit accounts (more than 3 months but less than 12 months maturity) *	30,00,72,774	28,55,79,849
		30,00,72,774	28,55,79,849

** Other Bank Balances in deposit accounts includes fixed deposits with banks aggregating to ₹ 9,96,87,500 (As at March 31, 2020 - ₹ 9,96,87,500) against which lien has been marked by the banks as security for guarantees issued on behalf of the Group.*

11	**Loans**		
	(a) Loans and advances to related parties		
	Considered Good - Secured	-	-
	Considered Good - Unsecured	-	-
	Receivables which have significant increase in Credit Risk	-	-
	Credit impaired	-	-
		-	-
	Less:		
	Provision for Impairment loss	-	-
	Total	-	-
	(b) Others		
	Other Loans and Advances	2,14,60,047	2,84,33,272
	TDS and Advance Tax	75,120	2,74,395
		2,15,35,167	2,87,07,667
	Less:		
	Provision for Impairment loss	(20,20,515)	(17,83,595)
	Total	1,95,14,651	2,69,24,072
	Grand Total	1,95,14,651	2,69,24,072
12	**Other Current Assets**		
	Interest accrued on Deposits	34,02,040	1,24,45,673
	Balance with Revenue Authorities	12,58,749	5,04,590
	Prepaid Expenses	69,49,025	52,21,816
	Other Advances	8,23,769	95,638
	Employee Advances	6,01,994	6,65,407
	Other Assets	4,11,536	2,69,069
	Receivable from Exchange	-	10,45,369
		1,34,47,112	2,02,47,561

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13 Equity Share Capital

	As at 31 March 2021	As at 31 March 2020
Authorised		
50,000,000 equity shares of ₹ 10 each	50,00,00,000	50,00,00,000
Issued, subscribed and paid-up		
41,533,709 equity shares of ₹ 10 each fully paid up	41,53,37,090	41,53,37,090
	41,53,37,090	**41,53,37,090**

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Equity shares				
As at beginning of the period	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090
Shares issued during the period	-	-	-	-
At the end of the period	**4,15,33,709**	**41,53,37,090**	**4,15,33,709**	**41,53,37,090**

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/her/its share of the paid-up equity share capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

Particulars of shareholders holding more than 5% shares of a class of shares

	As at 31 March 2021		As at 31 March 2020	
	Number of shares held	% holding	Number of shares held	% holding
IFCI Limited and Nominees	3,93,63,809	94.78%	3,93,63,809	94.78%
Ms. Chandra Ramesh	17,57,619	4.23%	17,57,619	4.23%
Mr. D V Ramesh	4,12,281	0.99%	4,12,281	0.99%

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	As at March 31, 2021	As at March 31, 2020
14 Other Financial Liabilities		
Security deposits collected	40,70,512	45,41,888
Credit balances in loan accounts	6,54,924	21,16,009
	47,25,437	**66,57,897**
Security deposits		
Non-Current	37,58,726	43,11,726
Current	9,66,710	23,46,171
	47,25,437	**66,57,897**

The Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in Note 28.

15 Trade and Other Payables

Other Trade Payables	23,72,35,499	14,89,43,370
Trade Payables to Related Parties	-	-
	23,72,35,499	**14,89,43,370**

All trade payables are 'Current'.
The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 28.

16 Other Current Liabilities

Creditors for expenses	72,86,668	37,35,453
Employee Related payables	23,16,107	34,16,987
Statutory Dues payable	32,16,926	46,88,880
Advance from Customers	1,62,11,752	2,11,41,069
Payable to Exchanges	1,24,107	1,55,543
Other liabilities	51,96,901	68,53,379
	3,43,52,461	**3,99,91,311**

17 Provisions

Provisions for Employee Benefits		
Provision for Gratuity	-	4,51,806
Provision for Bonus	28,000	22,073
Liability for Compensated Absences	1,01,64,431	1,15,81,508
	1,01,92,431	**1,20,55,387**
Non-Current	90,93,168	1,02,13,578
Current	10,99,263	18,41,809
	1,01,92,431	**1,20,55,387**

For details about the related employee benefit expenses, see Note 21.

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	Period from April 01, 2020 to March 31, 2021	Period from April 01, 2019 to March 31, 2020
18 Revenue from Operation		
Brokerage On Stock Broking	11,57,87,209	10,28,26,027
Commission On Mutual Fund	1,00,49,277	1,19,59,457
Insurance Commission	2,85,219	93,320
Merchant Banking & Valuation Fees	26,68,000	1,38,10,822
Depository Income	1,07,65,178	56,88,314
Interest & Processing fees on loans	54,04,163	76,55,754
Account Opening Charges	1,78,650	1,63,500
	14,51,37,697	**14,21,97,194**
Other Operational Income		
Delayed Payment Interest	61,73,535	97,15,849
Other Operational Income	-	22,00,150
	15,13,11,232	**15,41,13,192**
19 Other Income		
Miscellaneous Income	5,45,539	15,77,279
Interest Income	2,14,54,771	2,40,77,799
Interest on Income Tax Refund	6,32,963	2,91,207
Dividend Income	6,708	41,558
Profit on Sale of Investments	61,64,814	48,47,376
Net gain on fair value changes	19,34,644	59,80,077
	3,07,39,439	**3,68,15,296**
20 Operational Expense		
Fees To Clearing Member	48,01,383	22,48,653
Data Feed Charges	19,84,627	20,97,291
DP Expenses	14,63,245	4,09,616
Broking Stamp Expenses	18,225	30,400
Commission Paid	3,68,83,863	3,11,44,842
	4,51,51,343	**3,59,30,802**
21 Employee Benefits Expense		
Salaries, Wages and Bonus	8,63,41,848	8,92,21,222
Contribution to Provident Fund and Other Funds	56,28,521	59,79,408
Gratuity	13,67,526	18,53,586
Labour welfare & Professional Tax	4,640	4,680
Staff Welfare Expense	23,37,078	38,93,794
	9,56,79,613	**10,09,52,691**

In respect of IFIN Credit Limited, there are no regular employee on its payroll. However, the Company has been using the services of a few employees of its holding company, IFCI Financial Services Limited on a cost sharing basis and the same is accounted as reimbursement of expenses.

22 Finance costs		
Bank Charges	1,38,194	3,08,742
Bank Guarantee Commission Expense	12,65,101	13,78,691
	14,03,295	**16,87,433**
23 Depreciation and Amortisation Expense		
Depreciation of Property, Plant and Equipment	5,41,651	16,02,888
Amortisation of Intangible Assets	2,35,464	1,31,656
	7,77,115	**17,34,544**

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IFCI Financial Services Limited
Notes to the Consolidated Financial Statements
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	Period from April 01, 2020 to March 31, 2021	Period from April 01, 2019 to March 31, 2020
24 Other Expenses		
Information Technology Exp	39,53,898	25,62,056
Professional Charges	43,28,167	46,03,597
Advertisement	1,09,650	94,125
Audit Fees	18,47,475	16,25,015
Electricity Charges	33,07,546	41,16,620
Insurance Expenses	26,31,550	28,27,989
Postage & Telegram	3,75,331	7,23,115
Printing & Stationery	9,12,306	10,82,623
Rent	1,87,75,942	1,96,05,554
Rates & Taxes	1,89,294	6,63,959
Repairs & Maintenance	5,93,581	21,45,859
Sitting Fees	4,69,320	4,37,900
Membership Fee	9,37,031	9,08,786
Annual Maintenance Charges	43,48,098	42,68,009
Telephone Expenses	31,02,136	45,05,242
Training Expenses	1,05,293	1,65,511
Travelling & Conveyance Exp	8,41,890	13,55,000
Profit/loss on Sale of Long Term Investments	15,84,056	-
Office Maintenance	50,23,418	54,51,008
Other Administrative Expenses	11,50,330	33,07,555
Loss on scrapped assets	468	-
	5,45,86,780	**6,04,49,522**
Payments to Auditors		
As Auditor:-		
Statutory Audit Fee	10,38,950	9,98,450
Fees for Limited review (Standalone & Consolidation)	5,42,065	5,32,065
Tax Audit	96,000	94,500
Other Service	1,70,460	10,000
	18,47,475	**16,35,015**
25 Impairment on financial instrument		
Provision for impairment in the value of investment	2,36,921	53,56,354
Loss on fair value of shares	-	8,08,280
Bad debts written off	16,724	3,43,16,838
Provision on impairment on receivable	16,28,886	(3,38,33,379)
	18,82,531	**66,48,092**

26 Earnings per share

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share based on profit attributable to equity shareholders and weighted average number of equity shares outstanding are as follows:

i. Profit attributable to equity shareholders (basic and diluted)		
Profit for the year, attributable to the equity holders	(1,67,55,313)	(1,62,49,116)
ii. Weighted average number of equity shares (basic and diluted)		
Opening balance	4,15,33,709	4,15,33,709
Additional shares issued during the year	-	-
Weighted average number of equity shares for the year	**4,15,33,709**	**4,15,33,709**
Basic and Diluted EPS	**(0.40)**	**(0.39)**

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27 Employee Benefit Expenses

(I) Defined Contribution Plan

The Group has recognised an expense of ₹ 56,28,521/- (Previous year ₹ 59,79,408/-) towards provident fund.

(II) Defined Benefit Plan - Compensated Absence

The Group has recognised an expense of ₹ 18,15,537/- during the year ended March 31, 2021 as per actuarial valuation report. The closing balance of compensated absence as at march 31 March, 2021 is ₹ 1,01,64,431/- .

(III) Defined Benefit Plan - Gratuity

The Group 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.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

A Reconciliation of Amounts in Balance Sheet

	For the period from April 01, 2020 to March 31, 2021	For the period from April 01, 2019 to March 31, 2020
Defined Benefit Obligation (DBO)	1,28,40,349	-
Fair Value of Plan Assets	1,48,55,052	-
Funded Status - (Surplus)/Deficit	(20,14,703)	-
Liability/(Asset) recognised in the Balance Sheet *	(20,14,703)	-

B Reconciliation of the Net Defined Benefit (Asset) Liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.

Reconciliation of present value of defined benefit obligation

	For the period from April 01, 2020 to March 31, 2021	For the period from April 01, 2019 to March 31, 2020
Defined Benefit Obligation at the beginning of period	1,40,96,384	-
Benefits Paid	(21,95,092)	-
Current Service Cost	13,48,267	-
Interest Cost	9,80,097	-
Actuarial (gains)/losses recognised in other comprehensive income	(13,89,307)	-
Balance at the end of the year	**1,28,40,349**	-
Defined Benefit Obligation at the end of period	**1,28,40,349**	-

Reconciliation of fair value of Plan Asset

	For the period from April 01, 2020 to March 31, 2021	For the period from April 01, 2019 to March 31, 2020
Fair value of Plan Assets at the beginning of period	1,37,66,335	-
Interest Income	9,60,838	-
Actual Enterprise's Contribution	23,20,665	-
Actual Benefits Paid	(21,95,092)	-
Actuarial gains/(losses) recognised in other comprehensive income	2,306	-
Balance at the end of the year	**1,48,55,052**	-
Fair value of Plan Assets at the end of period	**1,48,55,052**	-

C *i. Expense recognised in profit or loss*

	March 31, 2021	March 31, 2020
Current Service Cost	13,48,267	-
Interest Cost	9,80,097	-
Expected Return on Plan Assets	(9,60,838)	
	13,67,526	-

ii. Remeasurements recognised in other comprehensive income

	March 31, 2021	March 31, 2020
Amount recognized in OCI at the beginning of period	-	-
Actuarial loss (gain)/loss on Defined Benefit Obligation	(13,89,307)	-
Actuarial loss gain/(loss) on Plan asset	2,306	
	(13,91,613)	-

D Defined Benefit Obligation

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	March 31, 2021	March 31, 2020
Discount Rate #	6.95%	-
Salary Escalation #	0% for next year and 5.00% thereafter	-

** In respect of IFCI Financial Services Limited ₹ 20,57,185/- is recognised as Net fair value of Plan Asset., in respect of IFIN Commodities Limited ₹ 1,61,592/- is recognised as Net fair value of Plan Asset, in respect of IFIN Securities Finance Limited ₹ 2,04,074/- is recognised as Net Defined Benefit Obligation. for the year ended March 31, 2021. For the year ended March 31, 2020 the group has not booked provision for gratuity as per actuarial valuation report.*

 # In respect of IFIN Commodities Limited discount rare is 7 % p.a. and Salary Escalation is 5% p.a.

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28 Financial instruments - Fair values and risk management

A Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy

March 31, 2021

	Amortised Cost	FVTPL	FVOCI	Total carrying amount
Financial assets				
Trade Receivables	3,69,09,404	-	-	3,69,09,404
Cash and Bank Balances	15,08,98,707	-	-	15,08,98,707
Bank balances other than Cash and Cash equivalents	30,00,72,774			30,00,72,774
Other Financial Assets	19,56,14,030	-	-	19,56,14,030
Investments	-	13,90,30,385	-	13,90,30,385
Loans	6,50,92,924	-	-	6,50,92,924
Total Financial assets	**74,85,87,839**	**13,90,30,385**	-	**88,76,18,223**
Financial liabilities				
Trade and Other Payables	23,72,35,498.61	-	-	23,72,35,499
Other Financial Liabilities	47,25,436.55	-	-	47,25,437
Total Financial liabilities	**24,19,60,935**	-	-	**24,19,60,935**

March 31, 2020

	Amortised Cost	FVTPL	FVOCI	Total carrying amount
Financial assets				
Trade Receivables	3,31,19,210	-	-	3,31,19,210
Cash and Bank Balances	16,76,23,870	-	-	16,76,23,870
Bank balances other than Cash and Cash equivalents	28,55,79,849			28,55,79,849
Other Financial Assets	12,71,14,317	-	-	12,71,14,317
Investments	-	18,19,60,225	-	18,19,60,225
Loans	2,72,84,072			2,72,84,072
Total Financial assets	**64,07,21,318**	**18,19,60,225**	-	**82,26,81,543**
Financial liabilities				
Trade and Other Payables	14,89,43,369.87	-	-	14,89,43,370
Other Financial Liabilities	66,57,896.92	-	-	66,57,897
Total Financial liabilities	**15,56,01,267**	-	-	**15,56,01,267**

- The fair value of investment (other than in subsidiary) is determined based on Level-1 input i.e. the price quoted in active market.
- For all of the Group's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

B Financial risk management

The Group has exposure to the following risks arising from financial instruments:
- Credit risk (see (B)(ii));
- Liquidity risk (see (B)(iii)); and
- Market risk (see (B)(iv)).

i. Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors along with the top management are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

ii. Credit risk

Credit risk refer to the risk of default on its obligation by the counter party resulting in financial loss. Credit risk always managed by the Group by proper approvals. Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	Carrying amount March 31, 2021	Carrying amount March 31, 2020
Trade Receivables	3,69,09,404	3,31,19,210
Other Financial Assets	19,56,14,030	12,71,14,317
Loans	6,50,92,924	2,72,84,072
	29,76,16,357	**18,75,17,599**

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by the credit rating agencies. Investments primarily include investment in liquid mutual fund units and investment in equity instruments.

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Trade Receivables

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime impairment pattern at each balance sheet date, right from its initial recognition.

- **For receivables from Equity Brokrage and Depository** : The Group has large customer base. As per the policy of the Group, for the equity clients receivable, provision of 100% is made on Quarterly basis on the unsecured outstanding receivable amount, only in case where such amount is outstanding for more than 10 days as at the Quarter end. Trade receivable to the extent not covered by collateral (i.e. unsecured trade receivable) is considered as default and are fully provided for against the respective trade receivable and the amount of provision is debited to Statement of Profit and Loss. Subsequently if the amount is realised then the provision earlier created is reversed.

- **For receivables from Commodity Brokrage** : The Group makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

The movement of allowances for doubtful receivables are provided herein under:-

Reconciliation of Allowance for doubtful receivables:-	**March 31, 2021**	**March 31, 2020**
Opening Balance	8,09,90,744	11,48,24,123
Created / (Utilized) during the year	15,68,767	(3,38,33,379)
Closing Balance	8,25,59,511	8,09,90,744

Other Financial Assets

This balance is primarily constituted by deposit given to Stock exchange in relation to maintain minimum base capital requirement. The Group does not expect any losses from non-performance by these counter-parties.

Loans

Loans represents amount lend by the Group against shares / margin funding and fully secured. The Group does not expect any losses.

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's principal sources of liquidity are cash and cash equivalents, the cash flow that is generated from operations. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of March 31, 2021, the Group had a working capital of ₹ 55,29,93,068/- including cash and bank balances of ₹ 15,08,98,707/- ,Bank balances other than Cash and Cash equivalents of ₹ 30,00,72,774/- and current investments of ₹. 13,90,30,385/-. Further the promoter of the Group have also committed to support the Group for there current and future requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

March 31, 2021

		Contractual cash flows		
	Carrying amount	**Total**	**upto 1 year**	**more than 1 year**
Financial assets				
Trade Receivables	3,69,09,404	3,69,09,404	3,69,09,404	-
Cash and Bank Balances	15,08,98,707	15,08,98,707	15,08,98,707	-
Bank balances other than Cash and Cash equivalents	30,00,72,774	30,00,72,774	30,00,72,774	-
Other Financial Assets	19,56,14,030	19,56,14,030	16,67,73,968	2,88,40,062
Investments	13,90,30,385	13,90,30,385	13,90,30,385	-
Loans	6,50,92,924	6,50,92,924	1,95,14,651	4,55,78,273
	88,76,18,223	**88,76,18,223**	**81,31,99,888**	**7,44,18,335**
Financial liabilities				
Trade Payables	23,72,35,499	(23,72,35,499)	(23,72,35,499)	-
Other financial liabilities	47,25,437	(47,25,437)	(9,66,710)	(37,58,726)
	24,19,60,935	**(24,19,60,935)**	**(23,82,02,209)**	**(37,58,726)**

March 31, 2020

	Carrying amount	Contractual cash flows		
		Total	**upto 1 year**	**more than 1 year**
Financial assets				
Trade Receivables	3,31,19,210	3,31,19,210	3,31,19,210	-
Cash and Bank Balances	16,76,23,870	16,76,23,870	16,76,23,870	-
Bank balances other than Cash and Cash equivalents	28,55,79,849	28,55,79,849	28,55,79,849	-
Other Financial Assets	12,71,14,317	12,71,14,317	5,49,49,771	7,21,64,546
Investments	18,19,60,225	18,19,60,225	18,19,60,225	-
Loans	2,72,84,072	2,72,84,072	2,69,24,072	3,60,000
	82,26,81,543	**82,26,81,543**	**75,01,56,997**	**7,25,24,546**
Financial liabilities				
Trade Payables	14,89,43,370	(14,89,43,370)	(14,89,43,370)	-
Other financial liabilities	66,57,897	(66,57,897)	(23,46,171)	(43,11,726)
	15,56,01,267	**(15,56,01,267)**	**(15,12,89,540)**	**(43,11,726)**

iv. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

C Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through support from the Ultimate Holding Company. The Group monitors capital using a ratio of net debt to equity. For this purpose, net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, trade payable, financial liabilities and other liabilities less cash and cash equivalents. Equity comprises all components of equity.

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30 Segment Information

The Chief Operating Decision Maker (CODM) reviews the operation of the group in two segments :
- Broking and related service : Broking, Depository, Commission, valuation and other related services income
- Finance and investing activities : Interest, Processing fees on loans and other income from investing and financing activities

The Group's operating segment are reflected based on principle business activities, the nature of service, the differing risk and returns, the organisational structure and the internal financial reporting system.

Segment revenue, profit, asset and liabilities have been accounted for on the basis of their relationship to the operating activities of the segment and amounts allocated on reasonable basis.

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Broking and related service	Finance and investing activities	Total	Broking and related service	Finance and investing activities	Total
Segment Revenue						
External Revenue (excluding Interest income)	14,63,17,320	81,05,044	15,44,22,364	14,39,33,238	1,32,01,602	15,71,34,841
Interest income	1,76,19,351	1,00,08,955	2,76,28,306	2,29,71,938	1,08,21,709	3,37,93,648
Inter-segment revenue	1,39,616	-	1,39,616	-	-	-
Total revenue	**16,40,76,287**	**1,81,14,000**	**18,21,90,286**	**16,69,05,176**	**2,40,23,312**	**19,09,28,488**
Profit before exceptional item, interest and tax	(2,04,80,740)	44,54,027	(1,60,26,713)	(1,25,80,233)	(22,06,930)	(1,47,87,162)
Less : Interest expense	13,97,694	5,601	14,03,295	16,76,133	11,299	16,87,433
Profit before tax	**(2,18,78,435)**	**44,48,427**	**(1,74,30,008)**	**(1,42,56,366)**	**(22,18,229)**	**(1,64,74,595)**
Less : Income Tax	(26,49,303)	19,74,608	(6,74,695)	(2,25,479)	-	(2,25,479)
Profit after Tax	**(1,92,29,132)**	**24,73,819**	**(1,67,55,313)**	**(1,40,30,887)**	**(22,18,229)**	**(1,62,49,116)**
Other Information						
Segment Depreciation and Amortisation	7,62,933	14,182	7,77,115	16,58,040	76,504	17,34,544
Segment non-cash expense other than Depreciation	-	-	-	-	-	-

Other Information

	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Broking and related service	Finance and investing activities	Total	Broking and related service	Finance and investing activities	Total
Segment Asset	65,85,12,478	29,03,86,943	94,88,99,421	59,62,52,312	28,98,16,563	88,60,68,875
Segment Liabilities	28,33,28,119	48,02,317	28,81,30,435	20,59,00,842	40,35,347	20,99,36,188
Capital Expenditure (including capital work-in-progress)	5,42,355	1,01,716	6,44,071	20,57,944	-	20,57,944

Intersegment pricing are at arm's length basis. Profit or loss on inter segment transfer are eliminated at the group level.

Segment information for secondary segment reporting (by geographical segments)
The Group operates in one geographical segment namely "within India", hence no geographical disclosure are required

Information about major customer
No customer individually accounted for more than 10% of the revenue in the year ended March 31, 2021 and March 31, 2020.

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29 Additional information pursuant to para 2 of general instruction for preparation of Consolidated Financial Statements

Name of the entity	For the year ended March 31, 2021							
	Net Asset		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive	Amount	As % of total comprehensive income	Amount
Parent:								
IFCI Financial Services Limited	104.97%	69,36,29,826	106.15%	(1,77,86,304)	94.71%	13,17,987	107.19%	(1,64,68,317)
Indian Subsidiaries:								
IFIN Commodities Limited	-0.39%	(25,76,464)	12.47%	(20,88,651)	-19.06%	(2,65,308)	15.32%	(23,53,959)
IFIN Credit Limited	-0.80%	(52,54,319)	-3.85%	6,45,823	-	-	-4.20%	6,45,823
IFIN Securities Finance Limited	-2.04%	(1,34,89,816)	-14.76%	24,73,819	24.36%	3,38,934	-18.31%	28,12,753
Less:								
Adjustments arising out of consolidation	-1.75%	(1,15,40,240)		-		-		-
Total	**100%**	**66,07,68,987**	**100%**	**(1,67,55,313)**	**100%**	**13,91,613**	**100%**	**(1,53,63,700)**

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31 Income Taxes (IND AS 12) :

Deferred Tax Asset / (Liability) as on 31st March, 2021 has been arrived at as follows:

		March 31, 2021	March 31, 2020
Timing Difference on account of Disallowances		23,11,027	3,82,467
Timing Difference on account of Carry Forward Losses		73,93,398	-
	A	97,04,425	3,82,467
Less: Deferred Tax Liability arising on account of :			
Timing Difference on account of Depreciation		(2,19,856)	
Timing Difference on account of Disallowances		(16,27,466)	(26,70,691)
	B	(18,47,322)	(26,70,691)
Net Deferred Tax Asset/(Liability)	(A+B)	78,57,103	(22,88,224)

In respect of IFIN Securities Finance Limited ₹ 16,24,608/- is recognised as Deferred Tax liability, in respect of IFIN Commodities Limited ₹ 3,61,079/- is recognised as Deferred Tax assets and in respect of IFCI Financial Services Limited ₹ 91,20,632/- no Deferred Tax Asset is booked on account of prudence.

32 Contingent liabilities

	March 31, 2021	March 31, 2020
Contingent liabilities		
a. Bank Guarantees (Note (i))	19,93,75,000	19,93,75,000
b. Claims against the Group not acknowledged as debts	1,33,88,000	1,35,78,000
c. TDS demand outstanding with TRACES (Note (ii))	94,802	-
d. Disputed Income tax demand (Note (iii))	1,52,27,484	1,52,27,484
	22,80,85,286	22,81,80,484

Note

(i) The Group has provided Bank guarantees aggregating to Rs.6,70,00,000/- (Previous Year - Rs.6,70,00,000/-) to National Stock Exchange of India Limited, Rs.23,75,000/- (Previous Year - Rs.23,75,000/-) to Bombay Stock Exchange, Rs.10,00,00,000/- (Previous Year - Rs.10,00,00,000/-) to Stock Holding Corporation of India Limited , Rs.3,00,00,000/- (Previous Year - Rs.3,00,00,000/-) to Multi Commodity Exchange Limited as on 31st March 2021 for meeting margin requirements. The Group has pledged fixed deposits aggregating to Rs.9,96,87,500/- (Previous Year -Rs.9,96,87,500/-) with banks for obtaining the above bank guarantees.

(ii) The Group has the following TDS Demand outstanding with TRACES as at March 31, 2021

Financial Year	*Amount*
2019 - 2020	*84*
2017 - 2018	*200*
Prior Years	*94,519*
	94,802

(iii) The Group has the following Disputed Income tax demand as at March 31, 2021

S.No	*Assessment year*	*Forum where appeal is pending*	*Amount of demand*
1	*2011-12*	*Commissioner of Income Tax (Appeals)*	*3,68,476*
2	*2012-13*	*Commissioner of Income Tax (Appeals)*	*1,28,55,235*
3	*2014-15*	*Commissioner of Income Tax (Appeals)*	*3,46,240*
4	*2015-16*	*Commissioner of Income Tax (Appeals)*	*3,59,690*
5	*2017-18*	*Commissioner of Income Tax (Appeals)*	*12,97,843*
			1,52,27,484

** The Group is in the process of reconciling the amount of Income-tax demand outstanding with the provisions of tax held in books.*

33 Related parties

A Details of related parties and the relationships

Description of relationship	**Name of the party**	
- Ultimate Holding Company	IFCI Limited	
- Fellow Subsidiary Company	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	
- Key management personnel	Mr. Ramesh N.G.S (w.e.f May 23, 2019)	Non-Executive Director
	Mr. Karra Visweswar Rao (w.e.f January 01, 2021)	Managing Director
	Mr. Jayesh Amichand Shah (w.e.f November 07, 2020)	Additional Director
	Mr. Rajesh Kumar (w.e.f November 07, 2020)	Additional Director
	Mr. Alan Savio Pacheco (w.e.f March 12, 2021)	Nominee Director
	Mrs. Aparna Chaturvedi (Cessation w.e.f October 24, 2020)	Independent Director
	Mr. Sunit V Joshi (Cessation w.e.f October 24, 2020)	Independent Director
	Mr. A.V Pushparaj	Chief Financial Officer (CFO)
	Mr. Aby Eapen	Company Secretary (CS)

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Chartered Accountants

(All amounts are in Indian Rupees, unless otherwise stated)

B Transactions with key management personnel

i. Key Management Personnel Compensation

	Period ended March 31, 2021	Period ended March 31, 2020
Short-term benefits		
- Mr. A.V Pushparaj	10,59,396	10,28,539
- Mr. Aby Eapen	9,47,397	9,19,803
	20,06,793	**19,48,342**
Sitting fees paid to Directors		
- Mrs. Aparna Chaturvedi	66,000	1,66,500
- Mr. Jayesh Amichand Shah	85,500	-
- Mr. Rajesh Kumar	85,500	-
- Mr. Sunit V Joshi	81,000	1,66,500
	3,18,000	**3,33,000**

C Related party transactions other than those with Key Management Personnel

Name of Related party	Nature of Relationship	Nature of Transactions	March 31, 2021	March 31, 2020
Stock Holding Corporation of India Limited	Fellow Subsidiary Company	Managing Director's compensation, travel and other reimbursements paid / payable including taxes	42,35,989	37,46,283
		Commission payable for customer referrals (including taxes)	2,11,952	30,999
IFCI Limited	Ultimate Holding Company	Brokerage	29,12,829	34,75,972
		DP Income received	1,98,262	5,37,549
		Insurance for Deputed Employees paid	64,559	-
		Reimbursement of MD salary paid by IFCI Ltd	9,79,940	-
		Rent	1,07,14,567	1,08,18,370
		Salary deputation received	4,49,002	-
IFCI Factors Ltd.	Fellow Subsidiary Company	Brokerage	-	-
		DP Income received	5,977	13,970
IFCI Ventures Capital Fund Ltd.	Fellow Subsidiary Company	Brokerage	2,523	4,984
		DP Income received	3,000	4,000

D Related Party Balances

Name of Related party	Nature of Relationship	Nature of balance	March 31, 2021	March 31, 2020
IFCI Limited	Ultimate Holding Company	Receivable	18,69,543	8,50,472
Stock Holding Corporation of India Limited	Fellow Subsidiary Company	Payable	12,56,89,369	2,48,76,766
IFCI Venture Capital Funds Limited	Fellow Subsidiary Company	Receivable	0	1,463
IFCI Factors Limited	Fellow Subsidiary Company	Receivable	7,053	-

34 The Group when applying Ind AS 116 to leases previously classified as operating leases, has used practical expedients for not recognising right-of-use assets and liabilities for leases of low value assets. As the leases of the Group are short term leases, the Group has charged the lease expense as a period cost in the Statement of Profit & Loss Account.

35 **Statutory Reserve**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at a rate of 20% of the net profit after tax of the Company every year. Considering the Profit after tax for the year ended 31 March 2021, Rs.3,93,500/- is transferred to the statutory reserve as required under Section 45-IC of Reserve Bank of India (RBI) Act, 1934.

36 During the year, the Group has spent a sum of ₹ Nil (Previous year 2019-20 – ₹ Nil) in foreign exchange, towards expenses and asset purchases. There is no foreign exchange income during the year.

37 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.

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

39 Previous year figures have been regrouped wherever necessary to confirm to the current year classification.

40 Figures are rounded off to nearest rupee.

41 Third Party balances are subject to confirmations and reconciliations if any.

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42 COVID 19, a global pandemic has spread across the world and created a unprecedented level of disruption. The Group has considered the possible effects that may result from the pandemic relating to COVID 19. The Group has experienced significant difficulties with respect to collections, market demand, liquidity so far. However, based on the current indicators of the economic conditions, the Group believes that it would be in a position to recover the carrying amounts of the assets viz., receivables, property, plant and equipments and other intangible assets, and does not anticipate any material impact due to impairment of these financial and non-financial assets. However the impact assessment is continuous process, given the uncertainties.

One of the Company included in the Group whose 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 01, 2020 and the modalities for availment of this moratorium had been disclosed in the Group'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 not resulted in material decline in prices of listed / quoted equity shares and the loans against shares and margin funding portfolio have not witnessed a material decline in the underlying security value. As a result of the above, the Group has created its Expected Credit loss (ECL) provisioning 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 nation is now going through the second COVID wave, though the Group is well prepared to handle the COVID this time. Further the RBI has taken the swift action by opening the restructuring window vide Resolution Framework 2.0 notification dated 05 May 2021 for NBFCs which will certainly benefit the Group.

The Group has taken adequate safety majors to protect its employees and also will ensure vaccination for its staff on priority basis which will help Group to continue its business operations with minimum disruption. Moreover, due to the uncertainties associated with the pandemic, the actual impact may not be in line with current estimates. The Group will continue to monitor changes in future economic conditions. The Group believes the challenges faced due to COVID 19 would have a short term impact, and thus does not expect any major impact of COVID 19 on its ability to continue as a going concern. The Group is taking all necessary measures in terms of mitigating the impact of the challenge being faced in the business.

The Significant accounting policies and Notes to Accounts are an integral part of these Consolidated Financial Statements

As per our attached Report of even date

For S. VENKATRAM & CO. LLP
Chartered Accountants
Firm Regd No.004656S/ S200095

R. Vaidyanathan
Partner
M.No : 018953

S. VENKATRAM & CO. LLP
No. 218, TTK Road, Chennai-18
Chartered Accountants

Place : Chennai
Date: June 15, 2021

for **and on behalf of the Board of Directors of**
IFCI Financial Services Limited
CIN: U74899DL1995GOI064034

K V Rao
Director
DIN: 08111685

Ramesh N.G.S
Director
DIN: 06932731

Aby Eapen
Company Secretary

A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: June 15, 2021