

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 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 31st March, 2016, and its profit 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 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 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 – Refer Note 26 to the financial statements;
 - ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses – Refer Note 27 to the financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



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2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order / CARO 2016") 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.117366W / W-100018)



Pallavi A. Gorakshakar
Partner
(Membership No. 105035)

MUMBAI, 11 May, 2016
PG/SCR/AZ

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 **ISSL SETTLEMENT & TRANSACTION SERVICES 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 (the "Guidance Note") 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 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



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

Inherent Limitations of Internal Financial Controls 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 issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W / W-100018)


Pallavi A. Gorakshakar
Partner
(Membership No. 105035)

MUMBAI, 11 May, 2016
PG/SCR/AZ

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 previous financial 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 CARO 2016 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it to the



appropriate authorities. During the year, there were no dues payable in respect of Sales Tax, Customs Duty and Excise Duty.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Value Added 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.
- (c) There are no dues of Provident Fund, Employees' State Insurance, Income-tax, Service Tax and Value Added 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 to financial institutions and banks. The Company 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 CARO 2016 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 material 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 not appointed Managing Director / Whole Time Director and hence reporting under clause (xi) of the CARO 2016 is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 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 CARO 2016 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 its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.



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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W / W-100018)



Pallavi A. Gorakshakar
Partner
(Membership No. 105035)

MUMBAI, 11 May, 2016
PG/SCR/AZ

ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED
BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Refer Note No.	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	3	100,000,000	100,000,000
Reserves and surplus	4	141,885,592	136,197,958
		241,885,592	236,197,958
2 Non-current liabilities			
Long-term provisions	5	12,051	43,770
		12,051	43,770
3 Current liabilities			
Short-term borrowings	6	32,611,318	121,730,596
Trade payables			
(i) Dues to Micro and Small Enterprises	7 (a)	-	-
(ii) Dues to Others	7 (b)	12,422,541	3,453,913
Other current liabilities	8	1,985,482,813	912,242,399
Short-term provisions	9	20,281,614	13,326,013
		2,050,798,286	1,050,752,921
TOTAL		2,292,695,929	1,286,994,649
II. ASSETS			
1 Non-current assets			
Fixed assets (Net)			
Tangible Assets	10	1	1
		1	1
Deferred tax assets (net)	11	2,657,000	1,947,000
Long-term loans and advances	12	73,179,920	52,631,495
		75,836,920	54,578,495
2 Current assets			
Trade receivables	13	5,051,627	183,962
Cash and cash equivalents	14	1,822,037,448	955,843,934
Short-term loans and advances	15	236,940,633	149,483,157
Other current assets	16	152,829,100	126,905,100
		2,216,859,008	1,232,416,153
TOTAL		2,292,695,929	1,286,994,649

See accompanying notes forming part of the financial statements
In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Pallavi A. Gorakshakar
Partner



Mumbai
May 11, 2016

(1 to 29)

For and on behalf of the Board of Directors of
ISSL Settlement & Transaction Services Limited

Suljoy Kumar Das
Chairman
(DIN: 00109015)

Anil Somaiya
Company Secretary

Mumbai
May 11, 2016

Rengarajan Seshadri
Director and Chief Executive Officer
(DIN: 01144547)

Rakesh M Karande
Chief Financial Officer



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Refer Note No.	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
CONTINUING OPERATIONS			
I. Revenue from operations	17	168,478,827	129,923,653
II. Other income	18	428,669	12,906
III. Total Revenue (I + II)		168,907,496	129,936,559
IV. Expenses:			
Employee benefits expense	19	5,055,612	4,626,417
Finance costs	20	113,107,788	94,668,501
Other expenses	21	24,543,191	15,708,752
Total expenses		142,706,591	115,003,670
V. Profit before exceptional and extraordinary items and tax (III-IV)		26,200,905	14,932,889
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V + VI)		26,200,905	14,932,889
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII + VIII)		26,200,905	14,932,889
X. Tax expense:			
Current tax		9,142,000	4,507,000
Current tax expense relating to prior years		16,000	340,126
Net Current Tax Expenses		9,158,000	4,847,126
Deferred tax	11	(710,000)	196,000
Net Tax expenses		8,448,000	5,043,126
XI. Profit for the year from continuing operations (IX-X)		17,752,905	9,889,763
XII. Earnings per equity share (of face value ₹ 10 /- each):	24		
(1) Basic		1.78	0.99
(2) Diluted		1.78	0.99

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

(1 to 29)

For and on behalf of the Board of Directors of
ISSL Settlement & Transaction Services Limited

Pallavi A. Gorakshakar
Pallavi A. Gorakshakar



Mumbai
May 11, 2016

Sujoy Kumar Das
Sujoy Kumar Das
Chairman
(DIN: 00109015)

Anil Somaiya
Anil Somaiya
Company Secretary

Mumbai
May 11, 2016

Rengarajan Seshadri
Rengarajan Seshadri
Director and Chief Executive Officer
(DIN: 01144547)

Rakesh M Karande
Rakesh M Karande
Chief Financial Officer



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	26,200,905	14,932,889
Adjustments for:		
Interest income on Inter Corporate Deposits / Deposits with banks	(131,076,671)	(100,980,263)
Interest on bank Borrowings (short term)	447,981	774,801
Interest on Trading Member Deposits	97,729,366	68,057,602
Provision for compensated absences	13,135	55,643
Interest Paid to Trading Member on Collaterals	(79,662,055)	(63,454,131)
Interest received on Inter Corporate Deposits / Deposits with banks	112,584,219	95,140,092
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	26,236,880	14,526,633
Bank Deposits placed having original maturity exceeding three months (including lien marked deposits)	(1,818,150,000)	(1,544,700,000)
Bank Deposits withdrawn having original maturity exceeding three months (including lien marked deposits)	954,900,000	845,800,000
Investment in Inter Corporate Deposits	(3,229,324,112)	(2,670,086,410)
Redemption of Inter Corporate Deposits	3,139,900,000	3,057,586,410
Adjustments for changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade Receivables	(4,867,665)	220,114
Short-term loans and advances	1,966,436	7,082,157
Other current assets	(7,431,548)	(19,451,139)
Long-term loans and advances	(1,133,636)	1,481,330
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	8,968,828	1,111,299
Short-term provisions	311,995	741,018
Other current liabilities	1,059,367,103	210,244,001
Long-term provisions	(31,719)	43,770
Cash Generated from Operations	130,712,362	(95,400,817)
Taxes paid	(28,572,789)	(18,243,501)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	102,139,573	(113,644,318)
(B) CASH FLOW FROM INVESTING ACTIVITIES		



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid on Short Term Borrowings	(447,981)	(774,801)
Increase / (Decrease) working capital loan from banks	(89,119,278)	121,730,596
Dividend Paid (Including Corporate Dividend Tax)	(9,628,800)	(19,889,150)
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES	(99,196,059)	101,066,645
(D) Net Increase / (decrease) in cash and cash equivalents	2,943,514	(12,577,673)
Add: Cash and cash equivalents at the beginning of the year	943,934	13,521,607
Cash and cash equivalents at the end of the year	3,887,448	943,934
Note :		
Cash and Cash equivalents as per Cash Flow Statement (refer note no.14)	3,887,448	943,934
Add: Bank Deposits under lien with exchanges (refer note no. 14)	1,663,150,000	799,900,000
Add: Bank Deposits secured against borrowings (refer note no. 14)	155,000,000	155,000,000
Cash and bank balances as per Balance Sheet (refer note no.14)	1,822,037,448	955,843,934

See accompanying notes to the financial statements

(1 to 29)

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants


Pallavi A. Gorakshakar
Partner



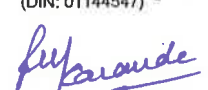
Mumbai
May 11, 2016

For and on behalf of the Board of Directors of
ISSL Settlement & Transaction Services Limited


Sujoy Kumar Das
Chairman
(DIN: 00109015)


Rengarajan Seshadri
Director and Chief Executive Officer
(DIN: 01144547)


Anil Somaiya
Company Secretary


Rakesh M Karande
Chief Financial Officer

Mumbai
May 11, 2016



Note 1: Corporate Information

ISSL Settlement & Transaction Services Limited ("ISTSL"/the "Company") renders professional clearing member services as a secondary intermediary for the Commodities Exchanges of the country. ISTSL was incorporated on December 20, 2010 as a wholly owned Subsidiary of IL&FS Securities Services Limited ("ISSL"). Subsequent to merger of Forwards Market Commission with Securities Exchange Board of India ("SEBI"), the Company has obtained registration certificate from SEBI on April 29, 2016

Note 2: Significant Accounting Policies

2.1. Basis for Preparation of Financial Statements:

These financial statements 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 2013 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

Assets and liabilities have been classified as "Current" or "Non-Current" on the basis of the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Current assets do not include assets which are not expected to be realised within 1 year and current liabilities do not include liabilities which are due after 1 year

2.2. Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognised in the years in which the results are known/materialise

2.3. Tangible Assets:

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price and expenses directly attributable to bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements



Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement

2.3.1 Depreciation on the tangible fixed assets has been provided on a Straight Line basis over the useful lives prescribed under Schedule II of the Companies Act, 2013 other than assets specified in below table:

- a) Mobile phones are fully depreciated in the year of acquisition
- b) Fixed assets the acquisition cost of which is less than or equal to ₹ 5,000 individually are fully depreciated in the year of acquisition

2.4. **Impairment of Assets:**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists

If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss

2.5. **Revenue Recognition:**

The operations of the Company comprises of rendering services as professional clearing member of various commodity exchanges in India. Provided the amount recoverable can be reasonably measured and collectability reasonably assured, revenue is recognised as under:

- i) Service charges for services rendered as a Professional Clearing Member are recognised as income on the trade date basis, post receipt of net settlement position from the respective exchanges. Actual net settlement on behalf of trading members at respective exchanges is generally effected on the subsequent trading day



- ii) In case of delivery settlement services, revenue from fees is recognised on settlement dates. Settlement on behalf of trading members at respective exchanges is generally effected within 2 days following the expiry of the contract
- iii) Revenue from technology related support services is recognised with reference to the stage of completion during the period in which the services are rendered. Where the services involve performance of indeterminate acts over a specified period, revenue is recognised on a straight line basis over the period. In respect of cost plus contracts, revenue recognised includes the quantum of recoverable costs
- iv) Interest Income is recognised on accrual basis
- v) The Company recovers Bank Guarantee charges from its clients towards placement of Bank Guarantee as one of the form of margins. These charges are amortised over the period of Bank Guarantee and classified as "Revenue from Operations" (in note no. 17)

2.6. Employee benefits:

2.6.1 Short term:

Short term employee benefits include salaries and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. These costs are recognised as an expense in the Statement of Profit and Loss at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company

2.6.2 Long term:

The Company offers its employees long term benefits by way of defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees

Defined-contribution plans:

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund and labour welfare fund. The Company's payments to the defined-contribution plans are reported as expenses during the year in which the employees perform the services that the payment covers



Defined-benefit plans:

Expenses for defined-benefit gratuity plan are calculated as at the balance sheet date by an independent actuary in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceeds the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of reductions in future contributions to the plan

Actuarial losses or gains are recognised in the Statement of Profit and Loss in the year in which they arise

2.6.3 Other employee benefits:

Compensated absences which accrue to employees and which can be carried to future years but are expected to be availed in twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits

Where there are restrictions on availment of such accrued benefit or where the availment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method

2.7. Service Tax Input Credit:

Service tax input credit is recognised in the year in which the underlying service rendered is accounted and when there is no uncertainty in availing / utilising the credit

2.8. Borrowing Cost:

Borrowing costs are recognised in the year to which they relate, regardless of how the funds have been utilised, except where it relates to financing of construction or development of an asset requiring a substantial period of time (generally exceeding 12 months) to prepare for their intended future use. Interest is capitalised upto the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the year is determined by applying the interest rate applicable to appropriate borrowings outstanding during the year to the average amount of accumulated expenditure for the assets during the year



2.9. Taxes on income:

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised 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 and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability

Current and deferred taxes relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss

2.10. Provisions and Contingencies:

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability

Contingent assets are not recognised in the financial statements



2.11. Segment Reporting:

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". The risk and reward of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reported based on geographical segment

2.12. Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares (other than the conversion of potential equity shares) that have changed the number of equity shares outstanding, without a corresponding change in resources

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed dilutive only if their conversion into equity shares would decrease the net per share from continuing ordinary operations. Potential equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares)

2.13. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary 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

2.14. Cash and Cash Equivalents:

In the Cash Flow Statement, cash and cash equivalents include cash in hand, demand deposits and short term deposits with banks with original maturities of three months or less from the date of acquisition and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

2.15. Operating Cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED
Notes forming part of the financial statements
Note 3: Share capital

The Company has issued Equity Share Capital, the details in respect of which are given below

(i) Number, face value and amount of shares authorised, issued, subscribed and fully paid up	As at March 31, 2016		As at March 31, 2015	
	Number	₹	Number	₹
Authorised				
Equity Shares of ₹ 10 each with voting rights	20,000,000	200,000,000	20,000,000	200,000,000
Issued				
Equity Shares of ₹ 10 each with voting rights	10,000,000	100,000,000	10,000,000	100,000,000
Subscribed and Paid up				
Equity Shares of ₹ 10 each with voting rights	10,000,000	100,000,000	10,000,000	100,000,000
Total	10,000,000	100,000,000	10,000,000	100,000,000

(ii) Reconciliation of the number of shares outstanding at the beginning and end of the reporting year

Particulars	As at March 31, 2016		As at March 31, 2015	
	Equity Shares		Equity Shares	
	Number	₹	Number	₹
Shares outstanding at the beginning and end of the year	10,000,000	100,000,000	10,000,000	100,000,000

(iii) Rights, preference and restrictions attaching to shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of the preferential amounts in proportion to their shareholdings. However no such preferential amounts exist currently. The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up

(iv) Shares in the Company held by the holding company

Particulars	As at March 31, 2016		As at March 31, 2015	
	Equity Shares		Equity Shares	
	Number	₹	Number	₹
Equity Shares held by IL&FS Securities Services Limited (ISSL), the holding Company (includes 60 (as at March 31, 2015: 60) equity shares held by ISSL as beneficial owner)	10,000,000	100,000,000	10,000,000	100,000,000

(v) Details of shares held by shareholders holding more than 5% the aggregate equity shares in the Company

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IL&FS Securities Services Limited	10,000,000	100%	10,000,000	100%



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED

Notes forming part of the financial statements

Note 4: Reserves and surplus

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Securities Premium Account		
Opening and Closing balance	98,451,200	98,451,200
General Reserve		
Opening and Closing balance	6,551,123	6,551,123
Surplus in Statement of Profit and Loss		
Opening balance	31,195,635	30,905,401
Add: Net Profit for the year	17,752,905	9,889,763
Less: Appropriations		
Tax on proposed dividend	(2,036,000)	(1,599,529)
Tax on equity dividend of previous year	(29,271)	-
Proposed dividend on equity shares	(10,000,000)	(8,000,000)
Closing balance	36,883,269	31,195,635
Total	141,885,592	136,197,958

Note 5: Long-term provisions

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Provision for employee benefits		
Provision for gratuity (net) (refer note no. 22(b))	12,051	43,770
Total	12,051	43,770

Note 6: Short-term borrowings

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
<u>Secured (refer footnote no. 2)</u>		
Loans repayable on demand		
from banks		
Working Capital Loans	32,611,318	121,730,596
Total	32,611,318	121,730,596

- There is no default as on the balance sheet date in repayment of loans or interest
- All borrowings obtained by the Company are secured against Fixed Deposits with Banks excluding Fixed Deposits with Banks which are lien marked with Exchanges

Note 7: Trade payables

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Trade Payable for services / goods received		
(a) Dues to Micro and Small Enterprises (refer footnote)		
(b) Dues to Others		
Accrued Expenses (refer note no. 23)	8,340,695	1,856,831
Payroll Liabilities	127,488	62,000
Sundry Creditors for goods and services (refer note no. 23)	3,954,358	1,535,082
	12,422,541	3,453,913
Total	12,422,541	3,453,913

Footnote:

On the basis of the information available with the Company and intimations received from suppliers (Trade payable and other Payables) there are no dues payable as on March 31, 2016 (Previous Year : ₹ Nil) to Micro, Small and Medium Enterprises as per the disclosure requirement under the Micro, Small and Medium Enterprises Development Act, 2006.



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED**Notes forming part of the financial statements****Note 8: Other current liabilities**

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Interest accrued but not due on deposits received	32,459,170	19,097,639
Interest accrued and due on deposits received	11,591	153,400
Unclaimed interest on deposits received	807,154	153,565
Other payables		
Dues to others (refer note no. 23)	390,606	397,718
Deposits received from trading member and others	1,840,169,680	793,873,177
Advances from customers	25,310,255	4,165,241
Statutory Liabilities	1,481,444	5,685,942
Payable to Exchanges	4,893,678	27,505,456
Payable to Clients and others	79,959,235	61,210,261
Total	1,985,482,813	912,242,399

Note 9: Short-term provisions

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
(a) Provision for employee benefits		
Compensated absences	342,601	329,466
Other Employee benefits	1,053,013	741,018
(b) Others		
Proposed equity dividend (refer note no. 23)	10,000,000	8,000,000
Tax on proposed equity dividend	2,036,000	1,599,529
Other Provisions (refer footnote)	6,850,000	2,656,000
Total	20,281,614	13,326,013

Footnotes:**Details of Other Provisions**

The Company has made provision for interest obligations based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below

Interest Payable on Trading Member Deposits	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Opening Balance	2,656,000	2,036,000
Additions	6,850,000	2,656,000
Utilisation	(2,656,000)	(2,036,000)
Closing Balance	6,850,000	2,656,000



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED

Notes forming part of the financial statements

Note 10: Fixed Assets

Fixed Assets	Gross Block			Accumulated Depreciation and amortisation			Net Block
	Balance as at April 1, 2015	Additions	Disposals	Balance as at April 1, 2015	Depreciation charge for the year	On disposals	Balance as at March 31, 2016
Tangible Assets							
Office Equipment	10,000	-	-	9,999	-	-	9,999
Total	10,000	-	-	9,999	-	-	9,999

	Gross Block			Accumulated Depreciation and amortisation			Net Block
	Balance as at April 1, 2014	Additions	Disposals	Balance as at April 1, 2014	Depreciation charge for the year	On disposals	Balance as at March 31, 2015
Tangible Assets							
Office Equipment	10,000	-	-	9,999	-	-	9,999
Total	10,000	-	-	9,999	-	-	9,999



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED
Notes forming part of the financial statements
Note 11: Deferred Tax

The major components of deferred tax assets and liabilities arising on account of timing differences are as under:

Deferred tax assets (net)	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
<i>Deferred Tax Assets</i>		
Depreciation and amortisation on fixed assets	3,000	3,000
Provision for doubtful debts and deposits	496,000	496,000
Provision for and liabilities in respect of employees	223,000	81,000
Recovery of Bank Guarantee charges and other timing difference	1,935,000	1,367,000
Net Deferred Tax Assets	2,657,000	1,947,000

Note 12: Long-term loans and advances

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
a. Security Deposits		
Unsecured, considered good		
Deposits with public bodies and others	11,846,400	10,700,500
Unsecured, considered doubtful		
Deposits with public bodies	1,500,000	1,500,000
Provision for doubtful deposits	(1,500,000)	(1,500,000)
	11,846,400	10,700,500
b. Other loans and advances		
Unsecured, considered good		
Prepaid Expenses	6,406	18,670
Advance Payment of Income Tax (net of provision for tax of ₹ 55,600,080; as at March 31, 2015 ₹ 46,520,080)	61,327,114	41,912,325
	61,333,520	41,930,995
Total	73,179,920	52,631,495



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED**Notes forming part of the financial statements****Note 13: Trade receivables****Particulars****As at March 31, 2016 (₹)****As at March 31, 2015 (₹)**

Trade receivables outstanding for a period less than six months from the date they are due for payment (refer note no. 23)

Unsecured, considered good

5,051,627

183,962

Total

5,051,627

183,962

Note 14: Cash and cash equivalents**Particulars****As at March 31, 2016 (₹)****As at March 31, 2015 (₹)****A. Cash and cash equivalents (as per AS 3 cash flow statement)**

Balance with banks in current accounts

3,887,448

943,934

3,887,448

943,934

B. Other Bank Balances

Deposits with banks in earmarked accounts maturing within 12 months of the Balance Sheet date

Security against borrowings

155,000,000

155,000,000

Deposits under lien with Exchange

1,663,150,000

799,900,000

1,818,150,000

954,900,000

Total

1,822,037,448

955,843,934



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED**Notes forming part of the financial statements****Note 15: Short-term loans and advances**

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
a. Loans and advances to related parties (refer note no. 23)		
Unsecured, considered good		
Inter Corporate Deposits	199,324,112	109,900,000
	199,324,112	109,900,000
b. Others		
Unsecured, considered good unless otherwise stated		
Deposits with public bodies and others	19,568,865	12,555,607
Prepaid Expenses	6,012,841	6,750,616
Other Advances / receivables	2,325,587	9,928,016
Service Tax Input Credit Receivable	9,709,428	10,348,918
	37,616,721	39,583,157
Total	236,940,833	149,483,157

Note 16: Other current assets

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Considered good, unless stated otherwise		
Interest accrued on Bank Fixed Deposits	56,498,264	41,111,890
Interest accrued on Inter Corporate Deposits (refer note no.23)	8,020,460	4,914,382
Unbilled Revenue	364,574	85,032
Receivable from exchanges	19,650,867	14,768,514
Receivable from clients	68,294,935	66,025,282
Total	152,829,100	126,905,100



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED
Notes forming part of the financial statements
Note 17: Revenue from operations

Particulars	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
Sale of services		
Commodities Service Operation	21,490,290	20,288,675
IT Support Services (refer note no. 23)	7,069,905	-
Other operating revenues (refer note no. 23)	139,918,632	109,634,978
Total	168,478,827	129,923,653
Footnote : Other operating revenues includes interest earned on inter - corporate deposits and Fixed deposits with banks	131,076,671	100,980,263

Note 18: Other income

Particulars	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
Other non-operating income	428,669	12,906
Total	428,669	12,906

Note 19: Employee Benefit expense

Particulars	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
Salaries and wages	4,494,268	4,007,249
Contributions to -		
(i) Provident fund & other funds (refer note no. 22(a))	85,210	83,532
(ii) Gratuity (refer note no. 22(b))	33,142	78,346
Staff welfare expenses	442,992	457,290
Total	5,055,612	4,626,417

Note 20: Finance costs

Particulars	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
Interest expense		
Trading Members deposits	97,729,366	68,057,602
Bank borrowings	447,981	774,801
Others	2,608	19,689
Other borrowing costs		
Bank Guarantee Commission	13,274,457	23,480,254
Others (includes processing charges)	1,653,376	2,336,155
Total	113,107,788	94,668,501



ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED
Notes forming part of financial statements
Note 21: Other expenses

Particulars	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
Electricity	530,879	705,659
Travelling and Conveyance	184,360	141,952
Printing and Stationery	83,892	54,257
Rent (refer note no. 23)	1,583,781	1,526,008
Repairs and Maintenance		
- Building	1,979	2,448
- Others	579,293	616,393
Rates and Taxes	749,811	579,251
Communication Expenses	1,078,585	1,047,014
Insurance (refer note no. 23)	172,422	136,210
Legal and Professional charges (refer note no. 23)	8,406,206	1,569,679
Auditors Remuneration (refer footnote)	1,367,750	1,110,446
Deputation Costs (refer note no. 23)	7,303,592	6,440,053
Bad Debts	480,786	112,360
Directors sitting fees (refer note no. 23)	370,500	210,000
License Fees	401,674	203,605
Depository Charges (refer note no. 23)	241,645	1,058,784
Contribution to Corporate Social Responsibility activities (refer note no. 28)	750,000	-
Miscellaneous Expenses	256,036	194,633
Total	24,543,191	15,708,752

Footnote:

Auditors Remuneration (net of Service Tax Input Credit)	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
a. auditor (including Swachh Bharat cess of ₹ 2,750; for the year ended March 31, 2015 ₹ Nil)	1,367,750	1,100,000
b. for reimbursement of expenses		10,446
Total	1,367,750	1,110,446

Service tax of ₹ 151,160 (Previous year ₹ 93,992) has been accounted and Input credit taken under Service Tax Rules.



22. Employee Benefits:**(a) Defined-Contribution Plans**

The Company offers its employees defined contribution plan in the form of provident fund and Labour Welfare Fund. The employees and the Company pay predetermined contributions into the schemes at rates specified in these schemes

A sum of ₹ 85,210 (for the year ended March 31, 2015 ₹ 83,532) has been charged to Statement of Profit and Loss during the year with respect to the above

(b) Defined-Benefits Plans

The Company offers its employees defined-benefit plans in the form of a gratuity scheme. The gratuity scheme covers all regular employees. In the case of the gratuity scheme, the Company contributes funds to Gratuity Trust

Commitments are actuarially determined at reporting date. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to Statement of Profit and Loss

The Company has valued the cumulative liability for all employees as on March 31, 2016 which is as certified by actuary and relied upon by the auditors

I. Assumption	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Mortality rate	Indian Assured lives Mortality (2006 -08)	
Discount rate	8.04%	7.99%
Rate of increase in compensation	6.00%	6.50%
Rate of return on plan assets	8.04%	N.A
Attrition rate	2.00%	2.00%

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



Amount in ₹

II. Table Showing Change in Benefit Obligation	As at March 31, 2016	As at March 31, 2015
Liability at the beginning of the year	270,735	192,501
Interest Cost	21,632	17,960
Current Service Cost	42,792	39,506
Actuarial (gain) / loss on obligations	(31,282)	20,768
Liability at the end of the year	303,877	270,735

Amount in ₹

III. Table Showing Changes in Fair Value of Assets	As at March 31, 2016	As at March 31, 2015
Fair Value of Assets at the beginning of the year	226,965	227,077
Expected return on plan assets	18,135	-
Contributions by the Employer	64,861	-
Actuarial losses on Plan Assets	(18,135)	(112)
Fair Value of Assets at the end of the year	291,826	226,965

Amount in ₹

IV. Amount Recognised in the Balance Sheet	As at March 31, 2016	As at March 31, 2015
Liability at the end of the year as per actuarial valuation	303,877	270,735
Fair value of plan assets at the end of the year	291,826	226,965
Amount recognised in the Balance Sheet as Liability	12,051	43,770

Amount in ₹

V. Details of Plan Assets	As at March 31, 2016	As at March 31, 2015
Bank balance with Company's Gratuity Trust	66,826	226,965
Fixed Deposits with Banks	225,000	-
Total	291,826	226,965



VI. Expenses Recognised in the Income Statement	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Current service cost	42,792	39,506
Interest cost	3,497	17,960
Expected return on plan assets	N.A	N.A
Actuarial (gain) or loss	(13,147)	20,880
Expenses recognised in Statement of Profit and Loss	33,142	78,346

VII. Experience Adjustment	Funded			Unfunded	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Present Value of the Obligation	303,877	270,735	192,501	170,234	123,626
Fair Value of Plan Assets	291,826	226,965	227,077	N.A.	N.A.
Surplus or (Deficit)	(12,051)	(43,770)	34,576	(170,234)	(123,626)
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
Experience adjustment on Liability – (gain) / loss	(10,616)	(19,183)	(6,209)	(6,495)	3,027
Experience adjustment on Asset - gain / (loss)	(18,135)	(112)	N.A.	N.A.	N.A.



Amount in ₹		
VIII. Contributions	As at March 31, 2016	As at March 31, 2015
Expected contribution for the annual year beginning after the balance sheet date	54,100	46,600

23. Related Party Transactions:

Disclosures relating to related parties and transactions with related parties as required by Accounting Standard (AS) 18 on 'Related Party Disclosures'

(A) Parent as per ownership of control:	
Sr No.	Name of Company
1	IL&FS Securities Services Limited (ISSL) – Holding Company
2	Infrastructure Leasing & Financial Services Limited (IL&FS) – Ultimate Holding Company

(B) Fellow Subsidiary with whom the Company has transactions:	
Sr No.	Name of Company
1	IL&FS Financial Services Limited (IFIN)
2	ISSL CPG BPO Private Limited (CPG)
3	IL&FS Tamilnadu Power Company Limited (ITPCL)
4	IL&FS Township & Urban Assets Limited (ITUAL)

(C) Key Management Personnel (KMP):	
Sr No.	Name of the Person
1	Mr. S. Rengarajan, Chief Executive Officer
2	Mr. Anil Somaiya, Company Secretary
3	Ms. Chaitali Desai, Company Secretary (upto November 14, 2014)
4	Mr. Rakesh Karande, Chief Financial Officer

The nature and volume of transactions during the year with the above-related parties were as per the table below



Nature and volume of transactions during the year

Particulars	IL&FS	ISSL	CPG	IFIN	ITPCL	ITUAL	TOTAL
<u>TRANSACTIONS</u>							
<u>INCOME</u>							
Interest Income (Refer footnote 1)	-	-	-	27,566,730	-	-	27,566,730
	-	-	-	34,717,016	-	-	34,717,016
IT Support Services	-	-	-	-	907,148	117,974	1,025,122
<u>EXPENSES</u>							
Professional Fees	-	6,000,000	15,675	-	-	-	6,015,675
	-	15,600	-	-	-	-	15,600
Operating Expenses	-	3,075,970	-	-	-	-	3,075,970
	-	3,367,002	-	-	-	-	3,367,002
Rent Expenses	-	745,920	-	-	-	-	745,920
	-	745,920	-	-	-	-	745,920
Deputation Expenses (Refer footnote 3)	-	7,303,592	-	-	-	-	7,303,592
	-	6,440,053	-	-	-	-	6,440,053
Depository Charges	-	241,645	-	-	-	-	241,645
	-	1,058,784	-	-	-	-	1,058,784
Dividend Paid	-	8,000,000	-	-	-	-	8,000,000
	-	17,000,000	-	-	-	-	17,000,000
Insurance	172,422	-	-	-	-	-	172,422
	-	-	-	-	-	-	-
<u>ASSETS / LIABILITIES</u>							
Inter Corporate Deposits Placed	-	-	-	3,229,324,112	-	-	3,229,324,112
	-	-	-	2,670,086,410	-	-	2,670,086,410
Inter Corporate Deposits Withdrawn	-	-	-	3,139,900,000	-	-	3,139,900,000
	-	-	-	2,957,586,410	-	-	2,957,586,410
<u>ASSETS BALANCES</u>							
Trade Receivable	-	-	-	-	1,038,685	18,071	1,056,756
	-	-	-	-	-	-	-
Inter Corporate Deposits (Current and Non Current) (Refer footnote 2)	-	-	-	199,324,112	-	-	199,324,112
	-	-	-	109,900,000	-	-	109,900,000
Interest Income Receivable	-	-	-	8,020,460	-	-	8,020,460
	-	-	-	4,914,382	-	-	4,914,382
<u>LIABILITIES BALANCES</u>							
Accrued Expenses	-	6,503,927	17,775	-	-	-	6,521,702
	-	453,626	-	-	-	-	453,626
Sundry Creditors for goods and services	-	3,954,358	-	-	-	-	3,954,358
	-	1,535,082	-	-	-	-	1,535,082



Signature

Particulars	Mr S Rengarajan	Mr. Anil Somaiya	Mr. Rakesh Karande	Ms. Chaitali Desai	Total
Directors Sitting Fees	110,000	-	-	-	110,000
	60,000	-	-	-	60,000
Deputation Expenses (refer footnote 3)	-	-	560,101	-	560,101
	-		437,636	184,478	622,114

Footnotes:

- During the year, the Company has placed Inter Corporate Deposits with IL&FS Financial Services Limited (IFIN) of ₹ 3,229,324,112 for a period ranging from 1 day to 542 days and at the interest rate ranging from 7.60% to 9.15%
 - The Outstanding balance at the year end is towards Inter Corporate Deposits placed with IL&FS Financial Services Limited (IFIN) of ₹ 199,324,112 for a period ranging from 365 days to 542 days and at the interest rate ranging from 9.10% to 9.15%. The Inter Corporate Deposits placed are utilised by IFIN for its working capital requirements
 - Deputation expenses includes deputation cost of Chief Financial Officer
 - Previous year figures are stated in italics
24. In accordance with the Accounting Standard (AS) 20 on 'Earnings Per Share', the Basic Earnings Per Share and Diluted Earnings Per Share has been computed by dividing the Profit After Tax by weighted average number of equity shares outstanding for the respective years as under

Amount in ₹

	For the year March 31, 2016	For the year March 31, 2015
Profit After Tax	17,752,905	9,889,763
Net Profit after tax for the year attributable to equity shareholders (₹)	17,752,905	9,889,763
Number of Equity Shares	10,000,000	10,000,000
Weighted Average Number of Equity Shares	10,000,000	10,000,000
Nominal Value per share (₹)	10.00	10.00
Basic / Diluted Earnings per share (₹)	1.78	0.99



25. The Company primarily operates in Commodities Services Operations and has other non-reportable business segments i.e. Information Technology related services (IT Support Services). It has determined business segment as its Primary Segments. As the Company operates within India, there are no separate geographical segments. Segment information has been tabulated below:

Particulars	Commodities Services Operations		IT Support Services		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
Segment Revenue	161,408,922	129,923,653	7,069,905	-	168,478,827	129,923,653
Segment Results	27,190,581	16,240,429	1,069,905	-	28,260,486	16,240,429
Add: Unallocated Income					428,669	12,906
Less : Unallocated Operating Expenses					2,488,250	1,320,446
Profit Before Tax					26,200,905	14,932,889
Less: Taxes					8,448,000	5,043,126
Profit After Tax					17,752,905	9,889,763

Amount in ₹



Particulars	Commodities Services Operations		IT Support Services		Total	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Segment Assets	2,214,123,609	1,232,786,406	4,878,778	-	2,219,002,387	1,232,786,406
Add: Unallocated Assets					73,693,542	54,208,243
Total Assets					2,292,695,929	1,286,994,649
Segment Liabilities	2,031,292,893	1,035,511,220	6,000,000	-	2,037,292,893	1,035,511,220
Add: Unallocated Liabilities					13,517,444	15,285,471
Total Liabilities					2,050,810,337	1,050,796,691
Particulars	Commodities Services Operations		IT Support Services		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
Segment Non-Cash Expenses other than depreciation / amortisation	25,932	94,892	-	-	25,932	94,892

Note: In computing the above information, certain assumption and estimate have been made by the management which have been relied upon by the auditors.



26. The Company has pending litigations arising out of matters relating to Income tax. The Management does not expect any outflow of economic benefits and has assessed the likelihood of outflow of resources as remote for these matters
27. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
28. The Company's budgeted contribution for the year ended March 31, 2016 towards Corporate Social Responsibility ("CSR") Activities under section 135 of the Companies Act, 2013 was ₹ 750,000 which has been fully utilised
29. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures

For and on behalf of Board of Directors of
ISSL Settlement & Transaction Services Limited


Sujoy Kumar Das
Chairman
(DIN: 00109015)


Rengarajan Seshadri
Director and Chief Executive Officer
(DIN: 01144547)


Anil Somaiya
Company Secretary


Rakesh M Karande
Chief Financial Officer

Mumbai,
May 11, 2016

