

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ISSL MARKET SERVICES LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **ISSL MARKET SERVICES 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 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 32 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 31 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, May 11, 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 MARKET 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 (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, May 11, 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) of the CARO 2016 is not applicable.



- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been 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 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). The term loans have been applied by the Company during the year for the purposes for which they were raised.
- (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 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements 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.



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- (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 directors of its holding, subsidiary or persons connected with them 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-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, May 11, 2016
PG/SCR/AZ

ISSL MARKET 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	150,000,000	150,000,000
Reserves and surplus	4	(125,208,797)	(84,067,035)
		24,791,203	65,932,965
2 Non-current liabilities			
Other long term liabilities	5	-	113,370
Long-term provisions	6	-	463,441
		-	576,811
3 Current liabilities			
Short-term borrowings	7	10,000,000	-
Trade payables			
(i) Dues to Micro and Small Enterprises	8 (a)	-	-
(ii) Dues to Others	8 (b)	7,308,222	4,984,505
Other current liabilities	9	1,940,988	804,239
Short-term provisions	10	1,598,948	1,993,732
		20,848,158	7,782,476
TOTAL		45,639,361	74,292,252
II. ASSETS			
1 Non-current assets			
Fixed assets (Net)			
(i) Tangible Assets	11 (i)	1,751,441	2,519,736
(ii) Intangible Assets	11 (ii)	23,515	-
		1,774,956	2,519,736
Deferred tax assets (net)	12	-	-
Long-term loans and advances	13	3,627,984	8,590,937
Other non-current assets	14	-	859,044
		3,627,984	9,449,981
2 Current assets			
Trade Receivable	15	10,914,805	5,069,912
Cash and cash equivalents	16	3,873,355	6,329,684
Short-term loans and advances	17	6,100,901	49,980,853
Other current assets	18	19,347,360	942,086
		40,236,421	62,322,535
TOTAL		45,639,361	74,292,252

See accompanying notes forming part of the financial statements

(1 to 33)

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 MARKET SERVICES LIMITED

Arun Kumar Saha
Director
(DIN 00002377)

Ramgopal Kundurthi
Manager

Monil Kothari
Company Secretary

Mumbai
May 11, 2016

Rengarajan Seshadri
Director
(DIN 01144547)

Shikha Bagai
Chief Financial Officer


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	19	58,481,611	5,436,299
II. Other income	20	2,234,946	8,833,792
III. Total Revenue (I + II)		60,716,557	14,270,091
IV. Expenses:			
Employee benefits expenses	21	67,858,331	47,691,846
Finance cost	22	77,544	-
Depreciation and amortisation expense	11	973,436	498,055
Other expenses	23	32,949,008	23,816,613
Total expenses		101,858,319	72,006,514
V. Loss before exceptional and extraordinary items and tax (III-IV)		(41,141,762)	(57,736,423)
VI. Exceptional items		-	-
VII. Loss before extraordinary items and tax (V - VI)		(41,141,762)	(57,736,423)
VIII. Extraordinary Items		-	-
IX. Loss before tax (VII- VIII)		(41,141,762)	(57,736,423)
X. Tax expense:			
Current tax		-	-
Deferred tax	12	-	-
Net Tax expenses		-	-
XI. Loss for the year from continuing operations (IX-X)		(41,141,762)	(57,736,423)
XII. Earnings per equity share (of face value ₹ 10 /- each):	28		
(1) Basic		(2.74)	(3.85)
(2) Diluted		(2.74)	(3.85)

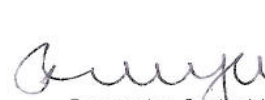
See accompanying notes forming part of the financial statements

(1 to 33)

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered AccountantsFor and on Behalf of the Board of Directors of
ISSL MARKET SERVICES LIMITED

Arun Kumar Saha
Director
(DIN 00002377)


Rengarajan Seshadri
Director
(DIN 01144547)


Ramgopal Kundurthi
Manager


Shikha Bagai
Chief Financial Officer


Monil Kothari
Company Secretary
Mumbai
May 11, 2016


Pallavi A. Gorakshakar
Partner
Mumbai
May 11, 2016

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		
LOSS BEFORE TAX	(41,141,762)	(57,736,423)
Adjustments for:		
Depreciation and amortisation	973,436	498,055
(Profit)/Loss on sale/retirement of Fixed Assets (net)	(1,736)	44,477
Interest income from Inter Corporate Deposits placed	(2,040,372)	(8,833,792)
Interest Expense on Borrowings	74,740	-
Net unrealised (gain)/ loss on foreign currency transactions and translation	79,402	447,027
Provision for compensated absences	302,859	913,049
Provision for gratuity	-	399,701
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(41,753,433)	(64,267,906)
Adjustments for changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade Receivables	(5,893,501)	(5,141,005)
Short-term loans and advances	(895,048)	(2,645,276)
Long-term loans and advances	1,822,246	(28,229)
Other current assets	(18,732,800)	(706,046)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	2,432,843	3,956,499
Other current liabilities	1,095,501	368,661
Other long-term liabilities	(113,370)	31,894
Short-term provisions	(697,643)	1,000,000
Long-term provisions	(463,441)	-
Cash (Used in) / Generated from Operations	(63,198,646)	(67,431,408)
Taxes paid	(2,459,293)	(883,704)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	(65,657,939)	(68,315,112)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(303,969)	(2,124,276)
Proceeds from Sale of Fixed Assets	38,744	-
Inter Corporate Deposits placed	(23,650,000)	(50,675,000)
Inter Corporate Deposits withdrawn	74,025,000	103,900,000
Interest received on Inter Corporate Deposits	3,166,288	8,692,201
NET CASH GENERATED FROM INVESTING ACTIVITIES	53,276,063	59,792,925
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase in working capital loan from others	10,000,000	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	10,000,000	-
(D) Net Decrease in cash and cash equivalents	(2,381,876)	(8,522,187)
Add: Cash and cash equivalents at the beginning of the year	6,329,684	15,212,859
Cash and cash equivalents as per Cash Flow Statement	3,947,808	6,690,672



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
Note :		
Cash & Bank balances as per Balance Sheet (Refer note no. 16)	3,873,355	6,329,684
Add/ (Less) : Exchange difference on translation of foreign currency cash and cash equivalents	(74,453)	(360,988)
Cash & Cash equivalents as per Cash Flow Statement	<u>3,947,808</u>	<u>6,690,672</u>

Footnote:

Cash flows arising from transactions in foreign currency are recorded and presented in Indian Rupees by applying to the foreign currency amount the exchange rate between Indian Rupees and foreign currency at the date of the cash flow.

See accompanying notes forming part of the financial statements

(1 to 33)

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 MARKET SERVICES LIMITED


Arun Kumar Saha
Director
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(DIN 01144547)


Ramgopal Kundurthi
Manager


Shikha Bagai
Chief Financial Officer


Monil Kothari
Company Secretary
Mumbai
May 11, 2016





Note 1: Corporate Information

ISSL Market Services Limited ("iMarkServ"/the "Company") was incorporated on January 7, 1993. The Company became a wholly owned subsidiary of IL&FS Securities Services Limited in June, 2012 and was converted from private limited company to public limited company with effect from August 27, 2013. The Company offers services to global financial market participants across front, middle and back offices. The services offered include Research Support Services, Reconciliations, Fund Services and other Middle and Back Office Services. The Company's registered office is in Mumbai and it has branch in United Kingdom

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



for

Notes forming part of the financial statements

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 life of assets specified there against:

Asset Type	Estimated Useful Life
Data Processing Equipment – Other than servers & Networking items	3 years (As per Schedule II to the Companies Act, 2013)
Furniture & Fixtures	10 years (As per Schedule II to the Companies Act, 2013)
Office Equipment	5 years (As per Schedule II to the Companies Act, 2013)
Leasehold improvements	Over expected lease period or benefit period as estimated by the Management
Mobile phones	In the year of capitalisation

2.3.2 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. Intangible asset and amortisation:

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Software and licenses are depreciated over a period of 4 years or the useful life whichever is shorter

Cost of an intangible asset includes purchase price, non-refundable taxes and duties and any other directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset is charged to the Statement of Profit and Loss as an expense unless it is probable that such expenditure will enable the intangible asset increase the future benefits from the existing asset beyond its previously assessed standard of performance and such expenditure can be measured and attributed to the intangible asset reliably, in which case, such expenditure is capitalised

All intangible assets costing less than ₹ 5,000 individually are fully amortised in the year of acquisition



Notes forming part of the financial statements

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss in the year of disposal

The estimated useful life of the Intangible Assets and the amortisation period are reviewed at the end of each financial year and the amortisation is revised to reflect the changed pattern, if any

2.5. 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 exceed 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

2.6. Revenue Recognition:

Revenue from time and material and unit priced contracts are recognised when services are rendered and related costs are incurred.

Revenue from fixed price contracts are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion

Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable



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2.7. Employee benefits:

2.7.1 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

2.7.2 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, national Pension scheme, Labour welfare fund and national insurance (United Kingdom). 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



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2.7.3 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

2.8. 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

2.9. 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

2.10. Foreign Currency Transactions and Translations:

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction

Measurement at the balance sheet date

Foreign currency monetary items of the Company and its integral foreign operations, outstanding at the balance sheet date are restated at the year-end rates and non-monetary items of the Company are carried at historical cost

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss



for

2.11. Leases:

A lease of assets where the risk and rewards of ownership are transferred by the owner by the end of the lease term is capitalised as finance lease. Assets taken on finance lease are capitalised at fair value or net present value of the minimum lease payments, whichever is lower. Depreciation on the assets taken on lease is charged over the period of the lease. Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease, based on the interest rate implicit in the lease

Other leases are operating leases and the leased assets are not recognised in the Company's Balance Sheet. Lease expenses on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the year in which they are incurred

2.12. 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 the 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 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, 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 related 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



for

2.13. 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: 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

2.14. 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/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)



2.15. **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 based on the location of its customers. The company has determined business segment as its primary segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. 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"

2.16. **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

2.17. **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

Unrealised gains and losses arising from changes in foreign exchange rates are not cash flows. However, the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the cash flow statement in order to reconcile cash and cash equivalents at the beginning and the end of the year. This amount is presented separately from cash flows from operating, investing and financing activities and includes the differences, if any, had those cash flows been reported at the end-of-year exchange rates

2.18. **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



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ISSL MARKET 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	15,000,000	150,000,000	15,000,000	150,000,000
Issued Equity Shares of ₹ 10 each with voting rights	15,000,000	150,000,000	15,000,000	150,000,000
Subscribed & Paid up Equity Shares of ₹ 10 each with voting rights	15,000,000	150,000,000	15,000,000	150,000,000
Total	15,000,000	150,000,000	15,000,000	150,000,000

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Equity Shares Number	₹	Equity Shares Number	₹
Shares outstanding at the beginning and end of the year	15,000,000	150,000,000	15,000,000	150,000,000

(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. 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 Number	₹	Equity Shares 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)	15,000,000	150,000,000	15,000,000	150,000,000

(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	15,000,000	100%	15,000,000	100%



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ISSL MARKET 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 (₹)
Surplus in Statement of Profit and Loss		
Opening balance	(84,067,035)	(26,330,612)
Add: Net Loss for the year	(41,141,762)	(57,736,423)
Closing balance	<u>(125,208,797)</u>	<u>(84,067,035)</u>

Note 5: Other long term liabilities

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Contractual obligations		
Operating lease liabilities	-	113,370
Total	<u>-</u>	<u>113,370</u>

Note 6: Long term provisions

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Provision for employee benefits		
Provision for gratuity (Refer note no. 24(b))	-	463,441
Total	<u>-</u>	<u>463,441</u>

Note 7: Short-term borrowings

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
<u>Unsecured</u>		
Infer Corporate Deposits received (Refer note no. 26)	10,000,000	-
Total	<u>10,000,000</u>	<u>-</u>



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ISSL MARKET SERVICES LIMITED

Notes forming part of the financial statements

Note 8: Trade payables

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Trade payables for services / goods received		
(a) Dues to Micro and Small Enterprises (refer footnote)	-	-
(b) Due to others		
Accrued expenses	5,725,093	3,964,854
Payroll liabilities	1,475,852	695,502
Sundry Creditors for goods / services	104,777	283,344
Creditors for Capital goods	2,500	40,805
	<u>7,308,222</u>	<u>4,984,505</u>
Total	7,308,222	4,984,505

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.

Note 9: Other current liabilities

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Other payables		
Dues to others	49,441	4,638
Statutory liabilities	1,824,281	722,710
Interest accrued but not due on borrowings (Refer note no. 26)	67,266	-
Current portion of operating lease liabilities	-	76,891
	<u>1,940,988</u>	<u>804,239</u>
Total	1,940,988	804,239

Note 10: Short term provisions

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Provision for employee benefits		
Compensated absences	1,296,591	993,732
Other Employee Benefits	302,357	1,000,000
	<u>1,598,948</u>	<u>1,993,732</u>
Total	1,598,948	1,993,732



for

Amount in ₹

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
(i) Tangible assets							
Furniture and fixtures	384,000	-	-	13,481	38,504	-	332,015
Office equipment	293,240	39,375	-	64,727	66,308	-	201,580
Leasehold improvements	278,025	-	-	124,156	97,097	-	56,772
Others - data processing equipment	2,135,763	196,667	47,958	368,928	765,420	10,950	1,161,074
Total	3,091,028	236,042	47,958	571,292	967,329	10,950	1,751,441
(ii) Intangible Assets (other than internally generated)							
Computer software licenses	-	29,622	-	-	6,107	-	23,515
Total	-	29,622	-	-	6,107	-	23,515
Grand Total	3,091,028	265,664	47,958	571,292	973,436	10,950	1,774,956

Amount in ₹

Fixed assets	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
(i) Tangible assets							
Furniture and fixtures	15,000	369,000	-	989	12,492	-	370,519
Office equipment	159,902	133,338	-	29,385	35,342	-	228,513
Leasehold improvements	278,025	-	-	27,325	96,831	-	153,869
Others - data processing equipment	622,007	1,562,756	49,000	20,061	353,390	4,523	1,766,835
Total	1,074,934	2,065,094	49,000	77,760	498,055	4,523	2,519,736



ISSL MARKET SERVICES LIMITED
Notes forming part of the financial statements
Note 12: 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 liabilities</i>		
Depreciation and amortisation on fixed assets	(129,437)	(133,514)
Others	(129,181)	-
<i>Deferred tax assets</i>		
Provision for and liabilities in respect of Employee Benefits	222,664	-
Unabsorbed business loss	24,343,440	-
Unabsorbed depreciation	325,184	133,514
Net deferred tax assets *	-	-

* Deferred tax assets are recognised to the extent of deferred tax liability in the absence of virtual certainty regarding sufficient future taxable income available to realise the assets.

Note 13: Long-term loans and advances

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
a. Security deposits		
Unsecured, considered good		
Deposits with entities (not being public bodies)	12,000	1,821,360
	12,000	1,821,360
b. Loans and advances to related parties		
Unsecured, considered good		
Inter Corporate Deposits (Refer note no. 26)	-	5,600,000
	-	5,600,000
c. Other loans and advances		
Unsecured, considered good		
Prepaid Expenses	3,863	16,749
Advance Payment of Income Tax (net of provision for tax of ₹ Nil; as at March 31, 2015 ₹ Nil)	3,612,121	1,152,828
	3,615,984	1,169,577
Total	3,627,984	8,590,937

Note 14: Other non-current assets

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Others		
Interest accrued on Inter Corporate Deposits		859,044
Total		859,044



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ISSL MARKET SERVICES LIMITED
Notes forming part of the financial statements
Note 15: Trade Receivables

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Trade Receivables outstanding for less than six months from the date they are due for payment		
Unsecured, considered good	10,914,805	5,069,912
Total	10,914,805	5,069,912

Note 16: Cash and cash equivalents

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Cash and cash equivalent		
Balance with banks in current accounts	3,873,355	6,329,684
Total	3,873,355	6,329,684

Note 17: 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. 26)		
Unsecured, considered good		
Inter Corporate Deposits	1,900,000	46,675,000
	1,900,000	46,675,000
b. Others		
Unsecured, considered good unless otherwise stated		
Deposits with public bodies and others	1,864,746	139,134
Prepaid expenses	1,005,048	1,202,854
Service Tax Input Credit Receivable	697,674	1,175,419
Advance Payment of Gratuity	542,020	-
Other advances / receivables	91,413	788,446
	4,200,901	3,305,853
Total	6,100,901	49,980,853

Note 18: Other current assets

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Interest accrued on Inter Corporate Deposits (Refer note no. 26)	4,715	271,587
Unbilled Revenue	19,342,645	670,499
Total	19,347,360	942,086



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ISSL MARKET SERVICES LIMITED
Notes forming part of the financial statements
Note 19: Revenue from operations

Particulars	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
Sale of services		
Data analytics and Process Outsourcing Service (Refer note 25 (b))	58,481,611	5,436,299
Total	58,481,611	5,436,299

Note 20: Other income

Particulars	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
Interest income (Refer footnote and note no.26)	2,040,372	8,833,792
Net gain on foreign currency transactions and translation	179,383	-
Interest on Income Tax Refund	13,455	-
Profit on sale / retirement of Fixed Assets (net)	1,736	-
Total	2,234,946	8,833,792

Footnote : Interest income includes interest earned on inter - corporate deposits

2,040,372 8,833,792

Note 21: Employee benefits expenses

Particulars	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
Salaries and wages (Refer note no. 25)	59,803,667	41,680,436
Contributions to -		
(i) Provident fund & other funds (Refer note no. 24 (a))	1,502,579	796,316
(ii) National Insurance (United Kingdom) (Refer note no. 24 (a))	2,417,808	2,411,197
(iii) Gratuity (Refer note no. 24 (b))	115,379	399,701
(iv) National Pension Scheme (Refer note no. 24 (a))	209,532	-
Staff welfare expenses (Refer note no. 25)	3,809,366	2,404,196
Total	67,858,331	47,691,846

Note 22: Finance cost

Particulars	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
Interest expense		
Inter Corporate Deposit (Refer note no 26)	74,740	-
Others (includes interest on delayed payment of tax)	2,804	-
Total	77,544	-



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ISSL MARKET SERVICES LIMITED

Notes forming part of the financial statements

Note 23: Other Expenses

Particulars	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
Electricity	1,329,485	1,211,986
Travelling and conveyance (Refer note no. 25)	912,782	1,434,941
Printing and stationery (Refer note no. 25)	96,795	142,816
Rent (Refer note no. 25 & 29)	4,706,443	6,000,514
Repairs and maintenance - Others	2,086,353	1,479,354
Rates and taxes (Refer note no. 25)	2,989,054	114,640
Communication expenses (Refer note no. 25)	1,026,751	954,070
Insurance	1,597,284	617,605
Legal and professional charges (Refer note no. 25)	8,060,496	6,380,103
Software Access Charges (Refer note no. 25)	6,423,121	3,177,795
Auditors remuneration (Refer footnote)	683,875	550,000
Outsource Service Charges	1,576,844	-
Deputation cost	-	87,902
Business Promotion expenses	-	194,463
Subscription Charges (Refer note no. 25)	521,331	387,013
Stipend	19,032	270,000
Loss on sale / retirement of Fixed Assets (net)	-	44,477
Directors sitting fees	340,450	150,000
Net loss on foreign currency transactions and translation	-	323,706
License Fees	389,135	77,434
Miscellaneous expenses (Refer note no. 25)	189,777	217,794
Total	32,949,008	23,816,613

Footnote:

Auditors remuneration (net of Service tax)	For the Year ended March 31, 2016 (₹)	For the Year ended March 31, 2015 (₹)
as auditor (including Swachh Bharat cess of ₹ 1,375; for the year ended March 31, 2015 ₹ Nil)	683,875	550,000
Total	683,875	550,000

Service tax of ₹ 75,580 (Previous year ₹ 30,900) has been accounted and Input credit taken under Service Tax Rules.



for

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

The Company offers its employees defined contribution plan in the form of Provident Fund, Labour Welfare Fund, National Pension Scheme and National Insurance (United Kingdom) contribution. Provident fund covers substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory arrangements. Both the employees and the Company pay predetermined contributions into the Provident Fund, Labour Welfare Fund National Pension Scheme and National Insurance (United Kingdom) contribution.

A sum of ₹ 4,129,919 (for the year ended March 31, 2015 ₹ 3,207,513) 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. Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees.

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

Amount in ₹		
I. Assumption	As at March 31,2016	As at March 31, 2015
Mortality	Indian Assured lives Mortality (2006 – 2008) Ultimate	
Discount Rate	7.38%	7.95%
Rate of increase in compensation	6.00%	6.50%
Rate of return on plan assets	7.38%	NA
Attrition rate	29.00%	5.00%



for

ISSL Market Services Limited

Notes forming part of the financial statements

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

II. Table Showing Change in Benefit Obligation	Amount in ₹	
	Funded	Unfunded
	As at March 31, 2016	As at March 31, 2015
Liability at the beginning of the year	463,441	63,740
Interest Cost	36,844	5,947
Current service cost	723,026	204,440
Actuarial (Gains)/Losses on Obligations	(634,795)	189,314
Liability at the end of the year	588,516	463,441

III. Table showing changes in Fair Value of Assets	Amount in ₹	
	Funded	Unfunded
	As at March 31, 2016	As at March 31, 2015
Fair Value of Assets at the beginning of the year	-	-
Contributions by Employer	1,120,840	-
Actuarial gain/(loss) on plan assets	9,696	-
Fair Value of Assets at the end of the year	1,130,536	-

IV. Details of Plan Assets	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Debentures	414,505	-
Equity	184,968	-
Government Securities	414,811	-
Deposits, Money market Securities & Other Assets	116,252	-
Total	1,130,536	-



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ISSSL Market Services Limited

Notes forming part of the financial statements

V. Amount Recognised in the Balance Sheet	Amount in ₹	
	Funded	Unfunded
	As at March 31, 2016	As at March 31, 2015
Liability at the end of the year as per actuarial valuation	588,516	463,441
Fair value of plan assets at the end of the year	1,130,536	NA
Amount recognised in the Balance Sheet (Asset)/ Liability	(542,020)	463,441

VI. Expenses Recognised in the Income Statement	Amount in ₹	
	Funded	Unfunded
	For the year ended March 31, 2016	For the year ended March 31, 2015
Current service cost	723,026	204,440
Interest Cost	36,844	5,947
Actuarial (Gains)/Losses	(644,491)	189,314
Expenses recognised in Statement of Profit and Loss	115,379	399,701

VII. Experience Adjustment	Amount in ₹		
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Present Value of the Obligation	588,516	463,441	63,740
Fair Value of Plan Assets	1,130,536	NA	NA
Surplus or (Deficit)	542,020	(463,441)	(63,740)
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Experience adjustment on Liability – loss	125,499	109,428	NA
Experience adjustment on Asset – gain	9,696	NA	NA

VIII. Contributions	As at March 31, 2016	As at March 31, 2015
Expected contribution for the annual period beginning after the balance sheet date	Nil	NA



ISSL Market Services Limited

Notes forming part of the financial statements

25. Transactions in foreign currencies (in rupee equivalent):

a) Expenditure in foreign currencies:

Amount in ₹

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries	19,752,904	19,681,584
Staff welfare	208,305	2,411,197
Contribution to NIC (United Kingdom)	2,417,808	476,228
Legal & Professional Fees	256,299	1,574,179
Software Access Charges	6,423,121	3,177,795
Communication Expenses	83,466	255,757
Travelling and Conveyance	290,500	649,416
Rent	452,843	1,904,011
Printing and Stationery	7,348	47,358
Depreciation on Office Equipment	3,462	4,269
Subscription Charges	30,613	33,178
Rates and taxes	Nil	182,327
Miscellaneous expenses	37,836	94,981

b) Income in foreign currencies :

Amount in ₹

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Data Analytics and Process Outsourcing Service	10,511,406	1,913,460



ISSL Market Services Limited

Notes forming part of the financial statements

The year-end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below

Particulars	As at March 31, 2016	As at March 31, 2015
Amount Receivable in foreign currency for Deposits placed		
In ₹	-	139,134
In GBP	-	1,500
Balances with the banks in Current accounts		
In ₹	1,402,571	5,924,364
In GBP	14,750	63,870
In ₹	523,144	-
In USD	7,887	-
Advances given		
In ₹	-	353,446
In GBP	-	3,810
Trade Receivables		
In ₹	1,257,267	1,166,999
In USD	19,000	18,667
In ₹	237,484	Nil
In AED	13,200	Nil
Unbilled Revenue		
In ₹	1,568,825	583,499
In USD	23,708	9,333
In ₹	59,371	Nil
In AED	3,300	Nil
Amount Payable in foreign currency for Expenses		
In ₹	2,698,070	862,634
In GBP	28,374	9,300
In ₹	2,811,553	1,421,989
In USD	41,784	22,875



ISSL Market Services Limited

Notes forming part of the financial statements

26. 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")

(C) Key Management Personnel (KMP) :	
Sr No.	Name of Person
1.	Mr. Arun K. Saha, Chairman
2.	Mr. S. Rengarajan, Director
3.	Mr. Ramgopal Kundurthi, Manager as per Companies Act, 2013
4.	Ms. Shikha Bagai, Chief Financial Officer
5.	Mr. Pranav Koranne , Company Secretary (upto February 12,2016)

(D) Relative of Director :	
Name of Person	
Ms. Swapna Bhargava	

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

Amount in ₹					
Particulars	IL&FS	ISSL	IFIN	CPG	Total
<u>TRANSACTIONS</u>					
Interest Income (footnote 2)	-	-	2,040,372	-	2,040,372
	-	-	8,833,792	-	8,833,792



ISSL Market Services Limited

Notes forming part of the financial statements

Particulars	IL&FS	ISSL	IFIN	CPG	Total
Interest Expenses	-	74,740	-	-	74,740
	-	-	-	-	-
Professional Fees	-	-	-	15,000	15,000
	-	-	-	-	-
Operating Expenses	157,482	1,347,818	-	-	15,05,300
	748,997	432,070	-	-	1,181,067
Deputation Expenses	-	-	-	-	-
	-	87,902	-	-	87,902
Inter Corporate Deposit placed	-	-	23,650,000	-	23,650,000
	-	-	50,675,000	-	50,675,000
Inter Corporate Deposit withdrawn	-	-	74,025,000	-	74,025,000
	-	-	103,900,000	-	103,900,000
Inter Corporate Deposit received	-	10,000,000	-	-	10,000,000
	-	-	-	-	-
ASSETS BALANCES					
Inter Corporate Deposits placed (footnote 3)	-	-	1,900,000	-	1,900,000
	-	-	52,275,000	-	52,275,000
Interest Receivable (Current and non-current)	-	-	4,715	-	4,715
	-	-	1,130,631	-	1,130,631
LIABILITIES BALANCES					
Trade payables	-	-	-	17,775	17,775
	-	-	-	-	-



Particulars	IL&FS	ISSL	IFIN	CPG	Total
Inter Corporate Deposits Received	-	10,000,000	-	-	10,000,000
	-	-	-	-	-
Other Current Liabilities	-	67,266	-	-	67,266
	-	79,331	-	-	79,331
Sundry Creditors for goods and services	-	84,747	-	-	84,747
	183,098	-	-	-	183,098

Particulars	KMP			Relative of Director	Total
	Mr. Arun K. Saha	Mr. S. Rengarajan	Mr Pranav Koranne		
TRANSACTIONS					
Directors Sitting Fees	40,000	40,000	-	-	80,000
	40,000	40,000	-	-	80,000
Remuneration to KMP	-	-	271,734	-	271,734
	-	-	-	-	-
Professional fees	-	-	-	825,000	825,000
	-	-	-	825,000	825,000

Footnotes:

1. ₹ Nil remuneration paid to Mr. Ramgopal Kundurthi and Ms. Shikha Bagai during the year ended March 31, 2016 (*₹ Nil for the year ended March 31, 2015*)
2. During the year, the Company has placed Inter Corporate Deposits with IL&FS Financial Services Limited (IFIN) of ₹ 23,650,000 for a period ranging from 4 days to 365 days and at the interest rate ranging from 7.75% to 9.15%
3. The Outstanding balance at the year-end is towards Inter Corporate Deposits placed with IL&FS Financial Services Limited ("IFIN") for a period of 365 days and at the interest rate of 9.15%. The Inter Corporate Deposits placed are utilized by IFIN for its working capital requirements
4. Previous year's figures are stated in italics



27. Segment Reporting :

The Company operates in a single business segment viz., "Financial Market Services" and based on the location of its customers operates in geographic segments of India, United States of America, United Kingdom and United Arab Emirates. The Company has determined business segment as its primary segment. Segment information has been tabulated below:

Amount in ₹		
Segment revenue	For the year ended March 31, 2016	For the year ended March 31, 2015
India	49,671,544	12,394,371
United States of America	8,936,258	1,741,090
United Kingdom	59,259	134,630
United Arab Emirates	1,809,013	-
Unallocated	240,843	-
Total revenue	60,716,557	14,270,091

Amount in ₹		
Carrying amount of segment assets	As at March 31, 2016	As at March 31, 2015
India	33,925,549	63,230,821
United States of America	2,416,461	1,835,232
United Kingdom	1,939,274	6,465,846
United Arab Emirates	601,031	-
Unallocated	6,757,046	2,760,353
Total	45,639,361	74,292,252

Amount in ₹		
Cost incurred to acquire tangible and intangible fixed asset	As at March 31, 2016	As at March 31, 2015
India	303,969	2,092,581
United States of America	-	31,695
United Kingdom	-	-
United Arab Emirates	-	-
Total	303,969	2,124,276

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



28. 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 Loss After Tax by weighted average number of equity shares outstanding for the respective years as under :

Amount in ₹

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Net Loss after tax for the year attributable to equity shareholders (₹)	(41,141,762)	(57,736,423)
Number of Equity Shares	15,000,000	15,000,000
Weighted Average Number of Equity Shares	15,000,000	15,000,000
Nominal Value per share (₹)	10.00	10.00
Basic / Diluted Earnings per share (₹)	(2.74)	(3.85)

29. **Leasing Arrangements:**

Operating Leases: The Company has taken premises on lease at various locations. The minimum future lease payments during non-cancellable periods under the operating lease arrangements in the aggregate for each of the following years is as follows:

Amount in ₹

Particulars	As at March 31, 2016	As at March 31, 2015
Not later than one year	4,424,832	4,573,735
Later than one year and not later than 5 years	Nil	2,459,572
Later than 5 years	Nil	Nil

Lease Rentals: The lease rentals recognised in the Statement of Profit and Loss for the year on account of operating leases is ₹ 4,706,443 (for the year ended March 31, 2015 ₹ 6,000,514)



30. Commitments (to the extent not provided for)

Amount in ₹

Particulars	As at March 31, 2016	As at March 31, 2015
Estimated amount of contracts remaining to be executed on capital account not provided for before adjusting advances paid amounting to ₹ Nil as at March 31, 2016 (as at March 31, 2015 ₹ Nil)	Nil	137,944

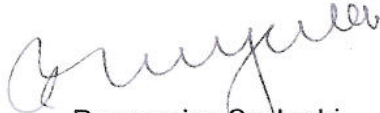
31. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

32. The Company has no pending litigations as on the reporting date.

33. 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


Arun Kumar Saha
Director
(DIN: 00002377)


Rengarajan Seshadri
Director
(DIN: 01144547)


Ramgopal Kundurthi
Manager


Monil Kothari
Company Secretary


Shikha Bagai
Chief Financial Officer

Mumbai
May 11, 2016

