

46th Annual Report 2021

BofA Securities India Limited
(Formerly known as DSP Merrill Lynch Limited)

Ground Floor, A Wing, One BKC, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051, India www.ml-india.com
CIN: U74140MH1975PLC018618

BofA SECURITIES 

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BofA Securities India Limited
(Formerly DSP Merrill Lynch Limited)

Board of Directors

Mr. Asit Bhatia
Mr. Arbind Maheswari
Ms. Charulata Sippy
Ms. Mitali Ghosh
Mr. Rajnarayan Balakrishnan
Mr. Sudhir Jain
Mr. Sundararaman Ramamurthy

Chairman and Whole-time Director
Whole-time Director
Independent Director
Independent Director
Whole-time Director
Non-executive Director
Non-executive Director

Chief Financial Officer

Mr. Naresh Shah

Compliance Officer

Mr. Shervin Purohit

Company Secretary

Mr. Samrat Sanyal

Auditors

B S R & Co. LLP

Bankers

Bank of America, N.A.
Citibank, N.A.
HDFC Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
ICICI Bank Limited
JP Morgan Chase Bank, N.A.
Standard Chartered Bank

Registered Office

Ground Floor, A Wing, One BKC, G Block,
Bandra Kurla Complex, Bandra (East), Mumbai 400 051
CIN U74140MH1975PLC018618, **Tel** +91 22 66328000, **Fax** +91 22 66328580
E-mail dg.secretarial@bofa.com, **Website** www.ml-india.com

Registrar and Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083.
Tel +91 22 49186270, **Fax** +91 22 49186060
E-mail rnt.helpdesk@linkintime.co.in, **Website** www.linkintime.co.in

BofA Securities India Limited (Formerly known as DSP Merrill Lynch Limited)
Directors' Report to the Members

Your Directors have pleasure in presenting the 46th Annual Report, together with the Audited Financial Statements of the Company, for the financial year ended March 31, 2021 (FY2020-2021).

State of the Company's Affairs
Financial Highlights:

The Financial Results of the Company for FY2020-2021 are summarized as under:

| Particulars | For the Year ended FY2020-2021 (Rs. in million) | | For the Year ended FY2019-2020 (Rs. in million) | |
|---|---|--------|---|--------|
| | | | | |
| Gross Income | | 6,684 | | 6,903 |
| Profit before Depreciation and Tax | | 3,901 | | 4,040 |
| Depreciation and Amortization | | 375 | | 354 |
| Profit before Tax | | 3,526 | | 3,686 |
| Profit after Tax | | 2,693 | | 2,657 |
| Retained Earnings: | | | | |
| Balance at the beginning of the year | | 13,381 | | 10,735 |
| Profit for the year | 2,693 | | 2,657 | |
| Other Comprehensive Income for the year | 8 | | (11) | |
| Total Comprehensive Income for the year | | 2,701 | | 2,646 |
| Less: Appropriations | Nil | | Nil | |
| Balance at the end of the year | | 16,082 | | 13,381 |
| Earnings per share (in Rs.) | | 116 | | 115 |

Gross Income for the year was Rs. 6,684 million, down from Rs. 6,903 million in the previous year, primarily on account of lower interest income on investments. Expenses reduced to Rs. 3,158 million from Rs. 3,217 million in the previous year, primarily on account of decrease in fees and commission expenses and reduction in impairment allowance on financial instruments. The profit before tax decreased to Rs. 3,526 million from Rs. 3,686 million in the previous year. Profit after tax increased to Rs. 2,693 million from Rs. 2,657 million in the previous year.

Transfer to Reserves

The Board of Directors of your Company has decided not to transfer any amount to General Reserve from the profits of the Company for FY2020-2021.

Dividend

The Board of Directors has decided not to recommend any Dividend on the Equity Shares of the Company for FY2020-2021.

Material Changes and Commitments Affecting the Financial Position of the Company

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of FY2020-2021 and the date of this Report.

Share Capital

During the year under review, there has been no change in the Share Capital of the Company. At the end of FY2020-2021, the Authorized Share Capital stood at Rs. 10,937,500,000, divided into 283,750,000 Equity Shares of the face value of Rs. 10 each and 810,000,000 Cumulative Redeemable Preference Shares of the face value of Rs. 10 each.

At the end of FY2020-2021 the Issued, Subscribed and Paid-up Share Capital of the Company stood at Rs. 231,550,390, divided into 23,155,039 Equity Shares of the face value of Rs. 10 each, as on March 31, 2021.

Significant Developments During the Year and Change in Nature of Business

Company has changed its name from "DSP Merrill Lynch Limited" to "BofA Securities India Limited" with effect from October 23, 2020. A fresh certificate of incorporation has been issued by the Registrar of Companies, Ministry of Corporate Affairs to this effect. This was done to align the Company name with the Group's global branding 'BofA Securities'.

There were no significant changes in the nature of business of your Company during the year.

Corporate Update, Operations and Future Outlook

India announced one of the strictest national lockdowns due to Covid-19 pandemic, in end-March 2020, continuing well into June 2020 and gradual unlocking started thereafter. While manufacturing and construction activities re-started during the unlock phase, contact intensive services sector remained constrained. Low GDP growth naturally called for both fiscal and monetary support and the government of India announced a 'Self-Reliant India' (Atmanirbhar Bharat) package, with a fiscal outlay of 2% of GDP (Company estimate), to support agriculture, migrant workers, MSMEs, real estate, ease of credit etc. As a result, the fiscal deficit for the Centre is estimated at 9.5% of GDP for FY2020-2021 and we also see it at 7.5% of GDP in FY2021-2022 (Company estimates). The Reserve Bank of India's Monetary Policy Committee (MPC) also cut policy repo rate by 115bp, to support the economy, along with providing ample liquidity. On the external front, India is set to see a current account surplus of 1.2% of GDP in FY2020-2021, this should turn into a 0.9% deficit in FY2021-2022 (Company estimates).

General Outlook

With Covid-19 hitting the Indian economy hard, we have trimmed our FY2021-2022 real GDP and real GVA growth forecast by 120bp to 9.2% and 7.8% YoY respectively. We still see it improving from -7.3% YoY in FY2020-2021. We see the RBI Monetary Policy Committee on a dovish pause throughout FY2021-2022, amidst second Covid-19 wave.

Despite the economic challenges, your Company's core business remained strong as financial markets and deal activity remained strong during the period.

Capital Markets Business

Despite the entire FY2020-2021 being overshadowed by the pandemic, Indian corporates raised an all-time high amount of ~Rs. 1,889

billion through public equity markets. This was more than double of the ~Rs. 917 billion that was raised in FY2019-2020, according to PRIME Database. The previous highest amount raised in a financial year was ~Rs. 1,757 billion in FY2017-2018. Strong retail participation in IPOs, huge listing gains and highest-ever amount raised through QIPs and InvITs/REITs were the key highlights of the year. In terms of flows, FPI net flows were ~Rs. 2,279 billion (despite sizable outflow) and net FDI inflows also stayed strong at Rs. 3,087 billion amidst some key deals. Equity markets benefiting from flows, ended 75% up on March 31, 2021 on a YoY basis in Rupee terms.

Debt Capital Markets (G3) volumes were down by 23% to ~Rs. 1,441 billion in FY2020-2021, compared to ~Rs. 1,867 billion in FY2019-2020.

Investment Banking Business

M & A (announced) volumes was higher by 22% at Rs. 7,820 billion (vs. Rs.6,387 billion in the previous year). The M&A deals in FY2020-2021 were primarily in Technology, Telecom, Utility & Energy and Retail sector.

Key Deals during FY2020-2021

- 1) Advised Facebook on its ~Rs. 419 billion investment for 9.99% stake in Jio Platforms;
- 2) Advised Piramal on sale of Piramal Glass Private Limited to Blackstone Group for ~Rs. 74 billion;
- 3) Global Coordinator and Book Running Lead Manager for Brookfield India's ~Rs. 38 billion Real Estate Investment Trust Initial Public Offering;
- 4) Lead Manager for Reliance Industries ~Rs. 515 billion Rights Issue;
- 5) Book Running Lead Manager for ICICI Bank's ~Rs. 147 billion Qualified Institutional Placement;
- 6) Book Running Lead Manager for HDFC Limited's ~Rs. 140 billion Qualified Institutional Placement.

Note: Deal values converted from US\$ using exchange rate of Rs. 73.5

Business Outlook

We expect Equity Broking and Investment Banking revenues to remain strong, given the deal momentum. Disruption due to Covid-19 second or subsequent waves remains the key risk.

Efforts to Manage Impact of Covid -19 Pandemic

The Company operated largely on work from home (WFH) mode since March 2020. This enabled bulk of the Company's staff to WFH, despite infrastructural bottlenecks in India. This was a challenge which was well met by our teams on ground. Key highlights of the effort are listed below:

Business Support

- Work Area Recovery Center (WARC) split enabled in March 2020 before lockdown. Traders were enabled to WFH mode as a backup. This helped us to be ahead, when the national lockdown was announced on March 24, 2020.
- WFH mode was enabled to support 90% staff with large scale deployment of computer equipment.
- Business continuity was ensured through proper planning to minimise the impact of multiple cases of staff testing positive.

Employee Safety

- Transport facility were provided to staff coming into office, with safety protocols for drivers etc.
- Distribution of masks, thermal scanners at entry, sanitizers and safe distancing protocols are in place and are being strictly adhered to.

Safe Work Environment

- Minimal Staff was maintained in the office. This has been further proactively reduced since the second wave in March 2021 as mentioned above.
- Global Facility Standard layouts and safety protocol signage and instructions are adopted.
- Periodic sanitization routines including deep cleansing are continuously ensured.

Employee Support

- Complete tracking of impacted employees and full medical support on doctors, hospital, etc., was done on a best effort basis; many employees have specially acknowledged the support provided by the Company.
- Vaccination tie-ups for employees and their families, together with institutional tie-ups on Ambulance services, Oxygen concentrators etc. was also done.

Extract of Annual Return

An Extract of Annual Return in Form MGT-9, pursuant to section 92(3) and section 134(3)(a) of the Companies Act, 2013 and rule 12 of the Companies (Management and Administration) Rules, 2014 is attached as **ANNEXURE-I** and forms part of this Report. The extract of the Annual Return is available on the website of the Company on the following link <https://www.ml-india.com/announcements.html>.

Number of Meetings of the Board

During FY2020-2021 all the Board meetings were conducted through audio visual means, as per the circulars/rules issued by the Ministry of Corporate Affairs, from time to time.

The Board of Directors met five times during FY2020-2021 on the dates as stated below:

| Sr. No. | Date of Board Meetings |
|---------|------------------------|
| 1. | May 21, 2020 |
| 2. | July 24, 2020 |
| 3. | August 28, 2020 |
| 4. | December 11, 2020 |
| 5. | March 16, 2021 |

Board of Directors

The details of Directors as on the date of this Report are as follows:

| Sr. No. | Name of the Director | Designation | Director Identification Number (DIN) | Dates of Appointment |
|---------|----------------------|--------------------------------|--------------------------------------|--|
| 1. | Mr. Asit Bhatia | Chairman & Whole-time Director | 05112750 | November 25, 2011 – Appointed as Director; Appointed as Whole-time Director for the period June 16, 2021 to June 15, 2024; |

| | | | | |
|----|-----------------------------|---------------------------------|----------|---|
| 2. | Mr. Arbind Maheswari | Whole-time Director | 07415888 | 1 st Term: January 25, 2016 to January 24, 2019; 2 nd Term: January 25, 2019 to January 24, 2022; 3 rd Term: January 25, 2022 to January 24, 2025; |
| 3. | Ms. Charulata Sippy | Independent Director | 07508021 | 1 st Term: June 16, 2016 to June 15, 2017; 2 nd Term: June 16, 2017 to June 15, 2022; |
| 4. | Mr. Rajnarayan Balakrishnan | Whole-time Director | 06694243 | 1 st Term: May 28, 2015 to May 27, 2018; 2 nd Term: May 28, 2018 to May 27, 2021; 3 rd Term: May 28, 2021 to May 27, 2024; |
| 5. | Mr. Sundararaman Ramamurthy | Non-executive Director | 05297538 | March 20, 2015; |
| 6. | Mr. Sudhir Jain | Non-executive Director | 08765695 | July 24, 2020; |
| 7. | Ms. Mitali Ghosh | Additional Independent Director | 09184497 | 1 st Term: June 15, 2021 to June 14, 2026. |

Changes in Directors till the Date of the Report

Appointment(s) / Re-appointment(s)

Mr. Asit Bhatia (DIN: 05112750), Director of the Company, who retired by rotation in accordance with section 152(6) of the Companies Act, 2013 ('the Act'), at the Annual General Meeting of the Company held on September 30, 2020, was duly re-appointed at the said meeting.

Mr. Rajnarayan Balakrishnan (DIN: 06694243), Whole-time Director, Key Managerial Personnel of the Company, who retired by rotation in accordance with section 152(6) of the Act, at the Annual General Meeting of the Company held on September 30, 2020, was duly re-appointed at the said meeting.

In accordance with the provisions of sections 2(51), 196, 197 and 203 of the Act and other applicable provisions of the Act, Mr. Rajnarayan Balakrishnan (DIN: 06694243), was re-appointed as the Whole-time Director, Key Managerial Personnel of the Company, liable to retire by rotation. Mr. Rajnarayan Balakrishnan was appointed as Whole-time Director, Key Managerial Personnel of the Company by the Board of Directors, at its Meeting held on May 28, 2021, for a period of 3 years, with effect from May 28, 2021 till May 27, 2024, subject to approval of Members at the forthcoming Annual General Meeting of the Company.

In accordance with the provisions of sections 2(51), 196, 197 and 203 and other applicable provisions of the Act, approval of the Board of Directors was accorded for change in designation of Mr. Asit Bhatia (DIN: 05112750), from Non - executive Director to Whole-time Director, liable to retire by rotation. Mr. Asit Bhatia was appointed as Whole-time Director, Key Managerial Personnel of the Company by the Board of Directors, at its Meeting held on June 15, 2021, for a period of 3 years, with effect from June 16, 2021 till June 15, 2024, subject to approval of Members at the forthcoming Annual General Meeting of the Company.

In accordance with the provisions of section 149, 152 and other applicable provisions of the Act Ms. Mitali Ghosh (DIN: 09184497) has been appointed as the Additional Independent Director of the Company. Board of Directors, at its Meeting held on June 15, 2021, appointed her for a period of 5 years, with effect from June 15, 2021 till June 14, 2026, subject to the approval of the Members at the forthcoming Annual General Meeting of the Company.

In accordance with the provisions of sections 2(51), 196, 197 and 203 of the Act and other applicable provisions of the Act, Mr. Arbind Maheswari (DIN: 07415888), was re-appointed as the Whole-time Director, Key Managerial Personnel of the Company, liable to retire by rotation. Mr. Arbind Maheswari was appointed as Whole-time Director, Key Managerial Personnel of the Company by the Board of Directors, at its Meeting held on August 26, 2021, for a period of 3 years, with effect from January 25, 2022 till January 24, 2025, subject to approval of Members at the forthcoming Annual General Meeting of the Company.

Cessation/Resignation

Pursuant to the provisions of section 149 and other applicable provisions of the Act, the term of Ms. Ameer Parikh, as Independent Director of the Company, ended on March 19, 2021. Therefore Ms. Ameer Parikh ceased to be Director of the Company with effect from March 19, 2021. The Directors placed on record their sincere appreciation of the valuable contribution and services rendered by Ms. Ameer Parikh during her tenure as an Independent Director of the Company.

No Directors have resigned from the Board of the Company, since April 1, 2020, till the date of this report.

Changes in Key Managerial Personnel's Till the Date of the Report

Appointment(s)/Re-appointment(s)

By virtue of the re-appointment as stated above, Mr. Rajnarayan Balakrishnan was re- appointed as the Key Managerial Personnel of the Company, with effect from May 28, 2021.

By virtue of the appointment as Whole-time Director as stated above, Mr. Asit Bhatia was appointed as the Key Managerial Personnel of the Company, with effect from June 16, 2021.

By virtue of the re-appointment as stated above, Mr. Arbind Maheswari was re- appointed as the Key Managerial Personnel of the Company, with effect from January 25, 2022.

The other Key Managerial Personnel, namely Mr. Samrat Sanyal, Company Secretary and Mr. Naresh Shah, Chief Financial Officer remain in their respective positions.

Resignation

No Key Managerial Personnel of the Company have resigned since April 1, 2020, till the date of this report.

Declaration Given by Independent Directors and Statement on Compliance of Code of Conduct

The Company has received declaration from both its Independent Directors, Ms. Charulata Sippy (DIN: 07508021) and Ms. Mitali Ghosh (DIN: 09184497), confirming that they meet the criteria of independence, as prescribed under section 149(6) of the Companies Act, 2013.

Further, the Independent Directors have complied with the Code for Independent Directors, prescribed in Schedule IV to the Companies Act, 2013.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013 ('the Act'), your Directors confirm that -

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended March 31, 2021 and of the profit of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Directors had laid down internal financial controls with reference to the financial statements to be followed by the Company and such internal financial controls are adequate and were operating effectively;
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Board Performance

In accordance with the provisions of the Companies Act, 2013, the performance of the Board of Directors and of its Committees and individual Directors were evaluated taking into consideration various performance related aspects.

Ms. Ameet Parikh (DIN: 00445583) (term expired as Independent Director with effect from March 19, 2021) and Ms. Charulata Sippy (DIN: 07508021), Independent Directors of the Company, reviewed the matters pertaining to performance evaluation of the Board, Committees and Directors, as prescribed under schedule IV of the said Act, at a separate meeting of Independent Directors convened on March 16, 2021.

The Independent Directors had the following observations

The Board, the Audit Committee, the Corporate Social Responsibility Committee and the Nomination and Remuneration Committee of the Company are operating in an effective and efficient manner. Critical business issues are deliberated at meetings and complete financial information are reported in a timely manner. The Board members have appropriate and diverse range of Indian and international experience and possess appropriate regulatory knowledge and are conversant with the evolving regulatory landscape. Board and the Committees are balanced and productive and maintain high standards of corporate governance with appropriate oversight of risk. There is a smooth and timely flow of information between the Board, Committees and the Company management.

All the information and the meeting material required by the Committees and the Board were shared well in time considering the Covid scenario.

Overall satisfaction was consented towards the performance of the Board and the Company Secretary by both the Independent Directors of the Company.

The Independent Directors expressed their satisfaction in respect of the following aspects of governance:

- a) Performance of non-independent directors and the Board as a whole;
- b) Performance of the Chairman of the Company, taking into account the views of the executive and Non-executive Directors;
- c) The quality, quantity and timeliness of flow of information between the Company's management and the Board.

In accordance with the provisions of the Companies Act, 2013, the performance of the Board of Directors and of its Committees and individual Directors were evaluated taking into consideration various performance related aspects.

The Board reviewed performance of every (i) Director (ii) Committees and (iii) Board as a whole and formed the following opinion:

- The information provided to Directors prior to Board meetings meets desired expectations in terms of the flow of information, adequacy and compliance with the applicable laws;
- The Board of Directors of the Company were effective in decision making;
- The Company's systems of control were effective for identifying material risks and reporting material violations of policies and law;
- The Board of Directors are effective in providing necessary advice and suggestions to the Company's management;
- The Board Chairman effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board;
- The Board Committees devote adequate time in discharging their duties;
- The Directors encouraged open communication, meaningful participation and timely resolution of issues, at various meetings;
- The Directors have knowledge of the sector in which the Company operates.

The Board of Directors carried out the evaluation process at its meeting dated March 16, 2021 and expressed their satisfaction with the same.

Policy on Directors' Appointment and Remuneration

The Company's Policy on Directors' Appointment and Remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters, as prescribed under section 178(3) of the Companies Act, 2013, has been annexed as **ANNEXURE-II** and forms part of this Report.

Committees of the Board

During FY2020-2021 all the Committee meetings were conducted through audio visual means as per the circulars/rules issued by the Ministry of Corporate Affairs from time to time.

Pursuant to the provisions of section 149 of the Companies Act, 2013, the term of Ms. Ameer Parikh, as Independent Director of the Company, ended on March 19, 2021. Therefore, Ms. Ameer Parikh ceased to be member of Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee, with effect from March 19, 2021.

(i) Audit Committee:

The composition of the Audit Committee, as on the date of the Report, is as under:

- 1) Ms. Charulata Sippy (DIN: 07508021)
- 2) Ms. Mitali Ghosh (DIN: 09184497)*
- 3) Mr. Sundararaman Ramamurthy (DIN: 05297538)

The Audit Committee met four times, during the year under review, on May 21, 2020, July 24, 2020, December 11, 2020 and March 16, 2021.

Ms. Ameer Parikh was a member of the Committee till March 19, 2021.

*Ms. Mitali Ghosh was appointed as a member of the Committee on June 15, 2021.

(ii) Nomination and Remuneration Committee:

The composition of the Nomination and Remuneration Committee, as on the date of the Report, is as under:

- 1) Ms. Charulata Sippy (DIN: 07508021)
- 2) Ms. Mitali Ghosh (DIN: 09184497)*
- 3) Mr. Sundararaman Ramamurthy (DIN: 05297538)

The Nomination and Remuneration Committee met three times, during the year under review, on May 21, 2020, July 24, 2020 and March 16, 2021.

Ms. Ameer Parikh was a member of the Committee till March 19, 2021.

Mr. Sudhir Jain was a member of the Committee from May 10, 2021 to June 15, 2021.

*Ms. Mitali Ghosh was appointed as a member of the Committee from June 15, 2021.

(iii) Corporate Social Responsibility Committee:

The composition of the Corporate Social Responsibility Committee, as on the date of the Report, is as under:

- 1) Mr. Asit Bhatia (DIN: 05112750)
- 2) Ms. Charulata Sippy (DIN: 07508021)*
- 3) Mr. Sundararaman Ramamurthy (DIN: 05297538)

The Corporate Social Responsibility Committee met three times, during the year under review, on May 21, 2020, July 24, 2020 and March 16, 2021.

Ms. Ameer Parikh was a member of the Committee till March 19, 2021.

*Ms. Charulata Sippy was appointed as a member of the Committee from May 10, 2021.

(iv) Technology Committee:

The composition of the Technology Committee, as on the date of the Report, is as under:

- 1) Mr. Arbind Maheswari (DIN: 07415888)
- 2) Mr. Praveen Galav
- 3) Ms. Prittam Desai
- 4) Mr. Sarfraz Ahmed*
- 5) Mr. Satish Pandey
- 6) Mr. Sethu Thangavelu

The Technology Committee met twice during the year under review, on June 19, 2020 and December 9, 2020.

Ms. Pooja Maheshwari was a member of the Committee till October 19, 2020.

* Mr. Sarfraz Ahmed was appointed as a member of the Committee from March 16, 2021.

Auditors

Statutory Auditors :

In accordance with section 139 of the Companies Act, 2013, M/s. B S R & Co. LLP, Chartered Accountants, (ICAI Firm Registration No. 101248W/W-100022), were appointed by the shareholders of the Company at the Annual General Meeting held on September 27, 2019, as Statutory Auditors, for a period of 5 years, to hold office until the conclusion of the 49th Annual General Meeting of the Company in year 2024.

The Auditors' Report, for the year under review, issued by M/s. B S R & Co. LLP, Chartered Accountants, does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Auditors:

Your Directors have appointed M/s. Surendra Kanstiya Associates, Company Secretaries, as the Secretarial Auditor of the Company, in accordance with section 204 of the Companies Act, 2013 ('the Act') and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms of the provisions of section 204(1) of the Act, the Secretarial Audit Report for FY2020-2021, in the prescribed Form MR – 3, is annexed as **ANNEXURE-III** and forms part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Reporting of Frauds by the Auditors

During the year under review, the Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee, under section 143(12) of the Companies Act, 2013, that warrants mention in this Report.

Risk Management Policy

The extract of the Risk Management Policy, adopted by the Company, including identification of elements of risk pursuant to section 134(3)(n) of the Companies Act, 2013, is attached as **ANNEXURE-IV** and forms part of this Report.

Corporate Social Responsibility

The extract of the Corporate Social Responsibility Policy implemented by the Company and the initiatives taken during the year under review, pursuant to section 134(3)(o) of the Companies Act, 2013 and rule of the Companies (Corporate Social Responsibility) Rules, 2014 as amended is attached as **ANNEXURE-V** and forms part of this Report.

Changes in Company's Subsidiary, Joint Venture or Associate Company

There are no companies which have become or ceased to be the Company's subsidiary, joint venture or associate company during the year under review.

Statement Containing Salient Features of the Financial Statement of Subsidiaries, Joint Ventures and Associate Companies

Since the Company does not have any subsidiary company, joint ventures and associate companies, accordingly Form AOC-1 shall not be applicable to the Company, for the year under review.

Particulars of Loans, Guarantees or Investments

The Company has not given loans, provided guarantees or made investments under section 186 of the Companies Act, 2013, during the year under review.

Particulars of Contracts or Arrangements with Related Parties

All contracts, arrangements and transactions entered by the Company with the related parties, during FY2020-2021, were in the ordinary course of business and on arm's length basis. During the year under review, the Company had not entered into any contract or arrangement with related parties, referred to in section 188(1) of the Companies Act, 2013 ('the Act'), which could be considered material. Accordingly, the disclosure of related party transactions to be provided under section 134(3) (h) of the Act, in Form AOC-2 is not applicable to the Company. Contracts or arrangement or transactions are considered as 'material' if they exceed the limit requiring Shareholder's approval, as specified in section 188 of the Act and rules made thereunder.

Deposits

The Company has not accepted any deposits during FY2020-2021, from the public within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

Material and Significant Orders Passed by Regulators or Courts or Tribunals

During the period under review, there were no material and significant orders passed by any Regulators or Courts or Tribunals against the Company impacting its status as going concern and its future operations.

Internal Financial Controls with Reference to Financial Reporting

The Company has an adequate internal financial controls system with reference to financial reporting in all material respects that is commensurate with the size and nature of its business and such internal financial controls over financial reporting are operating effectively.

Conservation of Energy and Technology Absorption

Disclosures pertaining to conservation of energy and technology absorption are not applicable to your Company, during the year under review.

Foreign Exchange Earnings and Outgo

Foreign Exchange earnings of the Company during FY 2020-2021 were Rs. 922million (previous year Rs. 401million) while outgoings were Rs. 243million (previous year Rs. 334million).

Details of Issue of Sweat Equity Shares

During the period under review, no Sweat Equity Shares were issued by the Company.

Compliance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Internal Committee and has also formulated the Policy on Prevention and Redressal of Sexual Harassment of Women at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

There are nil complaints filed during FY2020-2021 under the aforesaid Act.

Acknowledgement

The Board places on record its appreciation for the whole hearted and sincere co-operation received by the Company during the year from the employees, clients, bankers, shareholders, regulators and various government authorities at all levels.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
BofA SECURITIES INDIA LIMITED**

**Sd/-
ASIT BHATIA
CHAIRMAN & WHOLE-TIME DIRECTOR
(DIN 05112750)**

**Sd/-
RAJNARAYAN BALAKRISHNAN
WHOLE-TIME DIRECTOR
(DIN 06694243)**

Date: August 26, 2021

Place: Mumbai

ANNEXURES TO THE DIRECTORS' REPORT
ANNEXURE-I
Form No. MGT-9
Extract of Annual Return
As on the financial year ended on March 31, 2021

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

| | | |
|-------|--|--|
| (i) | CIN | U74140MH1975PLC018618 |
| (ii) | Registration Date | October 23, 1975 |
| (iii) | Name of the Company | BofA Securities India Limited (Formerly known as DSP Merrill Lynch Limited) |
| (iv) | Category / Sub-Category of the Company | Company Limited by Shares Indian Non-Government Company |
| (v) | Address of the registered office and contact details | Ground floor, A Wing, One BKC, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India. Contact details: +91 22 66328000 Email : dg.secretarial@bofa.com Website : www.ml-india.com |
| (vi) | Whether listed Company | No |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400083 Tel No : +91 22 49186270 Fax: +91 22 49186060 Email : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in |

II. Principal business activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company :

| Sr. No. | Name and Description of main Products / Services | NIC Code of the Product/ Service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| 1) | Securities Broking | 66120 | 60.26% |
| 2) | Investment Banking Services | 66190 | 39.74% |

III. Particulars of holding, subsidiary and associate companies

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable section |
|---------|---|---------|--------------------------------|------------------|--------------------|
| 1) | GHS Singapore Holding Pte. Ltd. 2 Harbourfront Place, 02-01 Bank of America Merrill Lynch, Harbourfront, Singapore 098499 | - | Holding Company | 99.95% | section 2(46) |

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

| Category of shareholders | Number of shares held at the beginning of the year -April 1, 2020 | | | | Number of shares held at the end of the year - March 31, 2021 | | | | % change during the year |
|---|---|----------|-------------------|-------------------|---|----------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A. Promoters | | | | | | | | | |
| 1. Indian | | | | | | | | | |
| a. Individual/HUF | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b. Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c. State Govt.(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d. Bodies Corp. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e. Banks/FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f. Any other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub – total (A) (1) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| 2. Foreign | | | | | | | | | |
| a. NRIs-Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b. Other - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c. Bodies Corp. | 23,143,897 | 0 | 23,143,897 | 99.95 | 23,143,897 | 0 | 23,143,897 | 99.95 | 0.00 |
| d. Banks/FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e. Any other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub – total (A) (2) | 23,143,897 | 0 | 23,143,897 | 99.95 | 23,143,897 | 0 | 23,143,897 | 99.95 | 0.00 |
| Total Shareholding of Promoter A = (A) (1) + (A) (2) | 23,143,897 | 0 | 23,143,897 | 99.95 | 23,143,897 | 0 | 23,143,897 | 99.95 | 0.00 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a. Mutual Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b. Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c. Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d. State Govt.(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e. Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f. Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g. FIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |

| | | | | | | | | | |
|---|-------------------|--------------|-------------------|-------------|-------------------|--------------|-------------------|-------------|-------------|
| h. Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i. Others (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub – total B(1) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| 2. Non – Institutions | | | | | | | | | |
| a. Bodies Corp | | | | | | | | | |
| i. Indian | 1,742 | 2 | 1,744 | 0.01 | 1,742 | 2 | 1,744 | 0.01 | 0.00 |
| ii. Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b. Individual | | | | | | | | | |
| i. Individual shareholders holding nominal share capital upto Rs. 1 Lakh | 5,444 | 3,542 | 8,986 | 0.04 | 5,445 | 3,541 | 8,986 | 0.04 | 0.00 |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c. Others | | | | | | | | | |
| i. Hindu Undivided Family | 207 | 0 | 207 | 0.00 | 207 | 0 | 207 | 0.00 | 0.00 |
| ii. Non-Resident Indians (Non Repatriation) | 5 | 0 | 5 | 0.00 | 5 | 0 | 5 | 0.00 | 0.00 |
| iii. Non-Resident Indian (Repatriation) | 200 | 0 | 200 | 0.00 | 200 | 0 | 200 | 0.00 | 0.00 |
| Sub – total (B)(2) | 7,598 | 3,544 | 11,142 | 0.05 | 7,599 | 3,543 | 11,142 | 0.05 | 0.00 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 7,598 | 3,544 | 11,142 | 0.05 | 7,599 | 3,543 | 11,142 | 0.05 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total (A+B+C) | 23,151,495 | 3,544 | 23,155,039 | 100 | 23,151,496 | 3,543 | 23,155,039 | 100 | 0.00 |

(ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year- April 1, 2020 | | | Shareholding at the end of the year - March 31, 2021 | | | % change in shareholding & during the year |
|---------|---------------------------------|--|----------------------------------|---|--|----------------------------------|---|--|
| | | No. of shares | % of total shares of the Company | % of shares pledged/ encumbered to total shares | No. of shares | % of total shares of the Company | % of shares pledged/ encumbered to total shares | |
| 1. | GHS Singapore Holding Pte. Ltd. | 23,143,897 | 99.95 | 0.00 | 23,143,897 | 99.95 | 0.00 | 0.00 |
| | Total | 23,143,897 | 99.95 | 0.00 | 23,143,897 | 99.95 | 0.00 | 0.00 |

(iii) Change in Promoters' Shareholding

| Sr. No. | Particulars | Shareholding at the beginning of the year - April 1, 2020 | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | GHS Singapore Holding Pte. Ltd. | | | | |
| | At the beginning of the year - April 1, 2020 | 23,143,897 | 99.95 | 23,143,897 | 99.95 |
| | Date wise increase / decrease in Promoter's shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc) | There was no change in promoter's shareholding during the year ended March 31, 2021 | | | |
| | At the end of the year - March 31, 2021 | - | - | 23,143,897 | 99.95 |

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sr. No. | Particulars (For Each of the Top 10 Shareholders) | Shareholding at the beginning of the year - April 1, 2020 | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Bhupendra Dalal | | | | |
| | At the beginning of the year | 2,400 | 0.01 | – | – |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer/ bonus/sweat equity etc.) | – | – | – | – |
| | At the end of the year (or on the date of separation, if separated during the year) | – | – | 2,400 | 0.01 |
| 2. | J M Financial and Investment Consultancy Services Private Limited | | | | |
| | At the beginning of the year | 1,000 | 0.00 | – | – |
| | Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | – | – | – | – |
| | At the end of the year (or on the date of separation, if separated during the year) | – | – | 1,000 | 0.00 |
| 3. | Ajay Agarwal | | | | |
| | At the beginning of the year | 1,000 | 0.00 | – | – |
| | Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | – | – | – | – |
| | At the end of the year (or on the date of separation, if separated during the year) | – | – | 1,000 | 0.00 |
| 4. | Bharati D. Thakkar | | | | |
| | At the beginning of the year | 400 | 0.00 | – | – |
| | Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | – | – | – | – |
| | At the end of the year (or on the date of separation, if separated during the year) | – | – | 400 | 0.00 |
| 5. | Vijay Bhawe | | | | |
| | At the beginning of the year | 400 | 0.00 | – | – |
| | Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | – | – | – | – |
| | At the end of the year (or on the date of separation, if separated during the year) | – | – | 400 | 0.00 |

| | | | | | |
|-----|--|-----|------|-----|------|
| 6. | S. N. Rajan | | | | |
| | At the beginning of the year | 353 | 0.00 | - | - |
| | Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | - | - | - | - |
| | At the end of the year (or on the date of separation, if separated during the year) | - | - | 353 | 0.00 |
| 7. | Vijaya Jaysinh Ved | | | | |
| | At the beginning of the year | 250 | 0.00 | - | - |
| | Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | - | - | - | - |
| | At the end of the year (or on the date of separation, if separated during the year) | - | - | 250 | 0.00 |
| 8. | Brijesh Jaysinh Ved | | | | |
| | At the beginning of the year | 250 | 0.00 | - | - |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | - | - | - | - |
| | At the end of the year (or on the date of separation, if separated during the year) | - | - | 250 | 0.00 |
| 9. | Shridhar P. Iyer | | | | |
| | At the beginning of the year | 211 | 0.00 | - | - |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus / sweat equity etc.) | - | - | - | - |
| | At the end of the year (or on the date of separation, if separated during the year) | - | - | 211 | 0.00 |
| 10. | Piyush Dilipbhai Shah | | | | |
| | At the beginning of the year | 200 | 0.00 | - | - |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | - | - | - | - |
| | At the end of the year (or on the date of separation, if separated during the year) | - | - | 200 | 0.00 |

(v) Shareholding of Directors and Key Managerial Personnel

| Sr. | For Each of the Directors and KMPs | Shareholding at the beginning of the year - April 1, 2020 | | Cumulative shareholding during the year | |
|-----|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Naresh Shah | | | - | - |
| | At the beginning of the year – April 1, 2020 | 1 | 0.00 | - | - |
| | Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease – (Transfer of shares as on August 21, 2020) | - | - | (1) | 0.00 |
| | At the end of the year – March 31, 2021 | - | - | - | - |

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

Rs. in million

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| (i) Principal amount | 7.69 | 0 | 0 | 7.69 |
| (ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| (iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 7.69 | 0 | 0 | 7.69 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 0 | 0 | 0 | 0 |
| • Reduction | 7.41 | 0 | 0 | 7.41 |
| Net Change | 7.41 | 0 | 0 | 7.41 |
| Indebtedness at the end of the financial year | | | | |
| (i) Principal Amount | 0.28 | 0 | 0 | 0.28 |
| (ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| (iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 0.28 | 0 | 0 | 0.28 |

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Amount in Rs.

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | Total Amount |
|---------|--|---|--|--------------|
| | | Mr. Rajnarayan Balakrishnan (Whole-time Director) April 1, 2020 to March 31, 2021 | Mr. Arbind Maheswari (Whole-time Director) April 1, 2020 to March 31, 2021 | |
| 1. | Gross salary | | | |
| | a. Salary as per provisions contained in section 17(1) of Income Tax Act, 1961 | 51,243,488 | 39,488,209 | 90,731,697 |
| | b. Value of perquisites under section 17(2) of Income Tax Act, 1961 | 27,454,997 | 13,327,043 | 40,782,040 |
| | c. Profits in lieu of salary under section 17(3) of Income Tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission - as % of profit - Others, specify | - - | - - | - - |
| 5. | Others, please specify (Includes Retirals - PF, Gratuity and Leave encashment Actuarial valuation) | 2,148,795 | 2,300,438 | 4,449,233 |
| | Total (A) | 80,847,280 | 55,115,690 | 135,962,970 |
| | Ceiling as per the Act | | | 366,204,180 |

B. Remuneration to other Directors

Amount in Rs.

| Sr. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|--|---|--|---|---|---------------------|
| | | | | | |
| 1. | Independent Directors | Ms. Ameer Parikh (April 1, 2020 to March 19, 2021) | Ms. Charulata Sippy (April 1, 2020 to March 31, 2021) | | |
| | a. Fee for attending Board / Committee meetings | 1,000,000 | 850,000 | | 1,850,000 |
| | b. Commission | - | - | | - |
| | c. Others, please specify | - | - | | - |
| | Total (1) | 1,000,000 | 850,000 | | 1,850,000 |
| 2. | Other Non-executive Directors | Mr. Asit Bhatia (April 1, 2020 to March 31, 2021) | Mr. Sundararaman Ramamurthy (April 1, 2020 to March 31, 2021) | Mr. Sudhir Jain (July 24, 2020 to March 31, 2021) | Total Amount |
| | a. Fee for attending Board/ Committee meetings | - | - | - | - |
| | b. Commission | - | - | - | - |
| | c. Others, please specify | - | - | - | - |
| | Total (2) | - | - | - | - |
| Total B = (1+2) | | | | | 1,850,000 |
| Total Managerial Remuneration (A+B) | | | | | 137,812,970 |
| Overall Ceiling as per the Act | | | | | 402,824,598 |

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

Amount in Rs.

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | Total |
|---------|--|---|---|------------|
| | | Mr. Samrat Sanyal (Company Secretary) April 1, 2020 to March 31, 2021 | Mr. Naresh Shah (Chief Financial Officer) April 1, 2020 to March 31, 2021 | |
| 1. | Gross Salary | 5,797,831 | 6,840,600 | 12,638,431 |
| | a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | | | |
| | b. Value of perquisites under section 17(2) of the Income Tax Act, 1961 | - | - | - |
| | c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | | | |
| | a. as % of profit b. Others, specify | - | - | - |
| 5. | Others, please specify (Includes Retirals - PF, Gratuity and Leave encashment Actuarial valuation) | 1,132,962 | 898,410 | 2,031,372 |
| | Total | 6,930,793 | 7,739,010 | 14,669,803 |

VII. Penalties / Punishment/ Compounding of Offences : Nil

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ Court] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. DIRECTORS | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
BofA SECURITIES INDIA LIMITED**

Sd/-
ASIT BHATIA
CHAIRMAN & WHOLE-TIME DIRECTOR
(DIN 05112750)

Sd/-
RAJNARAYAN BALAKRISHNAN
WHOLE-TIME DIRECTOR
(DIN 06694243)

Date : August 26, 2021
Place : Mumbai

ANNEXURE-II**BofA Securities India Limited's (the "Company") Policy on Director's Appointment by Nomination and Remuneration Committee****1. Background**

The Nomination and Remuneration Committee ("the Committee") is a committee of the Board of Directors ("the Board") of the Company to exercise oversight with respect to the Company's compliance with requirements set forth under section 178 of the Companies Act, 2013 ("the Act"). The Committee reports to the Board as required.

The Committee is authorized to investigate any activity or matter within this Policy and the Charter or as authorized by the Board.

The Committee has full and unrestricted access to information as it may be reasonably required and able to obtain independent professional advice deemed necessary.

2. Scope of Duties

The Committee is responsible for exercising oversight with respect to the Company's compliance with the applicable provisions of the Act which include:

A. Nomination

- Identification of persons who are qualified to become Directors and recommending to the Board their appointment
- Formulating the criteria for determining the qualifications, positive attributes and independence of the Directors
- Discussing the proposals for new incumbent(s) who are nominated to be Director to the Board of Directors of the Company
- Reviewing the qualification and credentials of every person nominated to the Board
- Assessing the suitability of the person so nominated to be on the Board of Directors
- Discussing and recommending to the Board that the nominated person is fit and proper person to act as Director to the Company
- Specifying the manner for effective evaluation of performance of Board, the committees constituted by the Company as per the requirements of the Companies Act, 2013 and individual Directors
- Reviewing the implementation and compliance of the manner specified for effective evaluation
- Recommending to the Board of Directors of the Company the removal of Directors
- Identification of persons who may be appointed as the Key Managerial Personnel of the Company, as defined under section 2(51) of the Companies Act, 2013 and who may be appointed in the Senior Management and recommending to the Board their appointment
- Recommending to the Board the removal of Senior Management.

B. Remuneration

- Recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees
- As required by the Act, while formulating the policy, the Committee shall ensure that:
 - o The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
 - o The relationship of remuneration to performance is clear and meets appropriate performance benchmarks
 - o The remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- The review of compensation decisions for Research Analysts shall be as required by the Securities and Exchange Board of India (Research Analysts) Regulations

3. Director Remuneration

- The Company's Independent Director remuneration philosophy is designed to appropriately remunerate its non-management Directors for the time and effort required to serve. Independent Directors receive remuneration for their participation in the Board or Committees of the Board, which is based on a market analysis in order to provide competitive annual payments reflective of market practices.
- All internal Directors are remunerated based on their scope of responsibility, experience, market pressures and accountability as employees of the Company. Internal Directors do not receive additional remuneration for their membership or participation in the Board or Committees of the Board.

Criteria for Independent Directors as per Section 149(6) of the Companies Act, 2013 Read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014

An Independent Director in relation to a company, means a Director other than a Managing Director or a Whole-time Director or a Nominee Director:

- a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise, experience, appropriate skills and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business;
- b)
 - (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or Directors in the company, its holding, subsidiary or associate company;
- c) who has or had no pecuniary relationship, other than remuneration as such Director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- d) none of whose relatives—
 - i. is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:
Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
 - ii. is indebted to the company, its holding, subsidiary or associate company or their promoters, or Directors, for an amount of fifty lakh rupees, at any time during the two immediately preceding financial years or during the current financial year;
 - iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or Directors of such holding company, for an amount of fifty lakh rupees, at any time during the two immediately preceding financial years or during the current financial year; or
 - iv. has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i)(ii) or (iii);
- e) who, neither himself nor any of his relatives –
 - i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.
 - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

- any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
- iii. holds together with his relatives two per cent or more of the total voting power of the company; or
- iv. is a Chief Executive or Director, by whatever name called, of any nonprofit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, Directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company.

Expectations of the Board Regarding Directors' Qualifications:

The Board seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for business acumen and integrity.

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

Independent Directors are Expected to Demonstrate the Following Personal and Professional Characteristics:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising their duties;
- exercise their responsibilities in a bona fide manner in the interest of the company;
- devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- not allow any extraneous considerations that will vitiate their exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- refrain from any action that would lead to loss of their independence;
- where circumstances arise which make an Independent Director lose their independence, the Independent Director must immediately inform the Board accordingly;
- assist the company in implementing the best corporate governance practices.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
BofA SECURITIES INDIA LIMITED**

Sd/-
ASIT BHATIA
CHAIRMAN & WHOLE-TIME DIRECTOR
(DIN 05112750)

Sd/-
RAJNARAYAN BALAKRISHNAN
WHOLE-TIME DIRECTOR
(DIN 06694243)

Date : August 26, 2021
Place : Mumbai

ANNEXURE – III**Form No. MR-3
For the Financial Year ended 31st March, 2021****Secretarial Audit Report**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
BofA Securities India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BofA Securities India Limited [CIN U74140MH1975PLC018618] (hereinafter called the Company). The name of the Company has been changed from DSP Merrill Lynch Limited to BofA Securities India Limited vide 'Certificate of Incorporation pursuant to change of name' dated 23rd October, 2020, issued by the Registrar of Companies, Maharashtra, Mumbai. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns file and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter:

- 1) We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021, according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment.
 - (v) Following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
 - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- 2) Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the year under report:
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (iii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (iv) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (v) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - (vi) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (vii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

- 3) The Company is registered with the Securities and Exchange Board of India as a Stock Broker, Merchant Banker, Underwriter, and Research Analyst and has complied with the applicable Regulations /Guidelines issued by the Securities and Exchange Board of India and Stock Exchange.

We have also examined compliance with the applicable clauses of the following:

Secretarial Standard 1 and 2 issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. The CSR grant amount, which has been fully disbursed by the Company within the financial year, yet considered unspent, has been disclosed in the CSR Report, with reasons thereof. We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All majority decisions are carried through and there have not been any instances where any member has offered dissenting views on any business.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Surendra Kanstiya Associates
Company Secretaries
UIN S1990MH007900

Date: 26.08.2021
UDIN: F002777C000840130

Surendra U. Kanstiya
FCS 2777. CP 1744

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,
The Members,
BofA Securities India Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Surendra Kanstiya Associates
Company Secretaries
UIN S1990MH007900

Date: 26.08.2021
UDIN: F002777C000840130

Surendra U. Kanstiya
FCS 2777. CP 1744

ANNEXURE – IV**Relevant Extract of Risk Management Policy**

BofASI is an operating company engaged in activities as Stock Broker, Merchant Banker and Research Analyst. It is an indirect subsidiary of Bank of America Corporation.

BofASI Risk Management:

BofASI's Risk Policy operates alongside BAC's global framework and encompasses the seven risk types described as below. It is noted that due to limited scope of business activities (primarily being fee based business), some of the below mentioned risks are currently not applicable to BofASI:

- Credit risk is defined as the the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations. No lending activity is carried out under BofASI. Issuer risk arises out of investments. Risk process in place to manage Mutual Fund investments with daily monitoring of limits. Debt & Equity Capital market underwriting activity is approved through regional committees including local risk manager representation.
- Market risk is the risk that changes in market conditions and may adversely impact the value of assets or liabilities, or otherwise negatively impact earnings. Market risk is inherent in the operations and arises from investments (No trading activity currently undertaken). Organization uses Value at Risk ("VAR") modeling to evaluate the risks in its trading activities. The calculated VaR represents the worst loss the portfolio is expected to experience with a given level of confidence. It reflects the volatility of the positions in the portfolio and how strongly the risks are correlated. All limit excesses are communicated to senior management for review.
- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational Risk Events: inadequate or failed internal processes, people, systems and external events may result in unexpected or undesired consequences including a financial loss, an unexpected gain, a near miss and/or an opportunity cost (lost future revenue). The events associated with these unintended and/or undesired consequences are termed as operational risk events.
- Strategic risk is the risk resulting from incorrect assumptions about external or internal factors; inappropriate business plans; ineffective business strategy execution; or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environments in the geographic locations in which we operate. BofASI manages strategic risk through assessing earnings and risk profile throughout the year. These are periodically discussed in appropriate governance committee.
- Liquidity risk is the inability to meet expected or unexpected cash flow and collateral needs while continuing to support the businesses and customers under a range of economic conditions. Sources of liquidity risk include unavailability of funding at the price or amount anticipated or credit rating downgrades
- Reputational risk is the risk that negative perceptions of the Company's conduct or business practices may adversely impact its profitability or operations through an inability to establish or maintain existing, customer/client relationships or otherwise impact relationships with key stakeholders, such as investors, regulators, employees and the community. Reputational risk is mitigated by good governance controls.
- Compliance risk Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the Company arising from the failure of the Company to comply with the requirements of applicable laws, rules, regulations and related self-regulatory organizations' standards and codes of conduct (collectively, "applicable laws, rules and regulations"). The Company is committed to complying with applicable laws, rules and regulations governing the processes and activities of our front line units and control functions.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
BofA SECURITIES INDIA LIMITED**

**Sd/-
ASIT BHATIA
CHAIRMAN & WHOLE-TIME DIRECTOR
(DIN 05112750)**

**Sd/-
RAJNARAYAN BALAKRISHNAN
WHOLE-TIME DIRECTOR
(DIN 06694243)**

Date : August 26, 2021
Place : Mumbai

ANNEXURE – V**Corporate Social Responsibility (CSR)
ANNUAL REPORT ON CSR ACTIVITIES**

[Pursuant to clause (o) of sub-section 3 of section 134 of the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014 as amended]

1. Brief outline on CSR Policy of the Company.

Being a responsible business is integral to our success and that of the customers, shareholders and communities we serve around the world. Corporate Social Responsibility (CSR) is embedded in our values and informs how we conduct business, develop products and services and deliver on our goals and commitments. As a responsible Company we follow responsible business practices in the communities in which we operate. We rigorously review our business practices and policies and are continuing to simplify information for customers, maintain a strong risk culture and manage our businesses to be accountable to shareholders and stakeholders.

Our CSR approach, aligned to our global strategy, will continue to focus on building strong economies, helping communities thrive, with a specific focus women and children (especially adolescent girls) and disadvantaged communities.

This year, the Company's grants have focused on improving quality of education and teaching methodology. They also support the recruitment, training, up-skilling and reskilling of instructors, teachers and school leaders with an aim to improve learning outcomes for children. Especially during the pandemic, our grants have enabled NGOs pivot to blended learning model – virtual + physical – to ensure that a large number of children are able to access education. They have also enabled organizations to provide support tools to parents as children continue learning from home.

Objective

The CSR Policy sets out the framework that would guide all CSR initiatives and activities undertaken by the Company. The policy would also ensure compliance with section 135 of the Companies Act, 2013 read with the relevant Rules made there under. It will be further guided by APAC and Global CSR guidelines.

Any project or program that is exclusively for the benefit of the Company's employees would not be considered as CSR. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company. The scope and ownership of this policy will be within India CSR and governed by APAC CSR and Global CSR.

Scope & Focus Areas

The scope and focus areas of the Company's CSR Policy shall be in alignment with activities enumerated in Schedule VII of the Companies Act, 2013 (Act) and include:

- 1) Eradicating hunger, poverty and malnutrition, ensuring food security, promoting health care including preventive health care and medicines and sanitation and making available safe drinking water;
- 2) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- 3) promoting gender equality, empowering women and differently enabled individuals, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- 4) ensuring environmental sustainability, addressing climate change, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- 5) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- 6) measures for the benefit of armed forces veteran, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- 7) training to promote rural sports nationally recognized sports, Paralympic sports and Olympic sports;
- 8) contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

- 9) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
 (b) Contributions to public funded Universities like Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
- 10) rural development projects;
- 11) slum area development (the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force);
- 12) disaster management, including relief, rehabilitation and reconstruction activities.

The scope and focus of the Policy shall be modified from time to time and will reflect any modifications made in Schedule VII of Companies Act 2013 ('the Act').

2. Composition of CSR Committee:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|-----------------------------|---|--|--|
| 1 | Mr. Sundararaman Ramamurthy | Non-executive Director, Chairman of CSR Committee | 3 | 3 |
| 2 | Mr. Asit Bhatia | Whole-time Director, member of CSR Committee | 3 | 3 |
| 3 | Ms. Ameer Parikh* | Independent Director, member of CSR Committee | 3 | 3 |
| 4 | Ms. Charulata Sippy | Independent Director, member of CSR Committee | Not applicable, since she was appointed as a member of the Committee on May 10, 2021 | Not applicable, since she was appointed as a member of the Committee on May 10, 2021 |

*Ms. Ameer Parikh ceased to be a member of the CSR Committee with effect from March 19, 2021.

3. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company.
<https://www.ml-india.com/announcements.html>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).
 Not Applicable as per the threshold as provided in Rule 8 sub-rule (3) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| Sl. No. | Financial year | Amount available for set-off from preceding financial years (in Rs.) | Amount required to be set-off for the financial year, if any (in Rs.) |
|---------|----------------|--|---|
| NIL | | | |

6. Average net profit of the Company as per section 135(5): Rs.3059.21 million
7. (a) Two percent of average net profit of the Company as per section 135(5): Rs.61.19 million
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
 (c) Amount required to be set off for the financial year, if any: Nil
 (d) Total CSR obligation for the financial year (7a+7b-7c): Rs.61.19 million
8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the financial year (in Rs. million) | Amount Unspent (in Rs.million) | | | | |
|--|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 1.00* | Nil [#] | - | - | Nil | - |

*The CSR grant of Rs. 60.19 million was fully disbursed by the Company to the implementing agencies during the financial year 2020-2021. The grant amount could not be utilized by the implementing agencies within March 31, 2021, as the amount was disbursed towards the end of the financial year, as per the Company's usual CSR grant cycle consistent with past years. In view of the recent general circular no. 14/2021, issued by the Ministry of Corporate Affairs on August 25, 2021, the Company has considered the entire CSR amount, disbursed to the implementing agencies, for the financial year 2020-2021, as unspent.

#In accordance with the clarification received from Ministry of Corporate Affairs by way of the aforesaid circular dated August 25, 2021, the Company will transfer the unspent amount to the Unspent Corporate Social Responsibility Account, as required under section 135(6) of the Companies Act, 2013.

(b) Details of CSR amount spent against ongoing projects for the financial year: (in Rs. million)

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---------|---|---|---------------------|-------------------------|----------|------------------|---|--|--|--|--|-------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project | | Project duration | Amount allocated for the project (in Rs.) | Amount spent in the current financial Year (in Rs.)* | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration number |
| 1. | Support for implementation of Teacher Innovator Program for low-income and government schools | Promoting Education | Yes | Maharashtra | | 2 years | 7.56 | Nil | - | No | Centre For Equity And Quality In Universal Education | CSR0000 6320 |
| 2. | Grant support for two government/ municipal schools | Promoting Education | Yes | Maharashtra | | 2 years | 37.63 | Nil | - | No | The Akanksha Foundation | CSR0000 1286 |

| | | | | | | | | | | | |
|----|---|---------------------|-----|-------------|---------|-------|-----|---|----|-----------------------|--------------|
| 3. | Support for Teach for India Fellows teaching in government-run and low-income private schools | Promoting Education | Yes | Maharashtra | 2 years | 15.00 | Nil | - | No | Teach to Lead (India) | CSR0000 2271 |
| | Total | | | | | 60.19 | Nil | | | | |

*The CSR grant of Rs. 60.19 million was fully disbursed by the Company to the implementing agencies during the financial year 2020-2021. The grant amount could not be utilized by the implementing agencies within March 31, 2021, as the amount was disbursed towards the end of the financial year, as per the Company's usual CSR grant cycle consistent with past years. In view of the recent general circular no. 14/2021, issued by the Ministry of Corporate Affairs on August 25, 2021, the Company has considered the entire CSR amount, disbursed to the implementing agencies, for the financial year 2020-2021, as unspent.

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---------|---------------------|---|---------------------|-------------------------|----------|---------------------------------------|--|--|-------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project | | Amount spent for the project (in Rs.) | Mode of implementation - Direct (Yes/No) | Mode of implementation - Through implementing agency | |
| | | | | State | District | | | Name | CSR registration number |
| Nil | | | | | | | | | |

(d) Amount spent in Administrative Overheads: Rs. 1.00 million

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the financial year (8b+8c+8d+8e): Rs. 1.00 million (The CSR grant of Rs. 60.19 million was fully disbursed by the Company to the implementing agencies during the financial year 2020-2021. The grant amount could not be utilized by the implementing agencies within March 31, 2021, as the amount was disbursed towards the end of the financial year, as per the Company's usual CSR grant cycle consistent with past years. In view of the recent general circular no. 14/2021, issued by the Ministry of Corporate Affairs on August 25, 2021, the Company has considered the entire CSR amount, disbursed to the implementing agencies, for the financial year 2020-2021, as unspent.)

(g) Excess amount for set off, if any:

| Sl. No. | Particular | Amount (in Rs. million) |
|---------|---|-------------------------|
| (i) | Two percent of average net profit of the Company as per section 135(5) | 61.19 |
| (ii) | Total amount spent for the financial year | *1.00 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | - |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | - |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | - |

*The CSR grant of Rs. 60.19 million was fully disbursed by the Company to the implementing agencies during the financial year 2020-2021. The grant amount could not be utilized by the implementing agencies within March 31, 2021, as the amount was disbursed towards the end of the financial year, as per the Company's usual CSR grant cycle consistent with past years. In view of the recent general circular no. 14/2021, issued by the Ministry of Corporate Affairs on August 25, 2021, the Company has considered the entire CSR amount, disbursed to the implementing agencies, for the financial year 2020-2021, as unspent.

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| Sl. No. | Preceding financial year | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the reporting financial year (in Rs.) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | | Amount remaining to be spent in succeeding financial years (in Rs.) |
|---------|--------------------------|--|---|---|-----------------|------------------|---|
| | | | | Name of the Fund | Amount (in Rs.) | Date of transfer | |
| Nil | | | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---------|------------|---------------------|---|------------------|---|--|---|--|
| Sl. No. | Project ID | Name of the Project | Financial year in which the project was commenced | Project duration | Total amount allocated for the project (in Rs.) | Amount spent on the project in the reporting financial year (in Rs.) | Cumulative amount spent at the end of reporting financial year (in Rs.) | Status of the project - Completed /Ongoing |
| Nil | | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

- Date of creation or acquisition of the capital asset(s): Not Applicable
- Amount of CSR spent for creation or acquisition of capital asset: Nil
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): The CSR grant of Rs. 60.19 million was fully disbursed by the Company to the implementing agencies during the financial year 2020-2021. The grant amount could not be utilized by the implementing agencies within March 31, 2021, as the amount was disbursed towards the end of the financial year, as per the Company's usual CSR grant cycle consistent with past years. In view of the recent general circular no. 14/2021, issued by the Ministry of Corporate Affairs on August 25, 2021, the Company has considered the entire CSR amount, disbursed to the implementing agencies, for the financial year 2020-2021, as unspent.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
BofA SECURITIES INDIA LIMITED**

**Sd/-
ASIT BHATIA
CHAIRMAN & WHOLE-TIME DIRECTOR
(DIN 05112750)**

**Sd/-
SUNDARARAMAN RAMAMURTHY
DIRECTOR & CHAIRMAN OF CSR COMMITTEE
(DIN 05297538)**

Date : August 26, 2021

Place : Mumbai

INDEPENDENT AUDITORS' REPORT**To The Members of BofA Securities India Limited (formerly DSP Merrill Lynch Limited)****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of BofA Securities India Limited (formerly DSP Merrill Lynch Limited) ("the Company"), which comprise the balance sheet as at 31 March 2021, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis for opinion

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

Information other than the financial statements and Auditor's report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance

but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of accounts;
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act; and
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

Report on Other Legal and Regulatory Requirements (Continued)

- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 31 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;
 - iii. There were no amount required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

- C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its Directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sd/-
Milind Ranade
Partner
Membership Number: 100564
UDIN: 21100564AAAAGK9681

Place : Mumbai
Date : August 26, 2021

Annexure A to the Independent Auditor's Report – 31 March 2021

(Referred to in Paragraph 1 under “Report on other legal and regulatory requirements” 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 Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to size of the Company and the nature of its assets. Pursuant to the programme, a portion of fixed assets was physically verified by Management during the year and no material discrepancies have been noticed on such verification.
- (c) The Company does not have any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable.
- ii. The Company does not hold securities as at 31 March 2021. The securities for trade held in dematerialized form are verified with the statement of holding received by management from the custodian at regular intervals. No material discrepancies were noticed on such verification.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.
- iv. According to the information and explanation given to us, the Company has not granted any loans, made any investments, provided any guarantees and security in terms of sec 185 and sec 186 of the Act during the year under audit. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- v. The Company has not accepted any deposits from the public as per the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under apply. Thus, paragraph 3(v) of the Order is not applicable.
- vi. The Central Government has not prescribed the maintenance of cost records under sub- section (1) of Section 148 of the Act, for any of the services rendered by the Company. Thus, paragraph 3(vi) of the Order is not applicable.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, amounts deducted/ accrued in the books of accounts in respect of undisputed statutory dues including income tax, goods and service tax, provident fund and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of customs, duty of excise, sales tax, and value added tax.

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

- (b) According to the information and explanations given to us, there are no due tax, goods and service tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute other mentioned below:

| Name of statute | Nature of dues | Amount demanded (INR in million) | Amount paid / adjusted (INR in million) | Period to which the amount relates | Forum where dispute is pending |
|------------------------|---------------------------------|---|--|---|---------------------------------------|
| Income Tax, 1961 | Income Tax (including interest) | 859 | 172 | Financial Year 2015-16 | Commissioner of Income Tax Appeals |

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company has not taken any loan or borrowing from any financial institution or Government. The Company did not have any outstanding debentures during the year.
- ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer and term loans. Thus, paragraph 3 (ix) of the Order is not applicable.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Thus, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the Section 177 and 188 of the Act, where applicable, and details have been disclosed in the financial statements as required by the applicable accounting standards under section 133 of the Act.
- xiv. According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Thus, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected with him. Thus, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India act, 1934. Thus, paragraph 3(xvi) of the Order is not applicable.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sd/-
Milind Ranade
Partner
Membership Number: 100564
UDIN: 21100564AAAAGK9681

Place : Mumbai
Date : August 26, 2021

Annexure B to the Independent Auditor's Report on the financial statements of BofA Securities India Limited (formerly DSP Merrill Lynch Limited) (the "Company") for the year ended 31 March 2021**Report on the internal financial controls with reference to the aforesaid financial statements under Section 143(3)(i) of the Companies Act, 2013**

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

Opinion

We have audited the internal financial controls with reference to financial statements of BofA Securities India Limited (formerly DSP Merrill Lynch Limited) (the "Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Sd/-
Milind Ranade
Partner
Membership Number: 100564
UDIN: 21100564AAAAGK9681

Place : Mumbai
Date : August 26, 2021

Balance Sheet as at March 31, 2021

| | Note | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|--|-------|--|--|
| I ASSETS | | | |
| Financial Assets | | | |
| Cash and cash equivalents | 5 | 25,667 | 22,632 |
| Bank balances other than cash and cash equivalents | 6 | 32,664 | 37,858 |
| Receivables | | | |
| (i) Trade receivables | 7 | 634 | 830 |
| (ii) Other receivables | 8 | 71 | 97 |
| Investments | 9 | - | 21 |
| Other financial assets | 10 | 430 | 2,550 |
| | | 59,466 | 63,988 |
| Non-Financial Assets | | | |
| Current tax assets (net) | 11 | 1,283 | 1,274 |
| Deferred tax assets (net) | 41(b) | 282 | 252 |
| Property, plant and equipment | 12 | 405 | 523 |
| Capital work in progress | | 2 | 7 |
| Intangible assets | 13 | 17 | 13 |
| Right of Use Assets | 35(a) | 1,205 | 1,253 |
| Other non-financial assets | 14 | 51 | 46 |
| | | 3,245 | 3,368 |
| Total Assets | | 62,711 | 67,356 |
| II LIABILITIES AND EQUITY | | | |
| Financial Liabilities | | | |
| Payables | | | |
| (i) Trade payables | 15 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 4 | 0 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 14,054 | 22,785 |
| (ii) Other payables | 16 | | |
| Total outstanding dues of micro enterprises and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 182 | 282 |
| Borrowings | 17 | 0 | 8 |
| Lease Liabilities | 35(b) | 1,227 | 1,198 |
| Other financial liabilities | 18 | 17,384 | 15,999 |
| | | 32,851 | 40,272 |
| Non-Financial Liabilities | | | |
| Provisions | 19 | 406 | 341 |
| Other non-financial liabilities | 20 | 310 | 271 |
| | | 716 | 612 |
| Equity | | | |
| Equity share capital | 21 | 232 | 232 |
| Other equity | 22 | 28,912 | 26,240 |
| | | 29,144 | 26,472 |
| Total Liabilities and Equity | | 62,711 | 67,356 |

The accompanying notes 1 to 45 form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date

For B S R & Co LLP
Firm Registration No.: 101248W/W-100022
Chartered Accountants

sd/-

Milind Ranade
Partner
Membership No.: 100564
Mumbai : August 26, 2021

For and on behalf of the Board of Directors

sd/-

Asit Bhatia
Chairman and Whole-time Director
(DIN: 05112750)

sd/-

Naresh Shah
Chief Financial Officer

Mumbai : August 26, 2021

sd/-

Rajnarayan Balakrishnan
Whole-time Director
(DIN: 06694243)

sd/-

Samrat Sanyal
Company Secretary
Membership No. A13863

Statement of Profit and Loss for the year ended March 31, 2021

| | Note | Year Ended March 31, 2021 Rs. million | Year Ended March 31, 2020 Rs. million |
|---|------|---|---|
| INCOME | | | |
| Revenue from operations: | | | |
| Fees and commission income | 23 | 5,267 | 4,711 |
| Other income | 24 | 1,417 | 2,192 |
| Total income | | 6,684 | 6,903 |
| EXPENSES | | | |
| Finance costs | 25 | 80 | 94 |
| Fees and commission expenses | 26 | 117 | 181 |
| Impairment on financial instruments | 27 | - | 34 |
| Employee benefits expenses | 28 | 1,692 | 1,663 |
| Depreciation, amortisation and impairment | 29 | 375 | 354 |
| Other expenses | 30 | 894 | 891 |
| Total expenses | | 3,158 | 3,217 |
| Profit before tax | | 3,526 | 3,686 |
| Tax expense: | | | |
| Current tax | | 872 | 980 |
| Provision for tax for earlier years (net) | | (6) | 14 |
| Deferred tax | | (33) | 35 |
| | 41 | 833 | 1,029 |
| Profit for the year | | 2,693 | 2,657 |
| Other Comprehensive Income (OCI) | | | |
| Items that will not be reclassified subsequently to Statement of Profit and Loss | | | |
| Remeasurement (loss)/gain on net defined benefit plans | | 11 | (14) |
| Income tax relating to above | 41 | (3) | 3 |
| Items that will be reclassified subsequently to Statement of Profit and Loss | | | |
| Debt securities carried at fair value through OCI (refer Note 42(c)) | | (16) | - |
| Income tax relating to above | | - | - |
| Other comprehensive income for the year | | (8) | (11) |
| Total comprehensive income for the year | | 2,685 | 2,646 |
| Earnings per equity share, in Rs. [face value of Rs. 10 each] | | | |
| Basic and Diluted | 38 | 116 | 115 |

The accompanying notes 1 to 45 form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date

For B S R & Co LLP
 Firm Registration No.: 101248W/W-100022
 Chartered Accountants

sd/-

Milind Ranade
 Partner
 Membership No.: 100564
 Mumbai : August 26, 2021

For and on behalf of the Board of Directors

sd/-

Asit Bhatia
 Chairman and Whole-time Director
 (DIN: 05112750)

sd/-

Naresh Shah
 Chief Financial Officer
 Mumbai : August 26, 2021

sd/-

Rajnarayan Balakrishnan
 Whole-time Director
 (DIN: 06694243)

sd/-

Samrat Sanyal
 Company Secretary
 Membership No. A13863

Statement of Changes in Equity for the year ended March 31, 2021

| Rs. million |
|-------------|
| 232 |
| - |
| 232 |
| - |
| 232 |

A. Equity share capital

Balance as at April 1, 2019
 Changes in equity share capital during the year
 Balance as at March 31, 2020
 Changes in equity share capital during the year
 Balance as at March 31, 2021

B. Other equity

Balance as at April 1, 2019
 Profit for the year
 Other comprehensive income for the year
 Total comprehensive income for the year
 Transactions with owners in the capacity of owners
 Share based payment (net of reimbursement, if any)
 Balance as at March 31, 2020
 Profit for the year
 Other comprehensive income for the year
 Total comprehensive income for the year
 Transactions with owners in the capacity of owners
 Share based payment (net of reimbursement, if any)
Balance as at March 31, 2021

| | Reserves and Surplus | | | | Other Reserve | | Total |
|--|----------------------------|--------------------|-----------------|-----------------------------|-------------------|-------------------------------|---------------|
| | Capital Redemption reserve | Securities premium | General reserve | Share based payment reserve | Retained earnings | Debt securities through FVOCI | |
| Balance as at April 1, 2019 | 8,100 | 44 | 4,511 | 169 | 10,735 | 16 | 23,575 |
| Profit for the year | - | - | - | - | 2,657 | - | 2,657 |
| Other comprehensive income for the year | - | - | - | - | (11) | - | (11) |
| Total comprehensive income for the year | - | - | - | - | 2,646 | - | 2,646 |
| Transactions with owners in the capacity of owners | - | - | - | - | - | - | - |
| Share based payment (net of reimbursement, if any) | - | - | - | 19 | - | - | 19 |
| Balance as at March 31, 2020 | 8,100 | 44 | 4,511 | 188 | 13,381 | 16 | 26,240 |
| Profit for the year | - | - | - | - | 2,693 | - | 2,693 |
| Other comprehensive income for the year | - | - | - | - | 8 | (16) | (8) |
| Total comprehensive income for the year | - | - | - | - | 2,701 | (16) | 2,685 |
| Transactions with owners in the capacity of owners | - | - | - | - | - | - | - |
| Share based payment (net of reimbursement, if any) | - | - | - | (13) | - | - | (13) |
| Balance as at March 31, 2021 | 8,100 | 44 | 4,511 | 175 | 16,082 | - | 28,912 |

The accompanying notes 1 to 45 form an integral part of the Financial Statements

This is the Statement of Changes in Equity referred to in our report of even date

For B S R & Co LLP
 Firm Registration No.: 101248W/W-100022
 Chartered Accountants

sd/-
Milind Ranade
 Partner
 Membership No.: 100564
 Mumbai : August 26, 2021

For and on behalf of the Board of Directors

sd/-

Asit Bhatia
 Chairman and Whole-time Director
 (DIN: 05112750)

sd/-
Rajnarayan Balakrishnan
 Whole-time Director
 (DIN: 06694243)

sd/-
Naresh Shah
 Chief Financial Officer

sd/-
Samrat Sanyal
 Company Secretary
 Membership No. A13863

Mumbai : August 26, 2021

Cash flow statement for the year ended March 31, 2021

| | Year Ended March 31, 2021 Rs. million | Year Ended March 31, 2020 Rs. million |
|---|---|---|
| Cash flow from operating activities: | | |
| Profit before tax | 3,526 | 3,686 |
| Adjusted for: | | |
| Depreciation, amortisation and impairment | 375 | 354 |
| Bad debts and advances written off | 1 | - |
| Gratuity | 35 | 27 |
| Compensated absences | 40 | 51 |
| Finance Costs | 80 | 94 |
| Net (gain) on fair value changes | (0) | (0) |
| Allowance for impairment | - | 34 |
| Loss on derecognition of property, plant and equipment | 0 | 0 |
| Gain on derecognition of investments in debt securities (Refer Note 43.(ii)(c)) | (192) | - |
| Share based payment | (13) | 19 |
| Operating profit before changes in operating assets and liabilities | 3,852 | 4,265 |
| Adjusted for : | | |
| Decrease/(Increase) in other bank balances | 5,194 | (21,038) |
| Decrease /(Increase) in trade receivables | 195 | (423) |
| Decrease in other receivables | 25 | 207 |
| Decrease/(Increase) in other financial assets | 2,116 | (2,105) |
| (Increase) in other non-financial assets | (6) | (12) |
| (Decrease)/Increase in trade payables | (8,727) | 22,300 |
| (Decrease)/Increase in other payables | (100) | 176 |
| Increase in other financial liabilities | 1,385 | 1,775 |
| Increase in other non-financial liabilities | 39 | 54 |
| Cash generated from operating activities | 3,973 | 5,199 |
| Direct taxes (paid), net | (872) | (1,078) |
| Net cash generated from operating activities | 3,101 | 4,121 |
| Cash flow from investing activities: | | |
| Purchase of property, plant and equipments including capital work in progress | (36) | (23) |
| Purchase of intangible assets | (9) | (8) |
| Sale / disposal of property, plant and equipment | 5 | 5 |
| Redemption of debt securities (refer Note 42(c)) | 200 | 0 |
| Net cash (used in)/generated from investing activities | 160 | (26) |
| Cash flow from financing activities: | | |
| Loans from bank, net of repayments | (7) | (14) |
| Repayment of Lease Liability | (139) | (139) |
| Interest expense on lease liabilities | (80) | (93) |
| Interest expense on borrowings | (0) | (1) |
| Net cash (used in) financing activities | (226) | (247) |
| Net increase in cash and cash equivalents | 3,035 | 3,848 |
| Cash and cash equivalents as at the beginning of the year | 22,632 | 18,784 |
| Cash and cash equivalents as at the end of the year | 25,667 | 22,632 |
| Net increase in cash and cash equivalents | 3,035 | 3,848 |
| Non cash financing activity: | | |
| Share based payment | (13) | 19 |

The accompanying notes 1 to 45 form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date

For B S R & Co LLP

Firm Registration No.: 101248W/W-100022
Chartered Accountants

sd/-

Milind Ranade

Partner
Membership No.: 100564
Mumbai : August 26, 2021

For and on behalf of the Board of Directors

sd/-

Asit Bhatia

Chairman and Whole-time Director
(DIN: 05112750)

sd/-

Naresh Shah

Chief Financial Officer

Mumbai : August 26, 2021

sd/-

Rajnarayan Balakrishnan

Whole-time Director
(DIN: 06694243)

sd/-

Samrat Sanyal

Company Secretary
Membership No. A13863

Notes to the Financial Statements

1. Company background:

BofA Securities India Limited ("the Company") (formerly known as DSP Merrill Lynch Limited) is a public limited company incorporated under the Companies Act, 1956 ("the Act") on October 23, 1975 and is domiciled in India with registered office located at Ground Floor, A wing, One BKC, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. The Company is registered with the Securities and Exchange Board of India ("SEBI") as a Stock Broker, Merchant Banker and Research Analyst. The Company is engaged in the business of stock broking, securities research, underwriting, investment banking including corporate and financial advisory services.

The Company changed its name from "DSP Merrill Lynch Limited" to "BofA Securities India Limited" which was approved by the Registrar of Companies vide their certificate of incorporation dated October 23, 2020.

The Company is ultimately controlled by Bank of America Corporation ("BAC").

The Board of Directors approved the financial statements for the year ended March 31, 2021 and authorised for issue on.

2. Significant accounting policies:

a. Basis of preparation of financial statements

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amounts:

- Certain financial assets and liabilities- measured at fair value;
- Defined benefit plan assets– measured at fair value; and
- Share-based payments - measured at fair value.

(iii) Order of liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Division III of Schedule III to the Companies Act, 2013 on October 11, 2018, the Company presents its balance sheet in the order of liquidity. This is since the Company does not provide services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in note 44.

b. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Indian Rupees (Rs.), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non-trading activities are taken to other income/expense in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

Notes to the Financial Statements

c. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Regular purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset.

In the case of a financial asset or financial liability not at Fair Value Through Profit and Loss (FVTPL), at initial recognition, the Company measures such financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in Statement of Profit and Loss.

Financial assets

(i) Classification and subsequent measurement of financial assets

The Company classifies its financial assets in the following measurement categories:

- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)
- Amortised cost

The classification requirements for debt and equity instruments are described below:

Debt securities

Debt securities are those instruments that meet the definition of a financial liability from the issuer's perspective such as loans, mutual fund units, and corporate bonds.

For investments in debt securities, measurement will depend on the classification of Debt Securities depending on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset

Business model assessment

The business model reflects how the Company manages the assets in order to generate cash flows. The business model determines whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable or when performance of portfolio of financial assets managed is evaluated on a fair value basis, then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Solely Payment of Principle and Interest ("SPPI") assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test').

Based on these factors, the Company classifies its debt securities into one of the following three measurement categories.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit and loss when the asset is derecognised or impaired.

Fair value through other comprehensive income: Debt securities that are held for collection of contractual cash flows and selling the financial assets, where the assets' cash flows represent solely payments of principle and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously

Notes to the Financial Statements

recognised in OCI is reclassified from equity to statement of profit and loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses under impairment on financial instruments.

Fair value through profit and loss: Assets that do not meet the criteria for amortised cost or FVOCI, are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit and loss and presented in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

Company has elected an irrevocable option to measure its investment in equity shares (other than trade Investments) at FVOCI as these are strategic investments made by the Company. All the gains/ (losses) on such FVOCI investments are recognised in the other comprehensive income and are not subsequently reclassified to profit and loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

(ii) Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its financial instrument measured at amortised cost and FVOCI. The impairment methodology depends upon whether there has been significant increase in credit risk of the investment. Also refer note 43 (ii) c)

(iii) Income recognition

Interest income

The Company calculates interest income by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

(iv) De-recognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss on disposal of that financial asset.

Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Notes to the Financial Statements

(ii) Classification and subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability.

(iii) De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

d. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

e. Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Ind AS 115, Revenue from contracts with customers, outlines a single comprehensive model of accounting for revenue arising from contracts with clients.

The standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. A five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

(i) Brokerage fees and trading revenue (principal transaction) - Point of time

Revenue from contracts with customers is recognised at a point in time when performance obligation is satisfied (when the trade is executed). Revenue from principal transactions are recognised at a point in time when the trade is executed.

(ii) Fees and commission income

Revenue from fees from investment banking activities including issue management, mergers and acquisitions and advisory services is recognised as per agreement with the customer.

Revenue excludes goods and services tax, wherever recovered.

f. Income Tax

The income tax expense or credit for the period is the tax payable on the taxable income of the current period based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

(i) Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Notes to the Financial Statements

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

g. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether a contract contains a lease, at inception of a contract.

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

Company as a lessee- Operating Lease

The company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the company uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification.

The company has elected not to apply the requirements of Ind AS 116 Leases to leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements

h. Cash and cash equivalents

Cash comprises of cash on hand and demand deposits with banks.

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less and which are subject to insignificant risk of change in value, to be cash equivalents.

i. Trade Receivables

Trade receivables are amounts due from clients for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost less loss allowance. For determining the impairment allowance, if any, please refer note 2 (c)(ii).

j. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items including import duties and other non-refundable taxes or levies (if any).

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying value of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred. Assets, which are not under active use and held for disposal, are stated at lower of net book value and net realizable value.

Transition to Ind AS:

On transition to Ind AS, the Company had elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2017 measured as per the previous GAAP and use that carrying value as deemed cost of the property, plant and equipment.

k. Intangible assets

The Company capitalizes intangible assets, where it is reasonably estimated that the intangible asset has an enduring useful life. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Transition to Ind AS:

On transition to Ind AS, the Company had elected to continue with the carrying value of all of its intangibles recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as deemed cost of the intangible asset.

l. Depreciation methods, estimated useful lives and residual value

- i. Except for items forming part of (ii) and (iii) below, depreciation on tangible assets is provided, pro-rata for the period of use, by straight line method (SLM), based on management's estimate of useful lives for the fixed assets as stated in the table below:

| Category | Useful Life |
|--|-------------|
| Computers and allied equipment | 5 years |
| Enterprise core network assets (larger complex core routers) | 10 years |
| Office equipment | 5 years |
| Furniture and fittings | 10 years |
| Vehicles | 5 years |

- ii. Assets costing less than the rupee equivalent of USD 2,500 are fully depreciated on purchase.
- iii. Leasehold improvements are depreciated over the lease period including the renewal periods, if any. Assets associated with premises taken on lease are depreciated on straight line basis over the lease period or the useful lives stated above, whichever is shorter.

Notes to the Financial Statements

- iv. The Company has arrived at the above estimates of useful lives based on an internal assessment and technical evaluation and believes that the useful lives stated above represent the best estimate of the period over which it expects to use the assets. With the exception of Furniture and fittings and Office equipment, the useful lives estimated by the Company as stated in the table above are different from the useful lives prescribed under “Part C” of “Schedule II” of the Act.
- v. Intangible assets are amortized over their useful lives as estimated by the management commencing from the date the asset is available for use as stated in the table below:

| Category | Useful life |
|----------|-------------|
| Software | 5 years |

m. Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

n. Employee benefits

Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render services) are measured at cost. Long-term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which the employees render services) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual independent third party actuarial valuations.

The Company has a defined contribution plan for post employment benefits in the form of Provident Fund. Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of the employees. The Company has no further obligation beyond making the contributions. Contributions to Provident Fund are made in accordance with the statute, and are recognised as an expense when employees have rendered services entitling them to the contributions.

The costs of providing benefits under defined benefit plans are determined using the Projected Unit Credit Method on the basis of a third party actuarial valuation at each balance sheet date. The compensated absences and gratuity benefit obligations recognised on the balance sheet represent the present value of the obligations as reduced by the fair value of plan assets, if any.

Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of Profit and Loss as past service cost. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are reclassified to retained earnings under other equity.

o. Share-based payments

Bank of America Corporation grants equity based payment awards to employees of the Company under various incentive schemes. For most awards, expense is generally recognised proportionately over the vesting period net of estimated forfeitures, unless the employee meets certain retirement eligibility criteria. For employees that become retirement eligible during the vesting period, the Company recognises expense from the grant date to the date on which the employee becomes retirement eligible, net of estimated forfeitures.

As this is a group share based payment arrangement, equity settled awards are treated by the Company as equity settled share based payment plans and are measured based on the fair value of those awards at grant date. The fair value determined at the grant date is expensed over the vesting period, based on the Company’s estimate of the number of shares that will eventually vest. The Company has entered into a chargeback agreement with BAC under which it is committed to pay BAC the fair market value of awards at the date on which the awards vests to its employees.

Notes to the Financial Statements

For cash based payments, the fair value of the amount payable to the employee is recognised as employee benefit expenses with corresponding increase in liability over the vesting period. The fair value is determined based on the Company's estimate of the number of shares that will eventually vest. At each reporting date, liability in respect of cash settled awards is remeasured based on the fair value of the awards on that date.

p. Trade and other payables

These amounts represent liabilities for services provided to the Company prior to the end of financial year, which are unpaid. They are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

q. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

r. Earnings per share (EPS)

Basic EPS is computed by dividing the net profit or loss for the year attributable to owners of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to owners of the Company by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

s. Rounding off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest "million" as per the requirement of Schedule III, unless otherwise stated. Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes in these financial statements.

t. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

u. 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 the obligation or a reliable estimate of the amount cannot be made.

3. Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates that, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

- (a) The areas involving critical accounting estimates or judgments are:
 - (i) Estimation of useful life of property plant and equipments and intangible assets
 - (ii) Estimation of defined benefit obligation
 - (iii) Estimation of expected credit loss (ECL)
 - (iv) Estimation for fair value of financial instruments
 - (v) Measurement of Lease Liability and Right-of-use Asset (Refer Note 35)
 - (vi) Disclosure of contingent liabilities

Notes to the Financial Statements

Estimates and judgements are evaluated continually. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

(b) COVID-19

In the first quarter of 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. In an attempt to contain the spread and impact of the COVID-19 pandemic, travel bans and restrictions, quarantines, stay-at-home orders and limitations on business activity have been implemented. Additionally, there has been a decline in economic activity, reduced economic output and a deterioration in macroeconomic conditions globally.

This has resulted in, among other things, volatility in global and Indian financial markets. Although vaccines have been approved for immunization against COVID-19 and restrictive measures have been eased in certain areas, the Company's counterparties and clients and local economy have been negatively impacted and are likely to be so for an extended period of time, as there remains significant uncertainty about the timing and strength of an economic recovery. The Company has taken actions to mitigate the impacts of COVID-19, which has included moving a majority of staff to a work from home posture, deep sanitization of offices, monitoring of body temperature, providing masks and arranging medical support for employees. The future direct and indirect impact of COVID-19 on the Company's businesses, results of operations and financial condition remain highly uncertain. Should the current economic conditions persist or deteriorate, this macroeconomic environment will have a continued adverse effect on the Company's businesses and results of operations.

4. Recent pronouncements

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. Key amendments relating to Division III which relate to a Non-Banking Financial Company (NBFC) whose financial statements are drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015 are:

(a) Balance Sheet:

- (i) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- (ii) Specified format for disclosure of shareholding of promoters.
- (iii) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible assets under development.
- (iv) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- (v) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, disclosure of ratios, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

(b) Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

Notes to Financial Statements (Contd...)
5. Cash and cash equivalents

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|--|--|
| Cash on hand | - | - |
| Bank balances : | | |
| In current accounts | 2,323 | 1,885 |
| Fixed deposits with banks with original maturity less than 3 months | 23,344 | 20,747 |
| Total | 25,667 | 22,632 |

6. Bank balances other than cash and cash equivalents

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|--|--|
| Balances with Banks | | |
| In current accounts (client segregated balances) | 15,162 | 23,866 |
| In earmarked accounts : | | |
| Balances in unclaimed dividend bank account | 0 | 0 |
| Fixed deposits with banks under lien as collateral with stock exchange / clearing corporation | 17,502 | 13,992 |
| Total | 32,664 | 37,858 |

7. Trade receivables

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|--|--|
| Receivable considered good - Secured | - | - |
| Receivable considered good - Unsecured | 634 | 830 |
| Receivable which have significant increase in credit risk | - | - |
| Receivable - Credit impaired | - | - |
| Less: Allowance for impairment loss | - | - |
| Total | 634 | 830 |

8. Other receivables

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|--|--|
| Other receivable considered good - Secured | - | - |
| Other receivable considered good - Unsecured | | |
| Unbilled Revenue | - | 21 |
| Others | 71 | 76 |
| Other receivable which have significant increase in credit risk | | |
| Other receivable - Credit impaired | 1 | 1 |
| Less: Allowance for impairment loss | (1) | (1) |
| Total | 71 | 97 |

Notes to Financial Statements (Contd...)
9. Investments

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|--|--|
| At fair value through other comprehensive income | | |
| Debt securities (Refer Note 43.(ii)(c)) | - | 343 |
| Equity instruments | - | 0 |
| At fair value through profit and loss | | |
| Equity instruments | - | - |
| Total | - | 343 |
| Less: Allowance for impairment loss (Refer Note 43.(ii)(c)) | - | (322) |
| Total | - | 21 |
| Investment in India | - | 21 |
| Investment outside India | - | - |
| Total | - | 21 |

10. Other financial assets

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|--|--|--|
| Deposit placed with exchanges | 78 | 2,028 |
| Deposit placed for premises and others | 107 | 98 |
| Interest Accrued on: | | |
| Fixed deposits | 185 | 421 |
| Debt Securities | - | 43 |
| Others | 60 | - |
| Other Interest receivable | 44 | 44 |
| Less: Allowance for impairment loss | (44) | (84) |
| Total | 430 | 2,550 |

11. Current tax assets (net)

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|--|--|
| Advance payment of taxes [Net of provision for taxes Rs.29,394 million (Rs. 28,529 million as of March 31, 2020)] | 1,283 | 1,274 |
| Total | 1,283 | 1,274 |

Notes to the Financial Statements (Contd...)

12. Property, plant and equipment

(A) Property, plant and equipment as at March 31, 2021

| Particulars | Gross block (at deemed cost) | | | | Accumulated Depreciation | | | Rs. million | |
|--------------------------------|------------------------------|---------------|----------------|--------------------------------|--------------------------|------------------|----------------|--------------------------------|------------------------------|
| | As at April 1, 2020 (A) | Additions (B) | Deductions (C) | As at March 31, 2021 (D=A+B-C) | As at April 1, 2020 (E) | For the year (F) | Deductions (G) | As at March 31, 2021 (H=E+F-G) | As at March 31, 2021 (I=D-H) |
| Leasehold Improvements | 318 | - | - | 318 | 93 | 3 | - | 124 | 194 |
| Computers and Allied Equipment | 393 | 37 | 1 | 429 | 274 | 68 | 1 | 341 | 88 |
| Enterprise Core Network Assets | 85 | - | - | 85 | 14 | 8 | - | 22 | 63 |
| Office Equipment | 141 | 3 | - | 144 | 103 | 30 | - | 133 | 11 |
| Furniture and Fixtures | 78 | - | - | 78 | 25 | 9 | - | 34 | 44 |
| Vehicles | 45 | - | 25 | 20 | 28 | 7 | 20 | 15 | 5 |
| Total (a) | 1,060 | 40 | 26 | 1,074 | 537 | 153 | 21 | 669 | 405 |

(b) Property, plant and equipment as at March 31, 2020

| Particulars | Gross block (at deemed cost) | | | | Accumulated Depreciation | | | Rs. million | |
|--------------------------------|------------------------------|----------------|----------------|--------------------------------|--------------------------|------------------|----------------|--------------------------------|------------------------------|
| | As at April 1, 2019 (A) | Additions* (B) | Deductions (C) | As at March 31, 2020 (D=A+B-C) | As at April 1, 2020 (F) | For the year (H) | Deductions (I) | As at March 31, 2020 (H=E+F-G) | As at March 31, 2020 (I=D-H) |
| Leasehold Improvements | 318 | - | - | 318 | 62 | 3 | - | 93 | 225 |
| Computers and Allied Equipment | 356 | 55 | 18 | 393 | 223 | 69 | 18 | 274 | 119 |
| Enterprise Core Network Assets | 85 | - | - | 85 | 5 | 9 | - | 14 | 71 |
| Office Equipment | 140 | 1 | - | 141 | 74 | 29 | - | 103 | 38 |
| Furniture and Fixtures | 78 | 0 | - | 78 | 17 | 8 | - | 25 | 53 |
| Vehicles | 64 | - | 19 | 45 | 30 | 12 | 14 | 28 | 17 |
| Total (a) | 1,041 | 56 | 37 | 1,060 | 411 | 168 | 32 | 537 | 523 |

13. Intangible assets

(a) Intangible assets as at March 31, 2021

| Particulars | Gross block (at deemed cost) | | | | Accumulated Depreciation | | | Rs. million | |
|--------------|------------------------------|---------------|----------------|--------------------------------|--------------------------|------------------|----------------|--------------------------------|------------------------------|
| | As at April 1, 2020 (A) | Additions (B) | Deductions (C) | As at March 31, 2021 (D=A+B-C) | As at April 1, 2020 (F) | For the year (H) | Deductions (I) | As at March 31, 2021 (H=E+F-G) | As at March 31, 2021 (I=D-H) |
| Software | 23 | 9 | - | 32 | 9 | 6 | - | 15 | 17 |
| Total | 23 | 9 | - | 32 | 9 | 6 | - | 15 | 17 |

(b) Intangible assets as at March 31, 2020

| Particulars | Gross block (at deemed cost) | | | | Accumulated Depreciation | | | Rs. million | |
|--------------|------------------------------|----------------|----------------|--------------------------------|--------------------------|------------------|----------------|--------------------------------|------------------------------|
| | As at April 1, 2019 (A) | Additions* (B) | Deductions (C) | As at March 31, 2020 (D=A+B-C) | As at April 1, 2019 (F) | For the year (H) | Deductions (I) | As at March 31, 2020 (H=E+F-G) | As at March 31, 2020 (I=D-H) |
| Software | 15 | 8 | - | 23 | 6 | 3 | - | 9 | 13 |
| Total | 15 | 8 | - | 23 | 6 | 3 | - | 9 | 13 |

Notes to Financial Statements (Contd...)
14. Other non-financial assets

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|--------------------------------|--|--|
| Prepayments and others | 52 | 47 |
| Advances | 2 | 2 |
| Less: Allowance for impairment | (3) | (3) |
| Total | 51 | 46 |

15. Trade payables

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|--|--|--|
| Sundry creditors [refer note 42] | | |
| Total outstanding dues of micro enterprises and small enterprises | 4 | 0 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 14,054 | 22,785 |
| Total | 14,058 | 22,785 |

16. Other payables

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|--|--|--|
| Other payables [refer note 42] | | |
| Total outstanding dues of micro enterprises and small enterprises | - | 0 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 182 | 282 |
| Total | 182 | 282 |

17. Borrowings

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|--|--|--|
| At amortised cost | | |
| Secured term loans: | | |
| From banks [Secured against hypothecation of vehicles] [Terms of repayment: Repayable in 48 equal installments from the date of respective loan with varying maturity dates till July 5, 2021 at interest rates ranging from 8.75% p.a to 9.75% p.a.] | 0 | 8 |
| Total | 0 | 8 |
| Borrowings in India | 0 | 8 |
| Borrowings outside India | - | - |
| Total | 0 | 8 |

Notes to Financial Statements (Contd...)
18. Other financial liabilities

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---------------------------------|---|---|
| Unpaid dividend | 0 | 0 |
| Client margin money | 17,193 | 15,859 |
| Salaries and incentives payable | 131 | 140 |
| Other Payables | 60 | - |
| Total | 17,384 | 15,999 |

19. Provisions

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|----------------------------------|---|---|
| Provision for employee benefits: | | |
| Compensated absences | 347 | 306 |
| Gratuity | 59 | 35 |
| Total | 406 | 341 |

20. Other non-financial liabilities

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|---|---|
| Statutory dues including Provident fund, Tax deducted at source, Goods and service tax | 278 | 235 |
| Others | 32 | 36 |
| Total | 310 | 271 |

Notes to the Financial Statements (Contd...)
21. Equity share capital

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|--|----------------------|---------------|----------------------|---------------|
| | Number of Shares | Rs. million | Number of Shares | Rs. million |
| Authorised | | | | |
| Equity shares of Rs. 10 each | 28,37,50,000 | 2,838 | 28,37,50,000 | 2,838 |
| Cumulative redeemable preference shares of Rs. 10 each | 81,00,00,000 | 8,100 | 81,00,00,000 | 8,100 |
| Total | | 10,938 | | 10,938 |
| Issued, subscribed and paid up | | | | |
| Equity shares of Rs. 10/- each, fully paid up | 2,31,55,039 | 232 | 2,31,55,039 | 232 |
| Total | 2,31,55,039 | 232 | 2,31,55,039 | 232 |

Reconciliation of number of shares :

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|----------------------|-------------|----------------------|-------------|
| | Number of Shares | Rs. million | Number of Shares | Rs. million |
| Balance as at the beginning of the year | 2,31,55,039 | 232 | 2,31,55,039 | 232 |
| Balance as at the end of the year | 23,155,039 | 232 | 23,155,039 | 232 |

Rights, preferences and restrictions attached to shares:

The Company has only one class of equity shares with a par value of Rs. 10/- each. Each shareholder is eligible for one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares held by the holding company, ultimate holding company and their subsidiaries/associates are as below:

| Name of Shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
|------------------------------------|----------------------|-------------|----------------------|-------------|
| | Number of Shares | Rs. million | Number of Shares | Rs. million |
| GHS Singapore Holdings Pte Limited | 2,31,43,897 | 231 | 2,31,43,897 | 231 |

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|------------------------------------|----------------------|--------------|----------------------|--------------|
| | Number of Shares | % of holding | Number of Shares | % of holding |
| GHS Singapore Holdings Pte Limited | 2,31,43,897 | 99.95% | 2,31,43,897 | 99.95% |

Notes to Financial Statements (Contd...)

22. Other equity

Refer Statement of Changes in Equity for detailed movement in equity balances.

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|--|--|
| Summary of other equity balances | | |
| <u>Reserves and Surplus</u> | | |
| Capital redemption reserve | 8,100 | 8,100 |
| Securities premium | 44 | 44 |
| General reserve | 4,511 | 4,511 |
| Share based payment reserve | 175 | 187 |
| Retained earnings | 16,083 | 13,382 |
| <u>Other reserve</u> | | |
| Debt securities through FVOCI | - | 16 |
| Total | 28,912 | 26,240 |

Nature and purpose of reserves

i) Capital reserve

On amalgamation, the Company recognizes the excess of value of assets over the value of liabilities and reserves as on the date of amalgamation of the subsidiary company after adjusting the Company's investment in equity shares of wholly owned subsidiary to capital reserve.

ii) Capital redemption reserve

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own equity shares / preference shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilized in accordance with the provisions of section 69 of the Companies Act, 2013.

iii) Securities premium

Securities premium is used to record the premium on issue of equity shares/preference shares/debentures. The reserve is utilized in accordance with the provisions of section 52 of the Companies Act, 2013.

iv) General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of Other Comprehensive Income, items included in the general reserve will not be reclassified subsequently to Statement of Profit and Loss.

v) Share based payment reserve

The fair value of the equity settled share based payment transaction with employees of the Company in terms of the global long-term incentive compensation plans of the ultimate controlling enterprises is recognised in statement of profit and loss with corresponding credit to employee stock reserve. Any subsequent payment to the ultimate controlling enterprise is debited to the employee stock reserve.

vi) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to General reserve, dividends or other distributions paid to shareholders.

vii) Debt securities through FVOCI

The fair value change of debt securities measured at fair value through other comprehensive income is recognised in Debt securities through FVOCI. Upon derecognition, the cumulative fair value changes on the said securities are reclassified to the Statement of Profit and Loss.

Notes to Financial Statements (Contd...)
23. Fees and commission income

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|----------------------------|---|---|
| Professional fees | 2,093 | 1,211 |
| Brokerage / marketing fees | 3,174 | 3,500 |
| Total | 5,267 | 4,711 |

24. Other income

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|--|---|---|
| Interest Income | | |
| - On financial assets measured at amortised cost: | | |
| Bank deposits | 1,193 | 2,082 |
| Unwinding of discount on financial assets | 11 | 10 |
| - On financial assets measured at FVOCI: | | |
| Debt securities | 0 | 26 |
| - Other interest income (including interest on Income tax refund) | 0 | 0 |
| Infrastructure and support fees recovered | 10 | 10 |
| Secondment charges recovered | 4 | 6 |
| Gain on derecognition of investments in debt securities (refer Note 43(ii)(c)) | 192 | - |
| Net (loss) on derecognition of property plant and equipment | (0) | (0) |
| Net gain/(loss) on foreign currency transactions | 6 | (23) |
| Net gain on fair value changes | | |
| - On debt instruments designated at Fair value through OCI | 0 | 0 |
| - On financial instruments at fair value through profit and loss | - | 78 |
| Miscellaneous income | 1 | 3 |
| Total | 1,417 | 2,192 |
| Break up of Net gain / (loss) on fair value changes | | |
| Realised | 0 | 78 |
| Unrealised | - | - |
| Total | 0 | 78 |

25. Finance costs

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|---|---|---|
| On Financial liabilities carried at amortised cost | | |
| Interest expense on borrowings | 0 | 1 |
| On Recognition of Liability in respect of Leases | | |
| Interest expense on lease liabilities | 80 | 93 |
| Other interest | 0 | 0 |
| Total | 80 | 94 |

Notes to Financial Statements (Contd...)
26. Fees and commission expenses

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|---|---|---|
| Brokerage, clearing charges and exchange fees | 103 | 104 |
| Sub-brokerage, fees, commission and other direct expenses | 14 | 77 |
| Total | 117 | 181 |

27. Impairment on financial instruments

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|--|---|---|
| Allowance for impairment of: | | |
| (a) financial instruments measured at fair value through OCI | - | - |
| (b) financial instruments measured at amortised cost | | |
| Other Financial Assets | - | 34 |
| Total | - | 34 |

28. Employee benefits expenses

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|---|---|---|
| Salaries and incentives | 1,436 | 1,382 |
| Contribution to provident fund [refer note 34(i)] | 50 | 52 |
| Share based payment | 156 | 185 |
| Gratuity [refer note 34(ii)] | 38 | 30 |
| Staff welfare expenses | 12 | 14 |
| Total | 1,692 | 1,663 |

29. Depreciation, amortisation and impairment

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|--|---|---|
| Depreciation on property plant and equipment [refer note 12] | 153 | 158 |
| Amortisation on intangible assets [refer note 13] | 6 | 3 |
| Depreciation on Right of Use Assets | 217 | 193 |
| Total | 375 | 354 |

Notes to Financial Statements (Contd...)
30. Other expenses

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|---|---|---|
| Advertisement, publicity and sales promotion, net | 0 | 17 |
| Bad debts and advances written off | 1 | - |
| Communication costs, net | 100 | 73 |
| Corporate Social Responsibility expenditure | 60 | 52 |
| Data subscription costs | 109 | 74 |
| Electricity | 28 | 35 |
| Infrastructure and support costs | 104 | 85 |
| Insurance | 6 | 7 |
| Legal and professional fees | 134 | 136 |
| Auditors remuneration (excluding taxes) | 6 | 5 |
| Printing and stationery | 1 | 2 |
| Rates and taxes | 153 | 167 |
| Rent | 0 | 0 |
| Repairs and maintenance | 168 | 128 |
| Secondment charges incurred | 6 | 10 |
| Travelling expenses | 13 | 78 |
| Miscellaneous expenses | 5 | 22 |
| Total | 894 | 891 |

31. Contingent liabilities :

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|--|--|--|
| (a) Claims against the company not acknowledged as debt: | | |
| - Income-tax demands disputed in appeals before the authorities to the extent not provided for | 1,654 | 1,654 |
| (b) Others | 1 | 1 |
| Total | 1,655 | 1,655 |

32. Commitments

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|--|--|--|
| Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | 16 | 3 |
| Total | 16 | 3 |

33. Additional disclosures
a. Payment to auditors (including taxes):

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|---|---|---|
| Audit Fees | 5 | 5 |
| For other services [tax audit fees and certification] | 1 | 1 |
| Total | 6 | 6 |

Notes to Financial Statements (Contd...)
33. Additional disclosures
b. Corporate Social Responsibility (CSR) expenditure:

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|---|---|---|
| (1) Gross amount required to spent by the Company during the year | 61 | 53 |
| (2) Amount approved by the Board to be spent during the year | 61 | 53 |
| (3) Amount spent during the year on: | | |
| i) Construction / acquisition of any asset - - | | |
| ii) On any other purpose | 1 | 53 |
| (4) Amount contributed to related party in respect of CSR expenditure | - | - |

The following disclosures are applicable from March 31, 2021, accordingly no previous year comparatives have been provided.

| (5) Details of unspent amount | Year ended March 31, 2021 Rs. million |
|---|---|
| Opening Balance | - |
| Amount Deposited in specified fund of Sch VII within 6 months | - |
| Amount required to be spent during the year | 61 |
| Amount Spent during the year | 1 |
| Closing Balance* | 60 |

| (6) Details of excess amount spent | Year ended March 31, 2021 Rs. million |
|---|---|
| Opening Balance | - |
| Amount required to be spent during the year | 61 |
| Amount Spent during the year | 1 |
| Closing Balance** | - |

**Company has unspent amount as of March 31, 2021, hence the closing balance of excess amount is nil

| (7) Details of Ongoing project | Year ended March 31, 2021 Rs. million |
|--|---|
| Opening Balance with Company | - |
| Opening balance in separate CSR unspent Account | - |
| Amount required to be spent during the year | 61 |
| Amount Spent during the year from Company's Account | 1 |
| Amount Spent during the year from separate CSR unspent account | - |
| Closing Balance with Company* | 60 |
| Closing in separate CSR unspent Account | - |

* The Company has disclosed Rs. 60 million as unspent amounts in accordance with the General circular no. 14/2021 dated August 25, 2021, issued by the Ministry of Corporate Affairs.

Notes to Financial Statements (Contd...)
34. Employee benefits
Disclosures in respect of Defined Contribution Plan and Defined Benefit Plan :
i. Defined contribution plan:

Company's contribution to provident fund Rs. 50 million [Previous year Rs. 52 million]

ii. Defined Benefit plan:

Defined benefit plan represents the gratuity benefits payable to the employees. The Company has a funded plan for gratuity which is managed by DSP Merrill Lynch Limited Employees' Gratuity Fund. During the current year, the trust transferred management of its funds to a private insurance company.

(a) Reconciliation of fair value of assets and obligations

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|--|--|
| Present value (PV) of funded obligation for gratuity | (351) | (315) |
| Fair value of plan assets | 292 | 280 |
| Balance as at the year end - (Deficit)/Surplus | (59) | (35) |

(b) Reconciliation of opening and closing balances of Defined Benefit Obligation

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|--|---|---|
| Opening defined benefit obligation | 316 | 264 |
| Current service cost | 36 | 31 |
| Interest cost | 20 | 19 |
| Past service cost | - | - |
| Actuarial (gain) / loss arising from change in financial assumptions | 3 | 19 |
| Actuarial (gain) / loss arising from experience adjustment | (9) | 1 |
| Acquisition / (Transfer) | (3) | (4) |
| Benefits paid | (11) | (15) |
| Defined benefit obligation at year end | 351 | 316 |

(c) Reconciliation of opening and closing balances of fair value of plan assets

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|--|---|---|
| Opening fair value of plan assets | 280 | 270 |
| Expected return on plan assets | 17 | 19 |
| Actuarial gain / (loss) arising from change in financial assumptions | 5 | 6 |
| Contributions by employer | - | - |
| Benefits paid | (10) | (15) |
| Fair value of plan assets at year end | 292 | 280 |

Notes to Financial Statements (Contd...)
34. Employee benefits (Contd....)
(d) Expenses recognised during the year

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|---|---|---|
| In Income Statement | | |
| Current service cost | 36 | 31 |
| Past service cost - plan amendment | - | - |
| Interest cost | 2 | (1) |
| Return on plan assets | - | - |
| Net cost | 38 | 30 |
| In Other Comprehensive Income | | |
| Actuarial (gain) / loss arising from change in demographic assumption | - | - |
| Actuarial (gain) / loss arising from change in financial assumptions | (2) | 13 |
| Actuarial (gain) / loss arising from experience adjustment | (9) | 1 |
| Net (income)/ expense for the period recognised in OCI | (11) | 14 |

(e) Investment details

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Government of India securities | 0% | 74% |
| High quality corporate bonds (including public sector bonds) | 0% | 21% |
| Cash | 1% | 2% |
| Schemes of insurance - conventional products | 98% | 0% |
| Others (including FDs and Special deposits) | 1% | 3% |
| Total | 100% | 100% |

(f) Principal actuarial assumptions

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Discount rate p.a. | 6.50% | 6.60% |
| Salary escalation rate p.a. | 9.00% | 9.00% |
| Expected rate of return on assets (p.a.) | 6.50% | 6.60% |

The mortality assumptions and rates considered in assessing the Company's post retirement liabilities are as per the published rate under the Indian Assured Lives Mortality (2006-08) Ultimate table.

The estimates of future salary increase, considered in actuarial valuation, take into account the inflation, seniority, promotion and other relevant factors.

Notes to Financial Statements (Contd...)
34. Employee benefits (Contd....)
(g) Sensitivity Analysis

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|-------------------------------------|---|---|
| Change in discounting rate | | |
| Increase in rate by 1% | (25) | (25) |
| Decrease in rate by 1% | 29 | 26 |
| Change in rate of salary increase | | |
| Increase in rate by 1% | 28 | 24 |
| Decrease in rate by 1% | (25) | (25) |
| Change in rate of employee turnover | | |
| Increase in rate by 5% | (20) | (20) |
| Decrease in rate by 5% | 30 | 27 |

The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

(h) Weighted Average duration and expected employer contribution:

Weighted average duration of the defined benefit plan as at March 31, 2021 is 8 years (as at March 31, 2020, 8 years). Expected employer contribution for the next year is Rs. 24 million.

35. Leases

The Company's lessee arrangements predominantly consist of leases for office premises. Lease terms may contain renewal and extension options and early termination features. Generally, these options do not impact the lease term because the Company is not reasonably certain that it will exercise the options.

For further details on the Company's accounting policy with respect to leases, see Note 2(g).

The Company has not sub-leased any part of the above premises. There are no lease payments recognized in the Statement of Profit and Loss for contingent rent. The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

(a) Right-of Use Assets

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|--|--|
| Opening Right of use asset | 1,253 | - |
| Recognised on date of initial application (April 1, 2019) | - | 1,446 |
| Additions during the year | 169 | - |
| Depreciation for the year | (217) | (193) |
| Right of Use Asset at year end | 1,205 | 1,253 |

(b) Lease Liabilities
(i) maturity Analysis-Contractual undiscounted Cash Flows

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|--|--|
| Within 12 months | 226 | 231 |
| Beyond 12 months | 1,252 | 1,317 |
| Total undiscounted lease liabilities | 1,478 | 1,548 |

Notes to the Financial Statements (Contd...)
35. Leases (Contd....)
(ii) Movement during the year

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|---|--|--|
| Opening Balance | 1,198 | - |
| Recognised on date of initial application (April 1, 2019) | - | 1,337 |
| Additions during the year | 168 | - |
| Interest recognised on lease liabilities | 80 | 93 |
| Repayment during the year | (219) | (232) |
| Balance as at March 31, 2021 | 1,227 | 1,198 |

(c) Amount recognised in Statement of Profit & Loss

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|-------------------------------------|--|--|
| Depreciation of Right-of-Use Assets | 217 | 193 |
| Interest on Lease Liabilities | 80 | 93 |
| Total | 296 | 286 |

(d) Cash flows

| Particulars | As at March 31, 2021 Rs. million | As at March 31, 2020 Rs. million |
|--|--|--|
| Cash (outflows) during the year for all leases | (219) | (232) |
| Total | (219) | (232) |

36. Related party disclosures
i. List of related parties and their relationships :

| Sr. no. | Name of the related party | Relationship |
|---------|--|--|
| 1 | Bank of America Corporation (BAC) | Ultimate Controlling enterprise ^(a) |
| 2 | GHS Singapore Holdings Pte. Limited | Holding Company ^(b) |
| 3 | Bank of America, N.A - India Branches | Fellow Subsidiary |
| 4 | Bank of America, National Association - USA and its Branches | Fellow Subsidiary |
| 5 | Bank of America, N.A - Singapore Branches | Fellow Subsidiary |
| 6 | Merrill Lynch International, LLC. | Fellow Subsidiary ^(c) |
| 7 | Merrill Lynch Markets Singapore Pte. Limited | Fellow Subsidiary |
| 8 | Merrill Lynch Global Services Pte. Limited | Fellow Subsidiary |
| 9 | Merrill Lynch (Asia Pacific) Limited | Fellow Subsidiary |
| 10 | Merrill Lynch International | Fellow Subsidiary |
| 11 | Merrill Lynch (Singapore) Pte. Limited | Fellow Subsidiary |
| 12 | BOFA Securities Inc | Fellow Subsidiary |
| 13 | Bank Of America Europe DAC, France Branch | Fellow Subsidiary |
| 14 | BOFA Securities Europe SA | Fellow Subsidiary |
| 15 | Asit Bhatia, Ameer Parikh, Arbind Maheswari, Charulata Sippy, Rajnarayan Balakrishnan, Sundararaman Ramamurthy, Sudhir Jain* | Key Management Personnel (KMP) |

(a) Refer Note 1 - Company background

(b) Refer Note 21 - Equity share capital

(c) Formerly known as Merrill Lynch International Inc.

* Appointed with effect from July 24, 2020

Notes to the Financial Statements (Contd...)
36. Related party disclosures (Contd...) :
ii. Transactions during the year / balances with related parties :
Rs. million

| Sr. No. | Nature of transaction | Ultimate Controlling Enterprise | Holding Company | Fellow Subsidiaries | Key Management Personnel (KMP) |
|---------|---|---------------------------------|-----------------------|---|--------------------------------|
| 1 | Equity share capital Balance as at March 31, 2021 <i>Previous year</i> | - - | 231 231 | - - | - - |
| 2 | Bank balance <i>Previous year</i> | - - | - - | 15,486 ⁽¹⁾ 23,342 | - - |
| 3 | Fixed deposits - placement Placed during the year <i>Previous year</i> Matured during the year <i>Previous year</i> Balance as at March 31, 2021 <i>Previous year</i> | - - - - - | - - - - - | 1,68,234 ⁽¹⁾ 54,460 1,61,388 ⁽¹⁾ 46,960 18,346 ⁽¹⁾ 11,500 | - - - - - |
| 4 | Margin deposits Received during the year <i>Previous year</i> Refunded / adjusted during the year <i>Previous year</i> Balance as at March 31, 2021 <i>Previous year</i> | - - - - - | - - - - - | 85,117 ⁽²⁾ 84,159 84,526 ⁽³⁾ 83,651 (14,355) (13,764) | - - - - - |
| 5 | Revenue from operations Fees and commission income <i>Previous year</i> Balance as at March 31, 2021 <i>Previous year</i> | - - - - | - - - - | 948 ⁽⁴⁾ 583 63 (723) | - - - - |
| 6 | Other income | | | | |
| a) | Infrastructure and support fees recovered <i>Previous year</i> Balance as at March 31, 2021 <i>Previous year</i> | - - - - | - - - - | 10 ⁽¹⁾ 10 2 1 | - - - - |
| b) | Interest Income <i>Previous year</i> Balance as at March 31, 2021 <i>Previous year</i> | - - - - | - - - - | 480 ⁽¹⁾ 558 34 45 | - - - - |
| c) | Secondment charges recovered <i>Previous year</i> Balance as at March 31, 2021 <i>Previous year</i> | - - - - | - - - - | 3 ⁽¹⁾ 6 0 0 | - - - - |
| 7 | Recovery of amounts <i>Previous year</i> Balance as at March 31, 2021 <i>Previous year</i> | - - - - | - - - - | 1 ⁽⁵⁾ 1 - 0 | - - - - |
| 8 | Payment / (recovery) in respect of retirement benefits of transferred employees, net <i>Previous year</i> Balance as at March 31, 2021 <i>Previous year</i> | - - - - | - - - - | (3) ⁽⁶⁾ 4 - (4) | - - - - |

Notes to the Financial Statements (Contd...)
36. Related party disclosures (Contd...) :
ii. Transactions during the year / balances with related parties (Contd...)
Rs. million

| Sr. No. | Nature of transaction | Ultimate Controlling Enterprise | Holding Company | Fellow Subsidiaries | Key Management Personnel (KMP) |
|---------|--|---------------------------------|-----------------|---------------------|--------------------------------|
| 9 | Remuneration | - | - | - | 137 |
| | <i>Previous year</i> | - | - | - | 143 |
| | Balance as at March 31, 2021 | - | - | - | (0) |
| | <i>Previous year</i> | - | - | - | - |
| 10 | Infrastructure costs incurred | - | - | 104 ⁽¹⁾ | - |
| | <i>Previous year</i> | - | - | 85 | - |
| | Balance as at March 31, 2021 | - | - | (52) | - |
| | <i>Previous year</i> | - | - | (49) | - |
| 11 | Secondment charges incurred | - | - | 6 ⁽¹⁾ | - |
| | <i>Previous year</i> | - | - | 10 | - |
| | Balance as at March 31, 2021 | - | - | (1) | - |
| | <i>Previous year</i> | - | - | (1) | - |
| 12 | Interest and bank charges | - | - | 0 ⁽¹⁾ | - |
| | <i>Previous year</i> | - | - | 0 | - |
| 13 | Other expenses | | | | |
| a) | Fees and commission expenses | - | - | 14 | - |
| | <i>Previous year</i> | - | - | 77 | - |
| | Balance as at March 31, 2021 | - | - | (110) | - |
| | <i>Previous year</i> | - | - | (97) | - |
| b) | Professional fees expenses | - | - | 5 ⁽⁸⁾ | - |
| | <i>Previous year</i> | - | - | 6 | - |
| | Balance as at March 31, 2021 | - | - | (5) | - |
| | <i>Previous year</i> | - | - | (6) | - |
| 14 | Receivable towards with-holding tax (TDS) recovered from employees on stock compensation, etc.. | | | | |
| | <i>Previous year</i> | 66 | - | - | - |
| | <i>Previous year</i> | 69 | - | - | - |
| 15 | Reimbursement towards restricted stocks/units, net | 184 | - | - | - |
| | <i>Previous year</i> | 89 | - | - | - |
| | Balance as at March 31, 2021 | (164) | - | - | - |
| | <i>Previous year</i> | (184) | - | - | - |

Note: Figures within brackets against balance denote amounts payable by the Company to the related parties

- (1) Amounts relates to Bank of America N. A. - India Branches
- (2) Margin deposit placed includes Rs.34,845 million [previous year Rs. 84,159 million] placed by Merrill Lynch Markets Singapore Pte. Limited and Rs. 50,272 million [previous year Nil] placed by BofA Securities Europe SA.
- (3) Margin deposit refunded includes Rs.48,609 million [previous year Rs. 83,651 million] refunded to Merrill Lynch Markets Singapore Pte. Limited and Rs. 35,917 million [previous year Nil] refunded to BofA Securities Europe SA.
- (4) Income from fees and commission income includes Commission income of Rs. 132 million [Previous year Rs. 372 million] from Merrill Lynch Markets Singapore Pte Limited and Rs. 256 million [Previous year Nil] from BOFA Securities Europe SA in addition to Professional fees income of Rs. 248 million [Previous year Rs. 198 million] from Merrill Lynch International, Rs. 131 million [Previous year Rs. 10 million] from BOFA Securities Inc., Nil [Previous year Rs. 1 million] from Merrill Lynch (Singapore) Pte. Ltd. and Rs. 181 million [Previous year Nil] from Bank of America Europe DAC, France Branch
- (5) Amounts relate to Merrill Lynch International, LLC
- (6) Includes Rs. 3 million (Previous year Rs. 4 million) paid to Bank of America N.A. - India Branches and Rs. 0.6 million [Previous year Rs. 0.1 million] received from BofA Securities Inc.
- (7) Includes Short term employee benefits Rs. 92 million (Previous year Rs. 95 million), Post employment benefits Rs. 2 million (Previous year Rs. 2 million), other long term benefits Rs. 1 million (Previous year Rs. 2 million), Termination benefits Rs. 2 million (Previous year Rs. 3 million), share based payment Rs. 39 million (Previous year Rs. 40 million), fees for attending Board/Committee meetings Rs. 2 million (Previous year Rs. 1 million)
- (8) Includes Rs. 2 million [Previous year Rs. 3 million] pertaining to Merrill Lynch Global Services Pte. Limited and Rs. 3 million [Previous year Rs. 3 million] pertaining to Bank of America N.A. - USA.

Notes to Financial Statements (Contd...)

37. Segment reporting:

The Company has identified two primary reportable business segments namely 'Advisory and Transactional Services' and 'Principal Transactions' in terms of Ind AS 108 "Operating Segment". Information in respect of reportable segments performance is given below:

| Sr. No. | Particulars | Rs. million | | | | | | | |
|---------|---|-------------------------------------|----------------|------------------------|----------------|----------------|----------------|--------|--------|
| | | Advisory and Transactional Services | | Principal Transactions | | Unallocable | | Total | |
| | | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 | | |
| 1 | Segment Revenue | 5,838 | 5,758 | 847 | 1,148 | (1) | (3) | 6,684 | 6,903 |
| 2 | Segment Results | 2,888 | 2,698 | 698 | 1,041 | (60) | (53) | 3,526 | 3,686 |
| 3 | Segment Assets | 34,853 | 42,534 | 25,416 | 22,419 | 2,442 | 2,403 | 62,711 | 67,356 |
| 4 | Segment Liabilities | 32,343 | 39,771 | 48 | 28 | 1,176 | 1,085 | 33,567 | 40,884 |
| 5 | Capital Expenditure | 48 | 62 | 1 | 1 | - | - | 49 | 63 |
| 6 | Depreciation, amortisation and impairment | 358 | 342 | 13 | 11 | 4 | 1 | 375 | 354 |
| 7 | Other significant non-cash expenses | 239 | 269 | 10 | 39 | - | 0 | 249 | 308 |

The Advisory and Transactional Services comprise Merchant Banking, Underwriting, Broking and interest on fixed deposits. The Principal Transactions segment consists of earnings from transactions in securities and deployment of surplus funds.

Segment assets include all operating assets used by a segment and consist primarily of fixed assets net of provision and allowance, investments, other current assets and fixed deposits.

Segment liabilities include all operating liabilities and other payables.

Items that relate to the enterprise as a whole or at the corporate level not attributable to a particular segment including investment in subsidiaries are included under "Unallocable".

The Company operates in a single reportable geographical segment.

Notes to Financial Statements (Contd...)
38. Earnings per equity share (EPS):

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Net profit after tax: attributable to equity shareholders [Rs. million] | 2,693 | 2,657 |
| Weighted average numbers of shares outstanding during the year | 2,31,55,039 | 2,31,55,039 |
| Face value per share [Rs.] | 10 | 10 |
| Basic EPS [Rs.] | 116 | 115 |

There is no dilution to Basic EPS as there are no outstanding dilutive potential equity shares.

39. Share Based Payments

Restricted stocks / restricted units (RSU) of the Company's ultimate holding company, Bank of America Corporation (BAC), are granted to the eligible employees of the Company in terms of the global long-term incentive compensation plans of the ultimate holding company. These restricted stocks / restricted units vest in three / four equal semi-annual/annual installments beginning 6 months/one year from the grant date. The fair value of restricted stocks/ restricted units were determined based on the price of BAC common stock at the date of grant. Recipients of RSU awards may receive cash payments equivalent to dividends.

During the year ended March 31, 2021, 115,637 numbers of restricted stocks / restricted units were granted (Previous year 84,606) and the average estimated fair value per unit on the date of grant was US\$ 32.66 (Previous year US\$ 33.49). Employee benefits expense for the year includes Nil (Previous year Rs. 0.39 million) towards cash-settled awards and Rs.156 million (Previous year Rs. 185 million) towards equity settled awards. The liability towards restricted stocks / restricted units (cash settled) recognised as on March 31, 2021 is Rs. 33 million (as at March 31, 2020 Rs. 36 million)

40. Infrastructure and support fees recovered represent amounts recovered from fellow subsidiaries towards use of the Company's facilities and resources. Secondment charges represent amounts recovered from fellow subsidiaries towards secondment of employees.

41. Income Taxes
a) Reconciliation of the total tax charge

The tax charge shown in the Statement of Profit and Loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India corporate tax rate for the years ended March 31, 2021 and March 31, 2020 is as follows:

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|---|---|---|
| Accounting profit before tax | 3,526 | 3,686 |
| Tax at India's statutory income tax rate of 25.17% (previous year 25.17%) | 887 | 928 |
| Tax effect of income that is not taxable in determining taxable profit | (59) | - |
| Tax effect of expenses / allowances that are not deductible in determining taxable profit | 13 | 16 |
| Tax expense pertaining to prior years | (6) | 13 |
| Effect of change in tax rate* | - | 98 |
| Others | (2) | (26) |
| Income tax expense at effective tax rate | 833 | 1,029 |
| Effective tax rate | 23.618% | 27.924% |

* **Note-** The Company had elected to exercise the option allowed under Section 115BAA of the Income Tax Act, 1961 introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company had re-measured its Deferred Tax Assets basis the rate prescribed in the said section in the previous year. The full impact of this change had been recognised in the Statement of Profit & Loss.

Notes to Financial Statements (Contd...)
42. Income Taxes (Contd...)
b) Movement of deferred tax assets and liability

| Rs. million | | | | | |
|---|---------------------|--|---|--|----------------------|
| Movement for the year ended March 31, 2021 | As at April 1, 2020 | (Charge)/ Credit in the Statement of Profit and Loss | (Charge) / Credit in other comprehensive Income | Charge / (Credit) on account of change in tax rate | As at March 31, 2021 |
| Deferred tax assets | | | | | |
| - Disallowance u/s 43B of Income-tax Act, 1961 | 43 | (3) | - | - | 40 |
| - Depreciation / amortisation, net | 43 | 7 | - | - | 50 |
| - Allowance for impairment on interest receivable | 11 | - | - | - | 11 |
| - Amortisation cost of restricted stock/units | 47 | (3) | - | - | 44 |
| - Unwinding of discount on Lease Liability | 302 | 7 | - | - | 309 |
| - Employee benefit plans | 86 | 19 | (3) | - | 102 |
| - Others | 32 | (3) | - | - | 29 |
| Total (a) | 564 | 24 | (3) | - | 585 |
| Deferred tax liability | | | | | |
| - Unrealised gain on financial instruments carried at FVTPL | (3) | 3 | - | - | (0) |
| - Amortisation cost of Right-of-Use Asset | 315 | (12) | - | - | 303 |
| Total (b) | 312 | (9) | - | - | 303 |
| Deferred tax assets, net (a-b) | 252 | 33 | (3) | - | 282 |

| Rs. million | | | | | |
|---|---------------------|---|---|--|----------------------|
| Movement for the year ended March 31, 2020 | As at April 1, 2019 | (Charge)/ Credit in the Statement of Profit and Loss* | (Charge) / Credit in other comprehensive Income | Charge / (Credit) on account of change in tax rate | As at March 31, 2020 |
| Deferred tax assets | | | | | |
| - Disallowance u/s 43B of Income-tax Act, 1961 | 64 | (4) | - | (17) | 43 |
| - Depreciation / amortisation, net | 57 | 3 | - | (17) | 4 |
| - Allowance for impairment on interest receivable | 15 | - | - | (4) | 11 |
| - Amortisation cost of restricted stock/units | 59 | 7 | - | (19) | 47 |
| - Unwinding of discount on Lease Liability | - | 419 | - | (117) | 302 |
| - Employee benefit plans | 87 | 29 | 3 | (33) | 86 |
| - Others | 10 | 34 | - | (12) | 32 |
| Total (a) | 292 | 488 | 3 | (219) | 564 |
| Deferred tax liability | | | | | |
| - Unrealised gain on financial instruments carried at FVTPL | 8 | (12) | - | 1 | (3) |
| - Amortisation cost of Right-of-Use Asset - 437 - (122) 315 | | | | | |
| Total (b) | 8 | 425 | - | (121) | 312 |
| Deferred tax assets, net (a-b) | 284 | 63 | 3 | (98) | 252 |

The Company has not created deferred tax asset on the ECL provision recognised on debt securities as at the respective reporting dates.

Notes to Financial Statements (Contd...)

42. Disclosures pertaining to Micro Enterprises and Small Enterprises:

| Particulars | Year ended March 31, 2021 Rs. million | Year ended March 31, 2020 Rs. million |
|--|---|---|
| The following details relating to Micro and Small Enterprises shall be disclosed: | | |
| (a) the principal amount and the interest due thereon remaining unpaid | 4 | 0 |
| (b) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006. along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| (d) the amount of interest accrued and remaining unpaid at the end of each accounting year | 0 | 0 |
| (e) the amount of further interest remaining due and payable even in the succeeding years. until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro. Small and Medium Enterprises Development Act, 2006 | - | - |

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

43. Financial Risk Management

The Company is engaged in the business of stock broking, securities research, underwriting, investment banking including corporate and financial advisory services. The Company's risk policy operates alongside BAC's global framework. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

The management is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management establishes detailed policies such as risk management and measurement and exposure limits.

The Company seeks to ensure that the risks associated with such transactions are managed in compliance with various external regulatory and internal guidelines.

The following describes the potential risks that the Company may face:

(i) Market Risk

Market risk is the potential change in an instrument's value caused by fluctuations in currency, price and interest rates, as may be applicable. The level of market risk is influenced by the volatility and liquidity in the markets in which financial instruments are traded.

Market risk exposures for all financial assets and liabilities are measured using sensitivity analysis. The following discussion describes the types of market risk faced by the Company.

(a) Currency risk

Foreign exchange risk arises from the possibility that fluctuations in foreign exchange rates will affect the value of financial instruments. The Company's financial assets and liabilities are mainly denominated in Indian Rupees.

The following table summarises the currency denomination of the Company's foreign currency financial instruments:

| Particulars | As at March 31, 2021 | |
|--|------------------------|-----|
| | Transactional currency | |
| | USD | SGD |
| Financial Assets [Equivalent Rs. million] | 126 | - |
| Financial Liabilities [Equivalent Rs. million] | 281 | 0 |

Notes to Financial Statements (Contd...)
43. Financial Risk Management (Contd...)

| Particulars | As at March 31, 2020 | | |
|--|------------------------|-----|-----|
| | Transactional currency | | |
| | USD | SGD | HKD |
| Financial Assets [Equivalent Rs. million] | 149 | - | - |
| Financial Liabilities [Equivalent Rs. million] | 292 | 0 | 0 |

A 5% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit after tax by approximately Rs. 6 million for the year ended March 31, 2021 (Previous year: Rs. 5 million). Sensitivity results presented above are based on the assumption that all the other parameters remain constant.

(b) Price risk

The Company has insignificant exposure to equity price risk as it does not hold significant investment in equity financial assets.

(ii) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from cash and cash equivalents, deposits with banks and financial institutions, trade and other receivable and investment in debt securities.

a) Trade and other receivables

All trade receivables are reviewed and assessed for default on an individual basis. Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

b) Cash and Cash equivalents, bank balances and other financial assets

The Company maintains exposure in cash and cash equivalents and deposits with banks. Cash and cash equivalents and bank deposits are held with high rated banks/financial institutions and short term in nature, therefore credit risk is perceived to be low.

Security deposits have been considered to enjoy low credit risk as they meet the following criteria:

- i) they have a low risk of default, and
- ii) the Company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the counterparty to fulfill its obligations

Reconciliation of impairment allowance on other financial assets

| Particulars | Rs. million |
|--|-------------|
| Impairment allowance as at April 1, 2019 | 50 |
| Add/(less): changes in loss allowance | 34 |
| Impairment allowance as at March 31, 2020 | 84 |
| Add/(less): changes in loss allowance (refer note 43(c)) | (40) |
| Impairment allowance as at March 31, 2021 | 44 |

c) Investment in debt securities

The Company had investment in two debt securities measured at FVOCI in previous year which had been classified as Stage 3 investments. The Company while determining the Expected credit Loss (ECL) on these investments had taken into consideration past events, default, expected cash flows, passage of time and current conditions. The ECL on these investments had been measured on lifetime basis as the credit has been impaired. ECL was the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD) and additional management overlays.

Notes to Financial Statements (Contd...)

43. Financial Risk Management (Contd...)

c) Investment in debt securities (Contd...)

During the year ended March 31, 2021, a one-time settlement scheme was agreed upon with the issuers of these securities. This scheme was accepted by the debenture trustee upon receiving consent of majority debenture holders representing 51% of all debentures by value, including consent vote from the Company. Under the scheme, principal value amounting to Rs. 200 million was agreed to be settled in a series of payments ending March 31, 2021. Accordingly, interest accrued amounting to Rs. 43 million (net of provision of Rs. 40 million) has been written off during the year.

As a result of the above, a net gain of Rs.176 million was recognised during the year. These investments were carried at fair value through Other Comprehensive Income (FVOCI) prior to settlement, hence, revaluation balance pertaining to these investments has been recycled to Profit and Loss statement (Rs.16 million) resulting in a gain of Rs. 192 million recognised in Profit and loss statement for the year ended March 31, 2021. No amount is receivable on account of these debt securities as at the balance sheet date.

The gross carrying amount of these investments in debt securities and corresponding loss allowance has been reproduced below:

Investment in debt securities*

| Particulars | Rs. million |
|------------------------------|-------------|
| As at April 1, 2020 | |
| Gross Exposure | 343 |
| Impairment Allowance | (322) |
| Carrying amount | 21 |
| Asset derecognised | 179 |
| Recoveries | (200) |
| Changes in fair value | - |
| As at March 31, 2021 | - |
| As at April 1, 2019 | |
| Gross Exposure | 343 |
| Impairment Allowance | (322) |
| Carrying amount | 21 |
| Asset derecognised or repaid | - |
| Recoveries | - |
| Changes in fair value | - |
| As at March 31, 2020 | 21 |

*Note: Investment in debt securities have been classified as stage 3 instruments for the year ended March 31, 2020. Stage 3 includes financial assets that have objective evidence of being credit impaired at the reporting date

Proportionate fair value of the collateral against the debt securities as on March 31, 2020 aggregates to Rs. 306 million.

Collateral and other credit enhancement:

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a regular basis.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Company believes that current cash and cash equivalents are sufficient to meet financial liabilities (refer note no. 44). Accordingly, liquidity risk is perceived to be low.

Notes to Financial Statements (Contd...)
43. Financial Risk Management (Contd...)
(iii) Liquidity risk (Contd...)
Maturity analysis:

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

Rs. million

| Particulars | Year ended March 31, 2021 | | |
|---|---------------------------|-------------|---------------|
| | On demand of within year | Over 1 year | Total |
| Financial liabilities | | | |
| Trade payables | 14,058 | - | 14,058 |
| Other payables | 182 | - | 182 |
| Borrowings (including future interest payments) | 0 | - | 0 |
| Other financial liabilities | 17,384 | 0 | 17,384 |
| Total financial liabilities | 31,624 | 0 | 31,624 |

Rs. million

| Particulars | Year ended March 31, 2020 | | |
|---|---------------------------|-------------|---------------|
| | On demand of within year | Over 1 year | Total |
| Financial liabilities | | | |
| Trade payables | 22,785 | - | 22,785 |
| Other payables | 282 | - | 282 |
| Borrowings (including future interest payments) | 7 | 1 | 8 |
| Other financial liabilities | 15,990 | 1 | 5,999 |
| Total financial liabilities | 39,073 | 1 | 39,074 |

(iv) Capital risk management

The Company considers the total equity which includes share capital, retained profits and other reserves as shown in the balance sheet, to be managed capital.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company maintains a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development.

Notes to Financial Statements (Contd...)
44. Maturity of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

Rs. million

| Particulars | As at March 31, 2021 | | |
|--|----------------------------|--------------|---------------|
| | On demand or within a year | Over 1 year | Total |
| Financial Assets | | | |
| Cash and cash equivalents | 25,667 | - | 25,667 |
| Bank balances other than cash and cash equivalents | 32,664 | - | 32,664 |
| Receivables | | | |
| (i) Trade receivables | 634 | - | 634 |
| (ii) Other receivables | 69 | 2 | 71 |
| Investments | - | - | - |
| Other financial assets | 326 | 104 | 430 |
| Non-Financial Assets | | | |
| Current tax assets (net) | - | 1,283 | 1,283 |
| Deferred tax assets (net) | - | 282 | 282 |
| Property, plant and equipment | - | 405 | 405 |
| Capital work in progress | 2 | - | 2 |
| Intangible assets | - | 17 | 17 |
| Right-of-Use Asset | - | 1,205 | 1,205 |
| Other non-financial assets | 37 | 14 | 51 |
| Total Assets | 59,399 | 3,312 | 62,711 |
| Financial Liabilities | | | |
| Payables | | | |
| (i) Trade payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | 4 | - | 4 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 14,054 | - | 14,054 |
| (ii) Other payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 182 | - | 182 |
| Borrowings | 0 | - | 0 |
| Lease Liability | 226 | 1,001 | 1,227 |
| Other financial liabilities | 17,384 | 0 | 17,384 |
| Non-Financial Liabilities | | | |
| Provisions | 50 | 356 | 406 |
| Other non-financial liabilities | 278 | 32 | 310 |
| Total Liabilities | 32,178 | 1,389 | 33,567 |
| Net liquidity gap | 27,221 | 1,923 | 29,144 |

Notes to Financial Statements (Contd...)
44. Maturity of assets and liabilities (Contd...)

Rs. million

| Particulars | As At March 31, 2020 | | |
|--|----------------------------|--------------|---------------|
| | On demand or within a year | Over 1 year | Total |
| Financial Assets | | | |
| Cash and cash equivalents | 22,632 | - | 22,632 |
| Bank balances other than cash and cash equivalents | 37,858 | - | 37,858 |
| Receivables | | | |
| (i) Trade receivables | 830 | - | 830 |
| (ii) Other receivables | 94 | 3 | 97 |
| Investments | 21 | - | 21 |
| Other financial assets | 2,454 | 96 | 2,550 |
| Non-Financial Assets | | | |
| Current tax assets (net) | - | 1,274 | 1,274 |
| Deferred tax assets (net) | - | 252 | 252 |
| Property, plant and equipment | - | 523 | 523 |
| Capital work in progress | 7 | - | 7 |
| Intangible assets | - | 13 | 13 |
| Right-of-Use Asset | - | 1,253 | 1,253 |
| Other non-financial assets | 34 | 12 | 46 |
| Total Assets | 63,930 | 3,426 | 67,356 |
| Financial Liabilities | | | |
| Payables | | | |
| (i) Trade payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | 0 | - | 0 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 22,785 | - | 22,785 |
| (ii) Other payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 282 | - | 282 |
| Borrowings | 7 | 1 | 8 |
| Lease Liability | 231 | 967 | 1,198 |
| Other financial liabilities | 15,999 | (0) | 15,999 |
| Non-Financial Liabilities | | | |
| Provisions | 46 | 295 | 341 |
| Other non-financial liabilities | 236 | 35 | 271 |
| Total Liabilities | 39,586 | 1,298 | 40,884 |
| Net liquidity gap | 24,344 | 2,128 | 26,472 |

Notes to Financial Statements (Contd...)
45. Fair Value of Financial Instruments
a) Financial instruments by category

The carrying values of financial assets and financial liabilities by category are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value

Rs. million

| As at March 31, 2021 | Measured at | | | Total carrying Value |
|--|------------------------------------|------------------------|-----------------------------|----------------------|
| | Fair value through profit and loss | Fair value through OCI | Amortised Cost (net of ECL) | |
| <u>Financial Assets</u> | | | | |
| Cash and cash equivalents | - | - | 25,667 | 25,667 |
| Bank balances other than cash and cash equivalents | - | - | 32,664 | 32,664 |
| Trade receivables | - | - | 634 | 634 |
| Other receivables | - | - | 71 | 71 |
| Investments | | | | |
| - Debt securities | - | - | - | - |
| - Equity instruments | - | - | - | - |
| Other financial assets | - | - | 430 | 430 |
| Total financial assets | - | - | 59,466 | 59,466 |
| <u>Financial Liabilities</u> | | | | |
| Trade payables | - | - | 14,058 | 14,058 |
| Other payables | - | - | 182 | 182 |
| Borrowings | - | - | 0 | 0 |
| Lease Liability | - | - | 1,227 | 1,227 |
| Other financial liabilities | - | - | 17,384 | 17,384 |
| Total financial liabilities | - | - | 32,851 | 32,851 |

Rs. million

| As at March 31, 2020 | Measured at | | | Total carrying Value |
|--|------------------------------------|------------------------|----------------|----------------------|
| | Fair value through profit and loss | Fair value through OCI | Amortised Cost | |
| <u>Financial Assets</u> | | | | |
| Cash and cash equivalents | - | - | 22,632 | 22,632 |
| Bank balances other than cash and cash equivalents | - | - | 37,858 | 37,858 |
| Trade receivables | - | - | 830 | 830 |
| Other receivables | - | - | 97 | 97 |
| Investments | | | | |
| - Debt securities | - | 21 | - | 21 |
| - Equity instruments | - | - | - | - |
| Other financial assets | - | - | 2,550 | 2,550 |
| Total financial assets | - | 21 | 63,967 | 63,988 |
| <u>Financial Liabilities</u> | | | | |
| Trade payables | - | - | 22,785 | 22,785 |
| Other payable | - | - | 282 | 282 |
| Borrowings | - | - | 8 | 8 |
| Lease Liability | - | - | 1,198 | 1,198 |
| Other financial liabilities | - | - | 15,999 | 15,999 |
| Total financial liabilities | - | - | 40,272 | 40,272 |

Notes to Financial Statements (Contd...)

45. Fair Value of Financial Instruments (Contd...)

b) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities and mutual funds) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Specific valuation techniques used to value financial instruments include:

- the fair value of the quoted equity instruments is determined using market price listed on stock exchange.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis and the discount rates used were adjusted for counterparty or own credit risk.

Fair value of financial assets and liabilities measured at amortised cost

For financial assets and financial liabilities that have a short-term maturity, the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, bank deposits, trade and other receivables, security deposits, loans to employees, other financial assets and trade and other payables. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

The fair values for borrowings and security deposits were calculated based on cash flows discounted using a fair market rate of interest. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk

For financial assets and financial liabilities measured at fair value, the carrying amounts are equal to the fair values.

Classification of financial assets and liabilities by fair value hierarchy

The following table summarises financial assets and liabilities by fair value hierarchy:

As at March 31, 2021

Rs. million

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|--------------|
| <u>Financial Assets</u> | | | | |
| Measured at fair value - recurring fair value measurements | | | | |
| Debt securities | - | - | - | - |
| <u>Financial Liabilities</u> | | | | |
| Measured at Amortised cost for which fair value to be disclosed | | | | |
| Borrowings | - | - | 0 | 0 |

Notes to Financial Statements (Contd...)

45. Fair Value of Financial Instruments (Contd...)

b) Fair value hierarchy (Contd...)

As at March 31, 2020

Rs. million

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|
| <u>Financial Assets</u> | | | | |
| Measured at fair value - recurring fair value measurements | | | | |
| Debt securities | - | - | 21 | 21 |
| <u>Financial Liabilities</u> | | | | |
| Measured at Amortised cost for which fair value to be disclosed | | | | |
| Borrowings | - | - | 8 | 8 |

- i) There are no transfers between levels 1, 2 and 3 during the year.
- ii) The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

c) Fair Values of Level 3 Assets:

The Level 3 financial instruments represents debt securities.

By definition, Level 3 inputs relate to unobservable model inputs that have an overall significant impact on the financial instrument's fair value. This is true whether the financial instrument is considered as cash security or securitised product. Classification to Level 3 is essentially a result of failure to be classified on either Levels 1 or 2. It is important to note some key points regarding the use of Level 3 inputs for the purposes of estimating fair value:

- Unobservable inputs can only be used in the absence of reliable observable market data.
- If unobservable inputs are used, they must reflect the assumptions market participants would use when pricing the asset or liability, including assumptions about risk. If the Company's own data is used to develop unobservable inputs, this should be adjusted if reasonably available information suggests other market participants would use different data.
- Assumptions about risk include the risk or uncertainty inherent in a particular valuation model used to estimate fair value, as well as the inputs used by the valuation model. A fair value estimate produced from a valuation model must be adjusted for these risks if a market participant would do so in their pricing of an asset or liability.

Valuation Process

The Company performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

The main level 3 inputs for investment in debt securities used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Notes to Financial Statements (Contd...)
45. Fair Value of Financial Instruments (Contd...)
c) Fair Values of Level 3 Assets: (Contd...)

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See above for the valuation techniques adopted:

| Particulars | Significant unobservable inputs | Probability-weighted rate | |
|-------------------------------|---------------------------------|---------------------------|----------------------|
| | | As at March 31, 2021 | As at March 31, 2020 |
| Investment in debt securities | Discount rate | - | 15.34% |

* There is no investment in debt securities as at March 31, 2021. Please refer note 43(ii)(c) for further details.

If risk adjusted discount rate as shown above increase / decrease by 100 bps with all other variables held constant, the Company's profit before tax for the year ended March 31, 2020 will decrease / increase by Rs. 0.01 million.

Signatures to notes 1 to 45

As per our report of even date attached

For B S R & Co LLP
Firm Registration No.: 101248W/W-100022
Chartered Accountants

sd/-

Milind Ranade
Partner
Membership No.: 100564
Mumbai : August 26, 2021

For and on behalf of the Board of Directors

sd/-

Asit Bhatia
Chairman and Whole-time Director
(DIN: 05112750)

sd/-

Naresh Shah
Chief Financial Officer

Mumbai : August 26, 2021

sd/-

Rajnarayan Balakrishnan
Whole-time Director
(DIN: 06694243)

sd/-

Samrat Sanyal
Company Secretary
Membership No. A13863

