

**Independent Auditors' Report To The Members Of IFIN Securities Finance Limited**

**Our Opinion**

We have audited the accompanying Ind AS financial statements of IFIN Securities Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to be 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 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, 2020, and its loss, and its Cash Flow for the year then 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 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 Companies Act, 2013 and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 standalone financial statements for the financial year ended 31'st March 2020. These matters were addressed in the context of our audit of the standalone 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 matter described below to be a key audit matter to be communicated in our report.

Key Audit Matter	How the matter was addressed
<p><b>Impairment of financial instruments (expected credit losses)</b>                      Ind AS 109 requires the Company to provide for impairment of its financial instruments using the Expected Credit Loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and</p>	<p>Our audit procedures were designed</p> <ul style="list-style-type: none"> <li>• considering the Company's accounting policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109.</li> <li>• Evaluating the appropriateness of application of accounting principles based on</li> </ul>



Key Audit Matter	How the matter was addressed
<p>supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans against shares and margin funding. In the process, a significant degree of judgement has been applied by the management in determining the quantum of loss based on several factors such as:</p> <ul style="list-style-type: none"> <li>• Segmentation of loans</li> <li>• Loan staging criteria</li> <li>• Calculation of probability of default (PD) and Loss given default (LGD)</li> <li>• Consideration of probability weighted scenarios and forward looking economic factors.</li> </ul> <p>On 11<sup>th</sup> March 2020, the World Health Organisation (WHO) declared COVID-19 as a global pandemic and the nation-wide lockdown has substantially impacted businesses and in particular the effect on the Company's operations and financial accounting and reporting processes and the financial impact on the Company's borrowers and their ability to service the loans.</p> <p>The Company has done a qualitative assessment of loan portfolio and considering a higher probability of default considering drop in underlying value of securities and interest moratoriums / deferrals, its past experience during other times of stressed economic situations, and also on basis of updated macro-economic scenarios and has factored in the potential impact of COVID-19 in its ECL provision for the year.</p> <p>Given the judgement involved in the estimation of expected credit losses, we have considered this area as a key audit matter.</p>	<p>requirements of IndAS 109 and our understanding of the business.</p> <ul style="list-style-type: none"> <li>• Validating the reasonableness of assumptions used in the ECL model for grouping and staging of loan portfolio into various categories and defaults for determining the PD and LGD rates.</li> <li>• Testing the operating effectiveness of the controls for staging of loans based on their past-due status.</li> <li>• Performing test of details over calculation of impairment allowance for assessing the correctness of the same</li> <li>• Ensuring that the disclosures included in the Ind AS financial statements in respect of expected credit losses meet with the requirements of Ind AS 107 and 109.</li> <li>• Assessing the factual accuracy and appropriateness of the additional disclosures made by the company regarding impact of COVID-19.</li> </ul>

### **Responsibilities of Management and those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flow of the company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies;





making judgments and estimates that are reasonable and prudent ; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement , whether due to fraud or error. In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to Cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditors 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 scepticism 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 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.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure 'A', a statement on the matters specified in paragraph 3 & 4 of the Order, to the extent applicable.
  - 1A. As required by Section 143(5) of the Act, we give in Annexure 'B', a statement of matters specified by the Comptroller and Auditor-General of India for the Company.
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, 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 Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) The Dept. of Company Affairs has clarified vide notification No. GSR 463(E) dated 5th June'2015 that the provisions of sub-sec (2) of section 164 of the Companies Act, 2013 regarding obtaining written representations from the directors are not applicable to a government Company.
  - (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 C".
  - (g) The Dept. of Company Affairs has vide notification No. GSR 463(E) dated 5th June'2015 exempted Government companies from the provisions of Section 197 and reporting by us on the remuneration paid by the Company to its Directors in excess of limits laid down under this Section is not applicable to this company, being a government company.





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

- i. The Company did not have any pending litigation which would impact its financial position.
- ii. The Company did not have material foreseeable losses on long term contracts and derivative contracts.
- iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

UDIN - 20206383AAAAAL8289

For Messrs. Jagannathan & Sarabeswaran  
Firm Reg. No. 01204S



Vivek Sarabeswaran  
(Partner)  
Chartered Accountants  
M.No. 206383

Place: Chennai  
Date: 12-06-2020



## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 Under Report on other Legal and regulatory requirements)

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that fixed assets have been physically verified by the management in accordance with a regular programme of verification at reasonable intervals and no material discrepancies were noticed on such verification. According to information and explanations given to us the company does not own any immoveable property.
2. The company does not have any inventory and reporting under clause (ii) of the CARO 2016 Order is not applicable.
3. According to the information and explanations given to us, the Company has not granted any loans secured or unsecured loans to companies covered in the Register maintained under section 189 of The Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantee or security to any party covered under Sections 185 and 186 of the Companies Act, 2013.
5. According to the information and explanations given to us, the Company has not accepted any deposits during the year and hence the question of reporting on compliance of Sec 73 to 76 of the Act does not arise.
6. Considering the nature of the Company's business / activities, reporting under clause (vi) of the CARO 2016 Order is not applicable.
- 7.(a)The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident fund, Income tax, GST, and other dues. There are no undisputed statutory dues which were outstanding for more than six months as at 31<sup>st</sup> March 2020 from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, service tax or cess and GST which have not been deposited on account of any dispute.
8. The company has not defaulted in the repayment of loans to any financial institution. The company has not taken any loan from banks or raised any moneys through debentures.
9. The company has not raised any moneys by way of initial / further public offer. In our opinion and according to information and explanations given us, the term loans have been applied by the company during the year for the purposes for which they were raised.
10. There has been no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.





11. The Dept. of Company Affairs has clarified vide notification No. GSR 463(E) dated 5th June'2015 that the provisions of Section 197 of the Companies Act, 2013 regarding managerial remuneration are not applicable to a government Company.
12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.
15. According to the information and explanations given to us, the company has not entered into any non-cash transactions involving directors or persons connected with them as referred to in Section 192 of the Companies Act, 2013.
16. 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 Jagannathan & Sarabeswaran  
Chartered Accountants  
Firm Reg. No. 01204S

  
Vivek Sarabessaran  
(Partner)  
M.No. 206383

Place: Chennai  
Date: 12-06-2020



## **ANNEXURE 'B' TO INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1A Under Report on other Legal and regulatory requirements)

**General Directions under Section 143(5) of the Companies Act, 2013, (Applicable from the accounts of 2018-19) vide CAG office letter no.4/CA-II/Dir-Sub Dir/11-2015/Vol II dated 29 January 2019 for conducting audit of annual accounts for the financial year 2019-20**

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.

All the accounting transactions have been processed through the IT system using Tally accounting software. Outside of the Tally software no processing of transactions are generally undertaken except for accounting compliance purposes.

2. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest, etc., made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

There has been write-off of two loan accounts amounting to Rs 8,49,99,160 during the financial year, 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
<b>Total</b>			<b>8,49,99,160</b>

3. Whether funds received/receivable for schemes from Central/State agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.

The company is a Non Banking Financial Company registered with Reserve Bank of India and it did not receive any funds from any government agency.

For Jagannathan & Sarabeswaran  
Firm Reg. No. 001204S

  
Vivek Sarabessaran  
(Partner)  
Chartered Accountants  
M.No. 206383

Place: Chennai  
Date: 12-06-2020





**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF IFIN SECURITIES FINANCE LIMITED**

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

We have audited the internal financial controls over financial reporting of IFIN Securities Finance Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



## Meaning of Internal Financial Controls over Financial Reporting

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

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Messrs. Jagannathan & Sarabeswaran  
Chartered Accountants  
FRN 001204S

  
Vivek Sarabeswaran  
Partner  
(M.No.206383)

Place: Chennai  
Date: 12-06-2020





**IFIN SECURITIES FINANCE LIMITED  
BALANCE SHEET AS AT 31ST MARCH 2020**

(Amounts in Rs.)

<b>ASSETS</b>			
<b>Particulars</b>	<b>Note No.</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
<b>(1) Financial Assets</b>			
(a) Cash and cash equivalents	1	5,348,632	14,503,213
(b) Bank balances other than above	2	73,400,000	-
(c) Derivative Financial instruments		-	-
(d) Receivables		-	-
(i) Trade Receivables		-	-
(e) Loans	3	26,649,678	108,410,259
(f) Investments	4	180,911,158	167,674,171
(g) Other Financial Assets	5	880,567	261,305
<b>(2) Non - Financial Assets</b>			
(a) Inventories		-	-
(b) Current Tax Assets (Net)	6	2,729,199	3,818,758
(c) Deferred Tax Assets (Net)		-	-
(d) Investment Property		-	-
(e) Biological assets other than bearer plants		-	-
(f) Property, Plant and Equipment	7	47,329	123,833
(g) Capital work - in - progress		-	-
(h) Intangible assets under development		-	-
(i) Goodwill		-	-
(j) Other Intangible Assets	8	1	1
<b>Total Assets</b>		<b>289,966,564</b>	<b>294,791,540</b>

(Amounts in Rs.)

<b>LIABILITIES AND EQUITY</b>			
<b>Particulars</b>	<b>Note No.</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
(a) Derivative financial instruments		-	-
(b) Payables		-	-
(I) Trade Payables		-	-
(II) Other Payables	9	2,992,299	3,126,866
(c) Debt Securities		-	-
(d) Borrowings (Other than Debt Securities)		-	-
(e) Deposits		-	-
(f) Subordinated Liabilities		-	-
(g) Other financial liabilities		-	-
<b>Non-Financial Liabilities</b>			
(a) Current tax liabilities (Net)	10	-	2,707,887
(b) Provisions	11	1,043,048	807,343
(c) Deferred tax liabilities (Net)		-	-
(d) Other non-financial liabilities		-	-
<b>Equity</b>			
(a) Equity Share capital	12	300,100,000	300,100,000
(b) Other Equity	13	(14,168,783)	(11,950,556)
<b>Total Liabilities and Equity</b>		<b>289,966,564</b>	<b>294,791,540</b>

The accompanying notes 1 - 24 & Other Notes - I to XIV form an integral part of the financial statements

**For Messrs Jagannathan & Sarabeswaran**

Chartered Accountants  
FRN 001204S

  
Vivek Sarabeswaran  
Partner  
Membership No.206383




Place : Chennai  
Date : 12th June 2020

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

  
Meera Ranganathan  
Managing Director

  
Ramkumar Srinivasan  
Director

  
AV Pushparaj  
Chief Financial Officer

  
Pragnan Shree  
Company Secretary

**IFIN SECURITIES FINANCE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020**

(Amounts in Rs.)

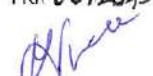
S No.	Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
I	<b>Revenue From Operations</b>			
	(i) Interest income including processing fees	14	7,655,754	33,112,796
	(ii) Net gain on fair value changes	15	5,968,673	3,014,606
	(iii) Net gain on derecognition of financial instruments under amortised cost category	16	-	13,799,998
	(iv) Others	17	2,200,150	-
	<b>Total Revenue From Operations</b>		<b>15,824,576</b>	<b>49,927,400</b>
II	<b>Other Income</b>	18	8,198,735	4,159,660
III	<b>Total Income (I+II)</b>		<b>24,023,312</b>	<b>54,087,060</b>
IV	<b>EXPENSES</b>			
	(i) Finance costs	19	-	33,223
	(ii) Commission expenses	20	62,663	39,825
	(iii) Net loss on fair value changes	21	808,280	717,138
	(iv) Net loss on derecognition of financial instruments under amortised cost category		-	-
	(v) Impairment on financial instruments	22	5,356,354	70,883,325
	(vi) Employee benefits expenses	23	14,603,024	12,514,796
	(vii) Depreciation, amortization and impairment	7 & 8	76,504	14,625
	(viii) Other expenses	24	5,334,717	7,887,089
	<b>Total expenses (IV)</b>		<b>26,241,542</b>	<b>92,090,021</b>
V	Profit / (loss) before exceptional items and tax (III - IV)		-2,218,230	-38,002,962
VI	Exceptional items		-	-
VII	Profit / (loss) before tax (V - VI)		<b>-2,218,230</b>	<b>-38,002,962</b>
VIII	Tax expense:			
	(1) Current tax		-	5,451,948
	(2) Deferred tax		-	-
IX	Profit / (loss) for the period from continuing operations (VII - VIII)		-2,218,230	-43,454,910
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>-2,218,230</b>	<b>-43,454,910</b>
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to Profit or Loss		-	-
	A (ii) Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
	<b>Subtotal (A)</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>Other Comprehensive Income (A+B)</b>		-	-
XV	<b>Total Comprehensive income for the period (XIII+XIV) (Comprising Profit (loss) and other Comprehensive Income for the period)</b>		<b>-2,218,230</b>	<b>-43,454,910</b>
XVI	Earnings Per share (for the continuing Operations)			
	Basic (Rs.)	VI	-0.74	-14.48
	Diluted (Rs.)	VI	-0.74	-14.48
XVII	Earnings Per share (for the discontinuing Operations)			
	Diluted (Rs.)		-	-
XVIII	Earnings Per share (for the continuing and discontinuing Operations)			
	Basic (Rs.)	VI	-0.74	-14.48
	Diluted (Rs.)	VI	-0.74	-14.48

The accompanying notes 1 - 24 & Other Notes - I to XIV form an integral part of the financial statements

**For Messrs Jagannathan & Sarabeswaran**

Chartered Accountants

FRN 0012045



Vivek Sarabeswaran  
Partner

Membership No.206383

Place : Chennai

Date : 12th June 2020




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

  
Meera Ranganathan  
Managing Director

  
AV. Pushparaj  
Chief Financial Officer

  
Ramkumar Srinivasan  
Director

  
Pragyan Shree  
Company Secretary



**IFIN SECURITIES FINANCE LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020**

(Amounts in Rs.)

Particulars	For the year ended 31.03.2020		For the year ended 31.03.2019	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax as per P&L a/c		<b>-2,218,230</b>		<b>-38,002,961</b>
<b>Adjustments for:</b>				
Depreciation on Property, plant and equipment	76,504		14,625	
Provision for diminution in value of Trade Investments	808,280		717,138	
Gain in fair value of Trade Investments	-5,968,673		-3,014,606	
Loan Impairment provisions / (Write-back)	5,356,354		70,883,326	
Capital gains on sale of Mutual funds	-4,809,713		-4,116,114	
		-4,537,247		64,484,369
<b>Operating Profit before adjustment for financial and non- financial assets</b>		<b>-6,755,477</b>		<b>26,481,408</b>
<b>Adjustments for changes in Financial and Non-Financial Instruments</b>				
(Increase) / Decrease in Loans	76,404,228		115,324,883	
(Increase) / Decrease in Other Financial Assets	-619,262		-225,130	
(Increase) / Decrease in Current Tax Assets (Net)	489,559		-	
(Increase) / Decrease in Other Non - Financial Assets	-		-	
(Increase) / Decrease in Current Tax Liabilities (Net)	-2,707,887		-	
Increase / (Decrease) in Other Payables	-134,567		-5,090,743	
Increase / (Decrease) in Provisions	235,705		239,045	
		73,667,776		110,248,055
<b>Cash Generated from Operation before tax</b>		<b>66,912,299</b>		<b>136,729,464</b>
Direct taxes payments		600,000	-	4,283,297
<b>Net cash from Operating Activities</b>		<b>67,512,299</b>		<b>132,446,167</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	-		-133,796	
(Purchase) / Sale of Investment	-3,266,881		-118,868,686	
Bank deposits	-73,400,000		-	
<b>Net Cash used in / raised from Investing Activities</b>		<b>-76,666,881</b>		<b>-119,002,482</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase / (Decrease) in Borrowings	-	-	-1,000,000	
<b>Net Changes in Cash &amp; Cash Equivalent (A+B+C)</b>		<b>-9,154,581</b>		<b>12,443,685</b>
Opening Cash and Cash Equivalents		<b>14,503,213</b>		<b>2,059,528</b>
Closing Cash and Cash Equivalents		<b>5,348,632</b>		<b>14,503,213</b>
<b>Increase / Decrease in Cash &amp; Cash Equivalent</b>		<b>-9,154,581</b>		<b>12,443,685</b>

The accompanying notes 1-24, & Other Notes I to XIV form an integral part of the financial statements

**For Messrs Jagannathan & Sarabeswaran**

Chartered Accountants


FRN 001204S

  
Vivek Sarabeswaran  
Partner  
Membership No.206383

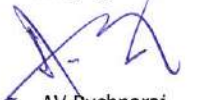
Place : Chennai  
Date : 12th June 2020



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



Meera Ranganathan  
Managing Director

  
AV Pushparaj  
Chief Financial Officer



Ramkumar Srinivasan  
Director

  
Pragnan Shree  
Company Secretary

**IFIN SECURITIES FINANCE LIMITED**

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

(Amounts in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Cash and cash equivalents</b>		
(i) Cash in hand	4,246	3,674
(ii) Balances with Banks		
- Current Accounts	5,344,386	14,499,539
- Fixed Deposits	-	-
Less:ECL Impairment Loss Allowance	-	-
<b>Total</b>	<b>5,348,632</b>	<b>14,503,213</b>

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

(Amounts in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Bank balances other than above</b>		
(i) Bank Deposits with original maturity of more than three months	73,400,000	-
(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 quarantees	-	-
(iv) Bank Deposits under directions of Court & Tribunal etc.	-	-
Less:ECL Impairment Loss Allowance	-	-
<b>Total</b>	<b>73,400,000</b>	<b>-</b>



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IFIN SECURITIES FINANCE LIMITED  
Note # 3 - Loans

(Amounts in Rs.)

Particulars	As at 31.03.2020				Sub Total	Total	As at 31.03.2019				Sub Total	Total
	Amortised cost	At Fair Value through other comprehensive income	At Fair Value through profit and loss account	Designated at fair value through profit and loss account			Amortised cost	At Fair Value through other comprehensive income	At Fair Value through profit and loss account	Designated at fair value through profit and loss account		
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)	(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
<b>(A) Loans</b>												
(i) Against Shares / Margin Funding	28,433,272	-	-	-	-	28,433,272	189,836,660	-	-	-	-	189,836,660
<b>Total (A) - Gross</b>	<b>28,433,272</b>	-	-	-	-	<b>28,433,272</b>	<b>189,836,660</b>	-	-	-	-	<b>189,836,660</b>
Less: Impairment loss allowance	1,783,595	-	-	-	-	1,783,595	81,426,401	-	-	-	-	81,426,401
<b>Total (A) - Net</b>	<b>26,649,678</b>	-	-	-	-	<b>26,649,678</b>	<b>108,410,259</b>	-	-	-	-	<b>108,410,259</b>
<b>(B). Secured / Unsecured</b>												
(i) Secured by tangible assets	28,433,272	-	-	-	-	28,433,272	189,836,660	-	-	-	-	189,836,660
(ii) Secured by intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Covered by Bank/ Government Guarantees	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Unsecured	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (B) - Gross</b>	<b>28,433,272</b>	-	-	-	-	<b>28,433,272</b>	<b>189,836,660</b>	-	-	-	-	<b>189,836,660</b>
Less: Impairment loss allowance	1,783,595	-	-	-	-	1,783,595	81,426,401	-	-	-	-	81,426,401
<b>Total (B) - Net</b>	<b>26,649,678</b>	-	-	-	-	<b>26,649,678</b>	<b>108,410,259</b>	-	-	-	-	<b>108,410,259</b>
<b>C. Sector Analysis</b>												
<b>(C I) Loans in India</b>												
(i) Public Sectors	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Private parties	28,433,272	-	-	-	-	28,433,272	189,836,660	-	-	-	-	189,836,660
<b>Total (C I) - Gross</b>	<b>28,433,272</b>	-	-	-	-	<b>28,433,272</b>	<b>189,836,660</b>	-	-	-	-	<b>189,836,660</b>
Less: Impairment loss allowance	1,783,595	-	-	-	-	1,783,595	81,426,401	-	-	-	-	81,426,401
<b>Total (C I) - Net</b>	<b>26,649,678</b>	-	-	-	-	<b>26,649,678</b>	<b>108,410,259</b>	-	-	-	-	<b>108,410,259</b>
<b>(C II) Loans outside India</b>												
<b>Total (C II) - Gross</b>	-	-	-	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (C II) - Net</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (C I and C II)</b>	<b>26,649,678</b>	-	-	-	-	<b>26,649,678</b>	<b>108,410,259</b>	-	-	-	-	<b>108,410,259</b>



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**IFIN SECURITIES FINANCE LIMITED**  
**Note # 4 - Investments**

Particulars	As at 31.03.2020						As at 31.03.2019							
	Amortised cost	Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss account	Sub-Total	Others*	Total	Amortised cost	Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss account	Sub-Total	Others*	Total
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)	(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)
<b>Investments</b>														
<b>A. Security type</b>														
(i) Mutual funds	-	-	180,264,844	-	180,264,844	-	180,264,844	-	-	166,219,577	-	166,219,577	-	166,219,577
(ii) Government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Other approved securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(v) Equity instruments (other than investment in subsidiaries, associates and joint ventures)	-	-	2,732,747	-	2,732,747	-	2,732,747	-	-	2,732,747	-	2,732,747	-	2,732,747
<b>Gross</b>	-	-	<b>182,997,591</b>	-	<b>182,997,591</b>	-	<b>182,997,591</b>	-	-	<b>168,952,324</b>	-	<b>168,952,324</b>	-	<b>168,952,324</b>
<b>B. Sector Analysis</b>														
(i) Investments in India	-	-	182,997,591	-	182,997,591	-	182,997,591	-	-	168,952,324	-	168,952,324	-	168,952,324
(ii) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gross</b>	-	-	<b>182,997,591</b>	-	<b>182,997,591</b>	-	<b>182,997,591</b>	-	-	<b>168,952,324</b>	-	<b>168,952,324</b>	-	<b>168,952,324</b>
Less: Impairment loss allowance	-	-	2,086,433	-	2,086,433	-	2,086,433	-	-	1,278,153	-	1,278,153	-	1,278,153
<b>Net</b>	-	-	<b>180,911,158</b>	-	<b>180,911,158</b>	-	<b>180,911,158</b>	-	-	<b>167,674,171</b>	-	<b>167,674,171</b>	-	<b>167,674,171</b>



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**IFIN SECURITIES FINANCE LIMITED****Note # 5 - Other Financial Assets****Unsecured & considered good**

(Amounts in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Other Financial Assets</b>		
Prepaid Expenses	124,957	84,830
Advances to Staff	-	9,250
Interest Accrued but not due on Fixed deposits with Banks	605,610	-
Security deposit with CDSL	150,000	150,000
Other Advances	-	17,225
<b>Total</b>	<b>880,567</b>	<b>261,305</b>

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

(Amounts in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Advance tax and tax deducted at source net of provision:</b>		
FY 2012-13	537,208	537,208
FY 2013-14	466,076	466,076
FY 2015-16	700,024	700,024
FY 2017-18	-	2,115,450
FY 2019-20	1,025,891	-
<b>Total</b>	<b>2,729,199</b>	<b>3,818,758</b>



*[Handwritten signatures and initials]*

#	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 31st March 2018
a	Office equipment	56,145	-	-	-	-	56,145	52,532	576	-	53,108	-	3,037	3,613	-
	Computers	133,796	-	-	-	-	133,796	13,576	75,928	-	89,504	-	44,292	120,220	-
	<b>Total</b>	<b>189,941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189,941</b>	<b>66,108</b>	<b>76,504</b>	<b>-</b>	<b>142,612</b>	<b>-</b>	<b>47,329</b>	<b>123,833</b>	<b>-</b>

Property, Plant and Equipment - FY 2018-19

(Amounts in Rs.)

#	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block					
		Balance as at 1st April 2018	Additions	Disposals	Acquired through business combinations	Revaluations / (Impairments)	Balance as at 31st Mar 2019	Balance as at 1st April 2018	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31st Mar 2019	Adjustment against retained earning	Balance as at 31st Mar 2019	Balance as at 31 March 2018
a	Office equipment	56,145	-	-	-	-	56,145	51,483	1,049	-	52,532	-	3,613	4,662	-
	Computers	-	133,796	-	-	-	133,796	-	13,576	-	13,576	-	120,220	4,662	-
	<b>Total</b>	<b>56,145</b>	<b>133,796</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189,941</b>	<b>51,483</b>	<b>14,625</b>	<b>-</b>	<b>66,108</b>	<b>-</b>	<b>123,833</b>	<b>4,662</b>	<b>-</b>

Note # 8 Other Intangible Assets

(Amounts in Rs.)

#	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 March 2019	Balance as at 31st March 2018
a	Computer software	1,260,000	-	-	-	-	1,260,000	1,260,000	-	-	1,260,000	-	-	-	-
	Masterheads 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>1,260,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,260,000</b>	<b>1,260,000</b>	<b>-</b>	<b>-</b>	<b>1,260,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Other Intangible Assets - FY 2018-19

(Amounts in Rs.)

#	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block					
		Balance as at 1st April 2018	Additions	Disposals	Acquired through business combinations	Revaluations / (Impairments)	Balance as at 31st Mar 2019	Balance as at 1st April 2018	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31st Mar 2019	Adjustment against retained earning	Balance as at 31st Mar 2019	Balance as at 31 March 2018
a	Computer software	1,260,000	-	-	-	-	1,260,000	1,259,999	-	-	1,259,999	-	-	1	1
	Masterheads 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>1,260,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,260,000</b>	<b>1,259,999</b>	<b>-</b>	<b>-</b>	<b>1,259,999</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>



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## IFIN SECURITIES FINANCE LIMITED

### Other Financial Liabilities

#### Note # 9 Other Payables

(Amounts in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
Statutory remittances	202,057	333,289
Creditors for expenses	564,848	80,643
Credit balances in loan accounts	2,116,009	2,712,934
Others - Processing fees received in advance	109,385	-
<b>Total</b>	<b>2,992,299</b>	<b>3,126,866</b>

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

(Amounts in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision net of advance tax and tax deducted at source: - FY 2018-19	-	2,707,887
<b>Total</b>	<b>-</b>	<b>2,707,887</b>

#### Note # 11 Provisions

(Amounts in Rs.)

Particulars	As at 31.03.2020	As at 31.03.2019
Leave Encashment	215,351	157,821
Provision for Bonus	22,073	11,962
Provision for Gratuity	451,806	183,060
Provision for expenses	353,818	454,500
<b>Total</b>	<b>1,043,048</b>	<b>807,343</b>



*[Handwritten signatures and initials]*

**IFIN SECURITIES FINANCE LIMITED**

**Note # 12- Equity Share Capital**

Particulars	As at 31st March 2020		As at 31st March 2019	
	Number	Rs.	Number	Rs.
<b>Authorised</b>				
Equity Shares of Rs.100/- each	5,975,500	597,550,000	5,975,500	597,550,000
Preference Shares	24,500	2,450,000	24,500	2,450,000
<b>Total</b>	<b>6,000,000</b>	<b>600,000,000</b>	<b>6,000,000</b>	<b>600,000,000</b>
<b>Issued</b>				
Equity Shares of Rs.100/- each	3,001,000	300,100,000	3,001,000	300,100,000
<b>Subscribed &amp; Paid up</b>				
Equity Shares of Rs.100/- each	3,001,000	300,100,000	3,001,000	300,100,000
<b>Total</b>	<b>3,001,000</b>	<b>300,100,000</b>	<b>3,001,000</b>	<b>300,100,000</b>

Particulars	As at 31st March 2020		As at 31st March 2019	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	3,001,000	300,100,000	3,001,000	300,100,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>3,001,000</b>	<b>300,100,000</b>	<b>3,001,000</b>	<b>300,100,000</b>

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

Name of Shareholder	As at 31st March 2020		As at 31st March 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IFCI Financial Services Limited (Holding Company)	3,000,994	99.99	3,000,994	99.99



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**IFIN SECURITIES FINANCE LIMITED**

**Note # 13 - Other Equity**

(Amounts in Rs)

<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Capital Reserve	251,000	251,000
Securities Premium Reserve	-	-
Capital Redemption Reserve	450,000	450,000
Statutory Reserve	9,425,006	9,425,006
Debenture Redemption Reserve	-	-
Share Options Outstanding Account	-	-
General Reserve	2,516,200	2,516,200
Cash Flow Hedge Reserve	-	-
Foreign currency monetary item translation difference	-	-
Retained Earnings	-26,810,989	-24,592,762
<b>Total</b>	<b>-14,168,783</b>	<b>-11,950,556</b>



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**IFIN SECURITIES FINANCE LIMITED**

**Note # 14 - Interest Income**

(Amounts in Rs)

Particulars	For the Year Ended 31.03.2020				For the Year Ended 31.03.2019			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	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	-	76,55,754	-	76,55,754	-	3,31,12,796	-	3,31,12,796
(ii) Interest income from investments	-	-	-	-	-	-	-	-
(iii) Interest on debentures	-	-	-	-	-	-	-	-
(iv) Other interest income	-	-	-	-	-	-	-	-
<b>Total</b>		<b>76,55,754</b>		<b>76,55,754</b>	-	<b>3,31,12,796</b>	-	<b>3,31,12,796</b>



*A*

*RS*

*Puree*



**IFIN SECURITIES FINANCE LIMITED**

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

(Amounts in Rs)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
<b>(A) Net gain on financial instruments at fair value through profit or loss</b>		
(i) On trading portfolio -		
-Investments	5,968,673	3,014,606
-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>5,968,673</b>	<b>3,014,606</b>
Fair Value Changes :		
-Realised		-
- <b>Unrealised</b>	<b>5,968,673</b>	<b>3,014,606</b>

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

(Amounts in Rs)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Financial Instrument written off in earlier year now recovered	-	13,799,998
<b>Total</b>	<b>-</b>	<b>13,799,998</b>

**Note # 17 Others**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Pre-closure Income	459,010	-
Sundry customer credit balances written back	1,741,140	-
<b>Total</b>	<b>2,200,150</b>	<b>-</b>

**Note # 18 Other Income**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Dividend Income	41,558	43,546
Interest on Income tax refund	158,260	-
Interest on Fixed Deposit with Banks	3,165,956	-
Profit on sale of Investments (Net)	4,809,713	4,116,114
Misc. Income	23,248	-
<b>Total</b>	<b>8,198,735</b>	<b>4,159,660</b>




**IFIN SECURITIES FINANCE LIMITED**

**Note # 19 - Finance Cost**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2020			For the Year ended 31.03.2019		
	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	-	-	-	-	33,223	33,223
(iii) Interest on debt securities	-	-	-	-	-	-
(iv) Interest on subordinated liabilities	-	-	-	-	-	-
(v) Other interest expenses	-	-	-	-	-	-
(vi) Bank charges	-	-	-	-	-	-
(vii) Other finance costs	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	33,223	33,223

**Note # 20 - Commission expenses**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
(i) Commission to Stockholding Corporation of India (SHCIL)	30,999	-
(ii) Others	31,664	39,825
<b>Total</b>	<b>62,663</b>	<b>39,825</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 31.03.2020	For the Year ended 31.03.2019
<b>(A) Net loss on financial instruments at fair value through profit or loss</b>		
(i) On trading portfolio -		
-Investments	808,280	717,138
-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 )	808,280	717,138
Fair Value Changes :		
-Realised	-	-
-Unrealised	808,280	717,138
<b>Total Net gain/(loss) on fair value changes (D) to tally with (C )</b>	<b>808,280</b>	<b>717,138</b>



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**IFIN SECURITIES FINANCE LIMITED**

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

(Amounts in Rs)

Particulars	For the Year ended 31.03.2020			For the Year ended 31.03.2019		
	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 *	-	5,356,354	5,356,354	-	70,883,325	70,883,325
b. Investments	-	-	-	-	-	-
c. Others (to be specified)	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5,356,354</b>	<b>5,356,354</b>	<b>-</b>	<b>70,883,325</b>	<b>70,883,325</b>

<b>* Break-up of ECL provision of FY 2019-20</b>		
Bad debts written off during the current year	84,999,160	-
less: Provision written back during the current year	<u>(81,426,401)</u>	-
Bad debts reflected in the profit and loss statement	3,572,759	-
ECL provision on standard assets	<u>1,783,595</u>	-
<b>Total ECL</b>	<b>5,356,354</b>	-






**IFIN SECURITIES FINANCE LIMITED**

**Note # 23 Employee Benefit Expenses**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
(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	3,674,474	-
(b) Salaries and incentives to other employees	10,151,650	11,808,151
(c) Contributions to -		
Provident fund & Employee State Insurance	226,047	171,538
Staff Welfare Expenditure	74,231	535,107
Provision for Gratuity	268,746	-
Provision for Leave Encashment	203,196	-
Labour welfare & Professional Tax	4,680	-
<b>Total</b>	<b>14,603,024</b>	<b>12,514,796</b>

**Note # 24 Other Expenses**

(Amounts in Rs)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Rent	739,320	2,100,000
Telephone expenses	278,694	899,078
Electricity Charges	220,000	500,000
Auditor's fees and expenses	359,310	344,265
Bank Charges	11,299	-
Legal and Professional Charges	128,430	629,096
Repairs and Office Maintenance	1,426,085	2,422,173
Printing and Stationery	49,292	10,832
Tour, travel & Conveyance	235,111	273,666
Rates And Taxes	27,045	70,245
Information technology expenses	44,184	324,415
Meeting expenses	120,060	31,889
Directors Sitting Fees	104,900	110,000
Insurance Charges	111,884	45,569
Professional & Consultation fees	540,399	37,805
Advertisement & Business promotion expenses	87,525	-
Short Provision of Income tax & Interest - AY 2019-20	724,402	-
Miscellaneous expenses	126,777	88,055
<b>Total</b>	<b>5,334,717</b>	<b>7,887,089</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 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**

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. Up to the year ended March 31, 2018, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's second Ind AS financial statements. and the date of transition to Ind AS was April 1, 2017.

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



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liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share- based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17.

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 are presented in Indian Rupees and all values are rounded to the nearest rupee, except where otherwise indicated. The financial statements were approved for issue by the Board of Directors on June 12, 2020.

## 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.B(3)
2.	Impairment of loans -Expected credit loss	25.B (12a)

### 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 amortised cost less expected credit loss adjustment. Refer note 11a 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.

### D. Borrowing costs

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



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## 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.

### (b) Defined benefit plan

Provision is made in the company's books for gratuity payable to employees who have completed five years of continuous service in the company.

### (c) 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 expenses arising therefrom are recognized in the statement of profit and loss.

## 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.

*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



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assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

#### **G. Tangible assets**

Tangible assets comprising of office equipment and computers are stated at historical cost less accumulated depreciation.

##### *Depreciation/ amortisation:*

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the written down value in 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, with the effect of any changes in estimates accounted on a prospective basis.

#### **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.



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## 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.

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.

### 12a. 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



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A handwritten signature in blue ink, appearing to be "A".

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 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



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A handwritten signature in blue ink, appearing to be "Blue", written over a horizontal line.

A handwritten signature in blue ink, appearing to be "RA", written over a horizontal line.



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.

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



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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.

## 12b. Financial liabilities

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

### *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.

## 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 2018-19 - Rs.Nil).
- ii) Other Contingent liabilities: NIL (FY 2018-19 - Rs. Nil).

### II. Remuneration to Auditors

Nature of Service	FY 2019-20	FY 2018-19
Statutory Audit Fee	2,00,000	2,00,000
For quarterly reporting	79,500	79,500
Tax Audit and Other Fees	25,000	10,000
GST	54,810	54,765
<b>Total</b>	<b>3,59,310</b>	<b>3,44,265</b>

### III. Employee Benefits

- (a) The Company is making contribution to Provident fund which is a defined contribution plan and the amount charged to Statement of Profit & Loss is Rs. 2,26,047 /- (FY 2018-19 - Rs. 1,71,538)
- (b) Provisions for Gratuity has been made for one employee amounting to Rs.2,68,746/- (FY 2018-19-Rs. 1,83,060). However, it remains to be funded.
- (c) Leave encashment as per policy followed by the Company during the financial year and the amount charged to Statement of profit & Loss is Rs. 2,03,196 (FY 2018-19 - Rs.1,26,098/-)

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

V. 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.



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## VI. Earnings Per Share

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

Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
Net Profit / (loss) for the year available for the equity shareholders (Before & after extraordinary items)	(22,18,229)	(4,34,54,910)
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)	-0.74	-14.48

## VII. Current and Deferred Taxation

- (a) The Company has not made provision for current tax due to write-off of bad debts.
- (b) The company's carried forward losses results in Deferred Tax Asset which has not been recognized in these accounts as a matter of prudence.

## VIII. 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:*

Mrs. Meera Ranganathan : Managing Director  
Relatives of Key Management Personnel : Nil





## (e) Transactions with Related Parties

(Amounts in Rs.)

Sr. No.	Particulars	Holding/Subsidiary/ Fellow Subsidiary Companies	
		FY 2019-20	FY 2018-19
1	Managing Director's compensation, travel and other reimbursements paid / payable to Stockholding Corporation of India Ltd (SHCIL) including taxes	37,46,283	-
2	Loan Disbursed to IFCI Financial Services Ltd	-	-
3	Loan Repaid by IFCI Financial Services Ltd	-	-
4	Interest receivable from IFCI Financial Services Ltd	-	-
5	Shared office expenses reimbursed to IFCI Financial Services Ltd (IFIN) - Holding Company	8,076,500	1,25,00,000
6	Loan Availed from IFCI Ltd	-	-
7	Loan Repaid to IFCI Ltd	-	-
8	Interest paid to IFCI Ltd	-	-
9	Loan given to IFCI Venture Capital Funds Limited	-	-
10	Loan repaid by IFCI Venture Capital Funds Limited	-	-
11	Interest/ Other Charges received from IFCI Venture Capital Funds Limited	-	-
12	Interest payable to IFCI Ltd	-	-
13	Commission payable to SHCIL for customer referrals	30,999	
14	Letter of comfort - Commission Paid to IFCI Ltd	-	-



## IX. Foreign Exchange Inflow and Outflow

During the year, the company has spent a sum of Rs.Nil (FY 2018-19 - Rs.Nil) in foreign exchange, towards expenses and asset purchases. There is no foreign exchange income during the year.

## X. 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.

## XI. 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	31.03.2020	31.03.2019
<b>Measured at fair value through profit or loss (FVTPL)</b>		
(a) Mandatorily measured:	18,09,11,158	16,76,74,171
(i) Equity investments		
(ii) Derivative instruments designated in hedge accounting Relationship		
<b>Measured at fair value through Other comprehensive income (FVTOCI)</b>	-	-
(i) Equity investments		
<b>Measured at amortised cost</b>	53,48,632	1,45,03,213
(a) Cash and cash equivalents	7,34,00,000	-
(b) Bank balances (Fixed deposits with bank)	2,84,33,272	18,98,36,660
(c) Loans (Gross)	8,80,568	2,61,305
(d) Other financial assets		



## 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 2020:

Particulars	Carrying amount	up to 1 year	1-3 years	3-5 Years	More than 5 years
<b>Current financial liabilities:</b>					
Other payables	29,75,607	29,75,607	-	-	-

The table below provides details regarding the contractual maturities of financial liabilities as at 31<sup>st</sup> March 2019:

Particulars	Carrying amount	up to 1 year	1-3 years	3-5 Years	More than 5 years
<b>Current financial liabilities:</b>					
Other payables	35,81,366	35,81,366	-	-	-

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	53,48,632	53,48,632	-	-	-
Bank balances (Fixed deposits with bank)	7,34,00,000	7,34,00,000			
Loans (Gross)	2,84,33,272	2,84,33,272			
Other Financial Assets	8,80,568	7,30,568			1,50,000



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The table below provides details regarding the contractual maturities of financial assets as at 31<sup>st</sup> March 2019:

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	1,45,03,213	1,45,03,213	-	-	-
Bank balances (Fixed deposits with bank)	-	-	-	-	-
Loans (Gross)	18,98,36,660	18,98,36,660	-	-	
Other Financial Assets	2,61,305	1,11,305	-	-	1,50,000

## XII. Financial impact of Covid-19 lockdown

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

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

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



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

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

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

**For Messrs Jagannathan & Sarabeswaran**

Chartered Accountants

FRN 001204S

Vivek Sarabeswaran

Partner

Membership no.206383



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

  
Ms.Meera Ranganathan

Managing Director

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

  
Director

Place : Chennai

Date : 12-06-2020

 ✓



## Weighted Risk assets

Weighted risk assets - On-Balance Sheet items	Percentage weight	Asset considered	Weighted Risk assets
(i) Cash and bank balances including fixed deposits and certificates of deposits with banks	0	5,348,632	-
(ii) Investments		-	-
(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	73,400,000	73,400,000
(d) Shares of all companies and debentures/bonds/commercial papers of all companies and units of all mutual funds	100	180,911,158	180,911,158
(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	28,433,272	28,433,272
(f) Bills purchased/discounted	100	-	-
(g) Others (To be specified)	100	755,610	755,610
(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>283,500,041</b>
Tier I capital - Equity + Free reserves		-	285,931,218
<b>Tier II</b>			-
a. Provision on Standard Assets		1,783,595	-
<b>Total of Tier II</b>			<b>1,783,595</b>
<b>Total Capital Funds</b>			<b>287,714,813</b>

**CRAR** **101.49%**

Tier I 100.86%  
Tier II 0.63%

**Notes:**

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

Investments considered at gross and impairment considered as Tier II



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Disclosure Pursuant to Reserve Bank of India Notification RBI/2014 - 15/299 DNBR (PD)  
CC.No.002/03.10.001/2014 - 15 dated November 10, 2014:

I. Capital

(in %)

Particulars		As at 31 <sup>st</sup> March'2020	As at 31 <sup>st</sup> March'2019
i	CRAR (%)	101.49	104.34
ii	CRAR - Tier I Capital (%)	100.86	104.34
iii	CRAR - Tier II Capital (%)	0.63	-
iv	Amount of subordinated debt raised as Tier-II	-	-
v	Amount raised by issue of Perpetual Debt Instruments	-	-

II. Investments

(Amounts in Lakhs)

Particulars		Current Year	Previous Year
1 Value of Investments			
i	Gross Value of Investments		
(a)	In India	1829.97	1689.52
(b)	Outside India,	-	-
ii	Provisions for Depreciation		
(a)	In India	20.86	12.78
(b)	Outside India,	-	-
iii	Net Value Of Investments		
(a)	In India	1809.11	1676.74
(b)	Outside India,		
2 Movement of provisions held towards depreciation on investments			
i	Opening balance	12.78	5.61
ii	Add: Provisions made during the year	8.08	7.17
iii	Less : Write-off/write-back of excess provisions during the year	-	-
iv	Closing balance	20.86	12.78



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**VII. 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	-	-	-	-	734.00	-	-	1.50	735.50
Advances	20.41	4.76	67.02	17.08	175.06	-	-	-	284.33
Investments	-	-	1809.11	-	-	-	-	-	1809.11
Borrowings	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

**VIII. Exposures**

**Exposure to Real Estate Sector**

Category		Current Year	Previous Year
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>		



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		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
Total Exposure to Real Estate Sector			Nil	Nil

### Exposure to Capital Market

(Amounts in Lakhs)			
		Current Year	Previous Year
I	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	-	-
II	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	284.33	1898.37
III	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	-	-
IV	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	-	-
V	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and markets makers	-	-



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<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>284.33</b>	<b>1898.37</b>

### IX. 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.

### X. Unsecured Advance

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

### XI. Miscellaneous

#### Registration obtained from other financial sector regulators

No registration has been obtained from other financial sector regulators.

#### Disclosure of Penalties imposed by RBI and other regulators

No penalties were levied by RBI during the year

#### Ratings assigned by credit rating agencies and migration of ratings during the year

Not applicable

### XII. 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	<b>Current Year</b>	<b>Previous Year</b>
Provisions for depreciation on Investment	8.08	7.17
Provision towards NPA - Write off*	53.56	708.83
Provision made towards Income Tax	-	65.00
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	17.83	64.77

**\* Break-up of Expected Credit Loss(ECL) provision of FY 2019-20**

	In lakhs	In lakhs
Bad debts written off during the current year	849.99	
less: Provision written back during the current year	(814.26)	
Bad debts reflected in the profit and loss statement		35.73
ECL provision on Standard Assets		17.83
<b>Total ECL</b>		<b>53.56</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	265.82
Percentage of Advances of twenty largest borrowers to Total Advance of the NBFC	93.45%



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### Concentration of Exposures\*

(Amounts in Lakhs)	
Total Exposure to twenty largest borrowers / customers 15 only	265.82

### 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 31.03.2020 and all advances are Standard Assets.

### 5. Movement of NPAS

(Amounts in Lakhs)			
Particulars		2019-20 Current Year	2018-19 Previous Year
I	Net NPAS to Net Advances		
ii	Movement of NPAs ( Gross)		
	(a) Opening balance	845.27	-
	(b) Additions during the year	4.72	845.27
	(c) Written off during the year	849.99	-
	(d) Closing balance	-	845.27
iii	Movement of Net NPAs		
	(a) Opening balance	95.78	-
	(b) Additions during the year	-	95.78
	(c) Written of Reductions during the year	95.78	-
	(d) Closing balance	-	95.78
Iv	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	749.49	-



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(b)	Provisions made during the year	65.26	749.49
(c)	Write-off / write-back of excess provisions	849.99	-
(d)	Closing balance	-	749.49

**6. Overseas Assets (for those with joint ventures and subsidiaries abroad)-NOT APPLICABLE**

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

Name of the SPV Sponsored	
Domestic	Overseas
NA	NA

**XIII. 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

**XIV. Disclosure of frauds reported during the year ended March 31, 2020 VIDE DNBS. PD. CC NO. 256/ 03.10.042/ 2011-12 DATED MARCH 02, 2012**

There has been write-off of two loan accounts amounting to Rs 8,49,99,160 during the financial year, 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
<b>Total</b>			<b>8,49,99,160</b>

  
Meera Ranganathan

Managing Director

  
A.V. Pushparaj

Chief Financial Officer

  
Pragyanshree

Company Secretary

For JAGANNATHAN & SARABESWARAN  
CHARTERED ACCOUNTANTS  
FIRM REGD No: 001204S

  
VIVEK SARABESWARAN  
Chartered Accountant Partner M.No: 206383