

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IL&FS BROKING SERVICES PRIVATE LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **IL&FS BROKING SERVICES PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility 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 flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit..

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the



disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

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

1. 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 prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the



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best of our information and according to the explanations given to us:

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 177366W / W-100018)



Kalpesh J. Mehta

Partner

(Membership No. 048791)

Place: Mumbai

Date: May 02, 2016

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**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**  
(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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

We have audited the internal financial controls over financial reporting of **IL&FS BROKING SERVICES PRIVATE LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the 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.

### **Auditor’s 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 177366W / W-100018)



Kalpesh J. Mehta

Partner

(Membership No. 048791)

Place: Mumbai

Date: May 02, 2016

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund and Professional Tax and generally regular in depositing undisputed statutory dues, including Income Tax, Service Tax, Stamp Duty, cess and other material statutory dues applicable to it to the appropriate authorities. Statutory dues including Employees' State Insurance, Sales Tax, Customs Duty, Excise Duty and Value Added Tax are not applicable to the Company.



- (b) There were no undisputed amounts payable in respect of Provident Fund, Professional Tax, Income-tax, Service Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable except for Stamp Duty amounting to Rs. 15,455 relating to the period from April 2015 to September 2015 remaining unpaid as on March 31, 2016.
- (c) There are no dues of Income-tax and Service Tax, as on March 31, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings from banks. The Company has not taken any loans or borrowings from financial institutions and government and has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 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 etc. as required by the applicable accounting standards.
- (xiv) 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 the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with



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its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 177366W / W-100018)



Kalpesh J. Mehta

Partner

(Membership No. 048791)

Place: Mumbai

Date: May 02, 2016

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**IL&FS BROKING SERVICES PRIVATE LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2016**


Particulars		Note No.	As at March 31, 2016	As at March 31, 2015
			₹	₹
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
(1)	Shareholders' funds			
	(a) Share capital	2	302,160,000	302,160,000
	(b) Reserves and surplus	3	(153,572,177)	(90,841,415)
			148,587,823	211,318,585
(2)	Non-current liabilities			
	(a) Long-term provisions	4	6,830,250	6,285,965
			6,830,250	6,285,965
(3)	Current liabilities			
	(a) Short-term borrowings	5	11,604,029	-
	(b) Trade payables	6		
	(i) Total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises		4,030,353	7,227,397
	(c) Other current liabilities	7	63,739,439	9,018,418
	(d) Short-term provisions	8	2,859,156	1,738,488
			82,232,977	17,984,303
	<b>TOTAL</b>		<b>237,651,050</b>	<b>235,588,853</b>
<b>B</b>	<b>ASSETS</b>			
(1)	Non-current assets			
	(a) Fixed assets	9		
	(i) Tangible assets		1,006,526	970,144
	(ii) Intangible assets		97,890	254,420
			1,104,416	1,224,564
	(b) Deferred tax assets	10	-	2,135,649
	(c) Long-term loans and advances	11	78,501,320	46,728,778
			79,605,736	50,088,991
(2)	Current assets			
	(a) Trade receivables	12	2,701,261	5,383,962
	(b) Cash and cash equivalents	13	147,151,073	175,986,995
	(c) Short-term loans and advances	14	6,784,295	1,596,880
	(d) Other current assets	15	1,408,685	2,532,025
			158,045,314	185,499,862
	<b>TOTAL</b>		<b>237,651,050</b>	<b>235,588,853</b>
	See accompanying notes to the financial statements			


In terms of our report attached.  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

  
Kalpesh J. Mehta  
Partner

Place : Mumbai  
Date : May 02, 2016

For and on behalf of the Board of Directors of  
IL&FS Broking Services Private Limited  
(CIN U67120MH2009PTC191131)

  
Milind Patel  
Chairman  
DIN: 00058358

  
Avdhoot Deshpande  
Director  
DIN: 06877216


  
Kavi Sikheriya  
Chief Financial Officer

Place : Mumbai  
Date : May 02, 2016

**IL&FS BROKING SERVICES PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**



Particulars		Note No.	For the year ended March 31, 2016		For the year ended March 31, 2015	
			₹	₹	₹	₹
I.	Revenue from operations	16		24,552,246		23,052,241
II.	Other income	17		11,714,048		18,604,208
III.	<b>Total revenue (I + II)</b>			<b>36,266,294</b>		<b>41,656,449</b>
IV.	<b>Expenses:</b>					
	(a) Employee benefits expense	18	54,617,232		53,786,929	
	(b) Finance costs	19	1,631,737		2,249,213	
	(c) Depreciation and amortisation expense	9	648,455		1,345,931	
	(d) Other expenses	20	39,963,983		38,461,918	
	<b>Total expenses</b>			<b>96,861,407</b>		<b>95,843,991</b>
V.	<b>Loss before exceptional item and tax (III- IV)</b>			<b>(60,595,113)</b>		<b>(54,187,542)</b>
VI.	Exceptional item	9		-		(1,264,261)
VII.	<b>Loss before tax (V-VI)</b>			<b>(60,595,113)</b>		<b>(52,923,281)</b>
VIII.	<b>Tax expense:</b>					
	Deferred tax expense	10		2,135,649		(2,135,649)
IX.	<b>Loss for the year (VII- VIII)</b>			<b>(62,730,762)</b>		<b>(50,787,632)</b>
X.	<b>Earnings per equity share :-</b>					
	Face value of ₹ 10/- each					
	Basic and diluted	25		(12.55)		(10.16)
	<b>See accompanying notes to the financial statements</b>					

In terms of our report attached.  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

  
Kalpesh J. Mehta  
Partner

Place : Mumbai  
Date : May 02, 2016

For and on behalf of the Board of Directors of  
IL&FS Broking Services Private Limited  
(CIN U67120MH2009PTC191131)

   
Milind Patel                      Avdhoot Deshpande  
Chairman                              Director  
DIN: 00058358                      DIN: 06877216

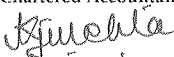
  
Ravi Sikeriya  
Chief Financial Officer

Place : Mumbai  
Date : May 02, 2016

**IL&FS BROKING SERVICES PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Loss before exceptional item and tax		(60,595,113)		(54,187,542)
Add / (Less) : Adjustments for				
Depreciation and amortisation expense	648,455		1,345,931	
Finance cost	1,631,737		2,249,213	
(Profit)/loss on sale of fixed assets	(3,000)		(2,457)	
Provision for employee benefits (net)	1,664,953		203,442	
Interest income on fixed deposits	(11,687,771)		(15,545,167)	
Excess provision for earlier year written back	-		(62,740)	
Interest income on inter corporate deposits	-		(2,421,033)	
		(7,745,626)		(14,232,811)
<b>Operating loss before working capital changes</b>		(68,340,739)		(68,420,353)
<b>Changes in working capital:</b>				
<b>Adjustment for increase/(decrease) in operating assets:</b>				
Trade receivables	2,682,701		43,313,026	
Short-term loans and advances	(5,187,415)		14,729,623	
Long-term loans and advances	(30,574,219)		6,700,512	
	(33,078,933)		64,743,161	
<b>Adjustment for (increase)/decrease in operating liabilities:</b>				
Trade payables	(3,197,045)		(49,825,798)	
Other current liabilities	54,721,020		(6,981,735)	
	51,523,975		(56,807,533)	
Net changes in working capital		18,445,042		7,935,628
		(49,895,697)		(60,484,725)
Net income tax paid		(1,198,322)		(1,863,341)
<b>Net cash flow used in operating activities (A)</b>		(51,094,019)		(62,348,066)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of fixed assets including capital advances		(528,307)		(530,780)
Proceeds from sale of fixed assets		3,000		9,682
Interest received on inter corporate deposits		-		6,110,418
Interest received from fixed deposits		12,811,111		14,451,691
Proceeds from fixed deposits		55,000,000		12,500,000
Inter corporate deposits placed		-		(50,000,000)
Proceeds from inter corporate deposits		-		140,000,000
Movement in earmarked balance		(27,550,683)		(3,412,762)
<b>Net cash flow generated from investing activities (B)</b>		39,735,121		119,128,249
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Finance cost		(1,631,737)		(2,249,213)
Receipt of short term borrowing		9,000,000		-
Changes in bank overdraft		2,604,030		(56,873,493)
<b>Net cash flow generated from / (used in) financing activities (C)</b>		9,972,293		(59,122,706)
<b>Net decrease in cash and cash equivalents (A+B+C)</b>		(1,386,605)		(2,342,523)
<b>Cash and cash equivalents at the beginning of the year</b>		1,456,498		3,799,020
<b>Cash and cash equivalents at the end of the year (Refer note no. 13)</b>		69,893		1,456,498


In terms of our report attached.  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

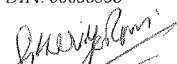
  
Kalpesh J. Mehta  
Partner

Place : Mumbai  
Date : May 02, 2016

For and on behalf of the Board of Directors of  
IL&FS Broking Services Private Limited  
(CIN U67120MH2009PTC191131)

  
Milind Patel  
Chairman  
DIN: 00058358

  
Avdhoot Deshpande  
Director  
DIN: 06877216

  
Kavi Sikeriya  
Chief Financial Officer

Place : Mumbai  
Date : May 02, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

1.01 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENT

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles in India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

1.02 USE OF ESTIMATES

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The management believes that the estimates used in preparation of the financial statement are prudent and reasonable. Differences between the actual results and estimates are recognized in the period in which the results are known/ materialize.

1.03 FIXED ASSETS

All Fixed Assets, whether tangible or intangible, are recorded at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed asset comprises its purchase price net of any trade discounts and rebates, taxes, duties, freight and other incidental expenses incurred in relation to their acquisition and bringing the asset to its intended use.

1.04 DEPRECIATION / AMORTISATION

**Tangible Assets:**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Mobile Phones, Tablets and Soft Furnishing which are depreciated in the year of capitalisation as the life of the assets have been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Assets costing ₹ 5,000 or less, are fully depreciated in the year of purchase

**Intangible Assets:**

Computer software is amortized over estimated useful life i.e. a period of four years on Straight Line Method.

1.05 IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying amount of asset exceeds its recoverable value. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impaired loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable value.

1.06 BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss. Guarantee commission paid for availing bank guarantees is expensed over the period of the guarantee.

1.07 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A Provision is recognized when the Company has present obligation as a result of past events and it is probable that there will be an outflow of resources to settle the obligation in respect of which a reliable estimate can be made. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1.08 REVENUE RECOGNITION

Brokerage, net of applicable tax and cess, is recognised as income on the trade date of the transaction. Revenue comprises of fees received in respect of Consultancy/ management services rendered. Brokerage and Commission fees are recognized as per the terms of arrangements entered into with individual parties. Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

1.09 OTHER INCOME

Interest income is accounted on accrual basis.

1.10 EMPLOYEE BENEFITS

Employee benefits include provident fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plan and is charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Compensated Absences

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

1.11 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of occurrence of the transactions. Monetary items denominated in foreign currency remaining unsettled at the end of the year are translated at the year-end rates. Any gains or losses on account of exchange difference either on settlement or translation are recognized in Statement of Profit and Loss.

1.12 OPERATING LEASES

Assets acquired on lease where significant portions of the risks and rewards incidental to ownership are effectively retained by the lessors are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the lease period.

1.13 TAXES ON INCOME

Income taxes are accounted for in accordance with Accounting Standard (AS-22) – “Accounting for taxes on income”, specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the Act"), as applicable.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets are reviewed at each Balance Sheet date for their realisability. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization.

1.14 CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

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.

1.15 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit/(loss) before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**1.16 EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**1.17 SERVICE TAX INPUT CREDIT**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

**1.18 SEGMENT REPORTING POLICY**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".



## 2 SHARE CAPITAL

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	₹	Number	₹
<b>Authorised:</b>				
Equity shares of ₹ 10/- each	15,000,000	150,000,000	5,000,000	50,000,000
Preference shares of ₹ 100/- each	2,525,000	252,500,000	2,525,000	252,500,000
		<b>402,500,000</b>		<b>302,500,000</b>
<b>Issued, Subscribed and Paid up:</b>				
Equity shares of ₹ 10/- each fully paid-up	5,000,000	50,000,000	5,000,000	50,000,000
Redeemable cumulative preference shares of ₹ 100/- each fully paid-up series B	2,252,000	225,200,000	2,252,000	225,200,000
Redeemable cumulative preference shares of ₹ 100/- each fully paid-up series C	269,600	26,960,000	269,600	26,960,000
<b>Total</b>		<b>302,160,000</b>		<b>302,160,000</b>

## Notes:

## (a) (i) Rights, preferences and restrictions attached to equity shares :

- Right to receive dividend as may be approved by the Board of Directors / Annual General Meeting.
- The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 2013.
- Every member of the company holding equity shares has a right to attend the General Meeting of the company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the company.

In terms of the Subscription & Share Purchase Agreement dated June 27, 2013 entered in to between the Company, IL&FS Financial Services Ltd. (IFIN) and Avendus Capital Pvt. Ltd. (Avendus), Avendus has transferred its 76% shareholding to IFIN on September 30, 2013 (closing date). Pursuant to which the Articles of Association of the Company has got amended. As per the amended Articles of Association of the Company, the rights attached to such shares, inter alia, include the following:

A) Avendus shares

- i) Right to appoint a Director on the Board of Directors on a non-executive basis.
- ii) Right to contribute to the Additional Capital Raised in proportion to the Pre-Capitalisation Economic Interest.
- iii) Restriction on transfer and / or encumber any shares held by Avendus for a period of 3 years from the Closing date.
- iv) In case of sale of shares by IL&FS viz. Parent / Ultimate Parent companies to any outside party, Avendus has Drag Along / Tag Along rights to dispose off its shares.

B) IFIN shares

- i) Right to appoint three Directors on the Board of Directors.
- ii) During the period commencing on the third anniversary of the closing date and expiring on the fifth anniversary of the closing date, IFIN has a right to call upon Avendus to purchase its shares at a specific predetermined price.

## (ii) Rights, preferences and restrictions attached to preference shares :

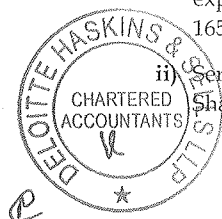
A) Series 'B' preference shares

- i) Subject to the provisions of the Companies Act, Series B Shares will be redeemable on and from the date of expiry of 5 (five) years from the Closing Date. The Company shall redeem Series B Shares at par value.
- ii) Series B Shares shall have preference over the Equity Shares in all respects including dividends. The Series B Shares shall be entitled to a cumulative dividend of 0.01% per annum.
- iii) Neither IFIN nor the Company, till expiry of five years from the Closing Date, decrease the tenor of the Series B Shares, increase the redemption premium/ dividend rights of the Series B Shares or convert the Series B shares.

## TERMS OF SERIES 'C' SHARES

B) Series 'C' preference shares

- i) Subject to the provisions of the Companies Act, Series C Shares will be redeemable on and from the date of expiry of 5 (five) years from the Closing Date. The Company shall redeem Series C Shares at a premium of Rs. 165 (Rupees one hundred and sixty five only) per Series C Share.
- ii) Series C Shares shall have preference over the Equity Shares in all respects including dividends. The Series C Shares shall be entitled to a cumulative dividend of 0.01% per annum.



(b) (i) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	₹	Number	₹
Shares outstanding at the beginning and end of the year	5,000,000	50,000,000	5,000,000	50,000,000

(ii) Reconciliation of the number of redeemable cumulative preference shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2016			
	Series B		Series C	
	Number	₹	Number	₹
Shares outstanding at the beginning and	2,252,000	225,200,000	269,600	26,960,000
Add:- Issued during the year	-	-	-	-
Outstanding at the end of year	2,252,000	225,200,000	269,600	26,960,000

(c) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ name of shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares:</b>				
IL&FS Financial Services Limited	3,800,000	76%	3,800,000	76%
Avendus Capital Private Limited	1,200,000	24%	1,200,000	24%
<b>Redeemable cumulative preference shares series B:</b>				
IL&FS Financial Services Limited	2,252,000	100%	2,252,000	100%
<b>Redeemable cumulative preference shares series C:</b>				
Avendus Capital Private Limited	269,600	100%	269,600	100%





3 RESERVES AND SURPLUS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
(a) Capital reserve		
As per last balance sheet	-	33,243,931
Less: Transferred to the statement of profit and loss	-	(33,243,931)
Closing balance	-	-
(b) Securities premium account		
As per last balance sheet	-	301,081,500
Less: Applied during the year on redemption of preference shares	-	-
Less: Transferred to the statement of profit and loss	-	(301,081,500)
Closing balance	-	-
(c) Deficit in statement of profit and loss		
Opening balance	(90,841,415)	(372,652,629)
Add:- Transferred from capital reserve	-	33,243,931
Add:- Transferred from securities premium account	-	301,081,500
Less: Depreciation on transition to schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (net of deferred tax) (refer note 9(a))		(1,726,585)
Add: Loss for the year	(62,730,762)	(50,787,632)
Closing balance	(153,572,177)	(90,841,415)
<b>Total</b>	<b>(153,572,177)</b>	<b>(90,841,415)</b>

4 LONG-TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Provision for employee benefits (refer note no 26)	6,830,250	6,285,965
<b>Total</b>	<b>6,830,250</b>	<b>6,285,965</b>



## 5 SHORT-TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>Secured</b>		
Loans repayable on demand		
Bank overdraft (Secured against fixed deposits placed with the bank)	2,604,029	-
Short term loan (Secured against fixed deposits placed with the bank)	9,000,000	-
<b>Total</b>	<b>11,604,029</b>	<b>-</b>

## 6 TRADE PAYABLES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Payables to micro and small enterprises	-	-
Payables other than to micro and small enterprises	4,030,353	7,227,397
<b>Total</b>	<b>4,030,353</b>	<b>7,227,397</b>

Based on the information available with the Company, there are no dues to small and micro enterprises as required to be disclosed under the micro, small and medium enterprises development act, 2006. The information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

## 7 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Statutory liabilities	2,082,397	321,078
Security deposits	61,657,042	8,697,340
<b>Total</b>	<b>63,739,439</b>	<b>9,018,418</b>

## 8 SHORT-TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Provision for employee benefits (refer note no 26)	2,859,156	1,738,488
<b>Total</b>	<b>2,859,156</b>	<b>1,738,488</b>



IL&FS BROKING SERVICES PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
9 FIXED ASSETS

Particulars	Gross Block (At Cost)				Accumulated Depreciation / Amortisation				Net Block	
	As at April 1, 2015	Additions during the year	Disposal during the year	As at March 31, 2016	Upto March 31, 2015	For the year	Disposal during the year	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(a) Tangible Assets										
(i) Office equipment	1,803,090	53,549	373,158	1,483,481	1,186,976	251,130	373,158	1,064,948	418,533	616,114
(ii) Computers	8,687,991	448,498	-	9,136,489	8,333,961	240,745	-	8,574,706	561,783	354,030
(iii) Furniture & fixtures	-	26,260	-	26,260	-	50	-	50	26,210	-
<b>Total</b>	<b>10,491,081</b>	<b>528,307</b>	<b>373,158</b>	<b>10,646,230</b>	<b>9,520,937</b>	<b>491,925</b>	<b>373,158</b>	<b>9,639,704</b>	<b>1,006,526</b>	<b>970,144</b>
(b) Intangible Assets										
Software (acquired)	3,282,191	-	-	3,282,191	3,027,771	156,530	-	3,184,301	97,890	254,420
<b>Total</b>	<b>3,282,191</b>	<b>-</b>	<b>-</b>	<b>3,282,191</b>	<b>3,027,771</b>	<b>156,530</b>	<b>-</b>	<b>3,184,301</b>	<b>97,890</b>	<b>254,420</b>
<b>Total - (a) + (b)</b>	<b>13,773,272</b>	<b>528,307</b>	<b>373,158</b>	<b>13,928,421</b>	<b>12,548,708</b>	<b>648,455</b>	<b>373,158</b>	<b>12,824,005</b>	<b>1,104,416</b>	<b>1,224,564</b>



IL&FS BROKING SERVICES PRIVATE LIMITED  
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
 9(a) FIXED ASSETS

Particulars	Gross Block (At Cost)				Accumulated Depreciation / Amortisation				Net Block	
	As at April 1, 2014	Additions during the year	Disposal during the year	As at March 31, 2015	Upto March 31, 2014	For the year	Adjustments/transitions in adjustments recorded against surplus balance in statement of profit/loss	Disposal during the year	As at March 31, 2015	As at March 31, 2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(a) Tangible Assets										
(i) Office equipment	1,635,000	178,090	10,000	1,803,090	484,099	437,531	268,121	2,775	1,186,976	1,150,901
(ii) Computers	8,392,801	295,190	-	8,687,991	7,436,940	702,818	194,203	-	8,333,961	955,861
<b>Total</b>	<b>10,027,801</b>	<b>473,280</b>	<b>10,000</b>	<b>10,491,081</b>	<b>7,921,039</b>	<b>1,140,349</b>	<b>462,324</b>	<b>2,775</b>	<b>9,520,937</b>	<b>2,106,762</b>
(b) Intangible Assets										
Software (acquired)	3,224,691	57,500	-	3,282,191	2,822,189	205,582	-	-	3,027,771	402,502
<b>Total</b>	<b>3,224,691</b>	<b>57,500</b>	<b>-</b>	<b>3,282,191</b>	<b>2,822,189</b>	<b>205,582</b>	<b>-</b>	<b>-</b>	<b>3,027,771</b>	<b>402,502</b>
<b>Total - (a) + (b)</b>	<b>13,252,492</b>	<b>530,780</b>	<b>10,000</b>	<b>13,773,272</b>	<b>10,743,228</b>	<b>1,345,931</b>	<b>462,324</b>	<b>2,775</b>	<b>12,548,708</b>	<b>2,509,264</b>

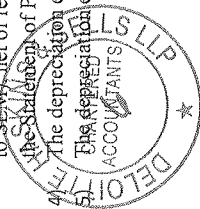
1) Previous year figures are given in brackets.

2) During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company changed its method of depreciation for the tangible assets from written down value (WDV) method to straight line method (SLM). Consequent to this change, all assets are now being depreciated under SLM. The Company also revised the estimated useful life of its intangible assets. The details of previously applied depreciation method, rates / useful life are as follows:

Assets	Previous depreciation method	Previous depreciation rate / useful life	Revised useful life based on SLM
Office equipment-Mobile Phones	WDV	13.91 %	100%
Office equipment-Others	WDV	13.91 %	5 years SLM
Computers	WDV	40.00%	3 years SLM
Software (Acquired)	SLM	3 years	4 years SLM

3) Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM) net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 1,726,585/- (net of deferred tax of Rs. Nil/-) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

4) The depreciation expense in the Statement of Profit and Loss for the year is lower by ₹ 1,264,261/- consequent to the above change in the method of depreciation .  
 5) The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 398,535/- consequent to the change in the useful life of the assets.





10 DEFERRED TAX

Components of net deferred tax asset are as follows:

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>Deferred tax liability on account of:</b>		
Difference between book balance and tax balance of fixed assets	(330,935)	(343,907)
<b>Deferred tax liabilities</b>	<b>(330,935)</b>	<b>(343,907)</b>
<b>Deferred tax assets on account of:</b>		
Provision for gratuity	212,447	1,656,954
Provision for compensated absences	118,488	822,602
<b>Deferred tax assets</b>	<b>330,935</b>	<b>2,479,556</b>
<b>Net deferred tax assets</b>	<b>-</b>	<b>2,135,649</b>

11 LONG-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>Unsecured, considered good</b>		
(a) Deposits		
- With stock exchanges, clearing house	22,125,000	22,125,000
- Others	29,990,000	490,000
(b) Other loans and advances		
- Advance income tax	12,685,900	11,487,578
- Service tax input credit	13,353,292	12,534,893
- Prepayments	347,127	91,307
<b>Total</b>	<b>78,501,320</b>	<b>46,728,778</b>

12 TRADE RECEIVABLES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>Unsecured, considered Good</b>		
Outstanding for a period not exceeding six months from the date they are due for payment	2,701,261	5,383,962
<b>Total</b>	<b>2,701,261</b>	<b>5,383,962</b>



IL&FS BROKING SERVICES PRIVATE LIMITED  
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
 13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	As at March 31, 2016	As at March 31, 2015
	₹	₹
Balances with banks		
- In current accounts	69,893	1,456,497
- In earmarked accounts	147,081,180	174,530,498
(Balances held as margin money or security against borrowings, guarantees and other commitments with original maturity more than 12 months) (Residual maturity less than 12 months)		
Notes:		
(i) Balances with the bank include deposits amounting to ₹ 59,000,000/- as at March 31, 2016 (Previous Year ₹ 75,000,000/-) placed in favour of NSCCL A/c IL & FS Securities Services Limited guaranteeing due performance of obligations under Future and Options segment.		
(ii) Balances with the bank include deposits amounting to ₹ 45,000,000/- as at March 31, 2016 (Previous Year ₹ 44,500,000/-) under lien against Bank Guarantee.		
(iii) Balances with the bank include deposits amounting to ₹ 10,500,000/- as at March 31, 2016 (Previous Year ₹ 45,500,000/-) under lien against Bank Overdraft.		
(iv) Balances with bank include deposits amounting to ₹ 4,500,000/ as at March 31, 2016 (Previous Year ₹ Nil/-) under lien against Short Term Loan		
(iv) Balances with banks - Other earmarked accounts include ₹ 28,081,180/- as at March 31, 2016 (Previous Year ₹ 9,530,498/-) which have restriction on repatriation.		
<b>Total</b>	<b>147,151,073</b>	<b>175,986,995</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	69,893	1,456,497

14 SHORT-TERM LOAN AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Others (unsecured, considered good)		
Other advances	4,860,357	206,229
Prepayments	1,923,938	1,390,651
<b>Total</b>	<b>6,784,295</b>	<b>1,596,880</b>

15 OTHER CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Interest accrued on deposits with banks	1,408,685	2,532,025
<b>Total</b>	<b>1,408,685</b>	<b>2,532,025</b>



16 REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
<b>Sale of services - brokerage income</b>		
(a) Cash segment	21,521,585	19,747,676
(b) Futures & options segment	2,233,043	1,072,844
<b>Other operating revenue</b>		
(a) Fees from advisory services	797,618	2,231,721
<b>Total</b>	<b>24,552,246</b>	<b>23,052,241</b>

17 OTHER INCOME

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
(a) Interest from		
-Banks on fixed deposits	11,687,771	15,545,167
-Inter corporate deposit	-	2,421,033
(b) Other non-operating income:		
- Excess provision written back	-	62,740
- Miscellaneous income	26,277	575,268
<b>Total</b>	<b>11,714,048</b>	<b>18,604,208</b>

18 EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
(a) Salaries, allowances and incentives	52,033,039	50,006,400
(b) Contribution to provident fund	1,570,096	2,508,974
(c) Staff welfare expenses	1,014,097	1,271,555
<b>Total</b>	<b>54,617,232</b>	<b>53,786,929</b>

19 FINANCE COST

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
(a) Interest expense	366,690	1,374,343
(b) Other borrowing costs - bank guarantee charges	1,265,047	874,870
<b>Total</b>	<b>1,631,737</b>	<b>2,249,213</b>



20 OTHER EXPENSES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Rent	6,777,909	7,137,126
Rates and taxes	243,614	136,146
Insurance	328,834	614,791
Legal and professional charges	2,006,649	1,563,251
Payments to auditors	625,000	657,342
Electricity charges	136,393	237,497
Printing and stationery	216,909	386,873
Membership fees and subscription	9,003,900	8,494,411
Travelling and conveyance	899,369	1,223,015
Telephone, fax and postage	999,502	1,104,844
Repairs and maintenance - others	817,616	746,599
Business development	821,206	96,768
Software expenses	4,296,284	4,552,313
Service charges	5,402,084	4,755,098
Manpower recruitment expenses	656,877	-
General office expenses	327,710	425,476
Miscellaneous expenses	1,728,295	1,377,433
Dealing error / trading error	96,102	32,559
Referral fees	4,533,863	4,911,724
Net loss on foreign currency transaction and translation	45,867	8,652
<b>Total</b>	<b>39,963,983</b>	<b>38,461,918</b>
<b>Note:</b>		
<b>Payments to auditors (exclusive of service tax):</b>		
As auditors - statutory audit	625,000	500,000
For tax audit	-	-
For other services	-	157,342
<b>Total</b>	<b>625,000</b>	<b>657,342</b>

21 COMMITMENTS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Arrears of dividend on redeemable cumulative preference shares.	63,075	37,859
Premium payable on redemption of series C preference shares at any time after the expiry of five years from September 30, 2013	44,484,000	44,484,000

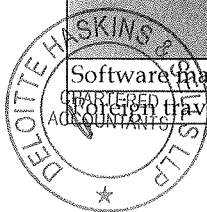
22 Additional information to the financial statements

A. Earnings in foreign currency (on accrual basis)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Fee for research report	116,651	180,911

B. Expenditure in foreign currency (on accrual basis)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Software maintenance expenses	2,371,950	1,364,183
Foreign travel expenses	244,563	707,774





(a) Names of related parties where there were transactions during the year :

Sr. No.	Name of the related party	Nature of Relationship
1	IL&FS Financial Services Limited	Holding company
2	Infrastructure Leasing and Financial Services Limited	Ultimate holding company
3	IL&FS Capital Advisors Limited	Fellow subsidiary
4	IL&FS Securities Services Limited	Fellow subsidiary
5	IL&FS Trust Company Limited	Fellow subsidiary
6	IL&FS Maritime Infrastructure Co Limited	Fellow subsidiary
7	Livia India Limited	Fellow subsidiary
8	Mr. Sachin Shahane	Manager

(b) Details of transactions with related party during the year:

Name of the Party	Nature of Transaction	For the year ended March 31, 2016	For the year ended March 31, 2015
		₹	₹
IL&FS Financial Services Limited	Brokerage income	1,986,025	2,522,939
	Inter corporate deposit (ICD) placed and matured during the year	-	75,100,972
	Interest income on ICD	-	1,398,155
	Advisory income	533,117	-
	Rent expenses	1,935,349	7,137,126
	Service charges	1,991,256	1,531,136
Infrastructure Leasing and Financial Services Limited	Inter corporate deposit matured during the year	-	90,000,000
	Interest income on ICD	-	1,022,877
	Service charge	360,000	360,000
	Rent expenses	4,931,307	-
IL&FS Capital Advisors Limited	Advisory fee	-	2,160,000
IL&FS Maritime Infrastructure Co Limited	Brokerage income	45,895	-
	Advisory income	147,850	-
IL&FS Securities Services Limited	Bank guarantee charges	447,122	-
	Professional fees	15,000	15,000
	Deposits placed during the year	29,500,000	-
IL&FS Trust Company Limited	Service charge	957	3,261
Livia India Limited	Service charge	2,899,619	2,188,448
Sachin Shahane	Managerial remuneration	6,348,228	5,817,000

(c) Details of balance as at March 31, 2016:

Name of the Party	Nature of Transaction	As at March 31, 2016	As at March 31, 2015
		₹	₹
IL&FS Financial Services Limited	Trade receivable	561,600	901
Infrastructure Leasing and Financial Services Limited	Other advances	-	7,211
IL&FS Securities Services Limited	Deposits	29,900,000	400,000

Notes:

- There are no amounts written off or written back during the year for debts due from or to related parties
- Above items do not include reimbursement of expenses



24 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as given below :

Amount payable in foreign currency on account of the following:

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	₹	Foreign currency	₹	Foreign currency
Creditors for software related expenses	225,475	SGD 4,600	226,327	SGD 4,639
Creditors for software related expenses	66,333	USD 1,000	-	-

## 25 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the earnings and numbers of shares as computed below:

### (i) Reconciliation of earnings

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Loss for the year	(62,730,762)	(50,787,632)
Less: Dividend on redeemable cumulative preference shares	25,216	25,216
<b>Net loss attributable to equity shareholders</b>	<b>(62,755,978)</b>	<b>(50,812,848)</b>

### (ii) Basic & diluted earnings per share

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Loss for the year attributable to equity shareholders (₹)	(62,755,978)	(50,812,848)
(b) Weighted average number of shares outstanding during the year	5,000,000	5,000,000
(c) Nominal value of each share (₹)	10	10
(d) Basic/ diluted earnings per share (₹) (a/b)	(12.55)	(10.16)



IL&FS BROKING SERVICES PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

26 (i) DISCLOSURE IN RESPECT OF GRATUITY LIABILITY

In accordance with the Payment of Gratuity Act, the Company provides for Gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to all employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to a maximum of ₹ 10,00,000/-

I. ASSUMPTIONS:	2015-16	2014-15			
Discount rate	8.04%	7.92%			
Salary escalation	5.00%	6.50%			
Attrition rate	2.00%	8.00%			
II. CHANGE IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION:	2015-16	2014-15			
	₹	₹			
Present value of benefit obligation as at the beginning of the year	5,362,310	5,375,940			
Interest cost	424,695	470,395			
Current service cost	1,749,154	726,910			
Benefits paid	(1,188,704)	(348,557)			
Actuarial gains on obligations	(127,247)	(862,378)			
Present value of benefit obligation as at the end of the year	6,220,208	5,362,310			
III. ACTUARIAL GAINS/LOSSES:	2015-16	2014-15			
	₹	₹			
Actuarial gains on obligation for the year	(127,247)	(862,378)			
Actuarial gains on asset for the year	-	-			
Actuarial gains recognized in income & expenses statement	(127,247)	(862,378)			
IV. AMOUNT RECOGNIZED IN THE BALANCE SHEET:	2015-16	2014-15			
	₹	₹			
Fair value of plan assets at the end of the year	-	-			
Present value of benefit obligation as at the end of the year	(6,220,208)	(5,362,310)			
Net liability recognized in the balance sheet	(6,220,208)	(5,362,310)			
V. EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:	2015-16	2014-15			
	₹	₹			
Current service cost	1,749,154	726,910			
Interest cost	424,695	470,395			
Actuarial (gains)/losses	(127,247)	(862,378)			
Expense recognised in the statement of profit and loss	2,046,602	334,927			
VI. BALANCE SHEET RECONCILIATION:	2015-16	2014-15			
	₹	₹			
Opening net liability	5,362,310	5,375,940			
Expenses as above	2,046,602	334,927			
Benefit paid directly by the employer	(1,188,704)	(348,557)			
Net Liability recognised in the balance sheet	6,220,208	5,362,310			
VII. EXPERIENCE ADJUSTMENT:	2015-16	2014-15	2013-14	2012-13	2011-12
	₹	₹	₹	₹	₹
On plan liability (gains)/losses	833,634	(725,972)	(16,482)	(16,482)	1,387,588
On plan assets (gains)/losses	-	-	-	-	-

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(ii) DEFINED CONTRIBUTION PLAN

EMPLOYEES BENEFITS EXPENSES INCLUDES:	2015-16	2014-15
	₹	₹
Employer contribution to provident fund	1,569,628	2,508,974

(iii) The Company has accrued the liability for compensated absences based on actuarial valuation as at balance sheet date conducted by an independent actuary and provided for actuarial liability of ₹ 3,469,198/- (Previous Year ₹ 2,662,143/-)

Actuarial assumptions used

Particulars	2015-16	2014-15
Discount rate	8.04%	7.92%
Salary escalation rate	5.00%	6.50%



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 27 SEGMENT REPORTING

The Company is principally engaged in the business of Broking in securities. For the purpose of reporting under Accounting Standard (AS 17) "Segment Reporting", specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014

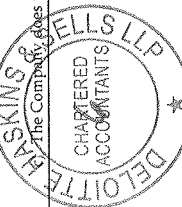
## a) Information on primary business segment is as follows:-

Reportable segments *	Broking in securities		Advisory services		Unallocated		Total	
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Revenue</b>								
(a) External revenue	23,754,628	20,820,520	797,618	2,231,721	-	-	24,552,246	23,052,241
(b) Inter segment revenue	-	-	-	-	-	-	-	-
(c) Total revenue	23,754,628	20,820,520	797,618	2,231,721	-	-	24,552,246	23,052,241
<b>Segment results (loss) / profit</b>								
Segment results (loss) / profit	(71,475,042)	(71,509,997)	797,618	2,231,721	-	-	(70,677,424)	(69,278,276)
Unallocated corporate expenses	-	-	-	-	-	-	-	-
<b>Operating loss / profit</b>								
Operating loss / profit	(71,475,042)	(71,509,997)	797,618	2,231,721	-	-	(70,677,424)	(69,278,276)
Unallocated interest expenses	-	-	-	-	(1,651,737)	(2,249,213)	(1,651,737)	(2,249,213)
Other income	-	-	-	-	11,714,048	18,604,208	11,714,048	18,604,208
(Loss) / profit before tax	(71,475,042)	(71,509,997)	797,618	2,231,721	10,062,311	16,354,995	(60,595,113)	(52,923,281)
Tax expense	-	-	-	-	(2,135,649)	2,135,649	(2,135,649)	2,135,649
(Loss) / profit after tax	(71,475,042)	(71,509,997)	797,618	2,231,721	7,946,662	18,490,644	(62,730,762)	(50,787,632)
<b>Other information</b>								
Segment assets	237,651,050	235,588,853	-	-	-	-	237,651,050	235,588,853
Unallocable corporate assets	-	-	-	-	-	-	-	-
Total assets	237,651,050	235,588,853	-	-	-	-	237,651,050	235,588,853
Segment liabilities	77,459,198	24,270,268	-	-	-	-	77,459,198	24,270,268
Unallocable corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	77,459,198	24,270,268	-	-	-	-	77,459,198	24,270,268
Depreciation	648,455	1,345,931	-	-	-	-	648,455	1,345,931
Exceptional item	-	(1,264,261)	-	-	-	-	-	(1,264,261)

\* Revenue has been identified to a segment on the basis of relationship to operating activities of the segment. Revenue which relate to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as "Unallocated".

b) In absence of a reasonable basis for the allocation of expenses between the above mentioned segments the expenses are disclosed as pertaining to the segment viz. broking in securities, this being the principal business activity.

The Company does not have a secondary segment. Accordingly, disclosures required under AS 17 are not applicable.



IL&FS BROKING SERVICES PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

28 OPERATING LEASE

The Company holds a premises under a non-cancellable operating lease from July 01, 2015 to March 31, 2018. The Company's future lease rentals under the operating lease arrangement as at the year end are as under:

Future lease rentals	For the year ended March 31, 2016	For the year ended March 31, 2015
Within one year	6,548,484	-
Over one year but less than 5 years	6,548,484	-
Amount charged for the statement of profit and loss for rent	4,911,363	-

₹

29 The Company Secretary has resigned and the Company is in the process of appointment of Company Secretary as required under section 203(1) of the Companies Act, 2013.

30 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors of  
IL&FS Broking Services Private Limited  
(CIN U67120MH2009PTC191131)



Milind Patel  
Chairman  
DIN: 00058358



Avdhoot Deshpande  
Director  
DIN: 06877216



Ravi Sikeriya  
Chief Financial Officer

Place: Mumbai  
Date: May 02, 2016