



# 32<sup>nd</sup> ANNUAL REPORT 2020-21

**IFIN SECURITIES FINANCE LIMITED**

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Registered Office: Continental Chambers, 3rd Floor, 142 MG  
Road, Nungambakkam, Chennai – 600034, Tamil Nadu  
Website: [www.isflonline.com](http://www.isflonline.com)

## ISFL Vision & Mission Statement



To be the Lender of the first choice

To be a Partner in Growth -  
Building Lives and Businesses



## **IFIN SECURITIES FINANCE LIMITED**

### **Board of Directors\***

Mr. Ramesh NGS	Director
Mr. Karra Visweswar Rao	Managing Director
Mr. Sanjay Wasantrao Tanksale	Independent Director
Mr. Alan Savio Pacheco	Nominee Director
Mr. Ramkumar Srinivasan	Director

*\* As on the date of this Report*

### **Company Secretary**

Ms. Pragyan Shree

### **Chief Financial Officer**

Mr. A.V. Pushparaj

### **Statutory Auditors**

M/s. Sanjiv Shah & Associates

FRN 003572S

Chartered accountants

CA K Rajesh Jain

M.no: 236691

Partner

### **Registered Office**

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

142, Mahatma Gandhi Road

Nungambakkam, Chennai - 600 034

Ph: 044 2830 6600

E-mail: [cs@ifinltd.in](mailto:cs@ifinltd.in)

Website: [www.isflonline.com](http://www.isflonline.com)

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## **NOTICE**

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of the shareholders of M/s. IFIN Securities Finance Limited will be held through video conferencing at Continental Chambers, 142, III Floor, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034 on Wednesday, September 29<sup>th</sup>, 2021 at 12.00 Noon at shorter notice to transact the following business:

### **AS ORDINARY BUSINESS**

1. Adoption of Financial Statements

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, including annexures thereto.

2. Re-appointment of Mr. Ramkumar Srinivasan (DIN: 01175498) as Director of the Company.

To appoint a director in place of Shri Ramkumar Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.

3. Appointment and Remuneration of Statutory Auditors

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 consider and thought fit, to pass with or without modification, the following resolution, as an Ordinary resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 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(s) 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.”

### **AS SPECIAL BUSINESS**

4. **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 member be and is hereby accorded to appoint Shri Karra Visweswar Rao (DIN: 08111685) as Managing Director of the company with effect from July 1<sup>st</sup>, 2021, who was appointed by the Board as Additional Director designated as Managing Director with effect from July 1<sup>st</sup>, 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 IFIN Securities Finance Limited**

Sd/-

**Pragyan Shree**

**Company Secretary**

**Place: Chennai**

**Date: 23.09.2021**

## **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 accompanying the Notice.

### **SPECIAL BUSINESS**

#### **Item No. 4: To Regularize/ appoint Shri Karra Visweswar Rao as Managing Director of the Company.**

The Board is informed that IFCI Limited vide its letter IFCI/SACD/2021- 210610012 dated June 10th, 2021 had extended the nomination of Ms. Meera Ranganathan in the Board of ISFL as Managing Director (MD) of ISFL till June 30th, 2021, in continuation w.e.f. the expiry date i.e. May 29th, 2021. Post expiry of tenure of Ms. Meera Ranganathan as Managing Director, IFCI Limited vide its letter IFCI/SACD/2021- 210610012 dated June 10th, 2021 has nominated Mr. K V Rao (DGM, IFCI Ltd and MD, IFCI Financial Services Limited-IFIN) to assume the charge as Managing Director of ISFL w.e.f. July 1st, 2021 in addition to his present responsibility as MD –IFIN.

In view of the above, the Board of Directors had appointed Mr. Karra Visweswar Rao Additional Director designated as Managing Director of ISFL with effect from July 1<sup>st</sup>, 2021 as additional charge without any remuneration. Mr. Karra Visweswar Rao will hold the position in addition to the existing responsibilities as Managing Director of IFIN (Holding company). As per provisions of Section 203 of the Companies Act, 2013, A whole-time key managerial personnel shall not hold office in more than one company except in its subsidiary company at the same time

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 ISFL, 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.

In view of the above, the Nomination and Remuneration Committee 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 with effect from July 1<sup>st</sup>, 2021.

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. Karra Visweswar Rao, are in any way concerned or interested in the said resolution.

By Order of the Board  
**For IFIN Securities Finance Limited**

Sd/-

**Pragyan Shree**  
**Company Secretary**

**Place: Chennai**  
**Date: 23.09.2021**



**Annexure – A**

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

<b>Name of the Director</b>	<b>Mr. Ramkumar Srinivasan</b>	<b>Mr. Karra Visweswar Rao</b>
Date of Birth	June 12, 1970	15.04.1977
Date of Appointment	June 15, 2017	July 1, 2021
Expertise in Specific functional area	Banking and Financial Services	Financial Services and Banking
Qualification	B.A (CS) & CMA	B.Com., CA, CMA
Experience	27 years functional experience in Stock, Currency and Commodity Broking, Investment Banking and Retail Banking	Seasoned banker having over 17 years of experience in corporate banking industry
Directorships in other Companies	1. IFIN Securities Finance Limited	1. IFIN Credit Limited 2. IFIN Commodities Limited 3. IFIN Financial Services Limited
Number of Board Meetings attended during the Year (2020-21)	5	--
Chairman/ Membership of the Committee across all Companies	1. IFIN Securities Finance Limited a) Member in Audit Committee b) Member in Nomination and Remuneration Committee c) Member in Share Transfer Committee d) Member in Risk Management	1. IFCI Financial Services Limited a) Member in Audit Committee b) Member of Nomination and Remuneration Committee c) Member of Risk Management

	<p>Committee</p> <p>e) Member in Asset liability management Committee.</p> <p>2. IFIN Credit Limited Member in Share Transfer Committee</p>	<p>Committee</p> <p>d) Member of IT Strategy Committee</p> <p>2. IFIN Securities Finance Limited</p> <p>a) Member of Audit Committee</p> <p>b) Member of Nomination and Remuneration Committee</p> <p>c) Chairman of Risk Committee</p> <p>d) Chairman of Asset Liability Management Committee</p> <p>e) Chairman of Share Transfer Committee</p> <p>3. IFIN Commodities Limited Chairman of Share Transfer Committee</p> <p>4. IFIN Credit Limited Chairman of Share transfer committee</p>
Shareholding in the Company	1 Share	1 share
Relationship with other Directors	Nil	Nil

**Important 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, is being extended by the Company.*
2. *In view of the continuing of COVID-19 pandemic, the members have the option to participate in the meeting either in person or through Video Conferencing (VC)/Other Audio-Visual Means (OAVM).*
3. *In compliance with applicable provisions of the Act read with the MCA Circulars, the AGM of the Company is being conducted through VC/OAVM, the proceedings of the AGM shall be deemed to be conducted at the Continental Chambers, 3rd Floor, 142 M G Road, Nungambakkam, Chennai-600034, Tamil Nadu which shall be the deemed venue of the AGM*
4. *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 Circulars, 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 in case of AGM through video conferencing.*
5. *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, 3<sup>rd</sup> Floor, 142 MG Road, Nungambakkam, Chennai- 600034 addressing to company secretary.*
6. *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.

7. 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
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](mailto:cs@ifinltd.in).
11. As per the MCA Circular, the Notice calling the AGM has been uploaded on the website of the Company at [www.isflonline.com](http://www.isflonline.com) 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.isflonline.com](http://www.isflonline.com). Further, updation if any, will be provided on the website of the Company at [www.isflonline.com](http://www.isflonline.com).
12. All documents referred to in the Notice calling the AGM and the Explanatory Statement are open for inspection electronically and/or at the registered office of the company during the office hours on all working days except on Saturdays it will be available between 09.30 A M to 11.30 AM. The same shall 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- [Pragyanshree@isflonline.com](mailto:Pragyanshree@isflonline.com). An extract of such documents would be send to the members on their registered email address.
13. Members should bring the attendance slip duly filled in for attending the meeting. (This is not applicable for members attending AGM through VC/OAVM)
14. Details of Directors seeking appointment or re-appointment at the Annual General Meeting of the Company to be held on Wednesday, September 29<sup>th</sup>, 2021 are provided in Annexure - A of this notice.
15. For any queries & clarifications, members can contact through e-mail on [cs@ifinltd.in](mailto:cs@ifinltd.in) or 044-

2830 6613.

**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 – Life size*
2. *The meeting invitation link and login credentials to join the AGM will be sent to the Members on their registered email IDs latest by September 28<sup>th</sup>, 2021. This will be done on first come first served basis.*
3. *Members whose email IDs are not registered with the company, may get their email IDs registered with the company by sending E-mail to [cs@ifinltd.in](mailto:cs@ifinltd.in) along with the following credentials: i. Name registered as per the records of the company ii. DPID-Client ID/ Folio Number iii. Email ID to be registered for attending the Meeting. Members may send the request latest by September 28<sup>th</sup>, 2021. In case of joint holding, the credentials of the first named holder shall be accepted.*
4. *Members may attend the AGM, by following the invitation link sent to their registered email ID. Members will be able to locate Meeting ID/ Password/ and JOIN MEETING tab. By Clicking on JOIN MEETING they will be redirected to Meeting Room via browser or by running Temporary Application. In order to join the Meeting, follow the step and provide the required details (mentioned above – Meeting Id/Password/Email Address) and Join the Meeting. Members are encouraged to join the Meeting through Laptops for better experience.*
5. *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.*
6. *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.*
7. *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.*
8. *Members who need assistance before or during the AGM may contact Ms. Pragyam Shree, Company Secretary by sending an email request at the email id: [cs@ifinltd.in](mailto:cs@ifinltd.in) or Contact on – 044- 28306613.*

**ATTENDANCE SLIP**

**IFIN Securities Finance Limited**

**CIN: U65991TN1989GOI017792**

**Registered Office: Continental Chambers, 3rd Floor, 142, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034**

Registered Folio No. : \_\_\_\_\_

Number of Shares held : \_\_\_\_\_

I certify that I am a registered shareholder/ proxy for the registered shareholder of the Company.

I hereby record my presence at the 32<sup>nd</sup> Annual General Meeting of the Company held on Wednesday, September 29<sup>th</sup>, 2021 at 12.00 Noon at Continental Chambers, 142, III Floor, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034.

\_\_\_\_\_  
Name of the Member

\_\_\_\_\_  
Signature of the Member

\_\_\_\_\_  
Name of the Proxy

\_\_\_\_\_  
Signature of the Member

***Note: i) Please fill the Attendance Slip and hand it over at the Entrance of the Meeting Hall.***

***ii) This is not applicable for members who are attending AGM through VC/OAVM.***

**PROXY FORM**

**FORM NO MGT-11**

*(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)*

**IFIN Securities Finance Limited**

**CIN: U65991TN1989GOI017792**

**Registered Office: Continental Chambers, 3rd Floor, 142, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034**

**CIN** : U93000TN2009GOI070524  
**Name of the Company** : IFIN Securities Finance Limited  
**Registered Office** : Continental Chambers, 3rd Floor, 142, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034  
**Email** : [cs@ifinltd.in](mailto:cs@ifinltd.in)  
**Telephone** : 044 2830 6613

Name of the Member(s) :	
Registered Address :	
E mail Id :	
Folio No. / Client ID:	
DP ID :	

I / We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint:

(1) Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Email ID: \_\_\_\_\_  
 Signature: \_\_\_\_\_, or failing him/her

(2) Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Email ID: \_\_\_\_\_  
 Signature: \_\_\_\_\_, or failing him/her

(3) Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Email ID: \_\_\_\_\_  
 Signature: \_\_\_\_\_, or failing him/her.

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company, to be held on Wednesday, September 29<sup>th</sup>, 2021 at 12.00 Noon at Continental Chambers, 142, III Floor, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions	For	Against
<b>Ordinary Business</b>			
1.	Adoption of 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.	Appointment of director in place of Mr. Ramkumar Srinivasan who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Fixing of remuneration of the Statutory Auditor of the Company in terms of the provisions of Section 139(5) and 142 of the Companies Act, 2013.		
<b>Special Business</b>			
4.	Regularization/ Appointment of Mr. Karra Visweswar Rao (DIN: 08111685) as Managing Director of the Company.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

Signature of the Shareholder

Signature of Proxy holder(s)

Affix One  
 Rupee  
 Revenue  
 Stamp



**Notes:**

1. *The form of Proxy, in order to be effective, should be duly completed and deposited at the registered office of the company not less than 48 Hours before the commencement of the Meeting.*
2. *A Proxy need not be a member of the Company.*
3. *In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.*
4. *The form of Proxy confers authority to demand or join in demanding a poll.*
5. *The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.*
6. *In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns “For” or “Against” as appropriate.*
7. *The facility of proxy is not available in case of AGM through VC/OAVM as per the MCA circulars.*

CONSENT FOR HOLDING ANNUAL GENERAL MEETING AT SHORTER NOTICE

To,  
The Board of Directors  
IFIN Securities Finance Limited  
Continental Chambers, 3<sup>rd</sup> Floor, 142 MG Road,  
Nungambakkam, Chennai- 600034.

Sub: Consent to hold 32<sup>nd</sup> Annual General Meeting of IFCI Financial Services at shorter notice

Dear Sir,

I/We, \_\_\_\_\_ (Name of the shareholder) son/daughter/wife of \_\_\_\_\_, resident of \_\_\_\_\_ (Address of the shareholder), holding \_\_\_\_\_ (Number of Equity/Preference shares) of Rs. \_\_\_\_\_ each in the company, in my name/joint name, hereby give consent pursuant to provisions of Section 101(1) of the Companies Act, 2013 to hold the 32<sup>nd</sup> Annual General Meeting of the company scheduled to be held on September 29<sup>th</sup>, 2021 at 12.00 Noon at through video conferencing at registered office of the company at continental chambers, 3<sup>rd</sup> Floor, 142 M G Road, Nungambakkam, Chennai- 600034 at shorter notice.

Kindly do take the same on your record.

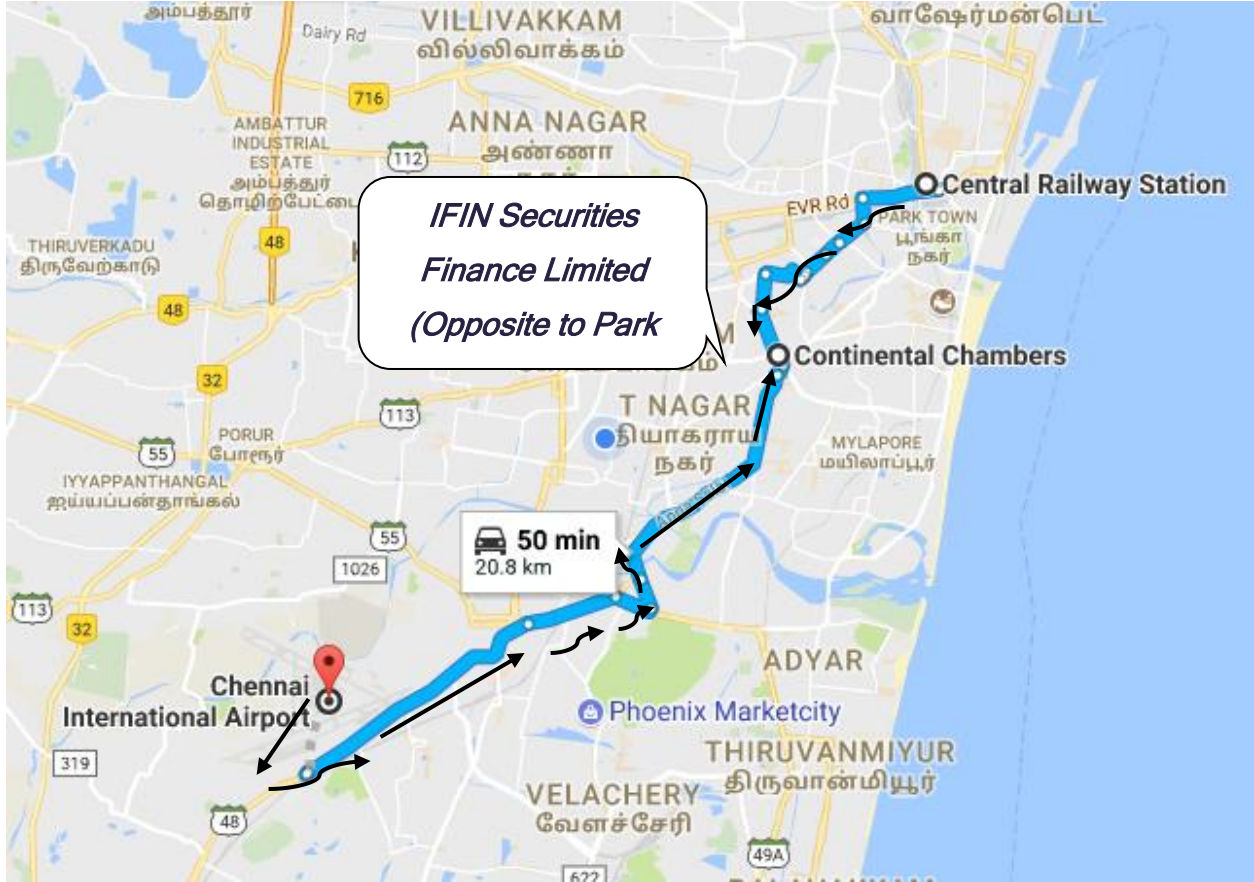
Thanking you

Name:

Date:

Place:

**ROUTE MAP FOR THE VENUE OF 32<sup>nd</sup> ANNUAL GENENRAL MEETING OF IFIN SECURITIES  
FINANCE LIMITED**



# **BOARD'S REPORT**

To

The Members of

**IFIN Securities Finance Limited**

The Board of Directors of your Company presents the 32<sup>nd</sup> Annual Report of IFIN Securities Finance Limited (ISFL) together with the Audited Financial Statement, for the year ended on March 31<sup>st</sup>, 2021.

## **1. Financial Performance**

(Rs. in lakh)

<b>Particulars</b>	<b>YE 31.03.2021</b>	<b>YE 31.03.2020</b>
Revenue from operations	52.66	158.24
Other income	110.86	81.99
<b>Total income</b>	<b>163.52</b>	<b>240.23</b>
Employee cost	107.10	146.03
Finance cost	0.00	0.00
Depreciation and Amortization Expense	0.14	0.76
Commission Expense	4.54	0.63
Net loss on fair value changes	(20.81)	8.08
Impairment on financial instruments	2.37	53.56
Other expenses	47.03	53.35
<b>Total expenses</b>	<b>140.37</b>	<b>262.41</b>
Profit Before Tax, Provision, Prior Period Items	23.15	(22.18)
Exceptional Items	-	-
<b>Profit/ (loss) before tax</b>	<b>23.15</b>	<b>(22.18)</b>
Current Tax	3.50	-
Deferred Tax	(0.02)	-
<b>PAT</b>	<b>19.67</b>	<b>(22.18)</b>
<b>Other Comprehensive Income</b>	<b>3.39</b>	<b>--</b>
<b>Total Comprehensive Income for the period (comprising Profit (Loss) and other comprehensive income for the period)</b>	<b>23.06</b>	<b>(22.18)</b>

Book size out of		
Own funds	657.19	284.33
Borrowings	-	-

## 2. Business Outlook and Performance

The gross loan portfolio of Non-Banking Finance Companies is likely to grow at 10-15 per cent in the current fiscal, aided by an expected pick-up in disbursements.

However, the Portfolio at Risk of NBFC may inch up to 5.5-6 per cent this fiscal from 5.40 per cent in the previous financial year which was pointed out by Indian domestic rating agency. The Gross Loan Portfolio for NBFC had grown only 11 per cent year-on-year in FY 2021.

"The Gross Loan Portfolio for NBFC in FY2021-22, is expected to return to the growth path and register around 10-15 per cent growth due to a pick-up in disbursements owing to the expected recovery in economic activity, kick starting of some expansion plans that were halted due to the pandemic and increased need for credit among low-income segments.

It said the recent RBI announcements on increasing the flow of credit to Micro, Small, and Medium Enterprise borrowers, along with allowing the loans given to MFIs for onward lending by small finance banks to be treated under Priority Sector Lending, will give impetus to growth in credit by MFIs.

Portfolio at Risk (PAR) levels for MFI industry spiked in FY 2021 due to the lockdown in the first half of the year. As transactions with microfinance customers are cash-intensive, requiring field visits, the lockdown had a strong impact on the asset quality as their collections were badly hampered, it said.

"In FY2021-22, PAR levels are expected to stay elevated, at around 5.5-6 per cent, due to uncertainties over the pandemic situation in the country," the report said.

It expects the profitability of NBFC to remain under pressure in FY2022 as the second wave of the pandemic has hit rural areas hard. State-level mini lockdowns and localized restrictions this time have not been that stringent. However, the spread of the pandemic in rural areas has been a major cause of concern. Additionally, with the absence of a moratorium and other measures, livelihood in rural areas has been badly hit. These factors may result in NBFC facing challenges in the business.

Despite the above challenges, it is to be noted that ISFL is cautiously optimistic on improvement in business. As ISFL primarily lends against securities which are tradable in the capital markets, ISFL expects the business to pick up during the second half of FY 2021-22. Having factored in the COVID-19 shocks on the economy, the stock prices have started moving up, with investors and traders staying put for the long

run in the stock market. ISFL with emphasis on “Quality at Source” is confident of approving only quality proposals, thereby minimizing credit quality concerns.

ISFL presently has four product under its portfolio basket viz Loan against shares, Margin Trading Funding and introduced two new products in the FY 2020-21 i.e. Loan against mutual funds and Loan against Sovereign Gold Bonds, which is in initial stage. Loan against shares is also focusing on Loan against Mutual Funds (LaMF) which is likely to be launch in 2021-2022. The present portfolio is skewed towards Margin Funding contributing more than 80% of the portfolio. The total sanctioned limits stands at Rs. 18.76 Crore as on March 31<sup>st</sup>, 2021, out of the total sanctioned limit, Rs. 14.85 crore is towards margin funding and Rs. 3.91 Crore towards Loan against Shares. ISFL expects that the product mix would undergo change in the following financial years.

For the FY 2020-21, it is to be noted that ISFL has not incurred any fresh NPA’s and all the accounts disbursed during FY 2020-21 are standard accounts as on March 31<sup>st</sup> 2021.

The Revenue from operations is decreased from Rs. 158.24 lakh in FY 2019-20 to Rs.52.66 lakh during FY 2020-21 and that the total income also decreased from Rs.240.23 lakh during 2019-20 to Rs.163.52 lakh during FY 2020-21.

The other income for year ended March 31<sup>st</sup>, 2021 was Rs.110.86 lakh, which mainly includes interest on fixed deposits with banks of Rs.46.05 lakh and Profit on sale of investments of Rs.61.52 Lakhs as compared to other income of Rs.81.98 lakhs in the corresponding previous year 2019-20.

On expenses front, the total expenses decreases from Rs. 262.41 lakh in FY 2019-20 to Rs. 140.37 Lakh in FY 2020-21. The company had to provide for impairment of Financial Instruments to the extent of Rs. 2.37 lacs only in FY 2020-21 as against Rs. 53.56 lacs in FY 2019-20.

In FY 2020-21, the company earned the total comprehensive income of Rs. 23.06 Lakh as compared to the total comprehensive loss of Rs. 22.18 lakh in FY 2019-20.

#### Industry Structure and Development:

NBFCs were adversely impacted by COVID related stress due to their underlying models. It was difficult for NBFCs to find creditworthy projects and borrowers to lend to as a result of the pandemic infused stress.

#### Opportunities and Threat :

##### Opportunities:

- a) Consolidation in NBFC industry
- b) Expansion of business under SAAS model

##### Threats:

- a) Challenge in pricing with competitors

b) Competition from banks and financial institutions

Material Developments in Human Resources/ Industrial Relations front, including number of employees:

The company has adequate human resources commensurate to the size of the business. As on March 31<sup>st</sup>, 2021, there were 7 employees on rolls of the company.

### 3. Dividend

No dividend is being recommended by the Directors for the year ended March 31<sup>st</sup>, 2021.

### 4. Transfer To Reserves

For the FY 2020-21, the Company had reported a profit after tax of Rs. 19.67 lakh and Rs. 3.93 Lakh was transferred to Statutory Reserve as on March 31<sup>st</sup>, 2021.

### 5. Directors and Key Managerial Personnel

#### Changes in Directors and KMP during the year:

- i) Mr. Sanjay Wasantrao Tanksale (DIN: 02414203) who was appointed as Additional Director by the Board of Directors w.e.f October 25<sup>th</sup>, 2019, was appointed as Director of the company at the 31<sup>st</sup> Annual General Meeting held on October 27<sup>th</sup>, 2020.
- ii) Mr. Sanjay Wasantrao Tanksale (DIN: 02414203) has been re-designated as Independent Director of the company for the period of 5 years with effect from February 2<sup>nd</sup>, 2021 by the approval of members in the Extra-Ordinary General Meeting held on February 26<sup>th</sup>, 2021.
- iii) The Board of Directors has appointed Mr. Alan Savio Pacheco (DIN: 03497265) as Nominee Director on the Board of Company with effect from March 30<sup>th</sup>, 2021.
- iv) Mr. Sreekumaran V Nair (DIN: 02207516) ceased to be associated with the company as Nominee Director with effect from March 12<sup>th</sup>, 2021 on account of withdrawal of Nomination by IFCI Limited. Your directors places on record their sincere appreciation and guidance provided by Mr. Sreekumaran V Nair during his tenure as Nominee Director of the company.
- v) Mr. Ramesh NGS (DIN: 06932731) who retired by rotation at the 31<sup>st</sup> Annual General Meeting held on October 27<sup>th</sup>, 2020, was re-appointed as the Director of the Company.
- vi) Ms. Meera Ranganathan (DIN: 08180208) was appointed as Managing Director of the Company with effect from May 29<sup>th</sup>, 2019 for a term of one year. The term of Ms. Meera Ranganathan was further extended by IFCI Limited for the period of one year with effect from May 29<sup>th</sup>, 2020 on the existing terms and conditions.
- vii) There was no change in the Key Managerial Personnel of the company during the Financial Year

2020-21.

**Changes in Directors and KMP:**

- i) The term of Ms. Meera Ranganathan was further extended from May 29<sup>th</sup>, 2021 to June 30<sup>th</sup>, 2021 on the existing terms and conditions.
- ii) Mr. Meera Ranganathan, Managing Director ceased to be associated with the company with effect from July 1<sup>st</sup>, 2021 on account of withdrawal of nomination by IFCI Limited.
- iii) Mr. Karra Visweswar Rao(DIN: (DIN:08111685) was appointed as Managing Director of the company with effect from July 1<sup>st</sup>, 2021.

As at March 31, 2021, the Board consisted of 5 (five) Directors comprising of One Nominee Director, Two Non- Executive Directors, One Independent Director and a Managing Director. The Management of the Company is headed by the Managing Director who operates under the supervision and control of the Board.

The composition of the Board, number of meetings held, attendance of the Directors at the Board Meeting and the number of the Directorship in other companies in respect of each Director who was on Board as on March 31<sup>st</sup>, 2021 is as given below:-

S. No.	Name of Director	Attendance Particulars		No. of other Directorships as on March 31 <sup>st</sup> , 2021
		No. of Meetings during the tenure of respective directors in FY 2020-21		Other Director-ships (Including Private Limited Companies )
		Held	Attended	
1.	Mr. Ramesh NGS	6	6	8
2.	Mr. Sreekumaran V Nair <sup>a)</sup>	5	2	1
3.	Mr. Sanjay Tanksale	6	6	1
4.	Mr. Ramkumar Srinivasan	6	6	1
5.	Ms. Meera Ranganathan	6	6	1
6	Mr. Alan Savio Pacheco <sup>b)</sup>	1	1	2

**Notes:**

a) The nomination of Shri Sreekumaran V Nair was withdrawn by the appointing authority with effect from March 12<sup>th</sup>, 2021.

b) Mr. Alan Savio Pacheco was appointed as Nominee Director with effect from March 30<sup>th</sup>, 2021.



During the Financial Year 2020-21 Six (6) Board Meetings were held on the following dates:

June 12 <sup>th</sup> , 2020	July 29 <sup>th</sup> , 2020	September 23 <sup>rd</sup> , 2020
November 4 <sup>th</sup> , 2020	February 2 <sup>nd</sup> , 2021	March 30 <sup>th</sup> , 2021

## 6. Committee of Board of Directors

### A) Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013. The composition of the committee as on March 31<sup>st</sup>, 2021 is as follows:

S. No.	Name of the Director	Designation /Category	No. of Meetings during the tenure of respective directors in FY 2020-21	
			Held	Attended
1.	Mr. Sanjay Wasantrao Tanksale	Chairman	6	6
2.	Ms. Meera Ranganathan	Member	6	6
3.	Mr. Ramkumar Srinivasan	Member	6	6

The Committee met Six (6) times during the year on the following dates:

June 12 <sup>th</sup> , 2020	July 29 <sup>th</sup> , 2020	September 23 <sup>rd</sup> , 2020
November 4 <sup>th</sup> , 2020	February 2 <sup>nd</sup> , 2021	March 30 <sup>th</sup> , 2021

### Terms of reference in brief:

1. The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. Examination of the financial statement and the auditors' report thereon;
4. Approval or any subsequent modification of transactions of the company with related parties;
5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters;
9. Overseeing the vigil mechanism / Whistle Blower policy of the Company;
10. Such other terms and reference mentioned under Companies Act, 2013 and as amended from time to time;

11. Such other matters as may be prescribed by the Board from time to time.

### B) Nomination and Remuneration Committee:

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Section 178 of the Companies Act, 2013. The composition of the committee as on March 31<sup>st</sup>, 2021 is as follows:

S. No.	Name of the Director	Designation Category	No. of Meetings during the tenure of respective directors in FY 2019-20	
			Held	Attended
1.	Mr. Sanjay Wasantrao Tanksale	Chairman	4	4
2.	Ms. Meera Ranganathan	Member	4	4
3.	Mr. Sreekumaran V Nair	Member	4	3
4.	Mr. Alan Savio Pacheco <sup>(a)</sup>	Member	--	--

#### Notes:

a) On March 30<sup>th</sup>, 2021, the Nomination and Remuneration Committee was reconstituted and Mr. Alan Savio Pacheco was inducted as Member in place of Mr. Sreekumaran V Nair.

The Committee met Four (4) times during the year on the following dates:

June 12 <sup>th</sup> , 2020	September 23 <sup>rd</sup> , 2020
November 4 <sup>th</sup> , 2020	February 2 <sup>nd</sup> , 2021

#### **Terms of reference in brief:**

1. Identifying persons who are qualified to become directors and who may be appointed in Senior Management as per the criteria laid down and recommending to the Board their appointment and removal.

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

2. The Committee shall evaluate performance of every Director.

3. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director.

4. The Committee shall also formulate and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial personnel and other employees.

5. Such other terms and reference mentioned under Companies Act, 2013 and as amended from time to time
6. Other functions and duties specified by Board of Directors from time to time.

**C) Share Transfer Committee**

The Share transfer committee is constituted in the company. The committee met once in the financial year on 03.02.2021.

The composition of the committee as on March 31<sup>st</sup>, 2021 is as follows:

S. No.	Name of the Director	Designation /Category	No. of Meetings during the tenure of respective directors in FY 2020-21	
			Held	Attended
1.	M. Meera Ranganathan	Chairman	1	0
2.	Mr. Ramkumar Srinivasan	Member	1	1
3.	Mr. Sreekumaran V Nair	Member	1	1

**D) Other Internal Committees:**

The Company has also formed the following internal committees:

- i) Credit Committee
- ii) Internal Complaints Committee Under The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013
- iii) Risk Management Committee
- iv) Asset Liability Committee (ALCO) Committee
- v) Investment Committee

**7. 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	31 <sup>st</sup> Annual General Meeting	Extraordinary Meeting	General Meeting
Venue	Continental Chamber, 3 <sup>rd</sup> Floor, 142 M.G. Road, Nungambakkam, Chennai – 600034, Tamil Nadu Through Video Conferencing	Continental Chamber, 3 <sup>rd</sup> Floor, 142 M.G. Road, Nungambakkam, Chennai – 600034, Tamil Nadu Through Video Conferencing	

Date and Day of meeting	Tuesday, October 27 <sup>th</sup> , 2020	Friday, February 26 <sup>th</sup> , 2021
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*The above mentioned General Meeting did not pass any special resolutions.*

## 8. 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-I**. The copy of the Annual Return is also available at the website of the Company. The link is provided below:

URL:	<a href="https://www.isflonline.com/aboutus">https://www.isflonline.com/aboutus</a>
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## 9. 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.

## 10. Declaration given by independent directors under sub-section (6) of section 149.

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 as on March 31<sup>st</sup>, 2021.

## 11. Policy on Directors’ appointment and remuneration and other details.

The Company has in place a Nomination and Remuneration Policy for 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.

### Salient Features:

The salient features of the policy include the following:

- The objectives of the policy
- Framework of the policy
- Eligibility criteria for recommending a candidate to be appointed on the Board of Directors such as the education qualification, relevant experience and expertise, disqualifications, ascertainment of ‘fit and proper criteria’, criteria of independence of Independent Directors
- Board level remuneration structure
- Monitoring and evaluation and
- Board Diversity

The copy of the policy has been made available at the website of the Company. The link is provided below:

<b>URL:</b>	<a href="https://www.isflonline.com/docs/4.%20Annexure%20-%20III%20-%20NRC%20Policy.pdf">https://www.isflonline.com/docs/4.%20Annexure%20-%20III%20-%20NRC%20Policy.pdf</a>
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## 12. Auditors

Being subsidiary of a Government Company, your Company is also a Government Company. The Office of Comptroller and Auditor General of India (CAG) vide its letter dated August 14, 2020 had appointed M/s. Sanjiv Shah & Associates, Chartered Accountant, Chennai (FRN- 003572S) as the Statutory Auditors of the Company for the FY 2020-21.

### 13. Details of Frauds

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

### 14. Explanations/comments on the report of Comptroller & Auditor General of India

The report of Comptroller & Auditor General of India on the accounts for the year ended 31st March, 2021 under Companies Act, 2013 is attached herewith as **Annexure-II** to this report.

### 15. The RBI Norms and Accounting Standards

Your Company complies with the directives issued as well as the norms prescribed by Reserve Bank of India for NBFCs and in the preparation of the financial statements, the applicable accounting standards had been followed along with proper explanation relating to material departures.

### 16. Disclosure requirements as per RBI regulations for NBFCs

The Company during the whole of the Financial Year ended March 31, 2021, as well as till this date in the current financial year, has not accepted/hold public deposits, as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. The company will not accept public deposits in future without obtaining prior written permission of Reserve Bank of India.

### 17. 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.

### 18. 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 holding company/group company are 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 Financial Services	Reimbursement of office	On going basis	Ordinary course of business

	Limited- Holding Company	expenses		
		Reimbursement of Deputation salary	On going basis	Ordinary course of business
		Commission payable	As per the terms of agreement	Ordinary course of business
2	Stockholding Corporation of India Limited	Reimbursement of Deputation salary	As per the terms of appointment	Ordinary course of Business
		Commission payable	As per the terms of agreement	Ordinary course of Business

During the financial year 2020-21, the company has no material significant transactions with the related parties which may have a potential 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-III** in Form AOC-2.

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

During the Financial Year 2020-21, the 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.

### 20. Material changes and commitments

There were no material changes and commitments affecting the financial position of the Company between the end of Financial Year (March 31<sup>st</sup>, 2021) and the date of this report.

### 21. 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, 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.

## **22. Risk Concerns and Management**

The company is exposed to various risks that are inherent part of the financial services business. The Company has formulated and put in place a Board approved Risk Management policy. The policy encompasses identification, assessment, measurement, monitoring and mitigation of various risks faced by the company. The policy is reviewed every year. The company has constituted the Risk Management Committee and the Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The risks identified on a time to time basis are addressed through mitigating actions on a continuing basis.

Risk Management Committee inter alia reviews various risks the company is exposed to / risks associated with any new initiatives and considers the mitigants suggested by the business heads / departmental heads / Chief Risk Officer. Thereafter, the Risk Management Committee gives its recommendations on the risks and the mitigants thereof to the Board.

As on March 31, 2021, the Committee comprised of three members viz., Ms. Meera Ranganathan (Chairperson), Mr Alan Savio Pacheco (Member) and Mr. B Dhiwakar, Assistant Vice President(Member). The Risk Committee met twice in FY 2020-21.

## **23. 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 which ensures orderly and efficient conduct of its business, including adherence to company's policies and safeguarding of its assets. The Board of Directors had appointed Mr. S Chenthilkumar & Associates, Chartered Accountants as the Internal Auditor of the Company for the FY 2020-21 to conduct internal audit of the functions and the activities of the Company. The findings and recommendations of the Internal Auditors were reviewed by the Audit Committee and Board of Directors and necessary corrective actions were duly undertaken.

In keeping with the Directions issued by RBI on Managing Risks and Code of Conduct in Outsourcing of Financial services by NBFCs, the activity of internal audit is outsourced to M/s S. ChenthilKumar and Co. and the control of the audit will remain with the management and Audit committee of ISFL.



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

Pursuant to Section 177(9) and Section 177(10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors had approved the policy on Vigil Mechanism/Whistle Blower and the same was hosted on the website of the company. This policy inter-alia provides a direct access to the Managing Director of the company and the Chairman of the Audit Committee, as the case may be.

Your Company hereby affirms that no employee/ Director have denied access to the Managing Director/ Chairman of the Audit Committee, as the case may be and that no complaints were received during the year.

#### **25. 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.

No complaint has been received by the internal Complaints Committee/ by the Company during the year.

#### **26. Board Evaluation**

The Nomination and Remuneration Committee of Board of Directors have reviewed the performance of Board and its committees taking into consideration the contributions made by the Directors/members of the Committee in its meeting held on June 14<sup>th</sup>, 2021.

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 in its meeting held on June 14<sup>th</sup>, 2021.

#### **27. 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.

**28. Application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016.**

The Company has neither made any application nor any proceedings are pending under The Insolvency and Bankruptcy Code, 2016 during the year under review. Therefore, there are no details required to be disclosed, as the said clause is not applicable as on year ended 31.03.2021.

**29. The details of difference between amount of the Valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institution along with the reasons thereof.**

The Company has not availed any one time settlement facility, during the year under review, therefore providing of details with respect to difference in the amount of valuation done at the time of one time Settlement and the Valuation done while taking loan from the Banks or Financial Institution does not apply to 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 read with Sub 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 M/s. IFCI Limited, IFCI Financial Services Limited, bankers, Reserve Bank of India, Stock Exchanges, clients, statutory authorities, employees and other stakeholders of the Company.

**For and on behalf of IFIN Securities Finance Limited**

**Sd/-**

**Karra Visweswar Rao  
Managing Director**

**Sd/-**

**Ramkumar Srinivasan  
Director**

**Date: 15.09.2021**

**Place: Chennai**

## Annexure-I

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on 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	U65991TN1989GOI017792
2.	Registration Date	27/07/1989
3.	Name of the Company	IFIN Securities Finance Limited
4.	Category/Sub-category of the Company	Company Limited by shares/Union Government Company
5.	Address of the Registered office & contact details	Continental Chambers, 3rd Floor, 142, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034 Email: cs@ifinltd.in, Telephone: 044 2830 6613
6.	Whether listed company	No
7.	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.	Other financial service activities, except insurance and pension funding activities	649	100

**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 Ltd IFCI Towers, 61, Nehru Place, New Delhi – 110019	L74899DL1993GOI053677	Ultimate Holding Company	NIL*	Section 2 (87) & Section 2 (46)
2.	IFCI Financial Services Limited Continental Chambers, 142, 3rd Floor, MG Road, Nungambakkam, Chennai – 600 034.	U74899DL1995GOI064034	Holding Company	100%	Section 2 (87) & Section 2 (46)

\*Direct holding is NIL



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										
<b>Sub-total (B)(2):-</b>										
Total Public Shareholding (B)=(B)(1)+ (B)(2)										
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>										
<b>Grand Total (A+B+C)</b>	NIL	30,01,000	30,01,000	100	NIL	30,01,000	30,01,000	100	NIL	

\*Beneficial interest are held by IFCI Financial Services Limited

### 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 Financial Services Limited (Holding Company)	30,00,994	99.99	NIL	30,00,994	99.99	NIL	NIL
2.	Mrs. Chandra Ramesh (Nominee of IFCI Financial Services Limited)	1	0.00	NIL	1	0.00	NIL	NIL
3.	Mr. Ram Kumar Srinivasan	1	0.00	NIL	1	0.00	NIL	NIL

	(Nominee of IFCI Financial Services Limited)							
4.	Mr. O Ramesh Babu (Nominee of IFCI Financial Services Limited)	1	0.00	NIL	0	0.00	NIL	NIL
5.	Smt V. S. Nair (Nominee of IFCI Financial Services Limited)	1	0.00	NIL	1	0.00	NIL	NIL
6.	Smt Manjula S (Nominee of IFCI Financial Services Limited)	1	0.00	NIL	1	0.00	NIL	NIL
7.	Shri A V Pushparaj (Nominee of IFCI Financial Services Limited)	1	0.00	NIL	1	0.00	NIL	NIL
8.	Shri Karra Visweswar Rao (Nominee of IFCI Financial Services Limited)	0	0.00	NIL	1	0.00	NIL	NIL

*NOTE: During the year under review, the Shareholding i.e. One Share of Mr. O Ramesh Babu was transferred to Mr. Karra Visweswar Rao with effect from February 3<sup>rd</sup>, 2021.*

### 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	30,01,000	100	30,01,000	100
2.	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity)	No change	No change	No change	No change

	etc.):				
3.	At the end of the year	30,01,000	100	30,01,000	100

**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	NIL	NIL	NIL	NIL
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):	NIL	NIL	NIL	NIL
3.	At the end of the year	NIL	NIL	NIL	NIL

**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				
	a. Mr. Ram Kumar Srinivasan	1	0.00	1	0.00
	b. Mr. Sreekumaran V Nair*	1	0.00	1	0.00
	c. Mr. A V Pushparaj (CFO)	1	0.00	1	0.00
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	0.00	0.00	00.00	0.00
3	At the end of the year				
	d. Mr. Ram Kumar Srinivasan	1	0.00	1	0.00
	e. Mr. A V Pushparaj (CFO)	1	0.00	1	0.00
<i>Note: Mr. Sreenkuamran V Nair ceased to be associated with the company as Nominee Director with effect from March 12. 2021.</i>					

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

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

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

S. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount (In Rs)
		Meera Ranganathan [Managing Director]	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	42,35,989	<b>42,35,989</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--	--
2	Stock Option	--	--
3	Sweat Equity	--	--
4	Commission		
	- as % of profit	--	--
	- others, specify	--	--
5	Others, please specify	--	--
	<b>Total (A)</b>	42,35,989	<b>42,35,989</b>
	Ceiling as per the Act(as per Schedule V of the Companies Act, 2013)	N/A	

**B. Remuneration to other directors**



S. No	Particulars of Remuneration	Name of Directors	Total Amount In Rs.
1	Independent Director	Mr. Sanjay Wasantrao Tanksale *	
	Fee for attending board/ committee meetings	1,20,000	1,20,000
	Commission	-	-
	Others, please specify	-	-
	<b>Total (1)</b>		<b>1,20,000</b>
2	Other Non-Executive Directors	-	-
	Fee for attending board committee meetings	-	-
	Commission	-	-
	Others, please specify	-	-
	Total (2)	-	-
	<b>Total (B)=(1+2)</b>	1,20,000	<b>1,20,000</b>
	<b>Total Managerial Remuneration</b>		<b>NIL</b>
	Overall Ceiling as per the Act		N/A
Note: Mr. Sanjay Wasantrao Tanksale was re-designated as Independent Director with effect from 02.02.2021.			

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

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total Amount (in Rs.)
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	5,18,725	-	5,18,725
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify.	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>5,18,725</b>	-	<b>5,18,725</b>

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)

<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**By Order of the Board**

**For IFIN Securities Finance Limited**

**Sd/-**

**Sd/-**

**Karra Visweswar Rao**

**Ramkumar Srinivasan**

**Managing Director**

**Director**

**Date: 15.09.2021**

**Place: Chennai**

**Annexure-II**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL  
STATEMENTS OF IFIN SECURITIES FINANCE LIMITED, CHENNAI FOR THE  
YEAR ENDED 31 MARCH 2021**

The preparation of financial statements of IFIN Securities Finance 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 are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 14 June 2021.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of IFIN Securities Finance Limited, Chennai for the year ended 31 March 2021 under section 143 (6)(a) of the Act.

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



**(DEVIKA NAYAR)  
DIRECTOR GENERAL OF COMMERCIAL AUDIT, CHENNAI**

Place: Chennai  
Date: 24.08.2021

**Annexure – III**
**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 contracts or arrangements or 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 transactions at Arm's length basis.**

There were no contracts or arrangements or transactions which were material in nature

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 IFIN Securities Finance Limited**

Sd/-

Sd/-

**Karra Visweswar Rao**

**Ramkumar Srinivasan**

**Managing Director**

**Director**

**Place: Chennai**

**Date: 15.09.2021**



INDEPENDENT AUDITORS' REPORT

To the Members of IFIN Securities Finance Limited

Report on the audit of the IND AS Financial Statements

Opinion

We have audited the accompanying financial statements of IFIN Securities Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including other comprehensive income) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit and other comprehensive income and its cash flows for the year ended on that date.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How the matter was addressed in our audit
<p><b>Impairment of financial assets as on 31/03/2021 (Expected Credit Loss)</b> (Refer note 12a of the financial statements)</p> <p>Ind AS 109 relating to "Financial Instruments" requires the company to provide for impairment of its financial assets designated at amortised cost using the expected credit loss (ECL) approach.</p> <p>The Company has recognized impairment loss allowance of ₹ 20,20,215 as at 31 March 2021 and has recognized an expense for ₹ 2,36,921 in its</p>	<p>Our audit procedures included the following:</p> <p>Read and assessed the company's accounting policies for impairment of financial assets and their compliance with Ind AS 109.</p> <ol style="list-style-type: none"> <li>1. Assessed the approach of the Company for categorisation of loans into various stages. Tested a sample of performing (stage 1) assets to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3.</li> </ol>





statement of profit and loss. This involves management's judgement in the calculation of impairment allowance which has a significant impact on the financial statements.

Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.

The key areas of judgement include:

1. Categorisation of loans in Stage 1, 2 and 3 based on identification of:
  - (a) exposures with significant increase in credit risk ('SICR') since their origination and
  - (b) Individually impaired / default exposures.
2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL based on past experience.
3. The impact of different future macroeconomic conditions in the determination of ECL.

These judgements required the models to be reassessed including the impact of Covid -19 pandemic to measure the ECL. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.

2. Engaged our team to review management's approach for calculating ECL and assess the key assumptions i.e., probability of default (PD) and loss given default (LGD) used to determine ECL.
3. Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods.
4. Performing test of details over calculation of ECL for assessing the correctness of the same.
5. Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient.

As a result of the above audit procedure, no material differences were noted.

### Emphasis of Matter

As more specifically explained in Other Note XIII to the financial statements, the Outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated impact of this pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its financial statements.

Our opinion is not modified in respect of this matter.

### Management's responsibility for the financial statements

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income 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 Companies (Indian Accounting Standard) 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 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditor's responsibilities for the audit of the Financial Statements**

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

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

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





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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.
  - (e) The Company being a government company, the requirement of obtaining written representations from the directors in accordance with the provisions of Section 164 (2) of the Act is not applicable vide MCA Notification G.S.R 464 (E) dated 5<sup>th</sup> June 2015.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) The Company being a government company, the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in respect of whether the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act is not applicable.
  - (h) As per the Directions issued by the Comptroller and Auditor General of India in pursuance to Section 143(5) of the Act, we give in the "Annexure C", a statement on the matters specifically so directed.







- (i) 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;
- The Company does not have any pending litigations which would impact its financial position;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

#### Other Matters

Further to the continuous spreading of COVID -19 across India, the entire 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 financial statements has been performed in the aforesaid conditions.

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

Place: Chennai  
Date: 14 June,2021



For Sanjiv Shah & Associates  
Chartered Accountants  
Firm Registration No. 003572S

*K. Rajesh*

CA K Rajesh Jain  
Partner

Membership No.236691

UDIN: 21236691AAAABA6809



**Annexure "A" to the Independent Auditor's Report**

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report to the members of IFIN Securities Finance Limited of even date)

1) In respect of the Company's Property, Plant & Equipment:

(a) The Company has maintained 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 hold any immovable properties of land and building as at the balance sheet date.

2) The company is in the business of giving loans and as such does not have any inventory. Accordingly, paragraph 3(ii) is not applicable.

3) According to information and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the order is not applicable.

4) In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the order is not applicable.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year and accordingly paragraph 3 (v) of the order is not applicable.

6) The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the business activities of the company and accordingly paragraph 3 (vi) of the order is not applicable.

7) In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and service tax, duty of customs, cess and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2021, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us and the records of the company examined by us, there are no dues of income tax, Sales tax, Service tax, Goods and Service tax, Customs duty, Excise duty and Value added tax which have not been deposited on account of any disputes.





# Sanjiv Shah & Associates

## Chartered Accountants

8) In our opinion and according to the information and explanations given to us, the company has no outstanding dues to any financial institutions or banks or any government or any debenture holders during the year. Accordingly, paragraph 3 (viii) of the order is not applicable.

9) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and has not taken any term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.

10) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

11) The Company is a government company and hence provision of section 197 read with schedule V of the Companies Act are not applicable. Accordingly, paragraph 3(xi) of the order is not applicable.

12) The Company is not a Nidhi Company and accordingly, paragraph 3 (xii) of the order is not applicable to the Company.

13) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.

14) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.

15) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.

16) According to the information and explanations given to us, the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For Sanjiv Shah & Associates  
Chartered Accountants  
Firm Registration No. 003572S



*K. Rajesh*

CA K Rajesh Jain  
Partner

Membership No.236691

Place: Chennai  
Date: 14 June, 2021

UDIN: 21236691AAAA BA 6809



**Annexure "B" to the Independent Auditor's Report**

(Referred to in paragraph 2 (f) under 'Report on other legal and regulatory requirements' section of our report to the Members of IFIN Securities Finance Limited of even date)

**Report on the Internal Financial controls over Financial Reporting under clause (i) of sub - section 3 of section 143 of the Companies Act, 2013 ("the Act")**

**Opinion**

We have audited the internal financial controls over financial reporting of IFIN Securities Finance Limited ("the Company") as at March 31, 2021, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Management's responsibility for internal financial controls**

The board of directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the standards on auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in 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 control system over financial reporting.





### Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management of override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Other Matters

We bring to the attention of the users that the audit of the internal financial control system over financial reporting and the operating effectiveness of such internal financial controls over financial reporting 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 financial statements.

Our opinion on the internal financial control system over financial reporting is not modified in respect of the above.

Place: Chennai  
Date: 14 June, 2021

For Sanjiv Shah & Associates  
Chartered Accountants  
Firm Registration No. 003572S



*K. Rajesh*  
CA K Rajesh Jain  
Partner  
Membership No. 236691

UDIN: 21236691AAAABA6809



**Annexure "C" to the Independent Auditor's Report**

(Referred to in paragraph 2 (h) under 'Report on other legal and regulatory requirements' section of our report to the Members of IFIN Securities Finance Limited of even date)

**Directions under S.143(5) of the Companies Act,2013**

Directions	Impression/Comments
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.	Yes, the company has system in place to process all the accounting transactions through IT system using tally accounting software. There is no system of processing of accounting transactions outside IT System. Hence no financial implications.
2) Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. Made by a lender due to the company's inability to repay the loan? If yes, the financial impact may be stated.	There is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest made by a lender to the company.
3) Whether fund received / receivable for specific schemes from central / state agencies were properly accounted for /utilized as per its term and conditions? List the cases of deviation.	The company is a Non-Banking Financial Company registered with RBI and no funds are received from any government agency for specific schemes.

Place: Chennai  
Date: 14 June,2021

For Sanjiv Shah & Associates  
Chartered Accountants  
Firm Registration No. 003572S



*K. Rajesh*

CA K Rajesh Jain  
Partner  
Membership No.236691

UDIN: 21236691AAAA BA6809

**IFIN SECURITIES FINANCE LIMITED**

**BALANCE SHEET AS AT 31st MARCH 2021**

(Amounts in Rs.)

<b>ASSETS</b>			
Particulars	Note No.	As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
<b>(1) Financial Assets</b>			
(a) Cash and cash equivalents	1	1,29,42,694	1,53,48,632
(b) Bank balances other than above	2	6,94,00,000	6,34,00,000
(c) Derivative Financial instruments		-	-
(d) Receivables		-	-
(i) Trade Receivables		-	-
(e) Loans	3	6,36,99,428	2,66,49,678
(f) Investments	4	13,89,77,407	18,09,11,158
(g) Other Financial Assets	5	31,38,772	8,80,567
<b>(2) Non - Financial Assets</b>			
(a) Inventories		-	-
(b) Current Tax Assets (Net)	6	38,80,997	27,29,199
(c) Deferred Tax Assets (Net)		-	-
(d) Investment Property		-	-
(e) Biological assets other than bearer plants		-	-
(f) Property, Plant and Equipment	7	1,34,863	47,329
(g) Capital work - in -progress		-	-
(h) Intangible assets under development		-	-
(i) Goodwill		-	-
(j) Other Intangible Assets	8	1	1
<b>Total Assets</b>		<b>29,21,74,163</b>	<b>28,99,66,564</b>

**LIABILITIES AND EQUITY**

Particulars	Note No.	As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
(a) Derivative financial instruments		-	-
(b) Payables		-	-
(I) Trade Payables		-	-
(II) Other Payables	9	25,55,345	29,92,299
(c) Debt Securities		-	-
(d) Borrowings (Other than Debt Securities)		-	-
<b>Non-Financial Liabilities</b>			
(a) Current tax liabilities (Net)	10	3,50,000	-
(b) Provisions	11	10,34,027	10,43,048
(c) Deferred tax liabilities (Net)		16,24,608.00	-
(d) Other non-financial liabilities		-	-
<b>Equity</b>			
(a) Equity Share capital	12	30,01,00,000	30,01,00,000
(b) Other Equity	13	(1,34,89,816)	(1,41,68,783)
<b>Total Liabilities and Equity</b>		<b>29,21,74,163</b>	<b>28,99,66,564</b>

Summary of significant accounting policies

25

The accompanying notes are an integral part of the financial statements

**For Sanjiv Shah & Associates**

Chartered Accountants

Firm Reg.No.0035725

*K. Rajesh*

**CA K Rajesh Jain**

Partner

Membership No.236691

UDIN: 21236691AAAABA6809



**For and on behalf of the Board of Directors of  
IFIN Securities Finance Limited**

*Meera Ranganathan*  
**Meera Ranganathan**  
Managing Director  
DIN:08180208

*Ramkumar Srinivasan*  
**Ramkumar Srinivasan**  
Director  
DIN:01175498

*AV. Pushparaj*  
**AV. Pushparaj**  
Chief Financial Officer

*Pragyan Shree*  
**Pragyan Shree**  
Company Secretary  
Membership No.A51395

Place : Chennai

Date :14th June, 2021

**IFIN SECURITIES FINANCE LIMITED**  
Statement of Profit and Loss account for the Period ended March 31, 2021

(Amounts in Rs.)

#	Particulars	Note No.	Year ended (audited) 31.03.2021	Year ended (audited) 31.03.2020
I	<b>Revenue From Operations</b>			
	(i) Interest income including processing fees	14	54,14,663	76,55,754
	(ii) Net gain on fair value changes	15	(1,37,940)	59,68,673
	(iii) Net gain on derecognition of financial instruments under amortised cost category	16	-	-
	(iv) Others	17	(10,500)	22,00,150
	<b>Total Revenue From Operations</b>		<b>52,66,223</b>	<b>1,58,24,576</b>
II	<b>Other Income</b>	18	1,10,85,884	81,98,735
III	<b>Total Income (I+II)</b>		<b>1,63,52,107</b>	<b>2,40,23,312</b>
IV	<b>EXPENSES</b>			
	(i) Finance costs	19	-	-
	(ii) Commission expenses	20	4,54,544	62,663
	(iii) Net loss on fair value changes	21	(20,81,520)	8,08,280
	(iv) Net loss on derecognition of financial instruments under amortised cost category		-	-
	(v) Impairment on financial instruments	22	2,36,921	53,56,354
	(vi) Employee benefits expenses	23	1,07,10,021	1,46,03,024
	(vii) Depreciation, amortization and impairment	7 & 8	14,182	76,504
	(viii) Other expenses	24	47,03,319	53,34,717
	<b>Total expenses (IV)</b>		<b>1,40,37,467</b>	<b>2,62,41,542</b>
V	Profit / (loss) before exceptional items and tax (III - IV)		23,14,639	(22,18,230)
VI	Exceptional items		-	-
VII	Profit / (loss) before tax (V - VI)		<b>23,14,639</b>	<b>(22,18,230)</b>
VIII	Tax expense:			
	(1) Current tax		3,50,000	-
	(2) Deferred tax		(2,858)	-
IX	Profit / (loss) for the period from continuing operations (VII - VIII)		19,67,497	(22,18,230)
X	Profit / (loss) from discontinuing operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit / (loss) for the period from discontinuing operations (after tax) (X + XI)		-	-
XIII	<b>Profit / (loss) for the period (IX+XII)</b>		<b>19,67,497</b>	<b>(22,18,230)</b>
XIV	Other Comprehensive Income			
	A(i) Items that will not be reclassified to Profit or Loss		3,38,934	-
	A(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
	<b>Subtotal (A)</b>		<b>3,38,934</b>	<b>-</b>
	B(i) Items that will be reclassified to Profit or Loss		-	-
	B(ii) Income Tax relating to items that will be reclassified to Profit or Loss		-	-
	<b>Subtotal (B)</b>		<b>-</b>	<b>-</b>
	<b>Other Comprehensive Income (A+B)</b>		<b>3,38,934</b>	<b>-</b>
XV	<b>Total Comprehensive income for the period (XIII+XIV)</b> <b>(Comprising Profit (loss) and other Comprehensive Income for the period)</b>		<b>23,06,431</b>	<b>(22,18,230)</b>
XVI	Earnings Per share (for the continuing Operations)			
	Basic (Rs.)	V	0.66	(0.74)
	Diluted (Rs.)	V	0.66	(0.74)
XVII	Earnings Per share (for the discontinuing Operations)			
	Diluted (Rs.)		-	-
XVIII	Earnings Per share (for the continuing and discontinuing Operations)			
	Basic (Rs.)	V	0.66	(0.74)
	Diluted (Rs.)	V	0.66	(0.74)

Summary of significant accounting policies  
The accompanying notes are an integral part of the financial statements

**For Sanjiv Shah & Associates**  
Chartered Accountants  
Firm Reg.No.003572S

*K. Rajesh*

**CA K Rajesh Jain**  
Partner  
Membership No.236691

UDIN : 21236691AAAABA6809

Place : Chennai  
Date : 14th June, 2021



**For and on behalf of the Board of Directors of**  
**IFIN Securities Finance Limited**

*Meera Ranganathan*

**Meera Ranganathan**  
Managing Director  
DIN:08180208

*AV. Rushpara*  
**AV. Rushpara**  
Chief Financial Officer

*Ramkumar Srinivasan*

**Ramkumar Srinivasan**  
Director  
DIN:01175498

*Pragyan Shree*  
**Pragyan Shree**  
Company Secretary  
Membership No.A51395



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

(Amounts in Rs.)

Particulars	For the year ended 31.03.2021		For the year ended 31.03.2020	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax as per P&L a/c		23,14,639		(22,18,230)
Adjustments for:				
Depreciation on Property, plant and equipment	14,182		76,504	
Loss on sale of Investments	15,84,056			
Provision for diminution in value of Trade Investments	(20,81,520)		8,08,280	
Gain in fair value of Trade Investments	1,37,940		(59,68,673)	
Loan Impairment provisions / (Write-back)	2,36,921		53,56,354	
Capital gains on sale of Mutual funds	(61,51,968)		(48,09,713)	
		(62,60,389)		(45,37,247)
<b>Operating Profit before adjustment for financial and non- financial assets</b>		<b>(39,45,749)</b>		<b>(67,55,477)</b>
Adjustments for changes in Financial and Non-Financial Instruments				
(Increase) / Decrease in Loans	(3,72,86,671)		7,64,04,228	
(Increase) / Decrease in Other Financial Assets	(22,58,205)		(6,19,262)	
(Increase) / Decrease in Other Non - Financial Assets	-		-	
Increase / (Decrease) in Other Payables	(4,36,954)		(1,34,567)	
Increase / (Decrease) in Provisions	3,29,913		2,35,705	
		(3,96,51,917)		7,58,86,104
<b>Cash Generated from Operation before tax</b>		<b>(4,35,97,667)</b>		<b>6,91,30,627</b>
Direct taxes payments		(11,51,798)		(16,18,328)
<b>Net cash from Operating Activities</b>		<b>(4,47,49,465)</b>		<b>6,75,12,299</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(1,01,716)		-	
(Purchase) / Sale of Investment	4,84,45,243		(32,66,881)	
Bank deposits	(60,00,000)		(6,34,00,000)	
<b>Net Cash used in / raised from Investing Activities</b>		<b>4,23,43,527</b>		<b>(6,66,66,881)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase / (Decrease) in Borrowings		-		-
<b>Net Changes in Cash &amp; Cash Equivalent (A+B+C)</b>		<b>(24,05,938)</b>		<b>8,45,419</b>
Opening Cash and Cash Equivalents		1,53,48,632		1,45,03,213
Closing Cash and Cash Equivalents		1,29,42,694		1,53,48,632
<b>Increase / Decrease in Cash &amp; Cash Equivalent</b>		<b>(24,05,938)</b>		<b>8,45,419</b>

Summary of significant accounting policies Note no.25  
The accompanying notes are an integral part of the financial statements

## For Sanjiv Shah &amp; Associates

Chartered Accountants  
Firm Reg.No.003572S

*K. Rajesh*  
CA K Rajesh Jain

Partner  
Membership No.236691



UDIN: 21236691AAAA BA6809

Place : Chennai  
Date :14th June, 2021

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

## IFIN Securities Finance Limited

*Meera Ranganathan*  
Meera Ranganathan  
Managing Director  
DIN:08180208

*AV. Pushparaj*  
AV. Pushparaj  
Chief Financial Officer

*Ramkumar Srinivasan*  
Ramkumar Srinivasan  
Director  
DIN:01175498

*Pragyan Shree*  
Pragyan Shree  
Company Secretary  
Membership No.A51395

**IFIN SECURITIES FINANCE LIMITED**

**Note # 1 - Cash and Cash Equivalents**

Amount in Rs.

Particulars	As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
<b>Cash and cash equivalents</b>		
(i) Cash in hand	2,281	4,246
(ii) Balances with Banks		
- Current Accounts	14,40,413	53,44,386
- Fixed Deposits	1,15,00,000	1,00,00,000
Less:ECL Impairment Loss Allowance	-	-
<b>Total</b>	<b>1,29,42,694</b>	<b>1,53,48,632</b>

**Note # 2 - Bank Balances other than above**

Amount in Rs.

Particulars	As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
<b>Bank balances other than above</b>		
(i) Bank Deposits with original maturity of more than three months	6,94,00,000	6,34,00,000
(ii) Bank Deposits against fund placed with Company under Credit Guarantee Enhancement Scheme		
- Bank balance	-	-
- Bank Deposits	-	-
(iii) Balances with Banks held as margin money against guarantees	-	-
(iv) Bank Deposits under directions of Court & Tribunal etc.	-	-
Less:ECL Impairment Loss Allowance	-	-
<b>Total</b>	<b>6,94,00,000</b>	<b>6,34,00,000</b>



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**IFIN SECURITIES FINANCE LIMITED**  
**Note # 3 - Loans**

Amount in Rs.

Particulars	As at 31.03.2021			As at 31.03.2020		
	Amortised cost	Sub Total	Total	Amortised cost	Sub Total	Total
				(1)	(5=2+3+4)	(6=1+5)
<b>(A) Loans</b>						
(i) Against Shares / Margin Funding	6,57,19,944	-	6,57,19,944	2,84,33,272	-	2,84,33,272
<b>Total (A) - Gross</b>	<b>6,57,19,944</b>	<b>-</b>	<b>6,57,19,944</b>	<b>2,84,33,272</b>	<b>-</b>	<b>2,84,33,272</b>
Less: Impairment loss allowance	20,20,515	-	20,20,515	17,83,595	-	17,83,595
<b>Total (A) - Net</b>	<b>6,36,99,428</b>	<b>-</b>	<b>6,36,99,428</b>	<b>2,66,49,678</b>	<b>-</b>	<b>2,66,49,678</b>
<b>(B). Secured / Unsecured</b>						
(i) Secured by tangible assets	6,57,19,944	-	6,57,19,944	2,84,33,272	-	2,84,33,272
(ii) Secured by intangible assets	-	-	-	-	-	-
(iii) Covered by Bank/ Government Guarantees	-	-	-	-	-	-
(iv) Unsecured	-	-	-	-	-	-
<b>Total (B) - Gross</b>	<b>6,57,19,944</b>	<b>-</b>	<b>6,57,19,944</b>	<b>2,84,33,272</b>	<b>-</b>	<b>2,84,33,272</b>
Less: Impairment loss allowance	20,20,515	-	20,20,515	17,83,595	-	17,83,595
<b>Total (B) - Net</b>	<b>6,36,99,428</b>	<b>-</b>	<b>6,36,99,428</b>	<b>2,66,49,678</b>	<b>-</b>	<b>2,66,49,678</b>
<b>C. Sector Analysis</b>						
<b>(C I) Loans in India</b>						
(i) Public Sectors	-	-	-	-	-	-
(ii) Private parties	6,57,19,944	-	6,57,19,944	2,84,33,272	-	2,84,33,272
<b>Total (C I) - Gross</b>	<b>6,57,19,944</b>	<b>-</b>	<b>6,57,19,944</b>	<b>2,84,33,272</b>	<b>-</b>	<b>2,84,33,272</b>
Less: Impairment loss allowance	20,20,515	-	20,20,515	17,83,595	-	17,83,595
<b>Total (C I) - Net</b>	<b>6,36,99,428</b>	<b>-</b>	<b>6,36,99,428</b>	<b>2,66,49,678</b>	<b>-</b>	<b>2,66,49,678</b>
<b>(C II) Loans outside India</b>	-	-	-	-	-	-
<b>Total (C II) - Gross</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Impairment loss allowance	-	-	-	-	-	-
<b>Total (C II) - Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total: (C I and C II)</b>	<b>6,36,99,428</b>	<b>-</b>	<b>6,36,99,428</b>	<b>2,66,49,678</b>	<b>-</b>	<b>2,66,49,678</b>



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IFIN SECURITIES FINANCE LIMITED  
Note # 4 - Investments

Particulars	As at 31.03.2021				As at 31.03.2020				Total		
	Amortised cost	Through profit and loss account	Designated at fair value through profit and loss account	Sub-Total	Total	Amortised cost	Through other comprehensive income	Through profit and loss account		Designated at fair value through profit and loss account	Sub-Total
<b>Investments</b>											
<b>A. Security type</b>											
(i) Mutual funds	-	13,89,77,407	-	13,89,77,407	13,89,77,407	-	18,02,64,844	-	18,02,64,844	18,02,64,844	
(ii) Government securities	-	-	-	-	-	-	-	-	-	-	
(iii) Other approved securities	-	-	-	-	-	-	-	-	-	-	
(iv) Debt securities	-	-	-	-	-	-	-	-	-	-	
(v) Equity instruments (other than investment in subsidiaries, associates and joint ventures)	-	4,913	-	4,913	4,913	-	27,32,747	-	27,32,747	27,32,747	
<b>Gross</b>	-	<b>13,89,82,320</b>	-	<b>13,89,82,320</b>	<b>13,89,82,320</b>	-	<b>18,29,97,591</b>	-	<b>18,29,97,591</b>	<b>18,29,97,591</b>	
<b>B. Sector Analysis</b>											
(i) Investments in India	-	13,89,82,320	-	13,89,82,320	13,89,82,320	-	18,29,97,591	-	18,29,97,591	18,29,97,591	
(ii) Investments outside India	-	-	-	-	-	-	-	-	-	-	
<b>Gross</b>	-	<b>13,89,82,320</b>	-	<b>13,89,82,320</b>	<b>13,89,82,320</b>	-	<b>18,29,97,591</b>	-	<b>18,29,97,591</b>	<b>18,29,97,591</b>	
Less: Impairment loss allowance	-	4,913	-	4,913	4,913	-	20,86,433	-	20,86,433	20,86,433	
<b>Net</b>	-	<b>13,89,77,407</b>	-	<b>13,89,77,407</b>	<b>13,89,77,407</b>	-	<b>18,09,11,158</b>	-	<b>18,09,11,158</b>	<b>18,09,11,158</b>	



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**IFIN SECURITIES FINANCE LIMITED**

**Note # 5 - Other Financial Assets**

<b>Unsecured &amp; considered good</b>		<b>Amount in Rs.</b>	
<b>Particulars</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>	
<b>Other Financial Assets</b>			
Prepaid Expenses	4,19,336	1,24,957	
Advances to Staff	14,000	-	
Interest Accrued but not due on Fixed deposits with Banks	6,74,828	6,05,610	
Security deposit with CDSL	1,50,000	1,50,000	
Other Advances	7,97,463	-	
Receivable for Shares sold	10,83,146	-	
<b>Total</b>	<b>31,38,772</b>	<b>8,80,567</b>	

**Note # 6 - Current Tax Assets (Net)**

		<b>Amount in Rs.</b>	
<b>Particulars</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>	
<b>Advance tax and tax deducted at source:</b>			
FY 2012-13	5,37,208	5,37,208	
FY 2011-12	4,66,076	4,66,076	
FY 2015-16	7,00,024	7,00,024	
FY 2017-18	-	-	
FY 2019-20	10,25,891	10,25,891	
FY 2020-21	11,51,798	-	
<b>Total</b>	<b>38,80,997</b>	<b>27,29,199</b>	



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**IFIN SECURITIES FINANCE LIMITED**

**Notes # 7 & 8 - Property, Plant and Equipment & Other Intangible Assets**

#	Fixed Assets	Gross Block						Accumulated Depreciation				Net Block		
		Balance as at 1st April 2020	Additions	Disposals	Acquired through business combinations	Revaluations / (Impairments)	Balance as at 31st March 2021	Balance as at 1st April 2020	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31st March 2021	Adjustment against retained earning	Balance as at 31st March 2020
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a	Office equipment	56,145	-	-	-	-	56,145	230	-	-	53,338	-	2,807	3,037
b	Computers	1,33,796	1,01,716	-	-	2,35,512	89,504	13,952	-	-	1,03,456	-	1,32,056	44,292
	<b>Total</b>	<b>1,89,941</b>	<b>1,01,716</b>	-	-	<b>2,91,657</b>	<b>1,42,612</b>	<b>14,182</b>	-	-	<b>1,56,794</b>	-	<b>1,34,863</b>	<b>47,329</b>

#	Fixed Assets	Gross Block						Accumulated Depreciation				Net Block		
		Balance as at 1st April 2019	Additions	Disposals	Acquired through business combinations	Revaluations / (Impairments)	Balance as at 31st Mar 2020	Balance as at 1st April 2019	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31st Mar 2020	Adjustment against retained earning	Balance as at 31 March 2019
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a	Office equipment	56,145	-	-	-	-	56,145	576	-	-	53,108	-	3,037	3,613
b	Computers	1,33,796	-	-	-	1,33,796	13,576	75,928	-	-	89,504	-	44,292	1,20,220
	<b>Total</b>	<b>1,89,941</b>	-	-	-	<b>1,89,941</b>	<b>66,108</b>	<b>76,504</b>	-	-	<b>1,42,612</b>	-	<b>47,329</b>	<b>1,23,833</b>



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er Intangible Assets	Gross Block						Accumulated Depreciation				Net Block			
	Balance as at 1st April 2020	Additions	Disposals	Acquired through business combinations	Revaluations / (Impairments)	Balance as at 31st Mar 2021	Balance as at 1st April 2020	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31st Mar 2021	Adjustment against retained earning	Balance as at 31st Mar 2021	Balance as at 31st March 2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Fixed Assets														
Computer software	12,60,000	-	-	-	-	12,60,000	12,59,999	-	-	-	12,59,999	-	1	1
Mastheads and publishing titles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copyrights, and patents and other intellectual property rights, services and operating rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recipes, formulae, models, designs and prototypes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,60,000</b>	<b>12,59,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,59,999</b>	<b>-</b>	<b>1</b>	<b>1</b>

Fixed Assets	Gross Block						Accumulated Depreciation				Net Block			
	Balance as at 1st April 2019	Additions	Disposals	Acquired through business combinations	Revaluations / (Impairments)	Balance as at 31st Mar 2020	Balance as at 1st April 2019	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31st Mar 2020	Adjustment against retained earning	Balance as at 31st Mar 2020	Balance as at 31 March 2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Fixed Assets														
Computer software	12,60,000	-	-	-	-	12,60,000	12,59,999	-	-	-	12,59,999	-	1	1
Mastheads and publishing titles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copyrights, and patents and other intellectual property rights, services and operating rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recipes, formulae, models, designs and prototypes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,60,000</b>	<b>12,59,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,59,999</b>	<b>-</b>	<b>1</b>	<b>1</b>



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## IFIN SECURITIES FINANCE LIMITED

### Other Financial Liabilities

#### Note # 9 Other Payables

Amount in Rs.

Particulars	As at 31.03.2021	As at 31.03.2020
Statutory remittances	2,67,335	2,02,057
Creditors for expenses	16,25,338	5,64,848
Credit balances in loan accounts	6,54,924	21,16,009
Others - Processing fees received in advance	7,748	1,09,385
<b>Total</b>	<b>25,55,345</b>	<b>29,92,299</b>

#### Note # 10 - Current Tax Liabilities (Net)

Amount in Rs.

Particulars	As at 31.03.2021	As at 31.03.2020
Provision net of advance tax and tax deducted at source:		
- FY 2019-20	-	-
- FY 2020-21	3,50,000	-
<b>Total</b>	<b>3,50,000</b>	<b>-</b>

#### Note # 11 Provisions

Amount in Rs.

Particulars	As at 31.03.2021	As at 31.03.2020
Provision for Bonus	28,000	22,073
Provision for expenses	5,66,457	3,53,818
Provision for Leave encashment	2,35,496	2,15,351
Provision for Gratuity	2,04,074	4,51,806
<b>Total</b>	<b>10,34,027</b>	<b>10,43,048</b>



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**IFIN SECURITIES FINANCE LIMITED**

**Note # 12- Equity Share Capital**

Amount in Rs.

Particulars	As at 31st March 2021		As at 31st March 2020	
			Number	Rs.
<b>Authorised</b>				
Equity Shares of Rs.100/- each	59,75,500	59,75,50,000	59,75,500	59,75,50,000
Preference Shares	24,500	24,50,000	24,500	24,50,000
<b>Total</b>	<b>60,00,000</b>	<b>60,00,00,000</b>	<b>60,00,000</b>	<b>60,00,00,000</b>
<b>Issued</b>				
Equity Shares of Rs.100/- each	30,01,000	30,01,00,000	30,01,000	30,01,00,000
<b>Subscribed &amp; Paid up</b>				
Equity Shares of Rs.100/- each	30,01,000	30,01,00,000	30,01,000	30,01,00,000
<b>Total</b>	<b>30,01,000</b>	<b>30,01,00,000</b>	<b>30,01,000</b>	<b>30,01,00,000</b>

Particulars	As at 31st March 2021		As at 31st March 2020	
			Number	Rs.
Shares outstanding at the beginning of the year	30,01,000	30,01,00,000	30,01,000	30,01,00,000
Shares Issued during the year			-	-
Shares bought back during the year			-	-
Shares outstanding at the end of the year	<b>30,01,000</b>	<b>30,01,00,000</b>	<b>30,01,000</b>	<b>30,01,00,000</b>

**Details of shareholders holding more than 5% shares in the Company**

Name of Shareholder	As at 31st March 2021		As at 31st March 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IFCI Financial Services Limited (Holding Company)	30,00,994	99.99	30,00,994	99.99



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IFIN SECURITIES FINANCE LIMITED

Note # 13 - Other Equity

(Amounts in Rs)

Particulars	As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
Capital Reserve	2,51,000	2,51,000
Securities Premium Reserve	-	-
Capital Redemption Reserve	4,50,000	4,50,000
Statutory Reserve	98,18,506	94,25,006
Debenture Redemption Reserve	-	-
Share Options Outstanding Account	-	-
General Reserve	25,16,200	25,16,200
Other Comprehensive income	3,38,934	-
Cash Flow Hedge Reserve	-	-
Foreign currency monetary item translation difference	-	-
Retained Earnings	-2,68,64,456	-2,68,10,989
<b>Total</b>	<b>-1,34,89,816</b>	<b>-1,41,68,783</b>



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**IFIN SECURITIES FINANCE LIMITED**

**Note # 14 - Interest Income**

(Amounts in Rs)

Particulars	For the year ended 31.03.21			For the year ended 31.03.20		
	On Financial Assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total	On Financial Assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total
<b>Interest income</b>						
(i) Interest on loans including Processing Fees	54,14,663	-	54,14,663	76,55,754	-	76,55,754
LAS - SHCIL	11,50,956	-	-	3,15,159	-	-
LAS - IFIN	78,476	-	-	34,08,085	-	-
MF - SHCIL	-	-	-	-	-	-
MF - IFIN	40,21,677	-	-	38,23,078	-	-
(ii) Interest income from investments	-	-	-	-	-	-
(iii) Interest on debentures	-	-	-	-	-	-
(iv) Other interest income	-	-	-	-	-	-
<b>Total</b>	<b>54,14,663</b>	<b>-</b>	<b>54,14,663</b>	<b>76,55,754</b>	<b>-</b>	<b>76,55,754</b>



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**IFIN SECURITIES FINANCE LIMITED**

**Note # 15 Net gain on fair value changes**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
<b>(A) Net gain on financial instruments at fair value through profit or loss</b>		
(i) On trading portfolio -		
-Investments	-1,37,940	59,68,673
-Derivatives	-	-
-Others	-	-
(ii) On financial instruments at fair value through profit or loss		
<b>(B)Others (to be specified)</b>	-	-
<b>Total Net gain/(loss) on fair value changes (C)</b>	<b>-1,37,940</b>	<b>59,68,673</b>
Fair Value Changes :		
-Realised		
<b>-Unrealised</b>	<b>-1,37,940</b>	<b>59,68,673</b>

**Note # 16 Net gain on derecognition of financial instruments under amortised cost category**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Financial Instrument written off in earlier year now recovered	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note # 17 Others**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Pre-closure Income	-10,500	4,59,010
Sundry customer credit balances written back	-	17,41,140
Provisions for standard asset*	-	
<b>Total</b>	<b>-10,500</b>	<b>22,00,150</b>

**Note # 18 Other Income**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Net gain /(loss) on ineffective portion of hedges	-	-
Dividend Income	6,708	41,558
Interest on Income tax refund	-	1,58,260
Interest on Fixed Deposit with Banks	46,04,792	31,65,956
Profit on sale of Investments (Net)	61,51,968	48,09,713
Misc. Income	3,22,416	23,248
<b>Total</b>	<b>1,10,85,884</b>	<b>81,98,735</b>



**IFIN SECURITIES FINANCE LIMITED**

**Note # 19 - Finance Cost**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2021			For the Year ended 31.03.2020		
	On Financial Liabilities measured at fair value through profit or loss	On Financial Liabilities measured at Amortised Cost	Total	On Financial Liabilities measured at fair value through profit or loss	On Financial Liabilities measured at Amortised Cost	Total
<b>Finance cost</b>						
(i) Interest on deposits	-	-	-	-	-	-
(ii) Interest on borrowings	-	-	-	-	-	-
(iii) Interest on debt securities	-	-	-	-	-	-
(iv) Interest on subordinated liabilities	-	-	-	-	-	-
(v) Other interest expenses	-	-	-	-	-	-
(vi) Bank charges	-	-	-	-	-	-
(vii) Other finance costs	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**Note # 20 - Commission expense:**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2021		For the Year ended 31.03.2020	
(i) Commission to Stockholding Corporation of India (SHCIL)	-	2,11,951	-	30,999
(ii) Others	-	2,42,593	-	31,664
<b>Total</b>	-	<b>4,54,544</b>	-	<b>62,663</b>



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**IFIN SECURITIES FINANCE LIMITED**

**Note # 21 - Net loss on fair value changes**

(Amounts in Rs)

Particulars	For the Year Ended 31.03.2021	For the Year Ended 31.03.2020
<b>(A) Net loss on financial instruments at fair value through profit or loss</b>		
(i) On trading portfolio -		
-Investments	-20,81,520	8,08,280
-Derivatives	-	-
-Others	-	-
(ii) On financial instruments at fair value through profit or loss		
<b>(B)Others (to be specified)</b>		
Total Net loss on fair value changes (C )	-20,81,520	8,08,280
Fair Value Changes :		
-Realised	-	-
-Unrealised	-20,81,520	8,08,280
<b>Total Net gain/(loss) on fair value changes (D) to tally with (C )</b>	<b>-20,81,520</b>	<b>8,08,280</b>



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**IFIN SECURITIES FINANCE LIMITED**

**Note # 22- Impairment on financial Instruments**

(Amounts in Rs)

Particulars	For the year ended 31.03.21			For the year ended 31.03.20		
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total
a.Loans *	-	2,36,921	2,36,921	-	53,56,354	53,56,354
b. Investments	-	-	-	-	-	-
c. Others (to be specified)	-	-	-	-	-	-
<b>Total</b>	-	<b>2,36,921</b>	<b>2,36,921</b>	-	<b>53,56,354</b>	<b>53,56,354</b>



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**IFIN SECURITIES FINANCE LIMITED**

**Note # 23 Employee Benefit Expenses**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
(a) Salaries and benefits of the Managing Director who is on deputation from Stock Holding Corporation of India Ltd (SHCIL) reimbursed (including taxes) to SHCIL	4189337	33,88,894
Gratuity & Superannuation reimbursed to SHCIL (including GST)	46652	2,85,580
(b) Salaries and incentives to other employees	5852100	1,01,51,650
(c) Contributions to -		
Provident fund & Employee State Insurance	271244	2,26,047
Staff Welfare Expenditure	84025	74,231
Provision for Gratuity	91202	2,68,746
Provision for Leave Encashment	170821	2,03,196
Labour welfare & Professional Tax	4640	4,680
<b>Total</b>	<b>1,07,10,021</b>	<b>1,46,03,024</b>

**Note # 24 Other Expenses**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
Rent	5,09,760	7,39,320
Telephone expenses	1,44,000	2,78,694
Electricity Charges	1,80,000	2,20,000
Auditor's fees and expenses	5,03,770	3,59,310
Bank Charges	5,601	11,299
Legal and Professional Charges	2,59,036	1,28,430
Repairs and Office Maintenance	2,33,054	14,26,085
Printing and Stationery	9,613	49,292
Postage & courier expenses	602	-
Tour, travel & Conveyance	53,424	2,35,111
Rates And Taxes	69,997	27,045
Information technology expenses	5,11,831	44,184
Meeting expenses	-	1,20,060
Directors Sitting Fees	1,41,600	1,04,900
Insurance Charges	1,44,272	1,11,884
Professional & Consultation fees	2,69,541	5,40,399
Membership & Subscription Fees	11,591	-
Advertisement & Business promotion expenses	-	87,525
Training expenses	28,078	-
Annual maintenance charges	20,650	-
Short Provision of Income tax & Interest - AY 2019-20	-	7,24,402
Miscellaneous expenses	5,135	1,26,777
Depository charges	984	-
Profit/loss on Sale of Long Term Investments	15,84,056	-
Bad debts written off	16,724	-
<b>Total</b>	<b>47,03,319</b>	<b>53,34,717</b>



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**IFIN Securities Finance Limited**  
(Formerly known as Narayan Sriram Investments Private Limited)

Note # 25

**A. Company Background**

IFIN Securities Finance Limited ("the Company") is a non-deposit taking Non-Banking Financial Services Company- (NBFC-LC) incorporated and domiciled in India and governed by the Companies Act, 2013 ("Act"). It is registered with the Reserve Bank of India as a Loan Company. The name of the company was changed to IFIN Securities Finance Limited vide Certificate of Registration dated 26th August 2013 from erstwhile name of Narayan Sriram Investments Private Limited. The Company's registered office is situated at Continental Chambers, 3<sup>rd</sup> Floor, 142, Mahatma Gandhi Road, Nungambakkam, Chennai 600034 Tamil Nadu, India.

The company is primarily engaged in the business of providing loans against shares and margin funding.

**B. Significant Accounting Policies**

**A. Basis of preparation and presentation**

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for all the periods presented in these financial statements.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods or services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.



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Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share- based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements for the year ended 31 March 2021 are presented in Indian Rupees and all values are rounded to the nearest rupee, except where otherwise indicated. The financial statements were authorised and approved for issue by the Board of Directors on June 14, 2021.

## B. Use of estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

**Judgements** are made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

**Assumptions** and estimation uncertainties that have a significant risk of resulting in a material adjustment are reviewed on an ongoing basis.



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The areas involving critical estimates or judgements are:

S.No	Particulars	Note No.
1.	Revenue recognition using effective interest rate	25(C)
2.	Impairment of loans -Expected credit loss	25 (L)(i)

### C. Revenue recognition

#### Interest Income on Loan against shares

Interest earned on loans against shares (financial asset) is recognized based on the effective interest rate (EIR) method as per Ind AS 109 & 32, and is the rate that exactly discounts the estimated future repayments of principal and interest through the expected life of the financial asset to the gross carrying amount of a financial asset i.e the amortised cost of the financial asset, before adjusting for any credit loss allowance which are applicable for Stage 1 (Performing) and Stage 2 (Under-performing) assets. For Stage 3 (Non-performing) assets, expected interest rate is calculated on the amortized cost less expected credit loss adjustment. Refer note 12a for details on impairment.

Processing fee received by the company relating to the creation or acquisition of a financial asset is considered an integral part of the effective interest rate of a financial instrument and is treated as an adjustment to the effective interest rate or amortised uniformly over the lifetime of the financial instrument.

#### Interest income on margin funding

Considering the nature and complexity of margin trading, it is not possible to apply the effective interest rate method and so interest has been considered on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### Dividend Income

*Dividends* are recognised in profit or loss only when

- The company's right to receive payment of the dividend is established;
- It is probable that the economic benefits associated with the dividend will flow to the company; and
- The amount of the dividend can be measured reliably.

#### Interest on fixed deposits

Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding.



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## Miscellaneous income

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

## D. Borrowing costs

The borrowing costs are recognised in profit or loss in the period in which they are incurred.

## E. Employee benefits

### (a) Defined contribution plan:

The Company's Provident Fund Scheme and other statutory funds are defined contribution plans and the company's contribution paid/payable is recognized as expense in Statement of Profit & Loss during the period in which the employee renders the related service. The company has contributed Rs.2,71,244/- (FY 2019-20 - Rs.2,26,047) to provident fund, which has been charged to Statement of Profit & Loss.

### (b) Defined benefit plan

#### (i) Gratuity

The liability recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined based an actuarial valuation using the projected unit credit method.

Details of defined benefit plans as per actuarial valuation are as follows:

#### Ind AS 19 Disclosures:

Amounts in Balance sheet	31 <sup>st</sup> March' 21
Defined Benefit Obligation (DBO)	2,04,074
Fair value of Plan Assets	-
Funded status - (Surplus) / Deficit	2,04,074
Unrecognized past service cost / (Credit)	-
Unrecognized Asset due to limit	-
Liability /(Asset) recognized in Balance sheet	2,04,074



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Amount recognized in the Statement of Profit and Loss	31-Mar-20 to 31-Mar-21
Current service cost	59,801
Interest cost	31,401
Expected Return on Plan Assets	-
Past Service Cost	-
(Gain)/Loss due to Settlements/ Curtailments / Acquisitions / Divestitures	-
Unrecognised Asset due to Limit	-
Total Expense/(Income) included in "Employee Benefit Expense"	91,202

Amount recognised in Other Comprehensive Income (OCI)	31-Mar-20 to 31-Mar-21
Amount recognized in OCI, Beginning of Period	-
Remeasurements due to :	-
<i>Effect of Change in financial assumptions [C]</i>	-
<i>Effect of Change in demographic assumptions [D]</i>	-
<i>Effect of experience adjustments [E]</i>	(3,38,934)
Actuarial (Gains)/Losses ( C+ D +E )	(3,38,934)
Return on plan assets (excluding interest)	-
Total remeasurements recognized in OCI	(3,38,934)
Amount recognized in OCI, End of Period	(3,38,934)

Change in Present Value of Benefit Obligation during the Period	31-Mar-20 to 31-Mar-21
Defined Benefit Obligation, Beginning of Period	4,51,806
Current Service Cost	59,801
Interest Cost	31,401
Actual Plan Participants' Contributions	-
Actuarial (Gains)/Losses	(3,38,934)
Acquisition/Business Combination/Divestiture	-
Actual Benefits Paid	-
Past Service Cost	-
Changes in Foreign Currency Exchange Rates	-
Loss / (Gains) on Curtailments	-
Liabilities Extinguished on Settlements	-
Defined Benefit Obligation, End of Period	2,04,074



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**Additional Disclosures (Cash Flows):****Sensitivity Analysis**

	31-Mar-21
<b>Defined Benefit Obligation (Base)</b>	2,04,074

Sensitivity Analysis	31-Mar-21	
	Decrease	Increase
<b>Discount Rate</b>	2,21,850	1,87,895
Impact of increase/ decrease in 50 bps on DBO	8.71%	-7.93%
<b>Salary Growth Rate</b>	1,87,511	2,21,710
Impact of increase/ decrease in 50 bps on DBO	8.12%	8.64%

Expected Cash Flows	31-Mar-21
Year 1	814
Year 2	907
Year 3	1,016
Year 4	1,145
Year 5	1,371
Year 6 to 10	10,287

**Actuarial Assumptions:**

The principal assumptions used for reporting period 31 March, 2021 are summarized in the table below. The assumptions as at the balance sheet date are used to determine the defined benefit obligation & employee benefit expense.

Financial Assumptions	31-Mar-21
Discount Rate	6.95%
Salary Escalation Rate	0% for next year and 5.00% thereafter
Expected Return on Assets	0.00%
<b>Demographic Assumptions</b>	
	31-Mar-21
Mortality Table *	Indian Assured Lives Mortality (2012-14) Ult.
Withdrawal Rate	0.10%
Retirement Age	60 years



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Timing Related Assumptions	
Time of Retirement	Immediately on achieving normal retirement
Salary Increase frequency	Once a year

\* Mortality Rates : Representative mortality rates from Indian Assured Lives Mortality (2012-14) Ult. are given in the table below.

Age	Rate	Age	Rate
20	0.0009240	50	0.0044360
25	0.0009310	55	0.0075130
30	0.0009770	60	0.0111620
35	0.0012020		
40	0.0016800		
45	0.0025790		

## (ii) Compensated Absences

The company employees are entitled to 24 days of earned leave per year, out of this 15 days leave standing to the credit of the employee at the end of the calendar year will be paid as leave salary and calculated on the gross pay. This balance is allowed to be accumulated.

The Company provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of both vesting and non vesting benefit. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method.

Details of defined benefit plans as per actuarial valuation are as follows:

### Ind AS 19 disclosures

Amounts in Balance Sheet	31-03-21
Defined Benefit Obligation (DBO)	2,35,496
Fair value of plan Assets	-
Funded Status - (Surplus)/Deficit	2,35,496
Unrecognized Past Service Cost / (Credit)	-
Unrecognized Asset due to Limit in Para 64(B)	-
Liability/(Asset) Recognized in the Balance Sheet	2,35,496



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<b>Amount Recognized in Statement of Profit &amp; Loss</b>	31-03-20 to 31-03-21
Current Service Cost	1,68,573
Interest Cost	9,731
Expected Return on Plan Assets	-
Past Service Cost	-
Net Actuarial Losses/(Gains)	(7,483)
(Gain)/Loss due to Settlements/Curtailments/Acquisitions/Divestitures	-
Unrecognized Asset due to Limit in Para 64(B)	-
<b>Total Expense/(Income) included in "Employee Benefit Expense"</b>	<b>1,70,821</b>

<b>Change in Present value of Benefit Obligation during the Period</b>	31-03-20 to 31-03-21
Defined Benefit Obligation, Beginning of Period	2,15,351
Current Service Cost	1,68,573
Interest Cost	9,731
Actual Plan Participants' Contributions	-
Actuarial (Gains)/Losses	(7,483)
Acquisition/Business Combination/Divestiture	-
Actual Benefits Paid	(1,50,676)
Past Service Cost	-
Changes in Foreign Currency Exchange Rates	-
Loss / (Gains) on Curtailments	-
Liabilities Extinguished on Settlements	-
<b>Defined Benefit Obligation, End of Period</b>	<b>2,35,496</b>

**Additional Disclosures (Cash Flows):**

	31-03-21	
<b>Defined Benefit Obligation (Base)</b>	2,35,496	
<b>Sensitivity Analysis</b>	31-03-21	
	Decrease	Increase
<b>Discount Rate</b>	2,58,235	2,14,998
Impact of increase/decrease in 50 bps on DBO	9.66%	-8.70%
<b>Salary Growth Rate</b>	2,14,517	2,58,595
Impact of increase/decrease in 50 bps on DBO	-8.91%	9.81%



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Expected Cash Flows	31-03-21
Year 1	952
Year 2	1,048
Year 3	1,159
Year 4	1,288
Year 5	1,438
Year 6 to 10	10,520

**Actuarial Assumptions:**

The principal assumptions used for reporting period and 31 March, 2021 are summarized in the table below. The assumptions as at the balance sheet date are used to determine the defined benefit obligation & employee benefit expense.

Financial Assumptions	31-03-21
Discount Rate	6.95%
Salary Escalation Rate	0% for next year and 5.00% thereafter
Expected Return on Assets	0.00%
Demographic Assumptions	31-03-21
Mortality Table *	Indian Assured Lives Mortality (2012-14) Ult.
Withdrawal Rate	0.10%
Retirement Age	60 years

**Timing Related Assumptions:**

Time of Retirement	Immediately on achieving normal retirement
Salary Increase frequency	Once a year



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\* Mortality Rates : Representative mortality rates from Indian Assured Lives Mortality (2012-14) Ult. are given in the table below.

Age	Rate	Age	Rate
20	0.0009240	50	0.0044360
25	0.0009310	55	0.0075130
30	0.0009770	60	0.0111620
35	0.0012020		
40	0.0016800		
45	0.0025790		

#### F. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

*Current tax* is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted. The Company has made provision for current tax for Rs.3,50,000/- during the current year.

*Deferred tax* is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



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Movement of deferred tax liability from beginning to end of financial year is as follows:

Particulars	As at April 01,2019	Provided during the year	As at March 31,2020	Provided during the year	As at March 31,2021
<b>Deferred tax Liability:</b>					
A. Relating to Property, Plant & Equipment	-	-	-	8,805	8,805
B. Relating to Actuarial Gain from defined benefit plan recognised in OCI	-	-	-	85,303	85,303
C. Relating to earlier years recognized during the year	-	-	-	16,27,466	16,27,466
<b>Total Deferred Tax Liability</b>	-	-	-	17,21,574	17,21,574
<b>Deferred Tax Asset:</b>					
A. Items disallowed u/s 43B of the Income Tax Act 1961	-	-	-	(29,515)	(29,515)
B. Investments carried at fair value through Profit or Loss	-	-	-	(35,087)	(35,087)
C. Provision for ECL	-	-	-	(32,364)	(32,364)
<b>Total Deferred Tax Asset</b>	-	-	-	(96,966)	(96,966)
<b>Deferred Tax Liabilities (net)</b>	-	-	-	16,24,608	16,24,608
<b>Tax (Income)/Expense during the period recognized in:</b>					
i. Statement of Profit and Loss	-	-	-	(2,858)	-
ii. Retained Earnings	-	-	-	16,27,466	-



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Deferred tax assets have not been recognized in respect of business loss and unabsorbed depreciation aggregating to Rs. 9,04,74,976 as at March 31,2021(March 31,2020 : Rs. 9,04,74,976), where it is not probable that sufficient taxable income will be available in the future against which such deferred tax can be realized in the normal course of business of the company.

The amount and expiry dates, if any, of unutilized tax losses and deductible temporary differences for which no deferred tax is recognized in the balance sheet are given below:

Particulars	Year of expiry	Amount
Carry forward business loss	AY 2024-25	96,82,777
Carry forward business loss	AY 2028-29	8,07,74,397
Unabsorbed depreciation	No expiry	17,802

### G. Property plant & equipment

Property plant & equipment comprising of office equipment and computers are stated at historical cost less accumulated depreciation.

*Depreciation/ amortisation:*

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight line method in the manner prescribed under Schedule II of the Companies Act, 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and changes if any has been accounted on a prospective basis as changes in accounting estimates. In order to maintain uniformity in accounting policies adopted by group companies, the company has changed the depreciation method from written down value to straight line.

As per Ind AS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", an entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.

The depreciation calculated under written down value amounted to Rs. 33,439 and the depreciation calculated under straight line amounted to Rs. 14,182 which has been charged to the statement of profit and loss. As a result of change in the depreciation method, amount equal to Rs. 19,257 has been charged less in the statement of profit and loss in the current financial year.



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## H. Intangible assets – Computer software

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

## I. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

## J. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## K. Bank balances other than above

Bank balances other than cash and cash equivalents have a maturity of more than three months from the date of acquisition.

## L. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instruments. Financial assets and financial liabilities are 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 or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition.



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Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### (i) Financial assets

#### Classification of financial assets

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

A financial asset is measured at amortised cost using effective interest rate method if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. Financial assets i.e. derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures and associates) are subsequently measured at fair value. Such financial assets are measured at fair value at the end of each reporting period, with any gains (e.g. any dividend or interest earned on the financial asset) or losses arising on re-measurement recognised in profit or loss and included in the "Other Income". Investments in equity instruments & mutual funds are classified as fair value through profit or loss.

#### Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual



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cash flows that are due and all the cash flows (discounted) that the Company expects to receive.

#### *Expected Credit Loss (ECL)*

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit 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), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of those financial instruments.

The Company measures the loss allowance for the financial instruments at an amount equal to the lifetime expected credit losses if the credit risk on those financial instruments has increased significantly since initial recognition. If the credit risk on financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for those financial instruments at an amount equal to 12 month expected credit losses. The twelve months expected credit losses are portion of the lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted beyond the 12 months.

If the Company measured loss allowance for the financial instruments at life time expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12 month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instruments instead of the change in the amount of expected credit losses. To make the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

The company recognizes stages for recognition of expected credit loss on financial instruments for which there has been significant increase in credit risk since initial recognition. The probability of default and loss given default have been measured using past credit history, and forward looking credit risk estimations which may include external credit ratings and credit loss experiences of other peer companies wherever applicable.



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Stage	Category	Days due since initial recognition	Expected credit loss (ECL)
1	Performing	0-30 days or cash Margin clause not invoked as Stage 1	12 months ECL
2	Under-performing	31-90 days or cash margin clause invoked and the client has paid cash margin	Life time ECL
3	Non-performing	Beyond 90 days or cash margin clause invoked but the client has not paid, entity has sold the security to the extent of cash margin short fall to recover the dues.	Life time ECL

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. The company directly reduces the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a de-recognition event.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

**(ii) Financial liabilities**

All financial liabilities are initially measured at fair value and subsequently measured at amortised cost, if material.



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### *De-recognition of financial liabilities*

The company removes a financial liability or a part of a financial liability from its balance sheet when, and only when, it is extinguished—i.e when the obligation specified in the contract is discharged or cancelled or expires.

### **M. Earnings per share**

Basic earnings per share is calculated by dividing net profit after tax for the year attributable to equity shareholders of the company by the weighted average number of equity shares issued.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **N. Contingent liabilities**

Contingent liabilities are disclosed for:

- Possible obligation which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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## Other Notes - I to XIII

### I. Contingent liabilities:

- i) Estimated amount of contracts remaining to be executed on Capital account and not provided for: NIL (FY 2019-20 - Rs.Nil).
- ii) Other Contingent liabilities: NIL (FY 2019-20 - Rs. Nil).

### II. Remuneration to Auditors

Nature of Service	FY 2020-21	FY 2019-20
Statutory Audit Fee	2,00,000	2,00,000
For quarterly reporting	79,500	79,500
Tax Audit and Other Fees	10,000	25,000
GST	52,110	54,810
<b>Total</b>	<b>3,41,610</b>	<b>3,59,310</b>

III. The Company shares certain costs/service charges on a mutually agreed basis with the holding company.

IV. The company is primarily engaged in lending against equity share and margin funding for shares. As such there, are no separate reportable segments as per IND AS 108.

### V. Earnings Per Share

The Earning per Share (EPS) has been computed in accordance with the IND AS 33.

Particulars	For the year ended 31-03-2021	For the year ended 31-03-2020
Net Profit / (loss) for the year available for the equity shareholders (Before & after extraordinary items)	19,67,497	(22,18,230)
Nominal value per equity share	100	100
Weighted Average No. of outstanding equity shares during the year - Basic & Diluted.	30,01,000	30,01,000
Basic & Diluted Earnings per Share (Before & after extraordinary items)	0.66	-0.74



## VI. Related Party Disclosure as per Ind AS 24

- (a) Ultimate Holding Company: IFCI Limited
- (b) Holding Company: IFCI Financial Services Ltd
- (c) Fellow Subsidiaries:
- a) IFIN Commodities Limited
  - b) IFIN Credit Limited
  - c) IFCI Factors Limited
  - d) IFCI Venture Capital Funds Limited
  - e) IFCI Infrastructure Development Ltd
  - f) MPCON Limited
  - g) Stock Holding Corporation of India Limited

**Note:** Fellow Subsidiaries (c) to (g) given above are subsidiaries of ultimate Holding Company, IFCI Limited.

(d) *Key Management Personnel and relatives of such personnel:*

Ms. Meera Ranganathan	: Managing Director
Mr. A.V.Pushparaj	: Chief Financial Officer
Ms.Pragyan shree	: Company secretary

Relatives of Key Management Personnel: Nil



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## (e) Transactions with Related Parties

(Amounts in Rs.)

Sr. No.	Particulars	Holding /Subsidiary/ Fellow Subsidiary Companies	
		FY 2020-21	FY 2019-20
1	Managing Director's compensation, travel and other reimbursements paid / payable to Stockholding Corporation of India Ltd (SHCIL) including taxes	42,35,989	37,46,283
2	Shared office expenses reimbursed to IFCI Financial Services Ltd (IFIN) - Holding Company	18,00,000	8,076,500
3	Salary deputation reimbursed to IFCI Financial Services Ltd(IFIN) -Holding Company	3,94,015	-
4	Salary deputation reimbursed by IFCI Financial Services Ltd(IFIN) -Holding Company	3,19,627	-
5	Commission payable to IFIN for customer referrals (including taxes)	1,56,459	-
6	Commission payable to SHCIL for customer referrals (including taxes)	2,11,952	30,999

## Balance as at year end:

Nature	Name of the party	As at 31 March 2021	As at 31 March 2020
Commission Payable	IFCI financial services ltd	48578.80	-
	Stock holding corporation of India ltd	46476.60	30998.56
Salary deputation Payable( Reimb)	IFCI financial services ltd	91135.00	-
Professional and consultation fee	Stock holding corporation of India ltd	716917.17	613281.24



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**Note:**

(a) The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties.

(b) The Related Parties have confirmed to the Management that as at 31 March 2021 and 31 March 2020 there are no further amounts payable to / receivable from them, other than as disclosed above.

(c) The transactions during the period are Inclusive of GST except Sr.No. 2,3 &4.

**VII. Foreign Exchange Inflow and Outflow**

During the year, the company has spent a sum of Rs.Nil (FY 2019-20 - Rs.Nil) in foreign exchange, towards expenses and asset purchases. There is no foreign exchange income during the year.

**VIII. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

As per information and explanations provided to us, the Company does not deal with vendors covered under Micro, Small & Medium Enterprises Development Act, 2006. Hence compliance and reporting in this regard does not arise.

**IX. Capital Management**

The Company's capital management is intended to maximize the return to shareholders and benefits for other stakeholders for meeting the long-term and short-term goals of the Company. For the purpose of capital management, capital includes issued equity capital and all other reserves attributable to the equity shareholders of the Company.

**Categories of financial instruments**

Financial assets	31.03.2021	31.03.2020
<b>Measured at fair value through profit or loss (FVTPL)</b>		
(a) Mandatorily measured:		
(i) Equity & Mutual Fund investments	13,89,77,407	18,09,11,158
(ii) Derivative instruments designated in hedge accounting Relationship		
<b>Measured at fair value through Other comprehensive income (FVTOCI)</b>		
(i) Equity investments	-	-



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<b>Measured at amortized cost</b>		
(a) Cash and cash equivalents	1,29,42,694	1,53,48,632
(b) Bank balances (Fixed deposits with bank)	6,94,00,000	6,34,00,000
(c) Loans (Gross)	6,57,19,944	2,84,33,272
(d) Other financial assets	31,38,772	8,80,568

### Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities for funding the loans against shares and margin funding. The ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of financial liabilities as at 31<sup>st</sup> March 2021:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 Years	More than 5 years
<b>Current financial liabilities:</b>					
Other payables	22,88,010	22,88,010	-	-	-

The table below provides details regarding the contractual maturities of financial liabilities as at 31<sup>st</sup> March 2020:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 Years	More than 5 years
<b>Current financial liabilities:</b>					
Other payables	27,90,242	27,90,242	-	-	-



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The table below provides details regarding the contractual maturities of financial assets as at 31<sup>st</sup> March 2021:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 Years	More than 5 years
<b>Current financial assets:</b>					
Cash and cash equivalents	1,29,42,694	1,29,42,694	-	-	-
Bank balances (Fixed deposits with bank)	6,94,00,000	6,94,00,000	-	-	-
Loans (Gross)	6,57,19,944	2,05,01,671	4,52,18,273	-	-
Other Financial Assets	31,38,772	29,88,772	-	-	1,50,000

The table below provides details regarding the contractual maturities of financial assets as at 31<sup>st</sup> March 2020:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 Years	More than 5 years
<b>Current financial assets:</b>					
Cash and cash equivalents	1,53,48,632	1,53,48,632	-	-	-
Bank balances (Fixed deposits with bank)	6,34,00,000	6,34,00,000	-	-	-
Loans (Gross)	2,84,33,272	2,84,33,272	-	-	-
Other Financial Assets	8,80,568	7,30,568	-	-	1,50,000

#### X. 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.



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## XI. Financial impact of Covid-19 lockdown

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities.

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

The Covid-19 post lockdown has 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 company 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 Company 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 Company.

The Company has taken adequate safety majors to protect its employees and also will ensure vaccination for its staff on priority basis which will help Company 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 Company will continue to closely monitor any material changes to future economic conditions due to the impact of pandemic. Further, the impact assessment does not indicate any adverse impact on the ability of the company to continue as a going concern.



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XII. Figures of the previous year have been regrouped / recast wherever necessary to make them comparable with the current year figures.

XIII. Figures have been rounded off to the nearest Rupee. Figures in bracket represent previous year's figures.

**For Sanjiv Shah & Associates**

Chartered Accountants

Firm Reg.No.003572S



**CA K Rajesh Jain**

Partner

Membership No.236691

UDIN: 21236691AAAABA6809

**For and on behalf of the Board of Directors of IFIN Securities Finance Limited**



**Meera Ranganathan**

Managing Director

DIN:08180208



**Ramkumar Srinivasan**

Director

DIN:01175498



**Pragyan Shree**

Company Secretary

Membership No.A51395



**A.V. Pushparaj**

Chief Financial Officer

Place: Chennai

Date: 14-06-2021

## Weighted Risk assets

<u>Weighted risk assets - On-Balance Sheet</u> <u>items</u>	<u>Percentage</u> <u>weight</u>	<u>Asset considered</u>	<u>Weighted Risk assets</u>
(i) Cash and bank balances including fixed deposits and certificates of deposits with banks	0	8,23,42,694	-
(ii) <u>Investments</u>			-
(a) Approved securities [Except at (c) below]	0		-
(b) Bonds of public sector banks	20		-
(c) Fixed deposits/certificates of deposits/ bonds of public financial institutions	100	-	-
(d) Shares of all companies and debentures/bonds/commercial papers of all companies and units of all mutual funds	100	13,89,77,407	13,89,77,407
(iii) <u>Current assets</u>			-
(a) Stock on hire (net book value)	100		-
(b) Intercompany loans/deposits	100		-
(c) Loans and advances fully secured against deposits held by the company itself	0		-
(d) Loans to staff	0		-
(e) Other secured loans and advances considered good (gross)	100	6,57,19,944	6,57,19,944
(f) Bills purchased/discounted	100		
(g) Others (To be specified)	100	27,19,436	27,19,436
(iv) <u>Fixed Assets (net of depreciation)</u>			
(a) Assets leased out (net book value)	100		
(b) Premises	100		
(c) Furniture & Fixtures	100		
(v) <u>Other assets</u>			
(a) Income tax deducted at source (net of provision)	0		
(b) Advance tax paid (net of provision)	0		
(c) Interest due on Government securities	0		
(d) Others (to be specified)	100		
<b>Total Weighted Risk Assets</b>			<b>20,74,16,787</b>
Tier I capital = Equity + reserves & surplus			28,66,10,184
<b>Tier II</b>			-
a. Provision on Standard Assets		20,20,515	
<b>Total of Tier II</b>			20,20,515
<b>Total Capital Funds</b>			<b>28,86,30,699</b>

**CRAR** **139.15%**

**Notes:** Tier I 138.18%  
Tier II 0.97%

Others excludes prepaid expenses as pointed by RBI in its inspection report of February 2020  
 Loans and advances considered at Gross and ECL considered as Tier II



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Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK)-2008 dated 1 August 2008

I. Capital

(in %)

Particulars		As at 31 <sup>st</sup> March'2021	As at 31 <sup>st</sup> March'2020
i	CRAR (%)	139.15	136.94
ii	CRAR - Tier I Capital (%)	138.18	136.09
iii	CRAR - Tier II Capital (%)	0.97	0.85
iv	Amount of subordinated debt raised as Tier-II	-	-
v	Amount raised by issue of Perpetual Debt Instruments	-	-

II. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(Amounts in Lakhs)

Particular	Up to 30/31 Days	Over 1 Month & up to 2 Months	Over 2 Month & up to 3 Months	Over 3 Month & up to 6 Months	Over 6 Month & up to 1 Year	Over 1 Year & up to 3 Years	Over 3 years Month & up to 5 Years	Over 5 years	Total
Deposits	-	-	105.00	-	704.00	-	-	1.50	810.50
Advances	2.52	-	10.35	24.40	166.97	452.96	-	-	657.20
Investments**	120.00	30.00	55.00	675.00	509.77	-	-	-	1389.77
Borrowings	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

\*\* Investments are made in mutual funds which have been presented based on the budget loan requirement of the funds and will be liquidated based on the actual requirement of funds.



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### III. Exposures

#### Exposure to Real Estate Sector

Category		Current Year 2020-21	Previous Year 2019-20
a)	<b>Direct Exposure</b>		
i	<b>Residential Mortgages</b>		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	Nil	Nil
ii	<b>Commercial Real Estate</b>		
	Lending secured by mortgages on commercial real estate ( Office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction.	Nil	Nil
iii	Investments in Mortgage Backed Securities	Nil	Nil
	( MBS ) and other securitised exposures		
A	Residential	Nil	Nil
B	Commercial Real Estate	Nil	Nil
<b>Total Exposure to Real Estate Sector</b>		Nil	Nil



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## Exposure to Capital Market

(Amounts in Lakhs)			
		Current Year 2020-21	Previous Year 2019-20
<b>I</b>	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
<b>II</b>	Advance against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOS/ESOPS), convertible bonds, convertible debentures and units of equity-oriented mutual funds	657.20	284.33
<b>III</b>	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
<b>IV</b>	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds ie where the primary security other than shares/convertible bonds / convertible debentures / units of equity	-	-
<b>V</b>	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and markets makers	-	-
<b>VI</b>	Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
<b>VII</b>	Bridge loans to companies against expected equity flows/issues	-	-
<b>VIII</b>	All exposures to venture capital funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>		<b>657.20</b>	<b>284.33</b>

## IV. Details of financing of parent company products

The Company has extended Margin Funding Facility to the clients of its Parent Company, IFCI Financial Services Ltd, IFCI Limited and Stock holding Corporation of India Ltd.





## V. Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC

There are no instances of exceeding the single and group borrowing limit by the Company during the current year.

## VI. Unsecured Advance

The Company has not advanced loan against intangible securities such as charge over the rights, licences, authority, etc., as collaterals.

## Disclosure Pursuant to Reserve Bank of India Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dt. 10 November 2014

### I. Investments

(Amounts in Lakhs)

Particulars		Current Year 2020-21	Previous Year 2019-20
1	Value of Investments		
I	Gross Value of Investments		
(a)	In India	1389.82	1829.97
(b)	Outside India,	-	-
ii	Provisions for Depreciation		
(a)	In India	0.05	20.86
(b)	Outside India,	-	-
iii	Net Value Of Investments		
(a)	In India	1389.77	1809.11
(b)	Outside India,		
2	Movement of provisions held towards depreciation on investments		
I	Opening balance	20.86	12.78
ii	Add: Provisions made during the year	2.59	8.08
iii	Less : Write-off/ write-back of excess provisions during the year	23.40	-
Iv	Closing balance	0.05	20.86



## II. Derivatives

### Forward Rate Agreement / Interest Rate Swap

The company does not deal in derivatives and accordingly disclosures is not required.

### Exchange Traded Interest Rate (IR) Derivatives

The company does not deal in derivatives and accordingly disclosures is not required.

### Disclosures on Risk Exposure in Derivatives

The company does not deal in derivatives and accordingly disclosures is not required.

## III. Disclosures relating to Securitisation

The company does not deal in the business of securitisation and accordingly disclosures is not required.

## IV. Details of Assignment transactions undertaken by NBFCs

The company has not entered into assignment transactions and accordingly disclosures is not required.

## V. Details of non-performing financial assets purchased/sold

The company has not purchased or sold any non-performing financial assets and accordingly disclosures is not required.

## VI Additional Disclosures.

### 1. Provisions and Contingencies

To facilitate easy reading of the financial statements and to make the information on all provisions and contingencies available at one place, NBFCs are required to disclose in the NTA the following information:

(Amounts in Lakhs )		
Break up of "Provisions and Contingencies" show under the head Expenditure in Profit and Loss Account	Current Year 2020-21	Previous Year 2019-20
Provisions for depreciation on Investment	0.05	8.08
Provision towards NPA - Write off *	0.17	35.73
Provision made towards Income Tax	3.50	-
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	20.21	17.83

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\* Break-up of Expected Credit Loss (ECL) provision of FY 2020-21

	In lakhs	In lakhs
Bad debts written off during the current year	0.17	
less: Provision written back during the current year	--	
Bad debts reflected in the profit and loss statement		0.17
ECL provision on Standard Assets		20.21
<b>Total ECL</b>		<b>20.38</b>

**2. Draw Down from Reserves**

Suitable disclosures are to be made regarding any draw down from reserves in the NTA -  
Not applicable

**3. Concentration of Deposits, Advances, Exposure and NPAs**

**Concentration of Deposits (for deposit taking NBFCs)**

(Amounts in Lakhs)	
Total Deposits of twenty largest depositors	Nil
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	Nil

**Concentration of Advances**

(Amounts in Lakhs)	
Total Advances to twenty largest borrowers	587.15
Percentage of Advances of twenty largest borrowers to Total Advance of the NBFC	89.34%

**Concentration of Exposures\***

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(Amounts in Lakhs)	
Total Exposure to twenty largest borrowers	587.15
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	89.34%

#### 4. Sector-wise NPAS

S.No	Sector	Percentage of NPAs to Total Advances in that sector
1.	Agriculture & allied activities	NIL
2.	MSME	NIL
3.	Corporate borrowers	NIL
4.	Unsecured personal loans	NIL
5.	Auto loans	NIL
6.	Other personal loans *	NIL

There were no NPAs as on 31.03.2021 and all advances are Standard Assets.

#### 5. Movement of NPAS

(Amounts in Lakhs)			
Particulars		Current Year 2020-21	Previous Year 2019-20
I	Net NPAS to Net Advances		
ii	Movement of NPAs ( Gross)		
	(a) Opening balance	--	845.27
	(b) Additions during the year	--	4.72
	(c) Written off during the year	--	849.99
	(d) Closing balance	--	-
iii	Movement of Net NPAs		
	(a) Opening balance	--	95.78
	(b) Additions during the year	--	-
	(c) Written of Reductions during the year	--	95.78
	(d) Closing balance	--	-

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Iv	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	--	749.49
(b)	Provisions made during the year	--	100.50
(c)	Write-off / write-back of excess provisions	--	849.99
(d)	Closing balance	--	-

**6. Overseas Assets (for those with joint ventures and subsidiaries abroad)-**

The Company did not have any overseas assets during the current year.

**7. Off-balance sheet SPV sponsored ( which are required to be consolidated as per accounting norms )**

<b>Name of the SPV Sponsored</b>	
<b>Domestic</b>	<b>Overseas</b>
NA	NA

**VII Miscellaneous:**

**1. Registration obtained from other financial sector regulators**

There is no registration which has been obtained from other financial sector regulators.

**2. Disclosure of Penalties imposed by RBI and other regulators**

There are no penalties imposed by Reserve Bank of India and other regulators during the financial year

**3. Ratings assigned by credit rating agencies and migration of ratings during the year**

Not applicable

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#### 4. Details of registration with financial regulators

Regulator	Registration No.
Ministry of company affairs	U65991TN1989GOI017792
Reserve Bank Of India	B-07-00672

#### 5. Related Party Transactions

Details of all material related party transaction are disclosed in note VIII.

#### 6. Remuneration of directors (other than Managing Director)

The company has not paid any remuneration to directors (Other than Managing Director) during the year.

#### 7. Disclosure of Complaints

##### Customer Complaints

(a)	No. of complaints pending at the beginning of the year	NIL
(b)	No. of complaints received during the year	NIL
(c)	No. of complaints redressed during the year	NIL
(d)	No. of complaints pending attend the year	NIL

#### DISCLOSURE OF FRAUDS REPORTED VIDE DNBS. PD. CC NO. 256/ 03.10.042/ 2011-12 DATED MARCH 02, 2012

(a) Current Year 2020-21-NIL

(b) Previous Year 2019-20

There has been write-off of two loan accounts amounting to Rs 8,49,99,160 during the financial year ended 2019-20 and these have been reported as fraudulent cases to The Reserve Bank of India in FRM-2 &3 for the quarter ended 30<sup>th</sup> September 2019. The details of write-off are as follows:

S.No	Name of the borrower	Date of write off	Amount written off in INR
1.	Harshaben Hirji Thakkar	30-09-2019	3,99,99,161
2.	Harshad Hirji Thakkar	30-09-2019	4,49,99,999
Total			8,49,99,160



**DISCLOSURE ON MORATORIUM - COVID 19 REGULATORY PACKAGE - ASSET CLASSIFICATION AND PROVISIONING FOR THE YEAR ENDED MARCH 31, 2021 IN PURSUANT TO THE NOTIFICATION VIDE: DOR.NO.BP.BC.63/21.04.048/2019-20 DATED APRIL 17, 2020**

No moratorium requests relating to the COVID-19 regulatory package were received from the borrowers and there was no impact on asset classification and provisioning.

**DISCLOSURE OF COMPARISON OF PROVISION AS PER IRAC NORMS AND ECL PURSUANT TO RBI CIRCULAR, VIDE DNBS.PD.CC.NO.109/22.10.106/2019-20 DATED MARCH 13, 2020 FOR THE YEAR ENDED MARCH 31, 2021.**

Asset Classification as per RBI	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss Allowance as per Ind AS 109	Provisioning required as per IRAC norms	Difference between Ind AS 109 and IRAC norms provisioning
Standard	Stage 1	6,57,19,944	20,20,215	2,63,697	17,56,518


**Statutory Reserve**

Details of Creation of reserve fund as per Sec 45-IC of RBI Act, 1934 are disclosed in note XIII

  
**Meera Ranganathan**  
Managing Director  
DIN:08180208

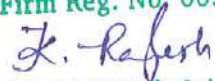
  
**Ramkumar Srinivasan**  
Director  
DIN:01175498

  
**Pragnan Shree**  
Company Secretary  
Membership No.A51395

  
**A.V.Pushparaj**  
Chief Financial Officer

Place:Chennai

Date: 14-06-2021

For **SANJIV SHAH & ASSOCIATES**  
Chartered Accountants  
Firm Reg. No. 003572S  
  
**CA. K. Rajesh Jain**  
Partner, M.No. 236691

UDIN:21236691AAAA BA6809