

# **STCI FINANCE LIMITED**



**28<sup>th</sup> ANNUAL REPORT  
FOR THE YEAR ENDED  
31<sup>st</sup> MARCH, 2022**





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## CORPORATE INFORMATION

**Board of Directors** : Mr. Melwyn Rego, Director  
Mr. R Venkataramani, Director  
Mrs. Thankom T Mathew, Director  
Ms. Uma Subramaniam, Director  
Mr. Bikram Keshari Mishra, Nominee Director (*w.e.f 16<sup>th</sup> July, 2021*)  
Mr. Raghvendra Kumar, Nominee Director  
Mr. V Narayanamurthy, Managing Director & CEO (*w.e.f 1<sup>st</sup> September, 2021*)

**Statutory Auditors** : M/s. R S V A & Co.  
Chartered Accountants  
Block -1, 3rd Floor, Khaitan Chambers  
143-145 Modi Street,  
Mumbai 400 001

**Bankers** : HDFC Bank Ltd  
Bank of India  
State Bank of India  
Union Bank of India  
Bank of Baroda  
IDBI Bank Ltd.

**Registered & Corporate Office** : A/B1, 802, A-Wing, 8<sup>th</sup> Floor, Marathon Innova,  
Marathon Nextgen Compound, Off. G. K. Marg,  
Lower Parel (West), Mumbai 400 013.  
CIN: U51900MH1994PLC078303  
Website : [www.stcionline.com](http://www.stcionline.com)

### List of Branches

- |  |   |
|--|---|
| <p><b>1 Delhi Office</b><br/>401 &amp; 412, 4th Floor,<br/>Prakashdeep Building,<br/>7, Tolstoy Marg,<br/>New Delhi-110001</p>   | <p><b>4 Bangalore Office</b><br/>Unit No. 1013, 10th Floor,<br/>84 Barton Centre, M.G. Road,<br/>Bangalore – 560 001</p>                              |
| <p><b>2 Pune Office</b><br/>Office Number 508,<br/>5th Floor Platinum Square,<br/>Next to Hyatt Regency,<br/>Viman Nagar, Off Nagar Road,<br/>Pune - 411014</p>                          | <p><b>5 Ahmedabad Office</b><br/>704, 7th Floor, Anam-1,<br/>Beside Ambuja House,<br/>Opp Piramal Garden,<br/>Off C G Road,<br/>Ahmedabad 380 006</p> |
| <p><b>3 Hyderabad Office</b><br/>303, Third Floor,<br/>Premises No. No.8-2-610/A,<br/>(New No.161),<br/>Silver Tower Banjara,<br/>Road No.11, Banjara Hills,<br/>Hyderabad – 500 034</p> |   |



## BOARD OF DIRECTORS



**Mr. Melwyn Oswald Rego**  
Independent Director



**Mr. R Venkataramani**  
Independent Director



**Mrs. Thankom T Mathew**  
Independent Director



**Ms. Uma Subramaniam**  
Independent Director



**Mr. Bikram Keshari Mishra**  
Nominee Director  
*(w.e.f 16th July, 2021)*



**Mr. Raghendra Kumar**  
Nominee Director



**Mr. Pradeep Madhav**  
Managing Director & CEO  
*(upto 31st August, 2021)*



**Mr. V Narayanamurthy**  
Managing Director & CEO  
*(w.e.f 1st September, 2021)*



## DIRECTORS' REPORT

### TO THE SHAREHOLDERS OF STCI FINANCE LIMITED

Your Directors have pleasure in presenting the Twenty Eighth Annual Report and the audited accounts of the Company for the year ended March 31, 2022.

#### 1. FINANCIAL RESULTS

Particulars	Rs. in Crore	
	March 31, 2022	March 31, 2021
Revenue from operations	213.15	307.57
Other Income	0.84	10.59
Profit / loss before Finance costs, Depreciation & amortisation and Tax expense	269.78	177.03
Less Finance Costs	27.75	51.60
Profit before Depreciation & amortisation and Tax expense	242.03	125.43
Less Depreciation & Amortisation	1.31	1.35
Profit before tax	240.72	124.08
Less Tax expense	51.06	17.07
Profit after Tax for the year	189.65	107.01
Other comprehensive income	36.93	34.77
Total comprehensive income for the period	226.58	141.78
<b>Appropriations</b>		
Opening Balance in Retained Earnings	314.32	259.21
Profit after tax	189.65	107.01
<b>Amount available for appropriation</b>	<b>503.97</b>	<b>366.22</b>
Less Transfer to statutory reserves*	38.00	21.50
Less Dividend	30.40	30.40
Closing Balance in Retained Earnings	<b>435.57</b>	<b>314.32</b>

\*Created pursuant to Section 45IC of Reserve Bank of India Act, 1934 as amended in January 1997. This reserve forms part of free reserves, net owned funds and Tier I Capital.

#### 2. RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

The highlights of the performance of the Company during the Financial Year ended March 31, 2022 are as under:

- ▲ The total loans disbursements during the year were Rs. 1072 crore as against Rs. 367 crore in the previous year.
- ▲ The loan book stood at Rs. 1704.94 crore as on March 31, 2022 as against Rs. 1425.65 crore as on March 31, 2021.
- ▲ The total income for the year ended March 31, 2022 was Rs. 298.04 crore as against Rs. 318.16 crore in the previous year.
- ▲ The net interest income for the year ended March 31, 2022 was Rs. 108.98 crore as against Rs. 115.79 crore in the previous year.
- ▲ The profit before tax for the year was Rs. 240.72 crore as against profit before tax of 124.08 crore in the previous year.
- ▲ The profit after tax for the year was Rs.189.65 crore as against profit after tax of Rs. 107.01 crore in the previous year.

Despite the slowdown caused by the second wave of COVID pandemic in Q1 of FY 2021-22, your Company ended the financial year 2021-22 with higher loan disbursements of Rs. 1072 crore. The higher loan disbursals after considering the loans repaid and recovered during the year led to increase in the loan book as on March 31, 2022. The lower net interest income earned during the year is primarily on account of lower average loan book and lower interest yield on the Loan against shares portfolio. However, the write back of provisions on loans and advances on account of high recoveries made in Stage 3/NPA Accounts resulted in higher profits during the year.



## DIRECTORS' REPORT

### 3. TRANSFER TO RESERVES

Your company has transferred 20% of its Profit after tax amounting to Rs. 38.00 crore to Statutory Reserve as required under Section 45IC of the Reserve Bank of India Act, 1934.

### 4. DIVIDEND

Your Directors have recommended a dividend of 12% (Rs. 1.2 per equity share of face value of Rs. 10 each) for the Financial Year ended March 31, 2022. If approved by shareholders at the ensuing Annual General Meeting (AGM), the dividend distribution will result in a cash outflow of Rs. 45.60 crore.

## MANAGEMENT DISCUSSION & ANALYSIS

### I. Macro economic Overview

After nearly two years of the COVID 19 pandemic, the global economic activity which gained traction in Q1 of FY 2021-22, started losing momentum from Q2 of FY 2021-22 impacted by resurgence of infections in several parts of the world, supply disruptions and bottlenecks, persistent inflationary pressures and shifts in monetary policy stances by Central Banks across systemic advanced economies as also some emerging market economies, and further weakened since Q3 with a sequence of headwinds from the Omicron wave and multi-decadal inflation highs in major advanced economies. More recently the Russian Federation's invasion of Ukraine and its global effects on commodity prices, supply chains and financial conditions have jolted the global economy. Beyond the immediate humanitarian impacts, the fall out of the war would hasten the deceleration of global economic activity and increase inflation even further. IMF in its April 2022 World Economic update has revised down its forecast of global growth for year 2022 at 3.6 percent by about 0.8 percent in a span of less than three months, reflecting the war's direct impact on global economic activity.

On the domestic front, the economic activity, which gained strength in Q2:2021- 22 (July-September) with the ebbing of the second wave supported by recovery in private consumption and investment demand, lost some momentum in H2 of FY 2021-22, exacerbated by the spread of the less severe Omicron variant. The beneficial effects of the less severe and rapid ebb of infections have, however, been overwhelmed by the geopolitical uncertainties since February 2022. As per the provisional estimates released by National Statistical Office (NSO) on May 31, 2022, the real gross domestic product (GDP) rose by 8.7 per cent in 2021-22 as compared to a contraction of 6.6 percent in 2020-21, which works out to be 1.5 per cent above the pre-pandemic level (2019-20). While private final consumption the mainstay of aggregate demand regained some traction during the year and reached the pre-pandemic (2019-20) level, its share in overall GDP was lower as compared to the previous year. However, the growth in gross fixed capital formation and the government expenditure made up for the muted private consumption expenditure. As per the provisional estimates released by NSO on May 31, 2022, the Gross Value Added (GVA), the measure of aggregate supply, expanded by 8.1 percent in FY 2021-22 as compared to a contraction of 4.8 percent in year 2020-21 and exceeded the pre-pandemic (2019-20) level by about 2.9 percent. Agriculture and allied activities remained buoyant on the back of a record kharif production and expansion in sowing acreage in the rabi season supported by adequate and well spread southwest and northeast monsoon rains. Industrial activity lost momentum in H2 of FY 2021-22 as manufacturing was affected by supply side shortages, input cost pressures and muted discretionary consumption and investment spending. Overall the manufacturing activity remained above pre-pandemic (2019-20) levels. With gradual easing of restrictions and accelerated pace of vaccination, the services sector regained momentum in Q2 of FY 2021-22 and grew by 5.7 percent in H2 of FY 2021-22 crossing its pre-pandemic level. The real estate activity improved in Q3 with new launches and sales on the back of low mortgages rates and improving affordability. The financial, real estate and the public administration segments remained resilient and were well above the pre-pandemic levels. However, contact sensitive segments like travel, trade and hotels are yet to reach the pre-pandemic levels.

CPI Inflation breached the upper tolerance band of 6 per cent in May and June 2021, driven by supply side pressures in food, fuel and core inflation, moderating close to the target at 4.3 percent in September 2021 and thereafter moving up sequentially to the upper tolerance threshold of 6 per cent during January -February 2021 mirroring the sharp movement in food inflation. International crude oil prices which had hardened in August-September 2021 on supply disruptions and declined towards the end of November 2021 in the wake of third wave, have risen sharply with rebound in demand on ebbing of omicron infections, disruptions caused by war and regulated production by OPEC countries. Core inflation (CPI inflation excluding food and fuel) remained elevated at 6 percent in 2021-22 and sticky, higher than the pre-covid period with higher cost push pressures than a year ago.



## DIRECTORS' REPORT

The Reserve Bank of India (RBI) continued with its accommodative stance and kept its key policy rates including repo rate, reverse repo rate and bank rate unchanged at 4%, 3.35% and 4.25% respectively throughout FY2021-22 to sustain growth and mitigate the impact of COVID-19 on the economy, while ensuring inflation remains within the target. RBI at the Monetary Policy Committee (MPC) meeting held April 08, 2022 introduced a Standing Deposit Facility (SDF) rate of 3.75% (at 40 bps higher than the reverse repo rate) as a floor of the Liquidity Adjustment Facility. Subsequently, RBI at the MPC off cycle meeting held on May 02 and May 04, 2022, raised the policy repo rate by 40 bps to 4.40%. RBI also raised the Cash Reserve Ratio (CRR) by 50 bps to 4.50% effective from May 21, 2022. RBI, further, at the MPC meeting held on June 08, 2022, raised the policy repo rate by another 50 bps to 4.90%. Consequently, the SDF stood at 4.65% and Bank rate at 5.15 percent.

India's current account balance recorded a deficit of 1.2 percent of GDP in 2021-22 as against a surplus of 0.9 per cent in 2020-21 as the trade deficit widened to US \$ 189.5 billion from US \$ 102.2 billion a year ago. Expansion in imports outpacing exports on the back of recovery of domestic demand and surge in crude oil prices led to widening of trade deficit. The fiscal position of the central government improved with a fiscal deficit of 6.7 % of GDP for FY 2021-22, as against 6.9 % of GDP estimated by the Finance Ministry in the revised Budget mainly on account of higher tax collections. The fiscal deficit target for FY 2022-23 has been pegged at 6.4 % of the GDP consistent with Government's broad path of fiscal consolidation.

Despite global headwinds from the geopolitical shocks and the accompanying sharp rise in global commodity prices, the Indian economy remains resilient on the strength of its own macro-fundamentals. The rebound in contact-intensive services and the improvement in business and consumer sentiment would bolster discretionary spending and urban consumption. The rural consumption is expected to benefit from normal south-west monsoon and improving agricultural prospects. Investment activity is expected to get support from the government's thrust on infrastructure and capital expenditure, manufacturing activities through the PLI scheme and healthier corporate balance sheets. Spillovers from prolonged geopolitical tensions, elevated oil and commodity prices, continued supply bottlenecks and tightening global financial conditions nevertheless weigh on the outlook.

*Data Source: RBI reports & IMF world economic update*

## II. NBFC Sector & Developments

### Overview of NBFC sector

NBFCs are an integral part of Indian Financial System contributing towards inclusive growth in the country by providing credit to the customers in the underserved and unbanked segments. Over the years, NBFCs have assumed systemic importance due to their inter-linkages with the banking sector, capital market and other financial sector entities. NBFCs' credit to GDP ratio has been consistently rising from 8.6 per cent in 2012-13 to 13.7 per cent in 2020-21. The growth of NBFCs has been driven by factors like their ability to lend to sectors and customers who find it difficult to obtain bank lending, ability to customise and offer more specialized services, quick decision making, better services through faster response and personalized approach, lower costs due to focused business model and ability to control risks and to adapt to changes.

### Developments

The NBFC sector faced headwinds when the second wave of COVID-19 pandemic hit the country by March 2021. The impact of the second wave was relatively limited as compared to the first wave in the previous year. The sector bounced back in the second quarter of FY 2021-22 with disbursements and AUM gaining momentum sequentially in Q3 and Q4 of FY 2021-22 as the impact of the third wave of the Covid-19 pandemic was limited. However, the setback witnessed in Q1, on account of Covid-related disruptions, weighed on the overall growth in the FY 2021-22. Liquidity (on-balance sheet (B/S) and undrawn sanctions) for the sector has remained adequate with entities maintaining coverage for their next three months' repayments. Lower AUM growth in FY2021-22 warranted limited incremental funding requirement vis-à-vis previously envisaged. Capital profile has improved steadily on the back of subdued growth, while internal generation remained relatively higher.

Banks continued to be the mainstay for overall funding, especially for non-deposit taking NBFCs (NBFC-ND). NBFCs were the largest net borrowers of funds from the financial system, with gross payables of Rs. 12.46 lakh crore and gross receivables of Rs. 1.62 lakh crore as at end-March 2022. Over half of the borrowings were from SCBs and this share increased further during H2:2021-22 as NBFCs' reliance on debt funding from AMC-MFs and insurance companies reduced. Instrument wise, the NBFC funding mix saw a rise in the Long Term loans whereas the share of Long Term debt instruments and CPs declined during 2021-22.



## DIRECTORS' REPORT

To strengthen supervision over NBFCs, the RBI introduced scale-based regulation in October 2021, effective from October 2022 as per which NBFCs would be placed in four layers, based on their size, activity, and perceived riskiness, viz., Base Layer (BL), Middle Layer (ML), Upper Layer (UL) and a possible Top Layer (TL). The regulations are progressively tighter for the higher layers. Regulations for NBFC-BL are broadly in line with extant regulations for NBFC-ND, except for changes in governance and prudential guidelines. NBFCs -ML will be regulated on the lines of systemically important NBFCs not accepting deposits (NBFCs- ND-SI) and Deposit taking NBFCs (NBFC-D) except for changes in capital, prudential, disclosure and corporate governance guidelines. NBFC-UL are additionally subject to regulations with respect to minimum common equity tier 1 and leverage requirements, mandatory listing, compliance of large exposure framework, disclosure requirements etc. NBFCs-TL (ideally vacant) will, inter alia, be subjected to higher capital charges. The said regulations, also placed a ceiling of Rs. 1 crore per borrower for financing subscription to IPOs, for all NBFCs with effect from April 1, 2022, resulting a sharp decline in IPO funding by NBFCs since December 2021.

RBI also issued clarification in November 2021 harmonising NPA recognition and upgradation norms for all lending institutions including NBFCs. The revised norms included the classification of special mention accounts (SMA) and NPA on a day-end position basis and the upgradation of a NPA to standard category only after clearing all outstanding over dues. The clarification impacted the reporting of gross NPAs by NBFCs as some entities aligned their reporting in line with RBI clarification though RBI had subsequently extended applicability of revised NPA norms upto September 2022.

Further, RBI in December, 2021, brought in the prompt corrective action (PCA) framework, aimed at increasing market discipline among non-bank players and to align their regulations at par with those of banks. The norms brought in a risk threshold monitoring for NBFCs based on CRAR, tier-1 capital and net NPAs. The framework will come into effect from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022.

SEBI (Listing and Disclosure Requirements) (Fifth Amendment) Regulations, 2021, effective from September 07, 2021 enhanced the Disclosures, Corporate Governance norms and Compliance requirements for high value debt listed entities i.e entities which having listed non-convertible debt securities of an outstanding principal value of Rs. 500 crore and above. Further, the Amendment Regulations, have brought in additional compliances for all debt listed entities. The Amendment Regulations included norms with respect to Board composition including independent directors, related party transactions, corporate governance requirements, disclosure of information/ events, financial results and submissions to stock exchanges among others. These amendments will instill better corporate governance and transparency standards among debt listed NBFCs.

### Performance

As per RBI Report on trend and progress of Banking issued in December, 2021, as on September 30, 2021 there were 52 NBFCs-D and 312 were NBFCs- ND-SI. NBFC sector is dominated by NBFCs- ND-SI, constituting 85.1 percent and NBFCs-D, constituting 14.9 percent of the total assets of the sector as on March 31, 2021. As per the Financial Stability Report (FSR) released by the RBI in June 2022, the Aggregate credit extended by NBFCs stood at Rs. 28.5 lakh crores in March 2022. Loans to industry constituted the largest segment with share of 39.1 per cent, followed by personal loans with 27.4 per cent, loans to services with share of 15.3 per cent and Credit to agriculture with miniscule share of 1.8 per cent. Government owned NBFCs accounted for 45.6 per cent of aggregate credit extended by all NBFCs. In terms of credit dispensation by category of NBFC, NBFC-ICC and NBFC -infrastructure finance companies predominated in gross loans and advances in March 2022. Non-banking financial companies (NBFCs) have also benefited from regulatory dispensations, including the congenial financial conditions pursuant to the RBI's monetary and liquidity operations. The capital position of NBFCs remained robust and their return on assets (RoA) recouped in March 2022. The CRAR stood at 29.9 percent as on March 2022 and the ROA was at 2.1 percent

The GNPA ratio of the sector (excluding core investment companies) has improved from 6.1 per cent in March 2021 to 5.8 per cent in March 2022. The improvement was primarily on account of 340 bps dip in the GNPA ratio of the services sector though there was a larger concentration of NPAs in the industrial sector for which the loan book size far exceeded that of the services sector. The aggregate NNPA ratio of NBFCs also ebbed in March 2022, despite a 90 bps rise in the NNPA ratio for the industrial sector loans on account of curtailed provisioning. Moreover, Special Mention Accounts (SMAs) decreased from 13.3 per cent of total advances in September 2021 to 9.2 per cent in March 2022.

*Data Source: RBI Reports & Credit Rating Agency reports.*



## DIRECTORS' REPORT

### Challenges

Financial entities have generally emerged resiliently from the second and third wave of COVID-19 pandemic. NBFCs are growing their loan book as the economic recovery takes hold. NBFCs could come under pressure due to certain Regulatory and other developments.

The interest rate scenario has turned for NBFCs, with the RBI hiking the repo rate by 90 bps in two tranches in April 2022 and June 2022. With expectation of another hike of 75 bps, the total expected increase this fiscal may be upto 165 bps. As per CRISIL Ratings analysis of NBFCs, Rs 15 lakh crore of debt is due for repricing this fiscal owing to interest reset or maturity. Another Rs 3 lakh crore of incremental debt is likely to be raised to support expected growth in lending. With bank floating loans benchmarked to the repo rate since October 2019, the pass-through is relatively quicker compared with loans linked to the MCLR. Considering a likely repo rate hike of 165 bps this fiscal, the overall cost of borrowings for NBFCs would rise by 85-105 bps. But, in case of fixed rate loans, there would be lower rise in borrowing cost as only incremental loans would be charged at higher interest rates. However, higher provisioning buffers held by NBFCs will help lower credit cost.

The revised RBI norms notified in November 2021 regarding classification of SMAs and NPAs on a day-end position basis and upgradation from an NPA to standard category only after clearance of all outstanding overdues would elevate the NPAs of NBFCs. As per CARE Ratings with the revised NPA norms there would be an increase of up to 300 bps in gross NPAs with a limited impact for shorter-tenure loans. Most NBFCs have witnessed a surge in headline NPAs during Q3 of FY 2021-22 due to the revised NPA norms, which will ensure limited negative surprises in coming quarters. However, the provisioning is expected to remain elevated in the near term to enhance overall provision coverage.

The new scale-based regulatory framework for NBFCs, notified by RBI in October 2021 narrows the regulatory gap between NBFCs and banks. The framework provides for stricter CET1 capital of 9%, internal limits on exposure to important sectors, additional compliance of large exposure framework, leverage requirements and differential standard asset provisioning etc for Upper Layer NBFCs, akin to banks. This would accelerate the pace of consolidation in Indian lending space as larger NBFCs would convert into banks or get acquired by banks. Also, the new regulatory framework, mandates, wholesale lenders such as developer financiers and infrastructure lenders to have internal exposure limits for lending to sensitive Sectors such as capital market (direct and indirect) and commercial real estate in order to reduce concentration risk. The developer financiers are additionally required to get government approval for financing the projects, which will ensure lower slippage, especially under-construction projects of weaker developers.

The new PCA framework as notified by RBI in December 2021 (effective October 01, 2022), prescribes a risk threshold monitoring for NBFCs based on CRAR, tier-1 capital and net NPAs. The said framework prevents NBFCs from taking excessive risk and act as a deterrent and discipline the sector, going forward. NBFCs would be required to focus more on asset quality, monitoring, collections and recovery so that the risk thresholds prescribed in the PCA framework are not breached.

### Opportunities

The current operating environment, despite the challenges thrown up, also creates an opportunity for NBFCs to re-set their strategy and outlook due to the following developments:

As per recent CRISIL report, many NBFCs had in FY 2021-22 partially released their higher provisioning buffers of past two financial years, thereby reducing their credit costs. There is still a reasonable amount of cushion available — 0.5% to 2% of assets — as contingency provisioning which would moderate the credit cost and support the earnings performance in FY 2022-23. ICRA expects the return on managed assets (RoMA) for NBFCs to approach the pre-Covid levels of 2.7-2.9% in FY2022-23 and for FY2021-22 to be higher than FY2020-21 at 2.2-2.4% and 1.6-1.8%, respectively.

NBFCs are expected to benefit from the economy moving up with their asset under management (AUM) is expected to grow at 6-8 per cent in FY 2021-22 and 8-10 per cent in FY 2022-23. The wholesale credit of NBFCs, which declined in FY2019-20 and FY2020-21, may continue shrink in FY2021-22 and consolidate and stabilise in FY2022-23. Growth in the business loans including loan against property (LAP), and other commercial lending segments, which are closely linked to the overall economic performance, are expected to be better in FY2021-22 and are expected to take longer to register a reasonable revival. (ICRA Report March 2022).

The capital profile of NBFCs has improved steadily on the back of subdued growth and is adequate. The sector would not require sizeable capital in the next fiscal, considering the moderate growth expectation. However, some entities may raise equity because of their higher leverage or growth expectations.



## DIRECTORS' REPORT

Entities have maintained commensurate on-Balance Sheet liquidity and un availed credit lines; the coverage maintained by the NBFCs and HFCs has remained largely rangebound in last 9 months of FY 2021-22. The funding condition of NBFCs is stabilising because banks are lending to them and Mutual funds, that had become very cautious to lend to NBFCs, have now also started lending. NBFCs are also diversifying their funding base by looking at retail borrowing.

The new scale-based regulatory framework for NBFCs, notified in October, 2021 as well as the new PCA framework notified in December 2021 are focused on conservation of capital in the best possible manner. This along with emphasis on disclosure norms, risk management, compliance and corporate governance requirements, will bring necessary transparency in functioning of NBFCs and help to garner good business.

Looking ahead, with the improving macro-economic landscape after the Covid-19 pandemic, NBFCs would witness growth in their loan book driven by the uptick in the economy, stronger balance sheet, adequate liquidity, higher provisions and improved capital positions of NBFCs. However, an expected increase in systemic interest rates and asset quality issues in some segments due to the lagged impact of pandemic, geopolitical issues and future waves of the pandemic would be a drag on the performance of NBFCs. Managing the operating efficiency of NBFCs, and controlling incremental slippages, especially from the restructured book, would remain key monitorables.

*Data source: RBI reports and credit Agency Reports*

### **Business Review**

STCI Finance Limited is a Systematically Important Non-Deposit taking Non-Banking Financial Company classified as an Investment and Credit Company, undertaking lending and investment activities since 2008. With the growth in the size of the loan book, Lending has become the main business activity of the Company since 2011. The Company is a diversified mid-market B2B NBFC that provides customized financial solutions to a wide spectrum of customers ranging from Corporates, firms and High Net worth Individuals through its loan product offerings of Loan against securities/Promoter Funding and Corporate & other loan products.

The last two years of the COVID-19 pandemic and the resultant economic slowdown have significantly impacted businesses across industries. The business disruptions, however, remained more contained during the second wave of the pandemic in Q1 of FY 2021-22 with region centric containment measures instead of a nation wide lockdown enforced during the first wave. The economic activity started picking pace from Q2 of FY 2021-22 with the waning of the second wave and return of consumer confidence and business optimism supported by rise in vaccination coverage and sustained reduction in infections. However, the pace of economic activity lost some momentum in H2 of FY 2021-22 with the third wave of pandemic which was less severe and short lived as compared to the second wave.

Your Company has taken measures to address the evolving risks and ensured continuity of business operations during the lock down period through adoption of Work from home model pursuant to the "Work from Home Policy" duly approved by the Board. Despite the challenges faced due to the impact of COVID pandemic, your company remained resilient and witnessed business momentum and growth during the year.

### **(i) Lending operations**

STCI Finance Limited has been primarily catering to two segments viz. Loan against Securities (LAS) and Corporate & other loans segment. In the Loan against securities (LAS) segment, the Company offers Loan to promoters, Corporates, Firms and Individuals against (listed) single scrip or multi scrip security. The Corporate & other loans segment of the Company covers Real estate Lending and Lending to Manufacturing and other non-real estate sectors. In the Corporate and other loans segment, the Company offers Loan to Real Estate Developers against mortgage of property and receivables, Loan (other than real estate) to Corporates/SMEs etc against property/ receivables/other assets for business purposes, structured loans, term loans, bridge finance, Loan against lease rentals, equipment finance, NBFC lending etc. In the last few years, the Company has been endeavouring to strategically shift its focus to the Corporate & other loans segment to diversify its loan portfolio. The Company operates from its Corporate office in Mumbai and representative offices in Delhi, Pune, Hyderabad, Bengaluru and Ahmedabad.

The lending business of the Company was impacted by the pandemic induced slowdown in Q1 of FY 2021-22. However, with the economic activity picking up pace from Q2 of FY 2021-22 on easing of pandemic containment measures, the Company ramped up its efforts in scaling up its lending business and focused on collections and recoveries. Despite the challenging market environment, your company ended the financial year 2021-22 with total loan disbursements of Rs. 1072 crore, which



## DIRECTORS' REPORT

was 25% higher than the cumulative loan disbursement of Rs. 852 crore in the last two financial years. The higher loan disbursements after considering the repayments, pre-payments and recoveries during the year led to a 20% growth in the loan book from Rs. 1425.65 crore as on March 31, 2021 to Rs. 1704.94 crore as on March 31, 2022. The share of business from the LAS segment increased to 62 % of the loan book as on March 31, 2022 from 52% of the total loan book on March 31, 2021 and the share of business from Corporate & other Loans segment decreased to 38% of the total loan book as March 31, 2022 from 43% at the end of the previous year. The increase in share of business in LAS segment during the year is primarily on account of more opportunities in this segment. Strategically, the Company is increasing its focus on the Corporate and other loan segment and diversifying into new lending segments to achieve the loan book growth in the current year and the years to come.

The Company earned a net interest income of Rs. 108.98 crore during FY 2021-22 as against Rs. 115.79 crore in the previous year. The lower net interest income earned during the year is primarily on account of lower average loan book and lower interest yield on the Loan against shares portfolio.

### Asset Quality

During the year under review, the Company continued with its recovery efforts and could effect recoveries of Rs. 101 crore in NPA/ Stage 3 assets and recovery of Rs. 5.41 crore in a written off loan account. The Company made required provisions in respect of NPAs/Stage 3 assets identified during the year. As a result, the gross NPA/ Stage 3 assets stood at 10.49% of the loan book as on March 31, 2022 as against 19.65% of the loan book as on March 31, 2021 and the net NPAs/ Stage 3 assets stood at 1.67% of the loan book as on March 31, 2022 as against 3.46% of the loan book as on March 31, 2021. Considering the uncertainty over the potential macro-economic impact of COVID 19, the additional provision have been maintained in respect of Stage 2 assets and Gross NPA/Stage 3 assets. As on March 31, 2022, the total Expected Credit Loss (ECL) provision stood at Rs. 172.77 crore

### (ii) Treasury operations

During the period under review, your Company generated income/revenue of Rs. 17.90 crore from the Treasury segment as against Rs. 13.31 crore during the previous year. The increase in treasury income during the year is primarily on account of higher profits made on sale of equity shares.

### Segment wise performance of the Company

The segment wise results of Lending business and treasury operations are as under:

Segment Information	Lending		Treasury	
	2021-22	2020-21	2021-22	2020-21
Total Revenue	215.64	162.89	17.90	13.31
Segment Result Profit/Loss	182.90	(10.95)	17.86	13.19

(Rs in crore)

### (iii) Resource Mobilisation

During the year under review, your Company placed reliance on borrowings from Banks for funding its business activities due to its cost effectiveness. The Company kept its focus on asset liability management and maintained a mix of long term and short term borrowings during the year. The Company maintained adequate liquidity throughout the year to meet its debt service obligations and business requirements.

The Company focussed on reduction in the cost of borrowings and was successful in getting the existing lines of credit and term loans reviewed/renewed at competitive interest rates. As on March 31, 2022, the outstanding borrowings stood at Rs. 571.01 crores. The lines of credit availed from Banks stood at Rs. 341.90 crore on March 31, 2022. and the outstanding term loans from Banks stood at Rs. 229.32 crore as on March 31, 2022. Subsequent to the year under review, your Company has received further sanctions of term loans from Banks for an aggregate amount Rs. 350 crore to augment its long term sources of funding.

Your company has been regular in servicing all its debt obligations.



## DIRECTORS' REPORT

### (iv) Credit rating

Your Company enjoys the highest rating of A1+ from rating agencies, ICRA and CARE for its short term borrowing programme. During the year under review, ICRA re-affirmed the rating for the Company's long term debt programme "AA- (Outlook: Negative)". Further, CARE had revised the rating of the Company's long term debt programme from "A+ (stable)" to "AA- (Outlook:stable)".

### (v) Capital to Risk Assets Ratio (CRAR)

The Company maintained CRAR well above the regulatory norms throughout the year. As on March 31, 2022 the CRAR was 78.46%. Although going forward, with growth in loan book, the CRAR is likely to come down, yet the same will remain well above the regulatory requirement.

### (vi) Risk Management

Your Company has to manage various risks in the course of its business operations. The key risks faced by the Company include credit risk, liquidity risk, interest rate risk and operational risk. The company has in place a Board approved comprehensive Risk Management Policy covering the Credit Risk Management Policy, Market Risk Management Policy and Operational Risk Management policy for addressing the various risks associated with the Company's lending business, treasury and other operations. The Board of Directors have constituted a Risk Management Committee which, *inter alia*, periodically reviews the policies governing various risks, monitors the compliance with the policies, the portfolio composition, the risk levels / exposures and the impaired credits. Your Company has in place credit appraisal, credit policies and procedures and credit risk monitoring for various loan products. A periodic review of the entire loan portfolio is undertaken with a view to identifying potential areas of risk and devise appropriate strategies thereon. The Company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The overall management of interest rate risk and liquidity risk is carried out through a maturity wise bucket time gap analysis and ensuring the same is within the policy approved by the Board and also the Regulatory Guidelines in this regard. The Asset Liability Management Committee reviews and monitors these risks at periodic intervals. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or external events. The operational risks of the Company are managed through internal control systems and procedures and key back up processes.

### (vii) Information Technology framework

The Company has in place an Information Security Policy, Cyber Security Policy, Cyber Crisis Management Plan, IT Service Outsourcing Policy and the Business Continuity Plan in line with RBI Master Direction dated June 08, 2017 on Information Technology Framework for the NBFC Sector. The Board of Directors have constituted an IT Strategy Committee with two Independent Directors one of whom is a Chairman, MD & CEO, two outside IT experts and IT Head as its members. The role of the IT Strategy Committee includes approving IT strategy and IT related policies, ascertaining that the implemented processes and practices ensure that the IT delivers value to the business, ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable, monitoring the method used to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources, ensuring proper balance of IT investments for sustaining the company's growth and becoming aware about exposure towards IT risks and controls. In line with the Company's approved IT Strategy, the Company is in the process of evaluating the purchase of an end to end Loan Management software that would manage multi location and multi product lending operations and cater to the existing and future growth areas of the Company.

### (viii) Internal Financial Controls and their adequacy

Your Company has in place adequate internal financial control framework commensurate with the nature, size and scale of operations of the Company. A review of the overall internal financial controls over financial reporting was undertaken by the Internal Auditors for major areas of operations of the Company during the year based on the laid down Internal Financial Control framework and the same was found to be adequate vis-a vis the present nature and scale of the operations.

### (ix) Regulatory Compliance

Your Company has complied with all directions/ regulations of RBI regarding accounting standards, income recognition, valuation of securities, capital adequacy, corporate governance etc. as applicable to the Company as a Systemically Important Non-Deposit Taking NBFC. No penalties have been imposed by any Regulatory authority during the period under review.



## DIRECTORS' REPORT

### (x) HR Resources

With a view to strengthening its human resources, the Company has been recruiting professionals with appropriate skills and experience at middle and junior management levels. Recognising the importance of knowledge enrichment of its employees and exposing officers to the latest developments in the financial sector, the Company deutes its officers for appropriate training programmes, seminars and conferences. The Company's HR functions were outsourced to HR Consultants, M/s HR Annexi during the financial year 2021-22 for providing HR support by way of review of Company's HR policies, Performance Linked Variable Pay Scheme, Key Hiring Plan, new Employee Selection and On-Boarding, Skill and Capability building for employees and other regular HR management activities. As on March 31, 2022 the staff strength was 52.

### (x) Outlook for the current year

The Indian economy remains on the path of recovery but faces spillovers from global conditions. Financial entities have generally emerged resiliently from the pandemic and are expanding with improving business and consumer sentiment. Their asset quality has improved and capital positions remain strong. Rural and Urban consumption is expected to increase and Investment activity would get support from the government's capex push, improving bank credit and rising capacity utilisation. However, high inflationary pressures, external spillovers from geopolitical shocks, upsurge in global financial market volatility and tightening global financial conditions, uncertainty associated with future course of pandemic continue to weigh heavily on the outlook

With the rebound of the economy in the second-half of FY2021-22, the Company scaled up its loans disbursements and recoveries/ collections in the second half of year, thereby contributing to the growth and earning performance during FY 2021-22. With the improving macro-economic environment and economic activity expected to gain strength in FY 2022-23, the outlook of the Company for the current year remains positive with higher growth expected to be achieved this year. During the year, the Company would work towards achieving growth and diversification in the loan book by focussing more in the existing lending segment of Corporate & Other loans segment (covering Real estate Lending and Lending to Manufacturing and other non-real estate sectors) and new lending segments such as MSME lending, , Co-lending, Green financing and Start up funding. The strategy would be to build a sustainable granular loan book and achieve adequate sectoral as well as geographical diversification, while maintaining profitability. The Company would increase its points of presence across cities having business potential in a phased manner. The Company will continue to remain focused on collections and recoveries and asset quality management. Adequate liquidity will be maintained by the Company at all times to meet its business requirements. The Company is in process of procuring a new end to end loan management software catering to multi-product and multi-locational lending operations for the future growth of the company. Your company shall continue to be prudent and will remain focussed on maintaining a balance between growth and asset quality.

## 6. SUBSIDIARY COMPANIES & THEIR PERFORMANCE

Your Company has two subsidiaries, viz., STCI Primary Dealer Limited (wholly owned subsidiary) and STCI Commodities Limited (wholly owned subsidiary).

In terms of the provisions of Section 129(3) of the Companies Act, 2013, the Consolidated Financial Statements of the Company and its subsidiaries, STCI Primary Dealer Limited and STCI Commodities Limited for the year ended March 31, 2022 are prepared and the same along with the Auditors' Report form part of this Annual Report.

Pursuant to the first proviso of Section 129(3) of the Companies Act read with Rule 5 of the Companies (Accounts) rules 2014, a separate statement containing the salient features of the financial statement of its subsidiaries in the prescribed form AOC -I are annexed to the Company's audited financial statement for the year ended March 31, 2022. However, brief comments on their performance during the year are being given so as to present a consolidated position of the operations of STCI Group to the shareholders.

### (i) STCI Primary Dealer Limited

STCI Primary Dealer Limited, your Company's wholly owned subsidiary engaged in Primary Dealership business, reported a profit after tax of Rs. 100.56 crore for the financial year ended March 31, 2022 as against a profit after tax of Rs. 228.39 crore during the previous financial year.

The Audited financial statements along with the Auditors' Report and the Directors Report thereon of STCI Primary Dealer Limited for the financial year ended March 31, 2022 form part of this Annual Report.



## DIRECTORS' REPORT

### (ii) STCI Commodities Limited (under voluntary liquidation)

STCI Commodities Limited, your Company's wholly owned subsidiary discontinued its commodity broking operations with effect from September 20, 2011. Since then, the subsidiary, has been paying off its clients dues, liquidating its assets and settling its legal cases. The subsidiary has surrendered its membership with Multi Commodity Exchange and National Commodity and Derivative Exchange. The members of the subsidiary company at its Extraordinary General Meeting held on March 11, 2022, approved the proposal for (i) voluntary liquidation of the Subsidiary, STCI Commodities Limited as per the provisions of Section 59 of the Insolvency and Bankruptcy Code, 2016 and the regulations framed thereunder and (ii) the appointment of Insolvency Professional, Mr. Anil Rajkotia as its Liquidator. Pursuant to the commencement of voluntary liquidation on March 11, 2022, all assets of the subsidiary were liquidated, creditors paid off, not readily realisable assets assigned to the parent company and the liquidation proceeds of Rs. 1.88 crore transferred to the parent company as per the provisions of IBC 2016. Subsequently, an application was made to NCLT on June 25, 2022 for dissolution of the subsidiary under the IBC 2016. On passing of dissolution order by NCLT, the subsidiary company shall stand dissolved.

The Audited financial statements along with the Auditors' Report and the Directors Report thereon of STCI Commodities Limited for the financial year ended March 31, 2022 form part of this Annual Report.

## 7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### (a) Nominee Directors

#### ***Appointment/Re-appointment***

Pursuant to Bank of India's letter dated June 9, 2021 nominating Mr. Bikram Keshari Mishra (DIN 06878231), General Manager, Recovery Department, Bank of India, as Nominee Director on the Board of the Company, the Board of Directors at its meeting held on July 16, 2021, upon the recommendation of the Nomination, Remuneration & HRD Committee, appointed Mr. Bikram Keshari Mishra as an Additional Director of the Company. Subsequently, at the 27<sup>th</sup> AGM held on September 27, 2021, Mr. Bikram Keshari Mishra was appointed a Director of the Company liable to retire by rotation.

#### ***Retirement by rotation***

Bikram Keshari Mishra (DIN 06878231), a Nominee Director liable to retire by rotation, retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as a Director liable to retire by rotation at the ensuing AGM. His brief profile is given in the Explanatory Statement annexed to the Notice for the ensuing AGM.

### (b) Managing Director & CEO

#### ***Appointment/Re-appointment***

The Board of Directors at its meeting held on July 27, 2021, upon the recommendation of the Nomination, Remuneration & HRD Committee, extended the tenure of appointment of Mr. Pradeep Madhav (DIN 00267422), as Managing Director & CEO with effect from August 01, 2021 for a further term of one month upto August 31, 2021. Subsequently, the said extension of tenure of appointment of Mr. Pradeep Madhav was approved by the Shareholders of the Company at the 27<sup>th</sup> AGM held on September 27, 2021.

Further, the Board of Directors at its meeting held on August 26, 2021, upon the recommendation of the Nomination, Remuneration & HRD Committee, appointed Mr. V. Narayanamurthy (DIN 00555704), as an Additional Director with effect from September 01, 2021 and as Managing Director & CEO of the Company with effect from September 01, 2021 for a term of three years upto August 31, 2024. Subsequently, at the 27<sup>th</sup> AGM held on September 27, 2021, the shareholders appointed him as a Director not liable to retire by rotation and approved his appointment as Managing Director & CEO of the Company with effect from September 01, 2021 for a term of three years upto August 31, 2024.

#### ***Resignation/ Cessation***

Mr. Pradeep Madhav (DIN 00267422), stepped down as Managing Director & CEO and resigned as Director from the Board of the Company consequent to completion of his tenure as Managing Director & CEO of the Company on the



## DIRECTORS' REPORT

close of business hours of August 31, 2021. The Board placed on record its appreciation for the distinguished services rendered by him and his significant contributions during his tenure as Managing Director & CEO of the Company.

### (c) Independent Directors

#### *Retirement / Cessations*

Subsequent to the year under review, Mr. Melwyn Oswald Rego (DIN 00292670) and Mr. R. Venkataramani (DIN 00829107) retired as Independent Directors of the Company on the conclusion of their first term of three consecutive years at the close of business of September 03, 2022. The Board places on record its appreciation and recognition for the significant contributions and valuable services rendered by them during their tenure as Independent Directors of the Company.

#### *Appointment/Re-appointment*

Subsequent to the year under review, the Board of Directors at its meeting held on September 06, 2022, upon the recommendation of the Nomination, Remuneration & HRD Committee, appointed Mr. Gopal Singh Gusain (DIN 03522170) and Mr. Arun Kumar Mandal (DIN 09726014) as Additional Directors in the category of Non-Executive Independent Directors with effect from September 06, 2022. In terms of Section 161 (1) of the Act read with Article 101 of the Company's Article of Association, Mr. Gopal Singh Gusain and Mr. Arun Kumar Mandal hold office as Additional Directors of the Company upto the date of the ensuing AGM and are eligible for appointment. The Board recommends their appointment as Independent Directors, not liable to retire by rotation for a term of three consecutive years with effect from September 06, 2022 at the ensuing AGM pursuant to Section 149, 152 read with Schedule IV of the Act.

The Company has received separate notices under Section 160 of the Act proposing the appointment of Mr. Gopal Singh Gusain and Mr. Arun Kumar Mandal for the office of Director. The details of the proposed appointments and their brief profile are furnished in the explanatory statement annexed to the Notice of the Annual General Meeting.

### (d) Key Managerial personnel

As on March 31, 2022, Mr. V.Narayanamurthy, Managing Director & CEO, Ms. Suparna Sharma, Company Secretary & Compliance Officer and Mr. Kamlesh Rathi, Chief Financial Officer are the Key Managerial Personnel of the Company in terms of provisions of the Companies Act, 2013 and the rules made thereunder.

## 8. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

The Board is of the opinion that the Independent Directors of the Company are persons of integrity and possess the requisite expertise, experience and proficiency. In terms of Section 150 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors of the Company have registered themselves with the data bank of Independent Directors created and maintained by the Indian Institute of Corporate Affairs, Manesar ("IICA"). Further, the Independent Directors have, where required, undertaken and cleared or shall take up the online proficiency self-assessment test conducted by the IICA within the stipulated time period.

## 9. BOARD OF DIRECTORS

### Composition

The Board of Directors comprise of professionals with wide experience and skills in the field of Banking and Finance. As on March 31, 2022, the Board comprised of seven Directors consisting of (i) Six Non-Executive Directors out of which four are Independent viz. Mr. Melwyn Rego (Independent), Mr. R Venkataramani (Independent), Mrs. Thankom T. Mathew (Independent), Ms. Uma Subramaniam (Independent), Mr. Raghvendra Kumar, Nominee Director (nominee of Bank of India) and Mr. Bikram Mishra, Nominee Director (nominee of Bank of India) (ii) One Executive Director viz. Mr. V Narayanamurthy, Managing Director & CEO.



## DIRECTORS' REPORT

### Meetings held during the financial year:

During the financial year 2021-22, ten Meetings of the Board were held on April 12, 2021, April 19, 2021, May 10, 2021, July 16, 2021, July 27, 2021, August 26, 2021, October 11, 2021, October 27, 2021, January 31, 2022 and March 30, 2022. The composition of the Board and attendance of Directors at the Board meetings held during the financial year under review are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Director
Mrs. Thankom T Mathew (DIN 00025326)	Independent Director	10/10
Mr. Melwyn Rego (DIN 00292670)	Independent Director	10/10
Mr. R Venkataramani (Din 00829107)	Independent Director	10/10
Ms. Uma Subramaniam (Din 07434953)	Independent Director	10/10
Mr. Raghvendra Kumar (DIN 08045355)	Nominee Director	9/10
Mr. Bikram Mishra (DIN 06878231)	Nominee Director (w.e.f July 16, 2021)	5/6
Mr. Pradeep Madhav (DIN 00267422)	Managing Director & CEO (upto August 31, 2021)	6/6
Mr. V Narayanamurthy (DIN 00555704)	Managing Director & CEO (w.e.f September 01, 2021)	4/4

### 10. COMMITTEES OF THE BOARD

Presently your Company has the following six Board Level Committees. The composition, scope and functions of these Committees, the number of meetings held during the financial year 2021-22 and attendance at the Committee meetings have been detailed below:

- (i) Audit Committee
- (ii) Nomination, Remuneration & HRD Committee
- (iii) CSR Committee
- (iv) Credit and Investment Committee
- (v) Risk Management Committee
- (vi) IT Strategy Committee

#### (i) Audit Committee

Audit Committee has been constituted by the Board of Directors in line with requirements of Section 177 of the Companies Act, 2013 and the rules framed there under.

#### Composition

As on March 31, 2022, the Audit Committee of the Board comprised of three Directors all of whom including the Chairman of the Committee are Independent. Mr. R. Venkataramani (Independent) is the Chairman of the Committee and other members of the Committee are Mr. Melwyn Rego (Independent) and Mrs. Thankom T Mathew (Independent). All members of the



## DIRECTORS' REPORT

Audit Committee have requisite financial and management expertise and have held or hold senior/ top positions in reputed Institutions.

### Scope and Functions

Presently, the scope and functions of the Audit Committee are as per Section 177 of Companies Act, 2013 and in particular include the following:

- Recommend appointment and terms of appointment of auditors;
- Review and monitor auditor's independence and performance and effectiveness of audit process,
- Approval or any subsequent modification of transactions with related parties,
- Scrutiny of inter-corporate loans and investment
- Overseeing financial reporting processes
- Valuation of undertaking or assets of the Company, Reviewing periodic financial results, financial statements and evaluating the adequacy of internal financial control systems
- Reviewing the annual financial statements with the Management and Statutory Auditors and recommending consideration thereof to the Board of Directors
- Discussing and reviewing periodically the Internal and Concurrent Audit Reports and the scope and adequacy of the Internal Audit function.
- Reviewing the Audit/Inspection reports of the Comptroller & Auditor General of India, Reserve Bank of India etc.
- Overseeing the functioning of vigil mechanism established under the Companies Act, 2013 for directors and employees and take suitable action where required.

### Meetings held during the financial year

During the financial year 2021-22, six Audit Committee meetings were held on May 10, 2021, July 27, 2021, August 26, 2021, October 27, 2021, January 31, 2022 and March 28, 2022. The composition of the Audit Committee and attendance of the members at the Committee meetings held during the financial year under review are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Director
Mr. R Venkataramani	Independent Director (Chairman of the Committee)	6/6
Ms. Thankom T Mathew	Independent Director	6/6
Mr. Melwyn Rego	Independent Director	6/6

### (ii) Nomination, Remuneration & HRD Committee

The Nomination, Remuneration & HRD Committee has been constituted by the Board to perform the role and functions of the Nomination & Remuneration Committee stipulated under section 178 of the Companies Act 2013 as amended from time to time and also to review the Human Resources policy and procedure followed by the Company.

#### Composition:

As on March 31, 2022, the Nomination, Remuneration & HRD Committee comprised of three Directors all of whom including the Chairperson of the Committee are Independent. Ms. Thankom T Mathew (Independent) is the Chairperson of the Committee and the other members are Mr. R Venkataramani (Independent) and Mr. Melwyn Rego (Independent).

#### Scope and Functions

The scope and functions of the Nomination, Remuneration & HRD Committee in particular include the following:



## DIRECTORS' REPORT

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- Recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.
- Ensure that in the remuneration policy (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of quality to run the company successfully, (ii) relationship of remuneration to performance is clear (iii) remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting the performance objectives appropriate to the working of the Company and goals.
- review the Human Resources policy and procedure to be followed by the Company besides the remuneration to be paid to the Managing Director

### Meetings held during the financial year

During the financial year 2021-2022, seven Meetings of the Nomination, Remuneration & HRD Committee were held on April 12, 2021, April 19, 2021, July 15, 2021, July 27, 2021, August 26, 2021, January 31, 2022 and March 28, 2022. The composition of the Nomination, Remuneration & HRD Committee and attendance of the members at the Committee meetings held during the financial year under review are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Director
Ms. Thankom T Mathew	Independent Director (Chairperson of the Committee)	7/7
Mr. Melwyn Rego	Independent Director	7/7
Mr. R Venkataramani	Independent Director	7/7

### (iii) CSR Committee

The CSR Committee of the Board has been constituted by the Board of Directors of the Company as per the requirements of Section 135 of the Companies Act, 2013 to perform the scope and functions stipulated under the Act and the rules made hereunder.

#### Composition

As on March 31, 2022, the CSR Committee comprised of three Directors out of which two members including the Chairperson of the Committee are Independent. Ms. Thankom T Mathew, (Independent) is the Chairperson of the Committee and the other members are Ms. Uma Subramaniam(Independent) and Mr. V Narayanamurthy (MD & CEO).

#### Scope and Functions

The scope and functions of the CSR Committee are as per Section 135 of Companies Act, 2013 and in particular include –

- Formulate and recommend to the Board, a CSR policy indicating the activity or activities to be undertaken by the company as specified in Schedule VII of the Act.
- Recommend the amount to be spent on these activities; and monitor the company's CSR policy periodically.
- Institute transparent monitoring mechanism for the implementation of CSR projects

### Meetings held during the financial year

During the financial year 2021-22, two Meeting of the CSR Committee of the Board was held on October 27, 2021 and March 25, 2022. The composition of the CSR Committee and attendance of the members at the Committee meetings held during



## DIRECTORS' REPORT

the financial year under review are given below:

Name of Director	Category	Number of meetings attended / number of meetings held in the tenure of Director
Ms. Thankom T Mathew	Independent Director (Chairperson of the Committee)	2/2
Ms. Uma Subramaniam	Independent Director	2/2
Mr. Pradeep Madhav	Managing Director & CEO (upto August 31, 2021)	0/0
Mr. V Narayanamurthy	Managing Director & CEO (w.e.f September 01, 2021)	2/2

### (iv) Credit and Investment Committee (CIC)

#### Composition

As on March 31, 2022, the Credit and Investment Committee of the Board comprised of three Directors out of which two are Independent. Mr. V Narayanamurthy, MD & CEO is the Chairman of the Committee and the other members are Mr. R Venkataramani (Independent) and Ms. Uma Subramaniam (Independent).

#### Scope and Functions

The Committee considers and approves loan and investment proposals beyond the delegated authority of the Committee of Executives, subject to limits laid down by the Board for exposures to a single borrower and a borrower group. The Committee also examines/vets matters relating to credit and investments viz. policies, concept papers, delegation of powers etc. and recommend these to the Board for approval.

#### Meetings during the financial year

During the financial year 2021-22, eleven meetings of Credit and Investment Committee were held on June 03, 2021, August 18, 2021, August 24, 2021, September 15, 2021, October 08, 2021, October 29, 2021, December 10, 2021, December 15, 2021, February 15, 2022, February 25, 2022 and March 21, 2022. The composition of the Committee and attendance of the members at the Committee meetings held during the financial year 2021-22 are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Directors
Mr. V Narayanamurthy	Managing Director & CEO (Chairman of the Committee) w.e.f September 01, 2021)	8/8
Mr. R Venkataramani	Independent Director	11/11
Ms. Uma Subramaniam	Independent Director	11/11

### (v) Risk Management Committee

The Risk Management Committee has been constituted by the Board in line with the RBI corporate governance guidelines on constitution of a separate risk management committee for non-deposit taking systemically important NBFCs.

#### Composition

As on March 31, 2022, the Risk Management Committee comprised of four Directors out of which three Directors including the Chairman of the Committee is Independent. Mr. R Venkataramani (Independent) is the Chairperson of the Committee and the other members are Mr. Melwyn Rego (Independent), Ms. Uma Subramaniam (Independent) and Mr. V Narayanamurthy (MD & CEO).



## DIRECTORS' REPORT

### Scope and Functions

The scope and functions of the Risk Management Committee in particular include as follows:

- Approve and review the Risk management framework, policies governing various risks and the reporting mechanism.
- Approve and review the various limits and parameters for trading and investment, stop loss policies viz. setting up of trading and investment limits for the Company's officials, counterparty exposure limits, instrument wise exposure limits etc.
- Review of ALM and reports that are submitted to the Committee from time to time under RBI NBFC Directions.
- Monitoring of compliance with the approved risk policies, prudential limits, procedures, parameters etc. and
- Any other risk/ALCO related matter that the Committee may consider relevant and appropriate
- Any other matter that may be delegated by the Board from time to time.

### Meetings during the financial year

During the financial year 2021-22, six meetings of the Risk Management Committee were held on July 01, 2021, October 08, 2021, November 18, 2021, February 24, 2022, March 03, 2022 and March 28, 2022. The composition of the Committee and attendance of the members at the Committee meetings held during the financial year 2021-22 are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Directors
Mr. R Venkataramani	Independent Director (Chairman of the Committee)	6/6
Mr. Melwyn Rego	Independent Director	6/6
Ms. Uma Subramaniam	Independent Director	6/6
Mr. Pradeep Madhav	Managing Director & CEO (upto August 31, 2021)	1/1
Mr. V Narayanamurthy	Managing Director & CEO (w.e.f September 01, 2021)	5/5

### (vi) IT Strategy Committee

IT Strategy Committee has been constituted by the Board of Directors in line RBI Master Direction dated June 08, 2017 on Information Technology Framework for the NBFC Sector.

#### Composition

As on March 31, 2022, the IT Strategy Committee of the Board comprised of six Members out of which three members including the Chairman of the Committee are Directors, two are Outside IT experts and one Member is a Senior Executive. Mr. Melwyn Rego (Independent), is the Chairman of the Committee and other members of the Committee are Ms. Uma Subramaniam (Independent), Mr. V Narayanamurthy (Managing Director & CEO), Mr. Praveen Mata (Outside IT expert), Mr. Nagamohan Gollangi (Outside IT expert) and Ms. Archana Bhide (IT Head).

#### Scope and Functions

Presently, the scope and functions of the IT Strategy Committee are as per RBI Master Direction dated June 08, 2017 on Information Technology Framework for the NBFC Sector and in particular include the following:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;



## DIRECTORS' REPORT

- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

### Meetings held during the financial year

During the financial year 2021-22, two IT Strategy Committee meetings were held October 08 2021 and March 28, 2022. The composition of the IT Strategy Committee and attendance of the members at the Committee meetings held during the financial year under review are given below:

Name of Committee member	Category	Number of meetings attended / number of meetings held during the tenure of Director
Mr. Melwyn O Rego	Independent Director (Chairman of the Committee)	2/2
Ms. Uma Subramaniam	Independent Director	2/2
Mr. Praveen Mata	Outside IT expert	1/2
Mr. Pradeep Madhav	Managing Director & CEO (upto August 31, 2021)	0/0
Mr. V Narayanamurthy	Managing Director & CEO (w.e.f September 01, 2021)	2/2
Ms. Archana Bhide	IT Head- STCI Finance Ltd	2/2
Mr. Manish Jadhvani	IT Head -STCI PD Ltd (upto March 30, 2022)	2/2
Mr. Nagamohan Gollangi	Outside IT expert (w.e f March 30, 2022)	0/0

## 11. MANAGEMENT AND EXECUTIVE COMMITTEES

The Board of Directors have constituted the following Committees of Senior Executives to manage its business and the related risks. These Committees meet regularly to deliberate on matters which have a bearing on the Company's operations and functions as a forum to elicit inputs from departmental heads and also keeps departmental heads aware of these issues.

### (i) ALCO & Risk Management Committee

ALCO and Risk Management Committee is responsible for (i) ensuring adherence to the prudential limits and guidelines set by the Board of Directors and the Audit Committee / Risk Management Committee of the Board (ii) formulating Risk Management Policies under the supervision of Audit Committee/Risk Management Committee of the Board and (iii) attending to all issues related to Asset-Liability Management. It comprises of the Managing Director, Deputy Managing Director and/or General Manager, CFO, Head of Resources, Head of IT, Head of Credit, Head of Treasury and Head of Risk.

### (ii) Credit Committee of Executives (CCE)

The Credit Committee of Executives considers and sanctions loans and investment exposures within the powers delegated to it by the Board. For sanctioning credit proposals, the Credit Committee of Executives has been constituted with Managing Director & CEO, Deputy Managing Director/ General Manager, Deputy General Manager (Credit), Deputy General Manager (Credit Monitoring) and Chief Financial Officer as its members. Head of Risk is a permanent invitee to the Credit Committee of Executives for giving his independent views on the credit proposals from the risk perspective.



## DIRECTORS' REPORT

### (iii) Investment Committee

Investment Committee takes investment / divestment decisions and manages and reviews the investment portfolio in accordance with the Treasury and Investment Policy guidelines, oversee the implementation of the Treasury and Investment Policy guidelines and recommend the investment proposals to CIC for approval. The Investment Committee comprises of the Managing Director & CEO, Deputy Managing Director and/ or General Manager, Deputy General Manager (Credit) and Assistant General Manager (Credit) or Assistant General Manager (Treasury) as its members.

### (iv) Internal Complaints Committee

The Company has constituted an Internal Complaints Committee (ICC) under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment. The Internal Complaints Committee has been constituted by Managing Director with a Presiding officer and Members nominated in accordance with the provisions of Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### (v) Internal Rating Committee of Executives

An Internal Rating Committee of Executives has been constituted to give its opinion on the loan proposal along with the rating rationale. The Internal Rating Committee of Executives shall comprise of DGM- Head Monitoring & legal as Chairperson and Head- Risk, AGM- Credit (LAS), AGM- Credit (Real estate Loans) and AGM credit (Corporate Loans) as Members. The AGM recommending the loan proposal shall recuse himself/ herself from the meeting of Internal Rating Committee.

### (vi) IT Steering Committee

The IT Steering Committee of Executives has been constituted to review the IT Strategy & Policy documents, IT Budget and specific IT related expenditure beyond the powers of MD & CEO before submission to IT Strategy Committee, review progress in various IT projects being implemented by the Company, implement IT policies & framework approved by the Board and perform such other scope & functions as delegated by the IT Strategy Committee from time to time. The IT Steering Committee of Executives shall comprise of Managing Director & CEO, General Manager, IT head and all other functional heads.

## 12. ANNUAL RETURN

Pursuant to the provisions of Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 is available on the website of the Company at <https://www.stcionline.com/Investors-Corner.aspx>

## 13. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION FOR DIRECTORS/KEY MANAGERIAL PERSONNEL/ SENIOR MANAGEMENT PERSONNEL/OTHER EMPLOYEES

Pursuant to Section 178 of the Companies Act, 2013 read with the rules framed there under and the applicable RBI Guidelines on corporate governance for NBFCs, the Board Directors, upon the recommendation of the Nomination, Remuneration & HRD Committee, have approved the policy on Directors' Appointment and Remuneration for Directors/ Key Managerial Personnel /Senior Management Personnel / other employees. The said policy has been annexed to this Report as **Annexure I**.

## 14. PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Companies Act 2013, the Board of Directors carried out annual evaluation of its own performance, the individual Directors and the working of all Committees of the Board based on the evaluation policy approved by the Board upon the recommendation of the Nomination, Remuneration & HRD Committee. Separate feedback forms were prepared and circulated for evaluation of the Board of Directors, the Non-Independent Directors, the Independent Directors and the various Board Committees based on the broad criteria/ parameters laid down in the policy. The criteria for evaluating the performance of the Board included various aspects of Board functioning such as composition of the Board, frequency and attendance at Board meetings, Strategic guidance, performance, risk management, corporate governance and compliance etc. The criteria for evaluation of individual Directors covered parameters such as attendance and participation at the meetings of the Board and Committees of the Board, knowledge and skills, contribution in strategic decision making, financial planning/performance, implementation of good corporate governance practices etc. The criteria for evaluation of Board Committees covered areas such as adequacy of composition of Board Committees, frequency of Committee meetings, fulfilment of the role & responsibilities as delegated by the Board from time to time etc.



## DIRECTORS' REPORT

As per the laid down evaluation process, the Independent Directors at their separate meeting held on March 25, 2022, discussed and rated their feedback on the evaluation of the Non-Independent Directors including the Managing Director and the Board as whole including the quality, quantity and timeliness of flow of information to the Board. On the same lines, the Board of Directors at its meeting held on April 28, 2022 rated and discussed their feedback on the evaluation of the Independent Directors as well as the Committees of the Board. While carrying out the performance evaluation, the Board of Directors considered and discussed the feedback presented by the Independent Directors on evaluation of Board as a whole and the Non-Independent Directors.

### 15. PARTICULARS OF RELATED PARTY TRANSACTIONS

As required under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Board of Directors based on the recommendation of the Audit Committee, have approved the Policy on Related Party Transactions based on the provisions of the Companies Act, 2013 and the rules framed there under. The said policy on Related Party Transactions is annexed to this Report as **Annexure II**.

All transactions entered into with the related parties under the Companies Act, 2013 during the year were in the ordinary course of business and on arms length basis. There are no materially significant related party transactions made by the Company with the Directors or Key Managerial Personnel or other related parties that may have a potential conflict with the interest of the Company at large. Omnibus approval of the Audit Committee is obtained for transactions which are of repetitive nature. All transactions with related parties under the Act are placed before the Audit Committee and the Board for review on quarterly basis. The details of material transactions or contracts or arrangements entered into with related parties in the ordinary course of business and at arms length basis at an aggregate level for financial year 2021-22 is annexed to this Report as **Annexure III**.

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2021 (listing Regulations), as amended from time to time, a high value debt listed company is required to formulate a policy on materiality of related party transactions and dealing with related party transactions in accordance with the Listing Regulations. Presently, the Company is an unlisted entity. However, going forward, the Company may from time to time, issue Non-Convertible Debentures that are listed on Recognised Stock Exchanges, the outstanding value of which may be Rs. 500 crore and above. Accordingly, a policy on materiality and dealing with Related party transactions has been framed by the Company in accordance with Regulation 23 of the listing regulations and the relevant provisions of the Companies Act, 2013, as amended from time to time. The said Policy on materiality and dealing with Related party transactions (as applicable as and when the Company becomes a high value Debt listed entity) has been disclosed on the website of the Company at <https://www.stcionline.com/Corporate-Governance.aspx>

### 16. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186

Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given or securities provided in the ordinary course of its business by a company engaged in the business of financing of companies or any acquisition of securities made by an NBFC whose principal business is acquisition of securities are exempt from the provisions of section 186 of the Companies Act, 2013. Therefore, disclosure relating to loans, guarantees and investments made by the Company are not applicable.

### 17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has been contributing to the society through its CSR initiatives in the form of financial support to the underprivileged, development of rural/ underprivileged areas, promotion of education, making available to the needy free or affordable Medical facilities etc. The Board of Directors have constituted a Corporate Social Responsibility ("CSR") Committee to perform the scope and functions stipulated under Section 135 of the Companies Act, 2013 (the Act) read with the rules framed there under. The Board of Directors, on the recommendation of the CSR Committee, have adopted a detailed CSR policy based on the provisions of the Act, specifying the CSR activities/ projects/programs to be undertaken by Company, the modalities of execution, implementation and monitoring process for the same. In terms of the provisions of Section 135 of the Act, the Company was not required to incur any CSR expenditure for the financial year 2021-22 based on 2 percent of the average net profits made during the three immediately preceding financial years. The CSR expenditure obligation for financial year ended March 31, 2022 based on 2 percent of the average net profits during the three immediately preceding financial years was negative i.e Rs.(55.86) Lakhs. The brief outline of the CSR Policy, the CSR activities undertaken by the Company and the amount spent on the CSR activities during the financial year 2021-22 is given as a part of Annual Report on CSR activities in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, annexed to this Report as **Annexure IV**.



## DIRECTORS' REPORT

### 18. VIGIL MECHANISM

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 and the rules framed there under, the Company has established a vigil mechanism / Whistle Blower Policy to enable directors and employees report genuine concerns or grievances about unethical or improper behaviour, actual or suspected fraud or breach of the Company's code of conduct or company's policies and procedures, law or regulation. The vigil mechanism provides for adequate safeguards against victimisation of directors and employees who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee, in appropriate or exceptional cases. The Audit Committee oversees the vigil mechanism. The details of the vigil mechanism/ Whistle Blower Policy have been disclosed on the website of the Company at <http://stcionline.com/pdf/Whistle-Blower-Policy-May-2021.pdf>

### 19. DISCLOSURE OF REMUNERATION AND OTHER RELATED DISCLOSURES

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time is given in **Annexure VI** and forms part of this report. In terms of Section 136(1) of the Act, the Report and the Accounts are being sent to the shareholders excluding the aforesaid **Annexure VI**. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company.

### 20. AUDITORS

#### Statutory Auditors & their Report

M/s R S V A & Co, Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company by the Comptroller & Auditor General of India (C&AG) for the financial year ended March 31, 2022.

The Statutory Auditors' Report on the Standalone Financial Statements of the Company for the year under review does not contain any qualification, reservation or adverse remark or disclaimer.

#### Secretarial Auditors & their report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company appointed M/s Mahesh M Darji, Practicing Company Secretary, FCS 7175 CP 7809, to undertake the Secretarial Audit of the Company for FY2021-22. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2021-22 is appended to this Report as **Annexure V**

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

#### Comments of C & AG

C&AG have conducted a supplementary audit of the Company's Standalone Financial Statements for the year ended March 31, 2022 in terms of Section 143 (6)(a) of the Companies Act, 2013. CAG vide its letter No. GA/CA-I/ STCI FL /2021-22/114 dated August 17, 2022 have issued a "Nil Comment" report on the standalone and consolidated financial statements stating that there is nothing significant which would give rise to any comment upon or supplement to Statutory Auditors' Report. The said report of C & AG forms part of this Annual report.

#### Internal & Concurrent Auditors

M/s Mukund M Chitale & Co., Chartered Accountants, Mumbai were appointed as the Company's Internal & Concurrent Auditors for financial year 2021-22. However, they opted to discontinue as Company's Internal & Concurrent Auditors with effect from June 01, 2021, due to the possibility of them getting appointed in areas of statutory audit and to avoid conflict of interest. Accordingly, M/s. Borkar & Muzumdar, Chartered Accountants were appointed as Internal and Concurrent Auditors of the Company from June 2021 to March 2022. The scope of internal audit included review of adequacy and effectiveness of the internal control systems, verification of compliance with policies, procedures, rules, guidelines, and the applicable laws and regulations. The Company has an Internal Audit team who supervises and oversees the Internal Audit Function. The Internal Audit is conducted at regular intervals and the Internal Audit Reports are reviewed by the Audit Committee of the Board on quarterly basis.

### 21. INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.



## DIRECTORS' REPORT

### 22. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars regarding Conservation of Energy and Technology Absorption as required by the Companies (Accounts) Rules, 2014 are not applicable as the Company does not carry out any manufacturing activity. There were no earnings and outgo of foreign exchange during the year under review. Your Company uses Information Technology extensively in its day to day operations.

### 23. PUBLIC DEPOSITS

During the year the financial year 2021-22, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or under Chapter V of the Companies Act, 2013.

### 24. FAIR PRACTICES CODE

Your Company has adopted the fair practices code on the model provided by RBI and this is available on the Company's website. Fair practice code provides information to the customers and explains how the Company is expected to deal with customers on a day to day basis.

### 25. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY

During the year under review, there were no significant and/or material orders passed against the Company by the Regulators or Courts or Tribunals impacting the going concern status of the Company.

### 26. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL), ACT, 2013

The Company has in place an appropriate Policy for prevention of Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees are covered under this policy. The Company has constituted an Internal complaints committee (ICC) under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment. During the period under review, no complaints have been reported under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 27. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134 (5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, the Directors hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors have 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 at the end of the financial year and of the profit and loss of the company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



## DIRECTORS' REPORT

### 28. ANNEXURES FORMING PART OF THIS REPORT OF DIRECTORS

The annexures referred to in this Report and the information required to be are annexed herewith and form a part of this Report of the Directors.

- (i) Policy on Directors appointment and remuneration for Directors/ KMP/senior management personnel / other employees-**Annexure I**
- (ii) Policy on Related party transactions- **Annexure II**
- (iii) Related party transactions under Section 188(1) in Form AOC-2- **Annexure III**
- (iv) Annual report on CSR activities- **Annexure IV**
- (v) Secretarial Audit Report for financial year 2021-22 - **Annexure V**
- (vi) Particulars of employees under Section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014- **Annexure VI** (Refer to para 19 of this Report)

### 29. CAUTIONARY STATEMENT

Statements in this Directors' Report describing the Company's objectives, projections, estimates, outlook, expectations or predictions may be "forward-looking statements". Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include (but is not exhaustive) demand and pricing in the Company's principal markets, changes in Government regulations, longevity and severity of COVID-19 pandemic, tax regimes, economic developments within India and other incidental factors.

### 30. ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, statutory authorities, regulatory bodies and other business constituents during the year under review.

Your Directors also wish to place on record their appreciation for the commitment displayed by all the executives, officers and staff, in the performance of the Company during the year.

**For and on behalf of the Board of Directors**

**Date: September 06, 2022**  
**Place: Mumbai**

**V Narayanamurthy**  
**Managing Director & CEO**  
**(DIN 00555704)**

**Thankom T Mathew**  
**Director**  
**(DIN 00025326)**



## ANNEXURE I TO THE DIRECTORS' REPORT

### COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION FOR DIRECTORS /KEY MANAGERIAL PERSONNEL/ SENIOR MANAGEMENT PERSONNEL/OTHER EMPLOYEES

#### I. Policy relating to the Appointment criteria & Qualifications for Directors

- (a) The Nomination, Remuneration & HRD (NRHRD) Committee shall identify and ascertain the ethical standards of the integrity and probity, qualification, expertise, track record, skill sets and experience of the person for appointment as Director and accordingly recommend to the Board his / her appointment. The person recommended for appointment as a Director should have a proven record of professional success, leadership, high level of professional ethics, integrity and credibility. He/ she shall possess adequate qualifications, skills and expertise in sectors/ areas relevant to the Company and have the ability to contribute at the Board level to the Company's growth. The candidate proposed for appointment shall also have the following positive attributes.
- Ability to bring in independent judgment to bear on the Board's deliberations;
  - Ability to handle conflict constructively and possess the willingness to address the critical issues proactively;
  - Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company;
  - Values corporate governance and possess the skills and ability to assist the Company in implementing good corporate practices
- \*(b) The Company shall not appoint or continue the employment of any person as a Managing Director who has attained the age of sixty years and shall not appoint Independent Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the Board beyond sixty years / seventy years with the approval of the shareholders by passing a special resolution.
- (c) The person to be appointed as Director shall not be disqualified under the Companies Act, 2013 and rules made there under, updated RBI Master Directions, 2016 or any other applicable laws and regulations for the time being in force.
- (d) In case the person considered for appointment is an Independent Director, it should be ensured that he/she possess the qualifications and criteria of independence stipulated for Independent Directors under the Companies Act 2013 and rules framed there under (as amended from time to time). The name and prescribed particulars of such person shall appear in the data bank maintained by the Indian Institute of Corporate Affairs, as required by the Companies (Creation and Maintenance of data bank of Independent Directors) Rules, 2019, as may be amended from time to time.
- (e) The Company shall undertake a process of due diligence to determine the "fit and proper status" of the person for appointment / renewal of appointment as a director on the Board based on the criteria mentioned above at point (a), (b), (c) and (d) and as per the updated RBI Master Directions, 2016 or other applicable enactment/ regulations in force. For this purpose, necessary information and requisite declarations shall be obtained from the proposed/ existing Directors in the format prescribed by RBI under the updated RBI Master Directions, 2016 and given as Annexure I. The process of due diligence along with scrutiny of the declarations shall be undertaken by the NRHRD Committee at the time of appointment / renewal of appointment. Accordingly, the NRHRD Committee shall decide on the acceptance or otherwise of the Directors.
- (f) Every year as on 31st March, a simple declaration from the Directors shall be obtained that the information already provided has not undergone change and wherever there is any change, requisite details are furnished by them forthwith. It shall be ensured that a Deed of Covenant have been executed by the nominated/ elected directors in the format prescribed by RBI and given in **Annexure II**.
- (g) The appointment of a Director/Independent Director/ Managing Director/ Whole-time Director shall be subject to the provisions of the Companies Act, 2013 and the rules made there under or any other applicable enactment or regulations.

#### II. Policy relating to Remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees

##### 6.1 General

While determining the Remuneration payable to the Directors, KMPs, Senior Management personnel and other employees, the NRHRD Committee shall be guided by the following set of principles and objectives more particularly described under Section 178 of the Companies Act, 2013 :

*\* Applicable to prospective appointments made on and after March 24, 2021 (date of approval by the Board)*



- a) The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
- b) The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks.
- c) The remuneration to Directors, senior management and KMPs should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

In determining the remuneration, due consideration shall be given to such factors as the NRHRD Committee deems appropriate including but not limited to the Individual persons duties & responsibilities, level of skill, qualification, knowledge, experience and performance, market trend, cost of living, industry practice, practices in comparable company and the prevailing laws and Regulations. The overall remuneration to the Directors, senior management, KMPs and other employees should be sufficient to attract and retain talent and qualified individuals for their roles.

## 6.2 Remuneration structure

The remuneration to the Managing Director, Senior Management Personnel, KMPs and other employees shall comprise of fixed pay and performance linked variable pay (PLVP). Fixed pay comprises of basic pay, allowances, perquisites and benefits as per the HR Policy approved by the Board from time to time on recommendation of the NRHRD Committee. The PLVP is linked to the Individual performance and Company's overall performance as per the PLVP policy approved by the Board based on the recommendations of the NRHRD Committee.

## 6.3 Remuneration to Managing Director/Whole time Director

- a) The remuneration to be paid to the Managing Director/ Whole Time Directors shall be determined by the NRHRD Committee in accordance with the percentage / slabs / conditions laid down under the provisions of the Companies Act, 2013 and the rules framed there under as amended from time to time or any other applicable enactment/ Regulations for the time being in force.
- b) The remuneration of Managing Director/ Whole Time Director as determined by the NRHRD Committee shall be recommended to the Board for approval. The remuneration shall also be subject to approval of the shareholders and where applicable, the Central Government approval in terms of the provisions of the Companies Act, 2013.

## 6.4 Remuneration to the Non-Executive & Independent Directors

The Non-Executive and Independent Directors shall be paid sitting fees for attending Board/ NRHRD Committee meetings apart from reimbursement of expenses incurred for attending the meetings. The amount of sitting fees payable to Non-Executive and Independent Directors shall be determined by the NRHRD Committee and recommended to the Board for approval subject to compliance of the ceiling/ limits as provided under Companies Act, 2013 read with the rules made there under, as amended from time to time. The said remuneration to the Non-Executive & Independent Directors shall be reviewed periodically.

## 6.5 Remuneration to Senior Management Personnel including KMPs (other than MD, WTD) and to other employees

The remuneration to Senior Management Personnel including KMPs (other than MD, WTD) and to other employees will be determined based on the experience, expertise, qualification and skills, role and level of the employee in the Company, market trends and other relevant factors in accordance with the Company's HR Policy Manual approved by the Board from time to time based on the recommendations of the NRHRD Committee.

## 6.6 Increments

- (a) Increments/ revision of remuneration of Managing Director/Whole time Director shall be subject to the conditions and in compliance with the applicable provisions of the Companies Act, 2013.
- (b) Annual Increments in the existing remuneration structure in relation to senior management personnel including KMPs (other than MD & WTD) and other employees of the Company shall be determined by the Managing Director in consultation with HR based on the performance ratings, market conditions and other relevant factors in accordance with Increment Policy approved by the Board based on the recommendations of the NRHRD Committee.

**For and on behalf of the Board of Directors**

Date: September 06, 2022  
Place: Mumbai

**V Narayanamurthy**  
Managing Director & CEO  
(DIN 00555704)

**Thankom T Mathew**  
Director  
(DIN 00025326)



## ANNEXURE II TO THE DIRECTORS' REPORT

### STCI FINANCE LIMITED

#### RELATED PARTY TRANSACTION POLICY

#### 1. Preamble

The Board of Directors (the "Board") of STCI Finance Limited ("the Company"), on the recommendation of the Audit Committee, has adopted the following policy on Related Party Transactions as defined below pursuant to the provisions of Companies Act, 2013 (the Act) and the rules framed there under, as amended from time to time. This policy applies to the transactions between the Company and its related parties. The Board on recommendation of the Audit Committee may review and amend this policy from time to time.

#### 2. Purpose

This policy has been framed as required under RBI Master Direction no. RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016.

The Policy intends to provide a framework to identify related parties, approve, monitor, regulate and report transactions between the Company and its Related Parties based on the provisions of the Companies Act, 2013 (the Act) as amended from time to time.

#### 3. Definitions

- (i) **"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of the Act.
- (ii) **"Board"** means Board of Directors of the Company
- (iii) **"Related Party Transaction" or "RPT"** means the following transactions /contracts /arrangements with related parties as given under clause (a) to (g) subsection (1) of section 188 of the Act:
  - (a) sale, purchase or supply of any goods or materials;
  - (b) selling or otherwise disposing of, or buying, property of any kind;
  - (c) leasing of property of any kind;
  - (d) availing or rendering of any services;
  - (e) appointment of any agent for purchase or sale of goods, materials, services or property etc.
  - (f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
  - (g) underwriting the subscription of any securities or derivatives thereof, of the Company.
- (iv) **"Related Party"** means related party under Section 2(76) of the Act as provided below:
  - (i) A director or his relative
  - (ii) Key Managerial Personnel or his/ her relative
  - (iii) A firm, in which a director, manager or his relative is a partner
  - (iv) A private company in which a director or manager or his relatives is a member or director
- (v) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
- (vi) A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except where such advice is given in a professional capacity.
- (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act, except where such advice/ direction is given in a professional capacity.



- (viii) Any Body Corporate which is:
- A Holding, Subsidiary or an Associate company of such company or
  - A Subsidiary of a Holding company to which it is also a Subsidiary
  - An Investing Company or the Venture of the Company whose investment in the Company would result in the Company becoming an associate Company of the body Corporate.
- (v) **“Relative”** As provided under Section 2(77) of the Companies Act, 2013 and the rules there under, relative with reference to any person, means anyone who is related to another, if-
- (i) they are members of a Hindu Undivided Family;
  - (ii) they are husband and wife; or
  - (iii) one person is related to the other person as-
    - (a) Father (including step-father)
    - (b) Mother (including step-mother)
    - (c) Son (including step-son)
    - (d) Son’s wife
    - (e) Daughter
    - (f) Daughter’s husband
    - (g) Brother (including step-brother)
    - (h) Sister (including step-sister).
- (vi) **“Key Managerial Personnel”** means key managerial personnel as defined under Section 2(51) of the Companies Act, 2013 and means
- (i) Managing Director or CEO or the Manager
  - (ii) the Company Secretary
  - (iii) the whole time director
  - (iv) the Chief Financial Officer and
  - (v) such other officer not more than one level below the Director who is in whole time employment, designated as Key Managerial Personnel by the Board
  - (vi) Such other Officer as may be prescribed
- (vii) **“Senior Management”** shall mean personnel of the company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the executive directors, including all functional heads.
- (viii) **“Associate Company”** - As per Section 2(6) of the Companies Act, 2013, associate company in relation to a Company means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
- Explanation: For the purposes of this clause, “significant influence” means control of at least 20% of the total share capital, or of business decisions under an agreement.
- (ix) **“Arm’s length transactions”** means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (x) **“Ordinary Course of business”** - All transactions or activities that are necessary, normal and incidental to the business



of the Company as permitted by the Object Clause in the Memorandum of Association of the Company or transactions that are considered while computing the business income / revenue / turnover of the Company as opposed to income from other sources or transactions or activities common in a particular industry or historical practice to conduct such activities shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial transactions.

(xi) **“Office or place of profit”** means any office or place of profit:

- (i) is held by a director, if the director holding it receives from the company anything by way of remuneration, over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

(xii) **“Policy”** means this Policy on Related Party Transactions.

#### 4. Identification of Related Parties:

Every director and key managerial personnel shall at the beginning of every financial year disclose to the Company Secretary (CS) their related parties under section 2(76) of the Act read with the rules framed there under, as amended from time to time and disclose any changes thereto during the financial year as immediately on occurrence. Based on the disclosures, the list of related parties will be identified and updated from time to time. Such list of related parties shall be circulated to the concerned Business and Functional departments for notifying any potential related party transaction.

#### 5. Identification of related Party Transactions:

Every Director and Key Managerial Personnel of the Company shall give a prior notice to the Company Secretary regarding a potential Related Party Transaction with the Company which may, directly or indirectly, involve either him/her or his/her relative, along with all relevant details and documents of the transaction for placing the same before the Audit Committee. Further, members of Senior Management shall make disclosure to the Audit Committee or Board about a potential transaction with the Company which may, directly or indirectly, involve either him/her or his/her relative, along with all relevant details. Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the CS who would in turn take necessary steps to place the same before the Audit Committee. The relevant details of the proposed related party transaction shall include the name of the related party; nature of relationship; nature of contract, duration and particulars of the contract/arrangement/transaction; reason for entering into the transaction, manner of determining price and other commercial terms, the draft contract/ agreement and other supporting documents. The Company shall based on the details of transaction determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

#### 6. Approval of related party transactions Approval framework / process for related party transaction:

Review and Approval by Audit Committee (i)	Approval by the Board (ii)	Approval by shareholders (iii)
All Related Party Transactions except items mentioned in 7	<ul style="list-style-type: none"> <li>• Related Party Transactions referred by Audit Committee for approval of the Board</li> <li>• Related Party Transactions not in the ordinary course of business and / or not on arm's length basis.</li> </ul>	Related Party Transactions not in Ordinary Course of Business and/or not at Arm's length basis if prescribed threshold limit under the Companies Act, 2013 is exceeded.

##### (i) Audit Committee review and approval:

All related party transactions / arrangements or any modifications thereof including those in the ordinary course of business and on arm's length basis, will be referred to the Audit Committee for review and approval along with the details of related party, nature of transaction, reason for undertaking the transaction, particulars of the contract/ arrangement, pricing terms, whether on arm's length and in the ordinary course of business and other relevant information. Any member of the Committee who has a potential interest in any reported Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction. All such related party transactions



shall be approved by the Audit Committee, as required provisions of the Companies Act 2013 read with the Rules made there under as amended from time to time. Such approval may be given by Audit Committee at a meeting or by passing a resolution by circulation. The Audit Committee may not approve a transaction but may make its recommendations to the Board.

The Audit Committee may grant omnibus approval to the transactions proposed to be entered into with related parties in the ordinary course of business and arm's length basis subject to the following guidelines.

- (a) The Audit Committee shall consider the following factors/ criteria while granting omnibus approval which include :

S. No	Particulars	Criteria
1.	Repetitiveness of the transaction (in past or future)	More than once
2.	Justification for the need of omnibus approval	Repetitive nature of the transaction, in the business interest of the company and Administrative convenience.
3.	maximum value of transactions, in aggregate, which can be allowed under the omnibus route in a year	As determined by Audit Committee from time to time
4.	maximum value per transaction which can be allowed	As determined by Audit Committee from time to time
5.	Disclosures to be made at the time of seeking of omnibus approvals	Name of related party, nature and brief particulars of transaction, maximum amount of the transaction, indicative pricing/ value, other information relevant to Audit Committee
6.	Periodic Review of Related Party Transaction entered into by the company pursuant to each omnibus approval made	Atleast quarterly intervals or as determined by Audit Committee from time to time
7.	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	Transactions in respect of selling or disposing of the assets/ undertaking of the company

- (b) Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit committee may grant omnibus approval subject to their value not exceeding Rs. 1 crore per transaction.
- (c) Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of the financial year.
- (d) A related party transaction entered into by the Company in the ordinary course of business and arm's length basis, which is not under the omnibus approval or otherwise pre-approved by the Committee, shall be placed before the Committee for ratification as soon as practicable, but not later than three months from the date of entering into the related party transaction. The Audit Committee may ratify such transactions or put forth the same to the Board along with its recommendations within 3 months from the date of entering into such transaction and the Board may ratify such transactions.

**(ii) Board Approval**

Related Party Transactions as defined under Section 188 of the Act which are not in ordinary course of business and/ or not on arm's length basis, shall be referred to the Board for its consent at meeting after the same is approved by the Audit Committee. The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose the name of related party, nature of relationship, nature and particulars of the contract/ arrangement, material terms of the contract including value, if any, pricing and other commercial terms and other relevant information to enable the Board to take a decision on the proposed transaction. The Board may approve all Related Party Transactions which are not at arm's length and / or which are not in the ordinary course of business as per the requirement of provisions of the Companies Act 2013 read with the Rules made there under as amended from time to time.

In addition to the above, related party transactions not approved by the Audit Committee but recommended to the Board under above para (i) shall be referred to the Board for its approval. Also, transactions which are in the ordinary



course of business and at arm's length and approved by the Audit Committee and do not require approval of the Board in terms of Section 188 of the Act may also be referred by the Audit Committee to the Board for its review as a matter of abundant caution and improved corporate governance practice.

Where any director is interested in any transaction or contract or arrangement with a Related Party, such director shall abstain himself from discussion and voting on the approval of the related party transaction.

### (iii) Approval of the Shareholders

The Material Related party transactions which exceed the monetary limit prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and which are either not on arm's length and/ or are not in the ordinary course of business, shall on recommendation of the Board be placed before the shareholders for its prior approval in accordance with the provisions of the Act and the Rules made thereunder. The related parties of the Company in context of such material related party transactions shall abstain from voting on such resolutions:

S. No	Prescribed Related Party Transactions	Monetary limit
1	Sale, purchase or supply of any goods or materials directly or through appointment of agents	Amounting to ten percent or more of the turnover of the Company
2.	selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	Amounting to ten percent or more of net worth of the Company
3.	leasing of property of any kind	Amounting to ten percent or more of the net worth or exceeding ten percent of turnover of the Company.
4.	Availing or rendering of any services directly or through appointment of agents	Amounting to ten percent or more of turnover of the Company.
5.	Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding two and half lakh rupees
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof of the company	Exceeding one percent of the net worth

Explanation:

- (i) Turnover or Net worth shall be computed based on the last Audited Balance Sheet of the Company.
- (ii) The Monetary Limits specified above under point (1) to (6) shall apply for transaction(s) to be entered into either individually or taken together with the previous transactions during a financial year.

However, the requirement of obtaining prior approval of shareholders shall not be applicable for transactions entered into between the holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the next general meeting.

### 7. Related party Transactions not requiring approval of Audit Committee/Board etc.

Notwithstanding the foregoing, the following Related Party Transactions shall not require separate approval of the Audit Committee/Board/Shareholders under this Policy

- (a) Any transaction pertaining to remuneration to a director or Key Managerial Personnel in connection with his or her duties to the Company which is approved by the Board upon the recommendation of the Nomination and Remuneration Committee Also, reimbursement of business and travel expenses incurred by Director or Key Managerial Personnel in the ordinary course of business,
- (b) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party eg. Payment of Dividend, Buy back of shares etc.
- (c) Transactions involving corporate restructuring such as capital reduction, merger, demerger, hiving off etc. which are approved by the Board and carried out in accordance with the specific provisions of the Companies Act. 2013.

**8. Related party Transactions not approved under this Policy**

Where any contract or arrangement not in ordinary course of business and/or not on arm's length basis is entered into by a director or any other employee without obtaining the approval of Board or approval of shareholders by a resolution in the general meeting under Section 188(1) of the Act, it shall be put up for ratification by the Board or by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into. In the event the Company becomes aware of a transaction with a Related Party that has not been approved within three months as stated above, the matter shall be reviewed by the Board. The Board shall consider all of the relevant facts and circumstances of such Transaction/ arrangement and evaluate all options available to the Company, including ratification by the shareholders, revision or termination of such transaction/ arrangement and take any such action as it may deem appropriate in accordance with the provisions of the Act.

**9. Disclosures**

The particulars of contracts or arrangement with Related Parties referred to in section 188(1) shall be disclosed in the Board's report for the financial year commencing on or after April 1, 2014 in the prescribed Form and the said form shall be signed by the persons who have signed the Board's report. The Company shall disclose this Policy on its website and also in its annual report in terms of the applicable RBI master Directions.

**10. Register of Contracts/Arrangements in which Directors are interested**

The Company shall maintain a Register of Contracts with Related Parties in accordance with the requirements of Section 189 of the Act to record particulars of all contracts /arrangements to which Section 184(2) and Section 188 of the Act applies and place such register before the next meeting of the Board and obtain signatures of all Directors present at that meeting. The said register shall be authenticated by the Company Secretary or such other person as may be authorized by the Board and shall be preserved permanently. Such Register of Contracts shall be kept at the registered office of the Company or at such other place as the members of the Company may decide, and shall be open for inspection during business hours. A member of the Company is entitled to get the extracts of the said register, within 7 days of the date of the request and upon payment of such fees as may be specified in the Articles of Association of the Company.

**11. Applicability**

In the event of any provisions contained in this Policy are inconsistent with the provisions contained in Companies Act, 2013 or RBI regulations or Accounting Standards, etc. (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.

**12. Amendments to the Policy**

The Audit Committee shall review this Policy from time to time and recommend amendments in the Policy for the approval of Board in line with the regulatory and business requirements. In case an amendment(s), clarification(s), Circular(s) are issued by Statutory/ Regulatory Authorities are not consistent with the provisions of this policy, then such amendment(s), clarification(s), Circular(s) etc. shall prevail and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), Circular(s).

**13. Communication**

The said policy will be disclosed on the website of the Company.

**For and on behalf of the Board of Directors**

**Date: September 06, 2022**  
**Place: Mumbai**

**V Narayanamurthy**  
**Managing Director & CEO**  
**(DIN 00555704)**

**Thankom T Mathew**  
**Director**  
**(DIN 00025326)**



## ANNEXURE III TO THE DIRECTORS' REPORT

### FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

1. Details of contracts or arrangements or transactions not at arm's length basis- **NIL**
  - (a) Name(s) of the related party and nature of relationship - **N.A**
  - (b) Nature of contracts/arrangements/transactions - **N.A**
  - (c) Duration of the contracts/arrangements/transactions - **N.A**
  - (d) Salient terms of the contracts/arrangements/ transactions including the value, if any - **N.A**
  - (e) Justification for entering into such contracts or arrangements or transactions- **N.A**
  - (f) date(s) of approval by the Board- **N.A**
  - (g) Amount paid as advances, if any:- **N.A**
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188-**N.A**
2. Details of \*material contracts or arrangement or transactions at arm's length basis:

All transactions entered into by the Company with related parties during the year ended March 31, 2022 are in ordinary course of business and at arms length basis. The details of \*material contracts or arrangement or transactions at an aggregate level for the financial year ended March 31, 2022 are :

S.N	Name(s) of the related party and nature of relationship	Nature of contract/ arrangement	Duration of contract/ arrangement/ transaction	Salient terms of contract/ arrangements/ transactions including value, if any	Amount (in Rs lakh)	Date of Board approval, if any	Amount paid as advances, if any
1.	Bank of India-Investing Company holding 29.9% voting power	Fixed Deposits placed by the Company matured		As per prevailing interest rate for Bank's Fixed Deposits	10878.56	-	-
2.	Bank of India-Investing Company holding 29.9% voting power	Interest received on Fixed Deposits placed by Company		As per prevailing interest rate for the Bank's Fixed Deposits.	6.00	-	-
3.	Bank of India-Investing Company holding 29.9% voting power	Loans availed from overdraft and short term loan accounts.		As per Bank's sanction letter as per the prevailing market practice.	113663.62	-	-
4.	Bank of India-Investing Company holding 29.9% voting power.	Loans repaid from overdraft and short term loan accounts.		As per Bank's sanction letter as per the prevailing market practice	113371.96	-	-



S.N	Name(s) of the related party and nature of relationship	Nature of contract/ arrangement	Duration of contract/ arrangement/ transaction	Salient terms of contract/ arrangements/ transactions including value, if any	Amount (in Rs lakh)	Date of Board approval, if any	Amount paid as advances, if any
5.	Bank of India-Investing Company holding 29.9% voting power	Interest paid on loans availed from overdraft & short term loans.		As per Bank's sanction letter as per the prevailing market practice	286.73	-	-
6.	Bank of India-Investing Company holding 29.9% voting power	Processing Fees & charges on overdraft and short term loans.		As per the Bank's sanction letter as per the prevailing market practice.	24.12	-	-
7.	Bank of India Investing Company holding 29.9% voting power	Final Dividend paid for FY 2020-21		Dividend @ Rs. 8 per share declared at the 27 <sup>th</sup> AGM of the Company.	910.70	-	-
8.	Bank of India Investing Company holding 29.9% voting power	Sitting Fees paid		Sitting Fees paid for each meeting of the Board attended by Nominee.	7.00	-	-
9.	STCI Primary Dealer Ltd-wholly owned subsidiary	Dividend including Interim Dividend		Dividend including Interim Dividend declared during FY 2021-22.	5550.00	-	-
10.	STCI Primary Dealer Ltd-wholly owned subsidiary	Sale of Corporate Bonds		As per the market rates	6013.85		
11.	STCI Primary Dealer Ltd-wholly owned subsidiary	CSGL Charges paid on GSec/T-bills Deal		As per the prevailing market convention.	0.47		
12.	STCI Primary Dealer Ltd-wholly owned subsidiary	Reimbursement made for electricity charges	Ongoing	Electricity charges at Bangalore Office space shared proportionate to the office space shared.	0.15	-	-
13.	STCI Primary Dealer Ltd-wholly owned subsidiary	Reimbursement of expenses received	Ongoing	Reimbursement received for House Rent recovered from staff of STCI PD occupying the Company's residential quarters at Mumbai.	9.69	-	-
14.	STCI Primary Dealer Ltd-wholly owned subsidiary	Reimbursement of expenses received		Rent (Sub-Lease) received from STCI PD for using Bangalore office space	4.39	-	-



S.N	Name(s) of the related party and nature of relationship	Nature of contract/ arrangement	Duration of contract/ arrangement/ transaction	Salient terms of contract/ arrangements/ transactions including value, if any	Amount (in Rs lakh)	Date of Board approval, if any	Amount paid as advances, if any
15.	STCI Primary Dealer Ltd- wholly owned subsidiary	Sitting fees received	N.A	Sitting fees received for each meeting of the Board attended by its Nominee.	4.70	-	-
16.	STCI Primary Dealer Ltd- wholly owned subsidiary	Reimbursement of expenses paid		STCI share of expenses reimbursed to STCI PD (payment made to FZB Associates) for seeking opinion on treatment of Stamp Duty Provision lying in the books.	0.35		
17.	STCI Commodities Ltd- wholly owned subsidiary	Sitting fees received	N.A	Sitting fees received for each meeting of Board attended by its Nominee.	0.55	-	-

\*The contract/transaction/ arrangement mentioned above at S. No. 1, 3, 4, 9 & 10 are material related party transactions as per the Company's Policy on Related Party Transactions.

The above disclosure of all transactions/ arrangements with related parties has been made as a matter of abundant precaution in absence of definition of material contract/ arrangement/ transaction under Section 188 of the Companies Act, 2013.

For and on behalf of the Board of Directors

Date: September 06, 2022  
Place: Mumbai

V Narayanamurthy  
Managing Director & CEO  
(DIN 00555704)

Thankom T Mathew  
Director  
(DIN 00025326)



## ANNEXURE IV TO THE DIRECTORS REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES AS PRESCRIBED UNDER SECTION 135 OF THE COMPANIES ACT, 2013 AND COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014.

#### 1. A brief outline of the Company's CSR policy

The CSR Policy of the Company lays down the guidelines and mechanism for undertaking socially useful initiatives or programmes or projects for welfare & sustainable development of the community at large in line with the requirements of section 135 of the Companies Act 2013 (the Act) read with the Companies (Corporate Social Responsibility Policy) Rules 2014. The CSR Policy inter alia include the CSR activities/ projects/programs to be undertaken by the Company as specified in Schedule VII of the Act, the modalities of execution, implementation and monitoring process for the same.

The CSR Committee constituted by the Board recommends to the Board the CSR Policy, the amount of expenditure to be incurred each year on the CSR activities/ projects/ programmes to be undertaken by the Company in pursuance of the Policy, monitors the CSR policy of the Company from time to time and institutes a monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company.

#### 2. The Composition of the 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	Ms. Thankom Mathew Chairperson	Independent Director	2	2
2	Ms. Uma Subramaniam Member	Independent Director	2	2
3	Mr. V Narayanamurthy Member	Managing Director & CEO	2	2

- 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. Composition of CSR Committee: <https://www.stcionline.com/pdf/CSR-Policy-New.pdf>
- 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**
- 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:

**While the amount available for set off from previous year i.e FY 2020-21 is Rs. 7.20 Lakhs, there no amount required for set off owing to nil CSR obligation in FY 2021-22**

- Average net profit of the company as per section 135(5): Rs. (2792.85) Lakhs
- Two percent of average net profit of the company as per section 135(5) : Rs.(55.86) Lakhs
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
  - Amount required to be set off for the financial year, if any: Nil
  - Total CSR obligation for the financial year (7a+7b-7c): Rs. Nil
- CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	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
Nil	NA	NA	NA	NA	NA



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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. 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
--	--	--	--	--	--	--	--	--	--

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. 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
--	--	--	--	--	--	--	--	--	--

(d) Amount spent in Administrative Overheads: Not Applicable

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Nil

(g) Excess amount for set off, if any

Sr No.	Particulars	Amount (in Rs.)
(i)	Two percent of the average net profit of the company of last three financial years as per section 135(5)	(55.86)
(ii)	Total amount spent for the Financial Year	Nil
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

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) : 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): Not Applicable

For and on behalf of the Board of Directors

Date: September 06, 2022  
Place: Mumbai

V Narayanamurthy  
Managing Director & CEO  
(DIN 00555704)

Thankom T Mathew  
Chairperson of CSR Committee  
(DIN 00025326)



## ANNEXURE V TO THE DIRECTORS REPORT

FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022

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

To  
The Members,  
**STCI Finance Limited**  
A/B 1-802, A Wing, 8th Floor,  
Marathon Innova,  
Marathon Nextgen Compound,  
Off Ganpatrao Kadam Marg,  
Lower Parel (W), Mumbai – 400013

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by **STCI Finance Limited** (hereinafter called “**the Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our limited verification of the Company’s books, papers, minutes books, forms and returns filed with regulatory authorities 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, we hereby report that in our opinion, the Company has, during the financial year ended **31<sup>st</sup> March, 2022**, 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.

We further report that maintenance of proper and updated books, papers, minutes books, filing of forms and returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company, our responsibility is to verify the content of the documents and returns produce before us, make objective evaluation of the content in respect of compliance and report thereon.

We have examined on test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31<sup>st</sup> March, 2022, according to the provisions of:

- (i) The Companies Act, 2013 and the rules made there under;
- (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 there under;
- (iv) The 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (to the extent applicable)
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (to the extent applicable)
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; (to the extent applicable)
- (v) Provisions of Reserve Bank of India Act, 1934 and Regulations / Guidelines issued by Reserve Bank of India from time to time as applicable to Non-deposit accepting NBFCs.

We have also verified systems and mechanism which are in place and as followed by Company to ensure compliance of other applicable Laws. We have also relied on the representation made by the Company and its Officers in respect of systems adopted by the Company from time to time to ensure compliances applicable to the Company and found the same satisfactory.



We have also examined the compliances with the applicable clauses of the Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs, Government of India.

We further Report that, during the year, either there was no event attracting the below mentioned provisions or it was not mandatory on the part of the Company to comply with the following Provisions, Regulations / Guidelines:

- (i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (ii) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (iv) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has complied with the provisions of the above mentioned Act/s including the applicable provisions of the Companies Act, 2013 and Rules, Regulations, Guidelines, Standards, etc. mentioned above and we have no material observation of instances of non-compliance in respect of the same.

**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 year under review were carried out in compliance with the provisions of the Act.

We also report that adequate notice/s were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and short notice in case of urgency, and a reasonable system exists for Board Members for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and proper system is in place which facilitates/ensure to capture and record, the dissenting member's views, if any, as part of the minutes.

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of other Acts, Laws and Regulations applicable to the Company, we 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.

We further report that during the audit period there were no specific events / actions have a major bearing on the Company's affairs and statutory compliances in pursuance of the above referred laws, rules, regulations, guidelines etc.

**Mahesh M. Darji**

Company Secretary in Practice

FCS: 7175

CP: 7809

Place: Mumbai

Date: 28.04.2022

UDIN: F007175D000234028

Note: This Report has to be read with "Annexure - A".



**'ANNEXURE A'**

To,  
The Members,  
**STCI Finance Limited**  
A/B 1-802, A Wing, 8th Floor,  
Marathon Innova, Marathon Nextgen Compound,  
Off Ganpatrao Kadam Marg,  
Lower Parel (W), Mumbai 400013.

- (i) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- (ii) 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 (by verifying records made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- (iii) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (iv) Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and occurrence of events.
- (v) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
- (vi) During the period of COVID-19 outbreak, we have relied on the information, details, data, documents and explanation as provided by the Company and its officers and agents in electronic form apart from physical verification of documents.

The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Mahesh M. Darji**  
Company Secretary in Practice  
FCS: 7175  
CP: 7809

Place: Mumbai  
Date: 28.04.2022  
UDIN: F007175D000234028



## INDEPENDENT AUDITOR'S REPORT

### To the Members of STCI Finance Limited

(Formerly known as Securities Trading Corporation of India Limited)

#### Report on the Audit of the Standalone Financial Statements

We have audited the accompanying standalone financial statements of STCI Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss (including other comprehensive income), the 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 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 standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit, total comprehensive income, 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with 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 Companies Act, 2013 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 audit opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as key audit matters.

S. No.	Key audit matter	Auditor's response
1	<p><b><u>Credit Impairment:</u></b></p> <ul style="list-style-type: none"> <li>IND As requires the company to recognize the expected credit losses (ECL) on financial instruments which is based on key factors such as Probability of Default (PD), Loss Given Default (LGD). Further the ECL for Stage 2 and Stage 3 Loans is based on the management estimates as at the reporting date, reflecting reasonable and supportable assumptions which factor the current uncertain economic scenarios due to Covid-19 and other factors, and projections of future recoveries, including interest. Since such factors involve significant judgements and estimates made by the Company, we have identified the same as a key audit matter.</li> </ul>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>We have reviewed the ECL calculations which were done using an excel based model developed by an independent expert entity. We have relied on the PD and LGD calculations which have been generated from the said model.</li> <li>We have verified the accuracy and completeness of the data in the ECL Calculations.</li> <li>We have verified the parameters of DPD Status of loans and their classification into Stage 1, Stage 2 and Stage3.</li> <li>We have evaluated the reasonableness of the estimates and judgements used by the management for the purpose of Calculation of ECL, especially in Stage 2 and Stage 3.</li> <li>Refer Accounting Policy No 1(iii)(a)(4)</li> </ul>



<p><b>2</b></p> <p><b><u>Effectiveness of Monitoring of loan accounts and enforceability and adequacy of Loan Documents and Collaterals</u></b></p> <ul style="list-style-type: none"> <li>• The Company follows practices commensurate with its credit policy to ensure           <ul style="list-style-type: none"> <li>a) effective monitoring of loan accounts</li> <li>b) Enforceability and adequacy of loan documents and collaterals in case of expected events of default.</li> </ul> </li> <li>• Since monitoring of loans and adequacy of collaterals has a significant impact on the probability of default and provisioning and calculation of expected credit losses, we have identified the effectiveness of monitoring of loan accounts, enforceability of loan documents and adequacy of loan collaterals as a key audit matter.</li> </ul>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Understanding the process and controls involved in monitoring of loan accounts.</li> <li>• Review of loan documentation and loan vetting reports issued by third party professionals.</li> <li>• Review of the monitoring process of valuation of pledged listed shares and assets other than listed shares</li> <li>• Verification of the periodic valuation of the underlying collaterals and insurances to ensure the adequacy of collaterals. Further, in case of exposure to real estate companies, we have relied on the Financial Due Diligence and Lender’s Independent Engineer’s Reports conducted by empaneled third party professionals indicating sufficient monitoring and adequacy of collaterals.</li> <li>• Further, inquiries were made with the Management to ascertain           <ul style="list-style-type: none"> <li>a) Whether there is sufficient monitoring to identify the indicators of stress or an occurrence of an event of default in a particular loan account or any product.</li> <li>b) Whether there are sufficient controls to ensure the adequacy of loan collaterals in case of probable event of default.</li> </ul> </li> <li>• We have assessed the appropriateness of controls over monitoring and adequacy of loan collaterals and its impact on classification of loan accounts and measurement of expected credit losses.</li> </ul>
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**Information Other than the Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Board’s Report including Annexure to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the standalone 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 during the course of our 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.

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

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as 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 are also responsible for overseeing the company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Standalone 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 standalone 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 financial controls 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances,



es, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

- 1) As per RBI prudential norms, interest on non performing assets (credit impaired asset) is booked on receipt basis. However, as per Ind AS, interest income on credit impaired asset should be recognized on the net carrying amount. Taking into account RBI guidelines and prudence, interest on non performing assets is booked on receipt basis by the company.
- 2) The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. (*Refer Note no 39(I) to notes to financial statements*).

Our opinion is not modified in respect of these matters.

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

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure-A** a statement on the matters specified in 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, Statement of Changes in Equity and the Statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its standalone financial position in its financial statements – *Refer Note 22 to notes to financial statements*;



- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. As at 31<sup>st</sup> March, 2022 there was no amount required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv.
    - (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v.
    - (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
    - (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable
3. As required by section 143(5) of the Act and in pursuance of directions issued by the Office of The Comptroller and Auditor General of India for the year ended March 31, 2022, we report that:
- a) Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.  
  
Yes, the company has the system in place to process all the accounting transactions through IT system. However, the Ind AS adjustments made to the financial statements has been made outside the IT systems by using excel sheets. However, there are no financial implications of processing of accounting transactions outside IT system on the integrity of accounts.
  - b) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company’s inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, the lender is a Government company, then its direction is also applicable for statutory auditor of lender company).  
  
On the basis of information and explanation given to us, there had been no restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company’s inability to repay the loan.  
  
Company as a lender, has not restructured any loans of borrowers during the year.  
  
There is no waiver / write off of debts/ loans / interest etc. granted by company to any borrower.



- c) Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

On the basis of information and explanation given to us, no funds have been received / receivable for specific schemes from Central/State Government or its agencies.

4. As required by additional directions issued by the Office of the Comptroller and Auditor General of India for the year ended March 31, 2022 to statutory auditors of other Non-Banking Financial Companies U/s 143(5) of the Companies Act and in pursuance of such directions, we report that:

RBI provided a window (vide circular dated 6.8.2020) under the prudential framework to implement a resolution plan to borrowers having stress on account of Covid 19, as per which the existing loans can be restructured without downgrading the asset classification. Are there any cases of restructuring involving the new provision and if so, are they in compliance with the RBI circular?

Based on the information provided by the management, we confirm that the Company has not restructured any loan under the window provided by RBI (vide circular dated 6.8.2020) under the prudential framework to implement a resolution plan to borrowers having stress on account of Covid 19.

For and on behalf of  
**RSVA & Co.**  
**Chartered Accountants**  
Firm Registration No. 110504W

**JAGADISH B SHETTY**  
**Partner**  
Membership No. 048042  
UDIN: 22048042AHZQNP4875

Place: Mumbai  
Date: 28.04.2022



## Annexure – A to the Independent Auditor’s Report

### Referred to in paragraph 1 under “Report on other legal and regulatory requirements” of our report of even date

- i. a (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible Assets.
- b As explained to us, the Company has decided to carry out physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every three years. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
- d. According to the information and explanations given to us and on the basis of our examination of the records, The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- e. According to the information and explanations given to us and on the basis of our examination of the records, no proceedings have been initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. a. The securities held as stock in trade are in dematerialized form with custodian. Statement of securities is received from the custodian on regular basis and the same is reconciled by the management at regular intervals. As securities are held in dematerialized form, the requirement of physical verification does not arise. The Company is maintaining proper records of securities held as stock in trade. As informed to us, the statements of securities obtained from custodians are verified with book records and no discrepancies were noticed during the year under audit.
- b. According to the information’s and explanations given to us and on the basis of examination of our records, The Company has not been sanctioned secured working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. (a) The Company is non-banking finance company and hence reporting under clause 3(iii)(a) of the Order is not applicable.
- (b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company’s interest.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are generally been regular as per stipulation.
- (d) In respect of loans granted by the Company, the loans remaining overdue for more than ninety days are classified as Credit Impaired/ Stage 3 Assets. Please refer Note no 35 under notes to financial statements. Measures commensurate with the policies of the Company have been taken by the company for recovery of the principal and interest.
- (e) The Company is non-banking finance company and hence reporting under clause 3(iii)(e) of the Order is not applicable.
- (f) The Company has not granted any loans or advances in the nature of loans without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- iv. In our opinion and according to the information and explanation given to us, the Company has not given any loans, guarantees & Security to any party covered by the provisions of section 185 of the Act.



In our opinion and according to the information and explanation given to us, the Company had made investments in subsidiaries companies in the earlier years, which are continuing in the current year. The company has complied with the provisions of Section 186(1) of the Act & in our opinion other provisions of section 186 are not applicable to the Company as the Company is a Registered Non-Banking Financial Company.

- v. The Company has not accepted any deposits during the year from the public within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules made there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under Section (1) section 148 of the Act. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- vii. a According to the information and explanations given to us and based on the records examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, GST and any other statutory dues with the appropriate authorities.
- b According to the information and explanations given to us and based on the records examined by us, there are no dues of sales tax, service tax, duty of customs, duty of excise, goods and service tax and value added tax which have not been deposited on account of any dispute. The demands in respect of tax deducted at source and income tax for the following years have not been deposited on account of disputes:

Disputed /Appeal Filed by	Period to which dispute relates	Disputed tax liability	Forum where dispute is pending
Company	F.Y. 2008-09	₹ 3.54 lakhs	ACIT - TDS - 3 (2)
Company	F.Y. 2009-10	₹ 2.94 lakhs	ACIT - TDS - 3 (2)
Company	F.Y. 2010-11	₹ 10.72 lakhs	ACIT - TDS - 3 (2)
Company	F.Y. 2011-12	₹ 4.48 lakhs	Assessing Officer
Company	F.Y. 2012-13	₹ 5.24 lakhs	Assessing Officer
Company	F.Y 2017-18	₹ 6865.35 lakhs	CIT (Appeals)

- viii. According to the information and explanations provided us to and based on the records examined by us, there have been no such instances wherein transactions not recorded in the books of accounts has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act.
- ix. According to the information and explanations provided to us and based on the records examined by us,
  - a. the Company has not defaulted in repayment of dues to banks or other borrowings or in the payment of interest thereon to any lender during the year.
  - b. The company has not been declared as a willful defaulter by the banks or financial institutions or any other lender.
  - c. the Company has utilized the monies raised by way of term loans for the purpose for which the loan was obtained.
  - d. The funds raised on short term basis have not been utilized for long term purposes.
  - e. The company has not raised any funds from any entity or person to meet the obligations of its subsidiaries, associates or joint ventures.
  - f. The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. According to information and explanation given to us and based on the records examined by us,
  - a. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
  - b. The company has not made any preferential allotment or private placement of shares or convertible debentures during the year,
- xi. a. According to the information and explanations provided to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of the audit.



- b. No report under Sub-section (12) of Section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government, during the year
  - c. According to the information and explanations provided to us, no whistle blower complaints have been received during the year by the company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii. According to the information and explanation provided to us and based on our examination of records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. a According to the information and explanation provided to us and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- b. the reports of the Internal Auditors for the period under Audit, were considered by us in determining the nature, timing and extent of our audit procedures.
- xv. According to the information and explanation provided to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with them. Accordingly, provisions of clause 3(xv) of the Order are not applicable.
- xvi. a The company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has in accordance to the same obtained the Certificate of Registration.
- b. The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
  - c. The Company is not a Core Investment Company (CIC) as defined in the Regulations made by the Reserve Bank of India.
  - d. According to the information and explanation provided to us, the Group does not have more than one CIC as part of the Group.
- xvii. The company has not incurred cash losses in the financial year and in the immediately preceding financial year
- xviii. There have been no resignations of Statutory Auditors in the financial year.
- xix. According to the information and explanations provided to us and based on our examination of the records of the Company, the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the information provided in respect of the Board of Directors and management plans, there is no material uncertainty that the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date ;
- xx. According to the information and explanations provided to us and based on our examination of the records of the Company, there is no amount required to be spent for the year towards CSR Activities as per Section 135 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (xx) are not applicable to the Company.

For and on behalf of

**RSVA & Co.**

**Chartered Accountants**

Firm Registration No. 110504W

**JAGADISH B SHETTY**

Partner

Membership No. 048042

UDIN: 22048042AHZQNP4875

Place: Mumbai

Date: 28.04.2022



## **Annexure – B to the Independent Auditor’s Report**

Referred to in paragraph 2(f) under “Report on other legal and regulatory requirements” of our report of even date

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

**We have audited the internal financial controls over financial reporting of STCI Finance Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.**

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). 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 Act.

### **Auditor’s Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of  
**RSVA & Co.**  
**Chartered Accountants**  
Firm Registration No. 110504W

**JAGADISH B SHETTY**  
Partner  
Membership No. 048042  
UDIN: 22048042AHZQNP4875

Place: Mumbai  
Date: 28.04.2022



## **AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF STCI FINANCE LIMITED**

(Formerly Securities Trading Corporation of India Limited)

A/B 1-802 "A" Wing,  
8<sup>th</sup> Floor, Marathon Innova,  
Marathon Nextgen Compound,  
Off. G.K.Marg,  
Lower Parel (West),  
Mumbai – 400013.

- 1) This report is issued in accordance with the requirements of Non-Banking Financial Companies Auditors Report (Reserve Bank) Directions, 2016 – (Master Direction DNDS.PPD.03/66.15.001/2016-17 dated September 29,2016).
- 2) We have audited the company financial statements of STCI Finance Limited (Formerly Securities Trading Corporation of India Limited) (hereinafter referred to as the "Company") comprising the balance sheet as at 31st March 2022, the statement of Profit and Loss, the statement of changes in equity and statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date, on which we have issued our report dated 28.04.2022.

### **Management's Responsibility for the financial statements**

- 3) The Company's Board of Directors is responsible for the matter stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, RBI directions to NBFCs and Division III to Schedule III 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- 4) The Management is also responsible for compliance with Reserve Bank of India (hereinafter RBI or Bank) Act, 1934 and relevant RBI circulars and guidelines applicable to Non-Banking Financial Companies, as amended from time to time, and for providing all the required information to RBI.

### **Auditor's Responsibility**

- 5) Pursuant to the requirements of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions 2016 as consolidated in RBI master Direction (Ref DNBR.PD.008/03.10.119/2017-18 (the "Directions"), it is our responsibility to examine the audited books and records of the company for the year ended March 31, 2022 and report on the matters specified in the directions to the extent applicable of the Company.
- 6) We conducted our examination in accordance with the 'Guidance note on Audit Reports and Certificates for the 'Special Purposes' issued by the Institute of Chartered Accountants of India.

### **Opinion**

- 7) Based on our examination of the audited books and records of the company for the year ended March 31, 2022 as produced for our examination and the information and explanations given to us we report that :
  - 7.1. The company is engaged in the business of non-banking financial institution and has obtained a certificate of registration (CoR) (certificate No. B-13.00005 December 16, 1997) under section 45IA of Reserve Bank of India Act, 1934) (2 of 1934) from Bank's Department of Non-Banking Supervision, Mumbai Regional Office.
  - 7.2 The company is entitled to continue to hold such CoR in terms of its asset/ (income pattern) as on March 31, 2022.
  - 7.3 As laid down in Master Direction- non Banking Financial Company- Systematically Important Non Deposit taking



Company and Deposit taking Company (Reserve Bank) Directions 2016, the non-banking financial company is meeting the required net owned fund requirement.

- 7.4 The Board of Directors of the company has passed a resolution in its meeting held on April 12, 2021 for non-acceptance of public deposits.
- 7.5 The company has not accepted any public deposit during the year ended March 31, 2022.
- 7.6 As per the Ministry of Corporate Affairs (MCA) notification dated 30.03.2016; the company is required to prepare its financial statements using Indian Accounting Standards (Ind AS). The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it under Ind AS. However, as per RBI prudential norms, interest on non-performing assets (credit impaired asset) is booked on receipt basis. However, as per Ind AS, interest income on credit impaired asset should be recognized on the net carrying amount. Taking into account RBI guidelines and prudence, interest on non-performing assets is booked on receipt basis by the company.
- 7.7 The annual statement of capital funds, risk assets/exposures and risk assets ratio (NBS-7) has been furnished to the Bank on 12<sup>th</sup> April 2022 within the stipulated period based on the unaudited books of account. However final capital adequacy ratio will be disclosed once the accounts are finalized. It is in compliance with the minimum CRAR prescribed by the bank. The Capital adequacy has been calculated based on the RBI guidelines RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020, on Implementation of Indian Accounting Standards by NBFCs.
- 7.8 The Company is not NBFC Micro Finance Institution (MFI) as defined in the Non-Banking Financially Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016.

#### **Restrictions on Use**

- 8) Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have had as auditors of the company or otherwise. Nothing said in this report; nor anything said or done in the course of or in connection with the services that are subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the company.
- 9) This report issued pursuant to our obligations under Directions to submit a report on additional matters as stated in the above Directions, to the board of directors of the company and should not be used by any other person or for any other purpose. RSVA and Co. neither accepts nor assumes any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

For and on behalf of  
**RSVA & Co.**  
Chartered Accountants  
Firm Registration No. 110504W

**CA JAGADISH B SHETTY**  
Partner  
Membership No.: 048042  
UDIN: 22048042AHZQNP4875

Place: Mumbai  
Date: 28.04.2022



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF STCI FINANCE LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of financial statements of STCI Finance Limited for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on Independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 April 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of STCI Finance Limited for the year ended 31 March 2022 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the  
Comptroller & Auditor General of India

Place : Mumbai  
Date : 17.08.2022

**(P. V. Hari Krishna)**  
Principal Director of Audit (Shipping), Mumbai



**Status of Pending CAG Paras and Management Replies in terms of recommendations made by the Committee on Papers laid on the Table (Rajya Sabha) in its 150th Report as under:**

Sr. No.	Part 1B CAG Report (Ref. No: GA/IR/R-I/STCI/2014-15/220)	C&AG comments	STCI's response	Present status
1	Para 1	Non-recovery of corporate loan of Rs.12 crore and interest of Rs.7.19 crore from Biltube Industries Ltd.	<p>The borrower was availing credit facilities from various banks and aggregate debt outstanding (Principal) was Rs.295 crore. Major exposure was of SBI aggregating to Rs.127 crore. STCI's share in the consortium/multiple banking arrangement was only 5% of the total exposure.</p> <p>Due to liquidity crunch and cost overrun in the project, the borrower approached all lenders for restructuring of the loans. Only SBI, IDBI, Bank and Axis Bank accepted the request and the other lenders didn't agree. At that point of time, STCI, being an NBFC couldn't join the CDR mechanism.</p> <p>After failure of CDR, the lenders initiated action under the SARFAESI Act. However since NBFC's were not covered under the said Act at that point of time, STCI couldn't join the SARFAESI proceedings.</p> <p>SBI has sold its assets amounting to 43% of total outstanding debt to Edelweiss ARC on 31/03/2015. Majority lenders have sold their assets to ARC's.</p> <p>The account was declared as NPA on 31/07/2012.</p> <p>Since the borrower approached BIFR, no suit proceedings could be initiated against the borrower initially.</p> <p>STCI continued its action under the Negotiable Instrument Act.</p>	<p>The loan account was written off as on 31/03/2017.</p> <p>Suit has been filed against the borrower and guarantors in the Hon'ble High Court at Mumbai.</p> <p>Upon inclusion under the SARFAESI Act, STCI could not initiate action under the Act as it was a minority lender. To pursue action under the SARFAESI Act, in case of pari passu charge, approval from lenders of at least 60% of the value of total debt is required. STCI's share is 5%.</p> <p>STCI is pursuing the Borrower for payment of dues. The borrower is keen on settling the loan account through an OTS, but is yet to give an acceptable firm proposal.</p>
2	Para 2	Undue delay in classifying Era Housing & Developers (India) Limited as Non-Performing Asset (NPA)	<p>The borrower came under stress in 2013. STCI was pursuing with the Borrower for repayment of loan. The borrower expressed its inability to pay the dues on account of adverse economic conditions, delayed payments and various other hurdles related to infrastructure sector.</p> <p>The stock price was on lower circuit for a continuous period during September to November 2013. As the security value dropped significantly and in absence of any other security, STCI was compelled to accept the agricultural land as additional security despite its restricted use.</p> <p>The account was declared as NPA on 01/03/2015.</p>	<p>The loan account was written off as on 31/03/2017.</p> <p>Suit has been filed against the borrower and the guarantors in the Hon'ble High Court at Delhi.</p> <p>The borrower was under moratorium as the Corporate Insolvency Resolution Process (CIRP) of the borrower commenced. Hence, Money Decree was awarded in favour of STCI against the Guarantors only. The execution of the Decree was filed in January 2020 and is pending before the District Court of Palwal, Haryana.</p>



				On an application filed by IFCI, NCLT admitted the borrower for CIRP under IBC on 03/12/2019. STCI joined the CIRP as a member of the Committee of Creditors. The Resolution Professional filed for liquidation of the borrower which was approved by NCLT. STCI filed its claim before the Liquidator. The liquidation proceedings have been stayed by NCLAT on a complaint filed before them by homebuyers of a group company.
3	<b>Para 3</b>	<b>Grant of loan of Rs. 15 crore to Lt. Col. H.S. Bedi and Mrs. Maninder Bedi jeopardizing the interest of the Company</b>	<p>The share price of Tulip Telecom Limited (TTL) fell due to perceived default in FCCB during August 2012. As the borrower was unable to provide additional shares or cash margin, the promoter Lt. Col H.S. Bedi gave second charge to STCI of residential property at Vasant Vihar, New Delhi.</p> <p>CDR package was approved by the lenders of TTL.</p> <p>The loan to Lt. Col. H.S. Bedi was granted to enable him to strengthen the business as successful implementation of CDR package would improve liquidity of the TTL.</p> <p>The failure of CDR package impacted the financials of TTL.</p> <p>STCI issued recall notice on 02/09/2014 and 15/09/2014 and initiated recovery proceedings in the loan accounts of TTL.</p>	<p>The accounts were declared as NPA in August 2014 and September 2014 and the loan accounts were written off as on 31/03/2017.</p> <p>STCI had filed a suit against Cedar Infonet Pvt. Ltd. and the guarantors in the Hon'ble High Court at Delhi. Order of the Hon'ble High Court in the matter was challenged by STCI in the Hon'ble Supreme Court. The Hon'ble Supreme Court passed a conditional order to be complied by Cedar Infonet Pvt. Ltd. and the guarantors. As the order was not complied, the Hon'ble High Court passed a Money Decree against Cedar Infonet Pvt. Ltd. and the guarantors in favour of STCI. An execution petition for the Money Decree is pending before the Hon'ble High Court at Delhi against Cedar Infonet Pvt Ltd and the guarantors.</p> <p>In Sukhmani Technologies Private Limited, an appeal has been filed in the Hon'ble High Court at Delhi against the award passed by the Arbitrator on 11/08/2017.</p> <p>Suit has been filed against the guarantors of Sukhmani Technologies Pvt. Ltd. in the Hon'ble High Court at Delhi on 15/09/2017.</p> <p>STCI filed arbitration proceedings in the loan account of the promoters of TTL and the order was passed in favour of STCI on 14/09/2018. The promoters of TTL filed an appeal before the Hon'ble High Court at Delhi. The Hon'ble High Court set aside the Arbitration award.</p>



				<p>Arbitration proceedings has once again been filed in the loan account of Lt. Col. (Retd.) H. S. Bedi and Mrs. Maninder Bedi on 27/08/2019. The matter is reserved for order.</p> <p>STCI proceeded under the SARFAESI Act against Cedar Infonet Pvt Ltd and the promoters in the District Court in June 2018. The District Court passed an order granting STCI physical possession of the mortgaged residential property on 22/01/2019. Physical possession of the mortgaged residential property was taken by STCI on 02/08/2019 with the help of Court Receiver. On an order of the Hon'ble High Court at Delhi, STCI is proceeding with conducting auction and sale of the residential property under the SARFAESI Act.</p>
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**BALANCE SHEET AS AT MARCH 31, 2022**

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
	<b>ASSETS</b>			
<b>1</b>	<b>Financial Assets</b>			
(a)	Cash & Cash equivalents	2a	12,154.20	58,908.25
(b)	Bank Balances other than (a) above	2b	8,232.22	281.05
(c)	Receivables			
	(i) Trade Receivables	3	-	-
	(ii) Other Receivables		-	293.83
(d)	Loans	4	1,52,952.44	1,17,273.96
(e)	Investments	5	59,355.36	52,096.01
(f)	Other Financial Assets - (Security and other Deposits)		550.34	550.79
<b>2</b>	<b>Non-Financial Assets</b>			
(a)	Tax Assets(net)		983.62	576.63
(b)	Property, Plant and Equipment	6	1,999.14	2,035.47
(c)	Other Intangible Assets	6	16.10	38.53
(d)	Right of Use Asset	6	73.58	104.47
(e)	Other Non-Financial assets	7	221.88	187.49
	<b>Total Assets</b>		<b>2,36,538.88</b>	<b>2,32,346.48</b>
	<b>LIABILITIES AND EQUITY</b>			
<b>1</b>	<b>Financial Liabilities</b>			
(a)	Payables			
	(i) Trade Payables	8		
	total outstanding dues of micro enterprises and small enterprises		-	-
	total outstanding dues of creditors other than micro enterprises and small enterprises		80.73	71.34
	(ii) Other Payables	8		
	total outstanding dues of micro enterprises and small enterprises		-	-
	total outstanding dues of creditors other than micro enterprises and small enterprises		1.50	1.50
(b)	Borrowings (Other than Debt Securities)	9	57,101.42	76,273.66
(c)	Other Financial Liabilities	10	423.49	589.24
<b>2</b>	<b>Non-Financial Liabilities</b>			
(a)	Provisions	11	957.18	900.28
(b)	Deferred Tax Liabilities	33	5,229.79	1,385.09
(c)	Other Non-Financial Liabilities	12	37.92	36.58

**BALANCE SHEET AS AT MARCH 31, 2022**

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>3</b>	<b>Equity</b>			
(a)	Equity Share capital	13	38,000.00	38,000.00
(b)	Other Equity	14	1,34,706.85	1,15,088.79
	<b>Total Liabilities and Equity</b>		<b>2,36,538.88</b>	<b>2,32,346.48</b>
	Significant accounting policies, key estimates and judgments	1		
	The accompanying notes form an integral part of the standalone financial statements.			

**As per our report of even date**

For and on behalf of

**RSVA & Co.**

Chartered Accountants

Firm Registration No. 110504W

**JAGADISH B SHETTY**

Partner

Membership No. 048042

UDIN: 22048042AHZQNP4875

Place : Mumbai

Date : April 28, 2022

**For and on behalf of the Board of Directors****Melwyn Oswald Rego**

Director

DIN: 00292670

**V. Narayanamurthy**

Managing Director &amp; CEO

DIN: 00555704

**Kamlesh Rathi**

Chief Financial Officer

**R Venkataramani**

Director

DIN: 00829107

**Raghvendra Kumar**

Director

DIN: 08045355

**Suparna Sharma**

Company Secretary

Place : Mumbai

Date : April 28, 2022

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022**

(₹ in lakhs)

	Particulars	Note No.	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>(I)</b>	<b>Revenue from operations</b>			
(i)	Interest Income	15	13,673.09	16,738.58
(ii)	Dividend Income (from subsidiary ₹5,550.00 lakhs (PY ₹12,600.00 lakhs)		5,700.04	12,754.03
(iii)	Fees and commission Income		436.46	69.02
(iv)	Net gain on fair value changes	16	1,505.31	1,195.41
	<b>Total Revenue from operations</b>		<b>21,314.90</b>	<b>30,757.04</b>
<b>(II)</b>	Other Income	17	83.73	1,058.67
	Impairment on financial instruments	18	8,405.52	-
<b>(III)</b>	<b>Total Income (I+II)</b>		<b>29,804.15</b>	<b>31,815.71</b>
	<b>Expenses</b>			
(i)	Finance Costs	19	2,775.44	5,159.79
(ii)	Impairment on financial instruments	18	-	11,958.05
(iii)	Employee Benefits Expenses	20	1,652.87	1,245.96
(iv)	Depreciation, amortization and impairment	6	130.59	135.11
(v)	Others expenses	21	1,173.70	908.49
<b>(IV)</b>	<b>Total Expenses</b>		<b>5,732.60</b>	<b>19,407.40</b>
<b>(V)</b>	Profit / (loss) before exceptional items and tax (III-IV)		<b>24,071.55</b>	<b>12,408.31</b>
<b>(VI)</b>	Exceptional items		-	-
<b>(VII)</b>	<b>Profit/(loss) before tax (V+VI)</b>		<b>24,071.55</b>	<b>12,408.31</b>
<b>(VIII)</b>	<b>Tax Expense:</b>	33		
	- Current Tax		2,360.00	2,246.66
	- Deferred Tax		2,746.22	(539.68)
<b>(IX)</b>	<b>Profit/(loss) for the year (VII-VIII)</b>		<b>18,965.33</b>	<b>10,701.33</b>
<b>(X)</b>	<b>Other Comprehensive Income</b>			
<b>A</b>	(i) Items that will not be reclassified to profit and loss		4,791.21	4,514.69
	(ii) Less: Income Tax on items that will not be reclassified to profit & loss		1,098.48	1,038.02
	<b>Subtotal (A) (i-ii)</b>		<b>3,692.73</b>	<b>3,476.67</b>
<b>B</b>	(i) Items that will be reclassified to profit and loss		-	-
	(ii) Less: Income Tax on items that will be reclassified to profit & loss		-	-
	<b>Subtotal (B) (i-ii)</b>		<b>-</b>	<b>-</b>
	<b>Other Comprehensive Income (A + B)</b>		<b>3,692.73</b>	<b>3,476.67</b>



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

	Particulars	Note No.	For the Year ended March 31, 2022	For the Year ended March 31, 2021
(XI)	Total Comprehensive Income for the year (IX + X)		22,658.06	14,178.00
(XII)	Earnings per equity share for equity shares of par value ₹10/- each			
	Basic & Diluted (in ₹)	28	4.99	2.82
	Significant accounting policies, key estimates and judgments	1		
The accompanying notes form an integral part of the standalone financial statements.				

**As per our report of even date**

For and on behalf of

**RSVA & Co.**

Chartered Accountants

Firm Registration No. 110504W

**JAGADISH B SHETTY**

Partner

Membership No. 048042

UDIN: 22048042AHZQNP4875

Place : Mumbai

Date : April 28, 2022

**For and on behalf of the Board of Directors****Melwyn Oswald Rego**

Director

DIN: 00292670

**V. Narayanamurthy**

Managing Director &amp; CEO

DIN: 00555704

**Kamlesh Rathi**

Chief Financial Officer

Place : Mumbai

Date : April 28, 2022

**R Venkataramani**

Director

DIN: 00829107

**Raghendra Kumar**

Director

DIN: 08045355

**Suparna Sharma**

Company Secretary

**STATEMENT OF CHANGES IN EQUITY****A. Equity share capital**

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Amount	No. of Shares	Amount
	<b>Balance at the beginning</b>	38,00,00,000	38,000.00	38,00,00,000
Changes in the equity share capital during the year	-	-	-	-
<b>Balance as at the end</b>	38,00,00,000	38,000.00	38,00,00,000	38,000.00

(₹ in lakhs)

**B. Other Equity**

Particulars	Reserves & Surplus			Equity Instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
	Statutory Reserve	Capital redemption Reserve	Retained Earnings			
<b>As at March 31, 2020</b>	39,615.00	12,000.00	25,921.13	26,414.02	0.64	1,03,950.79
Total Comprehensive Income for the year	-	-	10,701.33	3,472.24	4.43	14,178.00
Dividend	-	-	(3,040.00)	-	-	(3,040.00)
Transfer to/from retained earnings	2,150.00	-	(2,150.00)	-	-	-
<b>As at March 31, 2021</b>	41,765.00	12,000.00	31,432.46	29,886.26	5.07	1,15,088.79
Total Comprehensive Income for the year	-	-	18,965.33	3,687.53	5.20	22,658.06
Dividend	-	-	(3,040.00)	-	-	(3,040.00)
Transfer to/from retained earnings	3,800.00	-	(3,800.00)	-	-	-
<b>As at March 31, 2022</b>	45,565.00	12,000.00	43,557.79	33,573.79	10.27	1,34,706.85

(₹ in lakhs)

**As per our report of even date**

For and on behalf of

**RSVA & Co.**

Chartered Accountants

Firm Registration No. 110504W

**For and on behalf of the Board of Directors****Melwyn Oswald Rego**

Director

DIN: 00292670

**R Venkataramani**

Director

DIN: 00829107

**JAGADISH B SHETTY**  
Partner

Membership No. 048042

UDIN: 22048042AHZQNP4875

**V. Narayanamurthy**

Managing Director &amp; CEO

DIN: 00555704

**Raghendra Kumar**

Director

DIN: 08045355

**Kamlesh Rathi**

Chief Financial Officer

**Suparna Sharma**

Company Secretary

Place : Mumbai

Date : April 28, 2022

Place : Mumbai

Date : April 28, 2022



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit / (loss) before exceptional items and tax	<b>24,071.55</b>	<b>12,408.31</b>
	Adjustments :		
	Depreciation, amortization and impairment	130.59	135.11
	Interest income	(13,673.09)	(16,738.58)
	Finance Costs	2,775.44	5,159.79
	Dividend Income from Investments	(5,700.00)	(12,753.70)
	(Profit) / Loss on sale of Property, plant and equipment (Net)	(0.17)	0.01
	Impairment on financial instruments	(7,864.93)	12,442.66
	Provisions no longer required written back	(62.64)	(2.10)
	Unrealised gain on fair value changes	(0.98)	0.63
		(324.23)	652.13
	Interest Paid	(2,797.98)	(5,399.78)
	Interest Received	13,788.44	16,576.78
	<b>Operating Profit / (loss) before working capital changes</b>	<b>10,666.23</b>	<b>11,829.13</b>
	<b>Changes in Working Capital:</b>		
	(Increase)/ Decrease in Receivable	293.83	(275.67)
	(Increase)/ Decrease in Loans	(27,928.89)	26,301.12
	(Increase)/ Decrease in Investments	(2,474.12)	723.95
	(Increase)/ Decrease in Other Financial Assets	0.45	(34.50)
	(Increase)/ Decrease Other Non-Financial Assets	(34.39)	81.88
	Increase/ (Decrease) in Payable	9.40	(67.79)
	Increase/ (Decrease) in Other Financial Liabilities (incl. Derivatives)	(136.93)	(4,392.45)
	Increase/ (Decrease) Other Non-Financial Liabilities	127.83	394.02
		<b>(30,142.82)</b>	<b>22,730.56</b>
	<b>CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(19,476.59)</b>	<b>34,559.70</b>
	Less : Taxes Paid	2,766.99	(6,768.42)
	<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(22,243.58)</b>	<b>41,328.11</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Fixed deposit with banks having original maturity over three months	(7,951.17)	127.78
	Dividend Income from Investments	5,700.00	12,753.70
	Purchase of tangible / intangible assets	(47.58)	(46.54)
	Sale of tangible / intangible assets	6.81	0.14
	<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(2,291.94)</b>	<b>12,835.08</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Payment of Dividend	(3,040.00)	(3,040.00)
	Repayment of debt securities	-	(14,000.00)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Proceeds from borrowings (other than debt securities)	(19,149.71)	(5,584.42)
Payment towards lease liabilities	(28.82)	(27.09)
<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>(22,218.53)</b>	<b>(22,651.51)</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(46,754.05)</b>	<b>31,511.68</b>
<b>Cash and Cash Equivalents at beginning of year</b> (Refer Note 2 (a))	58,908.25	27,396.57
<b>Cash and Cash Equivalents at end of year</b> (Refer Note 2(a))	12,154.20	58,908.25
The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (Ind AS) -7 "Cash Flow Statements".		

**As per our report of even date**

For and on behalf of

**RSVA & Co.**

Chartered Accountants

Firm Registration No. 110504W

**JAGADISH B SHETTY**

Partner

Membership No. 048042

UDIN: 22048042AHZQNP4875

Place : Mumbai

Date : April 28, 2022

**For and on behalf of the Board of Directors****Melwyn Oswald Rego**

Director

DIN: 00292670

**V. Narayanamurthy**

Managing Director &amp; CEO

DIN: 00555704

**Kamlesh Rathi**

Chief Financial Officer

**R Venkataramani**

Director

DIN: 00829107

**Raghvendra Kumar**

Director

DIN: 08045355

**Suparna Sharma**

Company Secretary

Place : Mumbai

Date : April 28, 2022



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note- 1: Significant accounting policies, key accounting estimates and judgments

#### i) Corporate Information

STCI Finance Limited (“STCI” or “the Company”) is a Public limited company domiciled in India with its registered office at A/B 1-802, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G K marg, Lower Parel (w) Mumbai – 400013. The Company was incorporated on May 10, 1994, vide certificate of incorporation no. U51900MH1994PLC078303 issued by the Registrar of Companies Maharashtra, Mumbai. The Legal Entity identifier no is 335800LJRPAlKRNy9644. The Company is presently registered as Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC) with Reserve Bank of India (RBI) and is classified as a NBFC - Investment and Credit Company (NBFC-ICC).

The Company’s principal business is advancing loans and financing. The Company is primarily engaged in providing credit solutions in the areas of Capital Market, Corporate Finance, Real Estate & Mortgages and Structured Finance.

#### ii) Basis of Preparation

##### a) Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (‘Ind AS’) notified under section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, RBI directions to NBFCs and Division III to Schedule III of the Act.

The Company has adopted Ind AS from April 1, 2018. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### b) Functional and presentation currency

The Company’s presentation and functional currency is Indian Rupees. All figures appearing in the financial statements are rounded to the nearest Lakhs, unless otherwise indicated.

##### c) Basis of preparation, presentation and disclosure of financial statements

The financial statements have been prepared under historical cost convention on accrual basis, modified to include the fair valuation of certain financial instruments, to the extent required or permitted under Ind AS as set out in the relevant accounting policies. The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. Further, Assets and liabilities are classified as per the normal operating cycle (determined at 12 months) and other criteria set out in Schedule III of the Act.

##### d) Use of judgment and Estimates

The preparation of the financial statements requires the management to make judgments, estimates and assumptions in the application of accounting policies that affects the reported amount of assets, liabilities and the accompanying disclosures along with contingent liabilities as at the date of financial statements and revenue & expenses for the reporting period. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise i.e. prospectively.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas involving estimation uncertainty, higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements include measurement of credit impairment charges for amortised cost assets, fair value measurement of financial instruments using significant unobservable inputs, recognition of deferred tax assets/liabilities and measurement of Defined Benefit Obligations and actuarial assumptions.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Estimation of uncertainties relating to the global health pandemic from COVID-19:

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The extent to which the COVID-19 pandemic will continue to impact the Company's financial performance will depend on its future trajectory, which is highly uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates.

The impact of the global health pandemic may be different from that estimated in the preparation of financial results. As the impact assessment of COVID 19 is a continuing process, the Company will continue to monitor for any material changes to future economic conditions.

### Fair value measurement

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in statement of profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 — Valuation using quoted market price in active markets :** The fair value for the instruments traded in active markets at the reporting date is based on their quoted market price, without any deduction for transaction costs. A market is regarded as active, if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- **Level 2 — Valuation using observable inputs :** If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates most of the factors that market participants would take into account in pricing a transaction.
- **Level 3 — Valuation with significant unobservable inputs :** The valuation techniques is used only when fair value cannot be determined by using observable inputs. The Company regularly reviews significant unobservable inputs and valuation adjustments. Level 3 assets are typically very illiquid, and fair values can only be calculated using estimates.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of financial assets which are measured at Fair Value Through Other Comprehensive Income or Fair Value Through Profit or Loss, is determined as under.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Category	Valuation Method
Government Securities & Corp. Bonds	As Published by Financial Benchmarks India Pvt Ltd (FBIL)
Quoted Equity shares, Equity Derivatives & Units of Mutual Fund	Stock Exchange Prices
Unquoted Equity shares	DCF method, Market multiples method & Others
Unquoted Units of Mutual Fund	At latest repurchase Price/NAV declared by the Fund
Venture Capital Fund Units	At latest NAV declared by the Fund

### f) Effective Interest Rate (EIR) method

Effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that forms an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest Income is recognised on EIR basis for debt instruments other than those classified as at FVTPL and credit impaired assets.

### iii) Significant Accounting policies

#### a) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

#### 1) Financial Assets

All Financial assets are initially recognised at fair value. Transaction costs that are material and directly attributable to the acquisition of financial assets, for the items which are not at Fair Value Through Profit or Loss, are adjusted to the fair value on initial recognition. Loans and advances and other financial assets held at amortised cost are recognised on the settlement date (the date on which cash is advanced to the borrowers).

Financial assets are subsequently classified as measured at

- Amortised Cost
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit or Loss (FVTPL)

The classification of financial assets depends on the Company's business model for managing financial assets and contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except on change in the business model for managing financial assets.

#### • Loans and Advances :

Loans and advances are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any processing fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statement of profit and loss.

#### • Debt Instruments:

After initial recognition, debt instruments are subsequently measured at amortised cost, at FVTOCI or at FVTPL till derecognition on the basis of company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Measured at amortised cost:

A debt instrument is measured at amortised cost if both of the following conditions are met:

- (i) the debt instrument is held within a business model whose objective is to hold it in order to collect contractual cash flows; and
- (ii) the contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments are subsequently measured at amortized cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statement of profit and loss. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit and loss, when the asset is derecognised or impaired. Interest income from these debt instruments is included in interest income using the EIR.

### Debt Instruments at FVTOCI

A debt instrument is measured at FVTOCI, if both of the following conditions are met:

- (i) the debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (ii) the contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment gains or losses and interest revenue which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to statement of profit and loss. Interest income from these financial assets is included in interest income using EIR.

### Debt Instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI or is held for trading, is classified as at FVTPL.

A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in statement of profit and loss under the head "Net gain on fair value changes" in the period in which it arises. Contractual interest income on financial assets held at FVTPL is recognised as interest income.

#### • Equity instruments

All equity investments (except equity investment in subsidiaries) are measured at fair value. Investment in subsidiaries is carried at cost. Equity instruments which are held for trading are classified as at FVTPL with all changes recognised in statement of profit and loss. All equity instruments are classified as at FVTOCI or FVTPL on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as at FVTOCI, the fair value changes are recognised in OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investments. However, the Company may transfer the cumulative gain or loss within equity. Dividends received on equity instruments classified as at FVTOCI are recognised in statement of profit and loss.

#### • Reclassification of financial assets

Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes. Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- **De-recognition of financial assets**

The Company de-recognises a financial asset only when

The contractual rights to receive the cash flows from the asset have expired; or

- The Company has transferred the financial asset and substantially all risks and rewards of ownership of the asset to another entity; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received and any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit and loss except for equity instruments classified as at FVTOCI.

### 2. Financial liabilities and equity instruments issued by the Company

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.

- **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

- **Financial liabilities**

All Financial Liabilities are initially recognized at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of profit and loss as finance costs.

- **Financial liabilities at FVTPL:**

A financial liability is classified as at FVTPL, if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of profit and loss.

- **Financial liabilities at amortised cost:**

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortised cost using the EIR method.

Amortised cost is calculated after taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Statement of profit and loss.

- **De-recognition of financial liabilities**

The Company de-recognises financial liabilities when the obligations specified in the contract is discharged, cancelled or expires.

### 3. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****4. Impairment of financial instruments**

The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets measured at amortised cost or FVTOCI, except for investments in equity instruments. Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition.

**Stage 1 (Performing Assets)** - includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECL is recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date, if the credit risk has not significantly increased since initial recognition.

**Stage 2 (Underperforming Assets with significant increase in credit risk since initial recognition)** includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

**Stage 3 (Non-performing or Credit-impaired assets)** includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL is recognised and interest revenue is recognised on receipt basis.

**Criteria used for determination of movement from Stage 1 (12 month ECL) to Stage 2 and Stage 3 (lifetime ECL).**

The Company monitors the Days Past Due (DPD) status of each asset which is used as the indicator to determine the assets in various stages. Criteria used for classification of assets are detailed below:

<b>Stage 1 (12 month ECL)</b>	Loans & Advances	DPD status is less than or equal to 30 DPD
	Investments	No downgrade in external rating
<b>Stage 2 (lifetime ECL)</b>	Loans & Advances	DPD status greater than 30 and less than or equal to 90 DPD
	Investments	Significant downgrade in the external rating
<b>Stage 3 (lifetime ECL)</b>	Loans & Advances	DPD status greater than 90 days
	Investments	Bonds with Default Rating

**Measurement of Expected Credit Loss**

Expected Credit Losses (ECL) on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. Measurement of expected credit losses are based on 3 main parameters.

- **Probability of Default (PD)** : It is defined as the probability of whether borrowers will default on their obligations in future.

Company currently uses an internal rating model, which acts as parameter for classifying risk of counterparty. However, it was not adequate enough through which actual defaults for each grade could be estimated. Hence, the default study published by one of the recognised rating agency is used for estimating the PDs for each rating grade. Regression analysis was conducted between internal and external rating of the counterparties to arrive at the equivalent external rating. In most of the Loan Against Shares (LAS) cases, external credit rating of the underlying collateral security was used as the equivalent of the counterparty riskiness, as the same were assumed to be highly correlated. In case of internally unrated accounts, the external rating equivalent of lowest rating was used.

- **Loss Given Default (LGD)** : It is the magnitude of the likely loss, if there is a default. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value.

The LGD estimation is based on the history of recovery rates of claims against defaulted counterparties. Based on the product portfolio, the LGD computation is detailed below.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- (i) For Loan against Shares, historical recovery data is used to arrive at the actual loss percentages.
- (ii) For other collaterals, in absence of historical recovery data, basel prescribed LGD haircuts are used.
- **Exposure at Default (EAD)** : EAD represents the expected exposure in the event of a default, taking into account the repayment of principal and interest from the balance sheet date to the default event. Stage wise EAD computation is as under.
  - (i) For Stage 1 and 3, Current outstanding are used as EAD.
  - (ii) For Stage 2 accounts, the expected principals outstanding (as contracted) at the end of reporting period are used as EAD.

ECL is measured as the product of the PD, LGD and EAD. Expected credit loss is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which the Company is exposed to credit risk. The estimation of ECL also takes into account the time value of money. ECL is estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset.

The ECL for stage 3 is based on the management estimates as at the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest. Collateral is taken into account if it is likely that the recovery of the outstanding amount will include realisation of collateral based on the estimated fair value of collateral at the time of expected realisation, less costs for obtaining and selling the collateral.

Computation of ECL is summarized as under.

Classification	Criteria for Classification	ECL	ECL computation
Stage 1	DPD≤30	12 Month ECL	1 year PD*LGD*Outstanding on computation Date
Stage 2	30>DPD≤90	Lifetime ECL	Sum of discounted value of each year's ECL (ECL for each year would be product of forecasted PD, LGD and forecasted EAD at the end of each year)
Stage 3	DPD>90	Lifetime ECL	ECL is based on an assessment of the recoverable cash flows, including the realisation of any collateral held where appropriate.

- **Write-offs of credit-impaired instruments**

To the extent a financial asset is considered irrecoverable, the applicable portion of the gross carrying value is written off. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off and when there is no reasonable expectation of recovery from the collaterals held. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

- **Presentation of allowance for ECL in the balance sheet**

Loss allowances for ECL are deducted from gross carrying amount of financial assets measured at amortised cost.

### 5. Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the Balance Sheet when, and only when, the Company has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### b) Cash and Cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have original maturities of less than or equal to three months. These balances with banks are unrestricted for withdrawal and usage.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

Other bank balances includes balances and deposits with banks that are restricted for withdrawal and usage.

**Statement of Cash Flow**

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

**c) Property, Plant and Equipment and Intangible Assets****1. Recognition and measurement**

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of an asset comprises its purchase price and any costs (including non-refundable taxes) directly attributable to bringing the asset into the location and condition for its intended use, including relevant borrowing costs.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of PPE, is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of profit and loss.

The residual values and useful lives of PPE are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

Intangible Assets include computer software /licences acquired by the Company and are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

**2. Subsequent Measurement**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses are charged to the Statement of profit and loss during the period in which they are incurred.

**3. Depreciation and amortisation**

Depreciation on PPE is recognised on a straight-line basis over the estimated useful lives as estimated by the management which are in line with the useful lives indicated in Schedule II to the Companies Act, 2013.

Description of Asset	Estimated useful Life
Building	60 years
Furniture and Fixtures	10 years
Motor Vehicles – Motor Cars	8 years
Computers - End User Devices	3 years
Computers – Servers & Network	6 years
Electrical Installations	10 years
Air Conditioners	10 years
Office Equipment	5 years
Improvements to Leasehold Property	Lease period

Depreciation is provided on pro rata basis for assets purchased and sold during the year. Assets costing in aggregate less than ₹0.05 lakh at the time of purchase, are provided with 100% depreciation in the year of purchase. Land is not depreciated. However, where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, based on the estimated useful life of the buildings.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Amortisation is recognised on a straight-line basis over the estimated useful lives of all the intangible assets. Estimated useful lives of the Intangible Assets are as under.

Description of Asset	Estimated useful Life
Computer Software	3 years
Value of License/Right to use infrastructure	3 years

### d) Impairment of Non-financial assets (Tangible and intangible assets)

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount in statement of profit and loss. Recoverable amount is the greater of the net selling price and value in use.

If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

### e) Provisions and Contingencies

Provisions are recognised when Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account the risks and uncertainties surrounding the obligation as at the balance sheet date.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

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.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

### f) Employee Benefits

#### 1. Short-term employee benefits

Short-term employee benefits are recognised as an expense on accrual basis. All employee benefits payable wholly within 12 months of rendering the services are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The company recognises the undiscounted amount of such short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expenses) after deducting any amount already paid.

#### 2. Long-Term employee Benefits

Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Long-term employee benefit primarily consists of Leave encashment benefits wherein employees are entitled to accumulate leave subject to certain limits for future encashment/availment. Long-term compensated absences are provided for on the basis of an actuarial valuation at the end of each financial year using Projected Unit Credit (PUC) Method. Actuarial gains/losses, if any, are recognised immediately in the statement of profit and loss.

Gains or losses on the curtailment or settlement of long term employee benefits plan are recognised when the curtailment or settlement occurs.

### 3. Post-Employment and termination benefits

#### • Defined Contribution Plan (Provident Fund):

Contributions as required under the statute, made to the Provident Fund (Defined Contribution Plan) are recognised immediately in the statement of profit and loss. There is no obligation other than the monthly contribution payable to the Regional Provident Fund Commissioner.

#### • Defined Benefit Obligation (Gratuity)

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation performed by an independent actuary based on projected unit credit method, at the end of each financial year. The Company has created a trust for future payment of gratuities which is funded through Gratuity cum Life Assurance Scheme of LIC (Defined Benefit Plan).

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI, net of taxes. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

The Company's net obligation in respect of gratuity (defined benefit plan), is calculated by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is recognised as an asset to the extent of present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Gains or losses on the curtailment or settlement of defined benefits plan are recognised when the curtailment or settlement occurs.

### g) Borrowing Cost

Borrowing cost includes interest expense, amortisation of discounts, ancillary costs incurred in connection with borrowing of funds. Interest on borrowings is recognised in the statement of profit and loss using effective interest rate method. Fee and commission expense that are integral to the effective interest rate on a financial liability are included in the effective interest rate.

Borrowings and debt securities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

### h) Revenue Recognition

#### 1. Interest

- For all financial instruments measured at amortised cost and interest bearing financial assets classified at FVTOCI, interest income or expense is recognised using the effective interest rate method.
- Interest income on credit impaired advances and tax refunds is recognised on receipt basis.

#### 2. Fees Income

Fee and commission income/expense that are integral to the EIR on a financial asset or financial liability are included in the EIR and other fee income is recognised on accrual basis.

#### 3. Dividend Income

Dividend income from investments is recognised when the rights to receive income is established.

#### 4. Income from securities

Gains or losses on the sale of securities are recognised in Statement of profit and loss as the difference between fair value of the consideration received and carrying amount of the investment securities.

### i) Leases

#### The Company as a lessee

The Company's lease assets primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. 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.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial material direct costs. They are then subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the appropriate interest rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments are classified as financing cash flows.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers any significant leasehold improvements undertaken over the lease term.

### **The Company as a lessor**

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

### **j) Income Tax**

Income tax expense comprises of current tax and deferred tax.

#### **1. Current Tax**

Current tax comprises of the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of earlier years. The amount of current tax reflects the best estimate of the tax amount to be paid, measured in accordance with the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current tax items are recognised in correlation to the underlying transaction either in the statement of profit and loss, other comprehensive income or directly in equity.

Income tax assets and liabilities are measured at the amount expected to be recovered from or payable to the taxation authorities.

#### **2. Deferred Tax**

Deferred tax is recognised using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax items are recognised in correlation to the underlying transaction either in the statement of profit and loss, other comprehensive income or directly in equity.

Any change in the deferred taxes due to a change in tax rates is recognised in the statement of profit and loss in the period of enactment of the change.

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities.

Minimum Alternate Tax (MAT) credit entitlement (i.e. excess of amount of MAT paid for a year over normal tax liability for that year) eligible for set-off in subsequent years is recognised as an asset in accordance with Ind AS 12, Income Taxes, if there is convincing evidence of its realisation.

MAT credit is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

### **k) Earnings Per Share**

Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### l) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company's management has identified Lending Business and Treasury Operations as two reportable segment based on risk, return and the regulatory authorities for reporting. The segmental assets and liabilities include all directly attributable to the respective segment. All other assets and liabilities not attributable to any particular segment have been grouped under Unallocated Assets and Liabilities. The segmental revenues and expenses include all directly attributable to the respective segment. Administrative expenses, personnel costs and depreciation on fixed assets cannot be identified with any particular segment and are considered as unallocable.

### m) Dividend Distribution to Equity Holders of the Company

The Company recognises a liability to make distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note-2a : Cash and Cash equivalents**

(₹ in lakhs)

	Particulars	As at March 31, 2022	As at March 31, 2021
a)	Cash on hand	0.13	0.06
b)	Balance with Bank (In current and deposit accounts)	12,154.07	58,908.19
	<b>Total (a+b)</b>	<b>12,154.20</b>	<b>58,908.25</b>

**Note-2b : Bank Balance other than Cash & Cash Equivalents**

(₹ in lakhs)

	Particulars	As at March 31, 2022	As at March 31, 2021
	Deposit with Banks (Original maturity of more than 3 months) (includes interest accrued but not due)  Fixed deposit includes ₹104.57 lakhs (PY- ₹200.00 lakhs) towards margin requirements for Equity Cash & Equity Derivatives segment with exchanges. Residual maturity of above fixed deposits is less than one year.	8,232.22	281.05
	<b>Total</b>	<b>8,232.22</b>	<b>281.05</b>

**Note-3 : Receivables**

(₹ in lakhs)

	Particulars	As at March 31, 2022	As at March 31, 2021
<b>a)</b>	<b>Trade Receivables</b>		
	a) Secured, considered good ;	-	-
	b) Unsecured, considered good; and	-	-
	c) Credit Impaired	-	-
	<b>Subtotal (a+b+c)</b>	-	-
	Less: Allowance for impairment loss	-	-
	NET Receivables	-	-
<b>b)</b>	<b>Other Receivables</b>	-	293.83
	<b>Total (a+b)</b>	-	<b>293.83</b>

Dues from Directors &amp; Others officers of the Company in above

Nil

Nil



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Trade & Other Receivables ageing Schedule

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months to 1 year	1 year to 2 year	2 year to 3 year	more than 3 year	Total
<b>As on March 31, 2022</b>						
(i) Undisputed Trade/Other receivables – considered good	-	-	-	-	-	-
(ii) Undisputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade/Other Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>As on March 31, 2021</b>						
(i) Undisputed Trade/Other receivables – considered good	293.83	-	-	-	-	<b>293.83</b>
(ii) Undisputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade/Other Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>293.83</b>	-	-	-	-	<b>293.83</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note-4 : Loans (At Amortised Cost)**

(₹ in lakhs)

	Particulars	As at March 31, 2022	As at March 31, 2021
a)	Loans (at amortised cost) :		
	Term Loans & Others	1,70,229.67	1,42,416.12
	Others - TREPS Lending	-	-
	Total (Gross)	1,70,229.67	1,42,416.12
	Less : Impairment loss allowance	(17,277.23)	(25,142.16)
	<b>Total (Net)</b>	<b>1,52,952.44</b>	<b>1,17,273.96</b>
b)	i) Secured by tangible assets	1,70,229.67	1,42,416.12
	ii) Secured by intangible assets	-	-
	iii) Covered by bank / Government guarantees	-	-
	iv) Covered by CCP's	-	-
	v) Unsecured	-	-
	Total (Gross)	1,70,229.67	1,42,416.12
	Less : Impairment loss allowance	(17,277.23)	(25,142.16)
	<b>Total (Net)</b>	<b>1,52,952.44</b>	<b>1,17,273.96</b>
c)	I) Loans in India		
	a) Public Sector	-	-
	b) Others	1,70,229.67	1,42,416.12
	<b>Total (Gross)</b>	<b>1,70,229.67</b>	<b>1,42,416.12</b>
	Less : Impairment loss allowance	(17,277.23)	(25,142.16)
	Total (Net)	<b>1,52,952.44</b>	<b>1,17,273.96</b>
	II) Loans outside India (Net)	-	-
	<b>Total C(I) &amp; C(II)</b>	<b>1,52,952.44</b>	<b>1,17,273.96</b>

The company has not granted any Loans or Advances to promoters, directors, KMPs and the related parties during the financial year.

Loans and Advances of ₹30,647.05 lakhs (₹44,329.27 lakhs as March 31, 2021) have been charged in favour of Banks for outstanding Secured Bank Term Loans of ₹22,931.60 lakhs (₹35,272.10 lakh as on March 31, 2021)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note-5 : Investments** (₹ in lakhs)

Particulars	As at March 31, 2022				As at March 31, 2021			
	At Fair Value		Others at Cost	Total	At Fair Value		Others at Cost	Total
	Through OCI	Through profit and loss account			Through profit and loss account	Subtotal		
<b>Investments</b>	1	2	4	(5=3+4)	6	7	9	(10=8+9)
Mutual funds	-	2,500.97	-	2,500.97	-	-	-	-
Government Securities (Incl. SDL&TBill) *	-	0.05	-	0.05	-	0.05	-	0.05
<b>Equity instruments</b>								
- Quoted Equity Shares	110.19	-	-	110.19	65.95	25.86	-	91.81
- Subsidiaries(Wholly owned & unquoted)**	-	-	15,386.94	15,386.94	-	-	15,386.94	15,386.94
- Equity Investment in CCIL (unquoted)	39,593.00	-	-	39,593.00	35,653.00	-	-	35,653.00
Investment in Venture Capital Fund***	2,025.00	-	-	2,025.00	1,225.00	-	-	1,225.00
<b>Total – Gross (A)</b>	<b>41,728.19</b>	<b>2,501.02</b>	<b>15,386.94</b>	<b>59,616.15</b>	<b>36,943.95</b>	<b>25.91</b>	<b>15,386.94</b>	<b>52,356.80</b>
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	41,728.19	2,501.02	15,386.94	59,616.15	36,943.95	25.91	15,386.94	52,356.80
<b>Total – Gross (B)</b>	<b>41,728.19</b>	<b>2,501.02</b>	<b>15,386.94</b>	<b>59,616.15</b>	<b>36,943.95</b>	<b>25.91</b>	<b>15,386.94</b>	<b>52,356.80</b>
<b>Total Investments (A) = (B)</b>	41,728.19	2,501.02	15,386.94	59,616.15	36,943.95	25.91	15,386.94	52,356.80
Less: Impairment loss allowance (C)	-	-	260.79	260.79	-	-	260.79	260.79
<b>Total – Net D = (A) - (C)</b>	<b>41,728.19</b>	<b>2,501.02</b>	<b>15,126.15</b>	<b>59,355.36</b>	<b>36,943.95</b>	<b>25.91</b>	<b>15,126.15</b>	<b>52,096.01</b>

\* Including accrued Interest

\*\* The investment in subsidiaries has been valued at cost. One of the wholly owned subsidiary Company STCI Commodities Ltd. is under voluntary Liquidation.

\*\*\* Tata Venture Capital Funds- class A units 25,00,00,000 of ₹1/- each. Net amount paid per unit - ₹ 0.4941 (PY ₹ 0.4941) after considering redemption of ₹ 0.41656 (PY ₹ 0.41656) per unit.

Investment in Equity Shares of Clearing Corporation of India Limited (CCIL), Tata Capital Growth Fund - I and other long term investments in quoted equity shares have been classified as at FVTOCI in view of the long term investment horizon. Please refer Note 34 for valuation of Investments.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

**Note - 6 : Property, Plant & Equipment and Intangible Assets**

Particulars	Tangible Assets										Intangible Assets	Right of Use Asset		Total Assets		
	Air-Conditioners	Buildings*	Improvement to Leasehold Property	Computers	Electrical In-stallations	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software and Licenses		Building				
<b>Gross Block</b>																
<b>As at March 31, 2020</b>	<b>18.12</b>	<b>2,126.87</b>	<b>34.56</b>	<b>95.12</b>	<b>12.86</b>	<b>52.10</b>	<b>6.90</b>	<b>34.90</b>	<b>2,381.43</b>	<b>83.35</b>	<b>180.13</b>	<b>2,644.91</b>				
Additions	-	-	15.21	15.60	-	7.27	0.58	-	38.66	7.88	-	46.54				
Disposals	0.26	-	-	-	-	1.01	0.09	-	1.36	-	24.31	25.67				
<b>As at March 31, 2021</b>	<b>17.86</b>	<b>2,126.87</b>	<b>49.77</b>	<b>110.72</b>	<b>12.86</b>	<b>58.36</b>	<b>7.39</b>	<b>34.90</b>	<b>2,418.73</b>	<b>91.23</b>	<b>155.82</b>	<b>2,665.78</b>				
Additions	0.97	-	-	18.79	-	4.25	1.21	22.36	47.58	-	-	47.58				
Disposals	-	-	-	6.65	-	0.33	0.03	15.20	22.21	-	-	22.21				
<b>As at March 31, 2022</b>	<b>18.83</b>	<b>2,126.87</b>	<b>49.77</b>	<b>122.86</b>	<b>12.86</b>	<b>62.28</b>	<b>8.57</b>	<b>42.06</b>	<b>2,444.10</b>	<b>91.23</b>	<b>155.82</b>	<b>2,691.15</b>				
<b>Depreciation</b>																
<b>As at March 31, 2020</b>	<b>8.10</b>	<b>185.86</b>	<b>10.84</b>	<b>47.88</b>	<b>11.08</b>	<b>28.16</b>	<b>4.37</b>	<b>9.88</b>	<b>306.17</b>	<b>29.76</b>	<b>41.79</b>	<b>377.72</b>				
Additions	2.07	39.70	9.03	14.34	1.69	6.12	0.98	4.37	78.30	22.94	33.87	135.11				
Disposals	0.11	-	-	-	-	1.01	0.09	-	1.21	-	24.31	25.52				
<b>As at March 31, 2021</b>	<b>10.06</b>	<b>225.56</b>	<b>19.87</b>	<b>62.22</b>	<b>12.77</b>	<b>33.27</b>	<b>5.26</b>	<b>14.25</b>	<b>383.26</b>	<b>52.70</b>	<b>51.35</b>	<b>487.31</b>				
Additions	1.48	39.70	9.96	16.69	0.09	3.55	0.96	4.84	77.27	22.43	30.89	130.59				
Disposals	-	-	-	6.53	-	0.26	0.03	8.75	15.57	-	-	15.57				
<b>As at March 31, 2022</b>	<b>11.54</b>	<b>265.26</b>	<b>29.83</b>	<b>72.38</b>	<b>12.86</b>	<b>36.56</b>	<b>6.19</b>	<b>10.34</b>	<b>444.96</b>	<b>75.13</b>	<b>82.24</b>	<b>602.33</b>				
<b>Net Carrying Amount</b>																
<b>As at March 31, 2021</b>	<b>7.80</b>	<b>1,901.31</b>	<b>29.90</b>	<b>48.50</b>	<b>0.09</b>	<b>25.09</b>	<b>2.13</b>	<b>20.65</b>	<b>2,035.47</b>	<b>38.53</b>	<b>104.47</b>	<b>2,178.47</b>				
<b>As at March 31, 2022</b>	<b>7.29</b>	<b>1,861.61</b>	<b>19.94</b>	<b>50.48</b>	<b>-</b>	<b>25.72</b>	<b>2.38</b>	<b>31.72</b>	<b>1,999.14</b>	<b>16.10</b>	<b>73.58</b>	<b>2,088.82</b>				

(₹ in lakhs)

\* a) Cost of building includes ₹ 0.05 lakhs being the cost of shares held for membership of the Co-operative society.  
 b) Title deeds of all the immovable property (other than properties where the Company is the lessee) are held in the name of the company.  
 c) The company has not revalued its Property, Plant & Equipment and Intangible Assets (including Right-of-Use Assets) during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note-7 : Other Non-Financial Asset

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Unsecured - Considered good (Unless otherwise stated)</b>		
Prepaid Expenses	180.78	96.12
Input Tax Credit	40.45	90.72
Other Advances	0.65	0.65
<b>Total</b>	<b>221.88</b>	<b>187.49</b>

### Note-8 : Payables

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a) Trade Payables</b>		
(i) total outstanding dues of micro enterprises & small enterprises	-	-
(ii) total dues of creditors other than micro enterprises & small enterprises	80.73	71.34
<b>Subtotal (i+ ii)</b>	<b>80.73</b>	<b>71.34</b>
<b>b) Other Payables</b>		
(i) total outstanding dues of micro enterprises & small enterprises	-	-
(ii) total dues of creditors other than micro enterprises & small enterprises	1.50	1.50
<b>Subtotal (i+ ii)</b>	<b>1.50</b>	<b>1.50</b>
<b>Total (a+b)</b>	<b>82.23</b>	<b>72.84</b>

### Trade & Other Payables ageing Schedule

(₹ in lakhs)

Particulars	Unbilled/ Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As on March 31, 2022</b>						
i) MSME	-	-	-	-	-	-
ii) Others	81.99	0.23	-	0.01	-	<b>82.23</b>
iii) Disputed dues – MSME	-	-	-	-	-	-
iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>81.99</b>	<b>0.23</b>	<b>-</b>	<b>0.01</b>	<b>-</b>	<b>82.23</b>
<b>As on March 31, 2021</b>						
i) MSME	-	-	-	-	-	-
ii) Others	64.04	8.79	0.01	-	-	<b>72.84</b>
iii) Disputed dues – MSME	-	-	-	-	-	-
iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>64.04</b>	<b>8.79</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>72.84</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

Based on and to the extent of the information received by the company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), there are no amounts due to MSME as at March 31, 2022.

	<b>Disclosure under MSMED Act , 2006, to the extent the Company has received intimation from the Suppliers regarding their status</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
i)	Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-
ii)	Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-
iii)	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 MSMED Act, 2006	-	-
iv)	Interest accrued and remaining unpaid at the end of each accounting year	-	-
v)	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,	-	-

**Note-9: Borrowings (Other than Debt Securities) at amortised cost**

(₹ in lakhs)

	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
<b>(a) Term loans</b>		
(i) from Banks - Long Term	22,911.51	35,274.79
(ii) from Banks - Short Term	-	7,412.86
- Related Party (BOI)	20,004.25	20,008.44
<b>(b) Loans repayable on demand</b>		
(i) from Banks	9,887.42	9,576.79
(ii) from Banks - Related Party (BOI)	4,298.24	4,000.78
<b>Total (a+b)</b>	<b>57,101.42</b>	<b>76,273.66</b>
Borrowings in India	57,101.42	76,273.66
Borrowings outside India	-	-
<b>Total</b>	<b>57,101.42</b>	<b>76,273.66</b>

The above amount includes outstanding accrued interest on the borrowings and are net off the unamortised borrowing cost.

Details of Long term loan from Banks is as under. These long term loans are secured by way of first charge on specific receivables (Loan & Advances) with an overall asset cover of 120%.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

Name of the Lender	Repayment details	As at March 31, 2022		As at March 31, 2021	
		Principal Maturity Value		Principal Maturity Value	
		Current	Non Current	Current	Non Current
State Bank of India	18 Qtrly Installments of Rs 2,778.00 lakhs w.e.f. 30.07.17	-	-	8,330.00	-
Bank of Baroda	8 Qtrly Installments of Rs 2,500.00 lakhs w.e.f. 30.06.22	10,000.00	9,931.86	-	19,942.72
Union Bank II	10 Qtrly Installments of Rs 1,000.00 lakhs w.e.f. 28.7.20	2,999.75	-	4,000.00	2,999.38
		<b>12,999.75</b>	<b>9,931.86</b>	<b>12,330.00</b>	<b>22,942.10</b>

Details of Short term loan/Cash Credit from Banks is as under.

(₹ in lakhs)

Name of the Lender	Repayment details	Type	As at March 31, 2022	As at March 31, 2021
Bank of India (Related Party)	25.05.2022 (PY - 30.04.21)	Unsecured	10,000.00	20,000.00
Bank of India (Related Party)	28.05.2022 (PY - NA)	Unsecured	10,000.00	-
Union Bank of India	(PY - 07.04.21)	Unsecured	-	7,411.50
Interest Accrued but not due on above			4.25	9.80
<b>Total</b>			<b>20,004.25</b>	<b>27,421.30</b>

Details of Overdraft facilities availed from Banks is as under. These credit facilities are repayable as per terms of sanction or on demand and subject to annual review.

(₹ in lakhs)

Name of the Lender	Type	As at March 31, 2022	As at March 31, 2021
Bank Of India (Related Party)	Unsecured	4,291.51	3,999.85
Union Bank of India (Andhra Bank)	Unsecured	9,887.42	9,576.79
Interest Accrued but not due on above		6.73	0.93
<b>Total</b>		<b>14,185.66</b>	<b>13,577.57</b>

During the year, Company has not defaulted either on principal or interest payment for any of the above borrowings and has utilised the funds for the purpose it has borrowed. The returns or statements filed with the banks in relation to book debts charged as security for loan are in agreement with the books of accounts. The company has filed Registration of Charges with ROC within the statutory period wherever applicable, and satisfaction of charge with ROC is filed on repayment of the entire term loan borrowings.

### Note-10 : Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Margin money	334.01	470.94
b) Lease Liability (Refer Note No 24)	86.23	115.05
c) Others (payable to related party - STCI Primary Dealer Ltd)	3.25	3.25
<b>Total</b>	<b>423.49</b>	<b>589.24</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note-11 : Provisions**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Provision for Employee benefits -(Refer Note No. 32)	357.18	416.13
(b) Provision for PLVP	600.00	250.00
(c) Others		
- Provision for Stamp Duty -(Refer Note No. 23)	-	62.64
- Additional Interest during Moratorium Period	-	171.51
<b>Total (a+b+c)</b>	<b>957.18</b>	<b>900.28</b>

**Note-12 : Other Non-Financial Liabilities**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory Dues	37.92	36.58
<b>Total</b>	<b>37.92</b>	<b>36.58</b>

**Note-13 : Equity Share Capital**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Authorised</b>		
500,000,000 (PY - 500,000,000) Equity shares of ₹10/-each (PY ₹10/-)	50,000.00	50,000.00
	<b>50,000.00</b>	<b>50,000.00</b>
<b>Issued, subscribed, and fully paid up</b>		
<b>Equity Share Capital</b>		
380,000,000 (PY - 380,000,000) Equity shares of ₹10/-(PY ₹10/-) each fully paid up	38,000.00	38,000.00
<b>Total</b>	<b>38,000.00</b>	<b>38,000.00</b>

**a) Details of Shareholding as at March 31, 2022**

- i) 113,837,810 number of equity shares of ₹10/- each (PY - 113,837,810 of ₹ 10/- each), are held by Bank of India, the largest shareholder of the company.
- ii) Shareholders holding more than 5% of equity shares of the company are as under.

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	11,38,37,810	29.96%	11,38,37,810	29.96%
State Bank of India	3,92,11,420	10.32%	3,92,11,420	10.32%
IDFC First Bank Limited	3,53,01,360	9.29%	3,53,01,360	9.29%
Punjab National Bank	2,73,00,970	7.18%	2,73,00,970	7.18%
IDBI Bank Limited	2,50,76,100	6.60%	2,50,76,100	6.60%
LIC of India	2,15,23,470	5.66%	2,15,23,470	5.66%
Canara Bank	2,00,84,580	5.29%	2,00,84,580	5.29%



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

b) Details of shares bought back during past five years : Nil

c) Shares allotted as fully paid up pursuant to contract without payment being received in cash or by way of Bonus Shares - Nil

d) Reconciliation of the number of equity shares outstanding of FV ₹ 10 (PY FV ₹10/-) each

Particulars	As at March 31, 2022	As at March 31, 2021
No. of shares Outstanding as at the beginning of the year	38,00,00,000	38,00,00,000
Add: Shares issued	-	-
Less: Share bought back / forfeited	-	-
Number of shares at the end of year	<b>38,00,00,000</b>	<b>38,00,00,000</b>

e) Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of ₹ 10/- each.

f) Details of Shares held by Promoters :

No person has been identified by the Company as its Promoter. Bank of India continues to be the largest shareholder of the Company with 11,38,37,810 equity shares i.e. 29.96% stake in the paid up equity capital of the Company.

### Note-14 : Other Equity

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory Reserve u/s 45-IC of The RBI Act, 1934	45,565.00	41,765.00
Capital redemption Reserve	12,000.00	12,000.00
Retained Earnings	43,557.79	31,432.46
Other Comprehensive Income	33,584.06	29,891.33
<b>Total</b>	<b>1,34,706.85</b>	<b>1,15,088.79</b>

The Description of the nature and purpose of each reserve within equity is as follows:

- Statutory Reserve is created pursuant to Section 45IC of the RBI Act, 1934 by transferring therein a sum not less than 20% of net profit every year and forms part of free reserves, Net owned funds and Tier I capital.
- Capital redemption Reserve is created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares in accordance with Section 69 of the Companies Act, 2013.
- Retained earnings represents profits that the Company has earned till date, less any transfers to Statutory reserve, dividends or other distributions paid to shareholders.
- Other Comprehensive Income represents the cumulative gains/(losses) arising on the revaluation of Equity Shares and debt instruments measured at fair value through OCI. It also includes actuarial gains and losses on defined benefit plans recognised in other comprehensive income (net of taxes).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note-15 : Interest Income**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Financial Assets measured at Amortised Cost</b>		
Interest on Loans	12,732.06	16,234.49
Interest on deposits with Banks & Others	727.97	488.35
Other interest Income	194.66	0.21
<b>Financial Assets measured at fair value through profit or loss</b>		
Interest income from debt instruments	18.40	15.53
<b>Total</b>	<b>13,673.09</b>	<b>16,738.58</b>

**Note-16 : Net gain/ (loss) on fair value changes**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
On trading portfolio		
- Investments	1,511.76	1,195.41
- Derivatives	(6.45)	-
<b>Total</b>	<b>1,505.31</b>	<b>1,195.41</b>
<b>Fair Value changes:</b>		
- Realised	1,504.33	1,196.04
- Unrealised	0.98	(0.63)
<b>Total</b>	<b>1,505.31</b>	<b>1,195.41</b>

**Note-17 : Other Income**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Net gain/(loss) on derecognition of property, plant and equipment	0.17	-
Provisions no longer required written back	62.64	2.10
Income from subleasing right-of-use assets	4.39	4.18
Interest Income on Tax Refunds	-	1,034.13
Miscellaneous Income	16.53	18.26
<b>Total</b>	<b>83.73</b>	<b>1,058.67</b>

**Note-18 : Impairment on financial instruments measured at amortised cost**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Loan</b>		
- Expected credit losses	(7,864.93)	12,442.66
-Write off of Loans	(540.59)	(484.61)
<b>Total</b>	<b>(8,405.52)</b>	<b>11,958.05</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Significant recoveries in stage 3 assets has led to overall reversal of expect credit loss on financial instruments measured at amortised cost for year ended March 31, 2022 and accordingly has been disclosed as part of Total Income under Statement of Profit & Loss.

### Note-19 : Finance Costs

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Interest on Financial liabilities measured at Amortised Cost</b>		
- Borrowings other than debt securities	2,704.38	4,282.73
- Debt securities	-	615.73
Interest expense on lease liabilities	9.31	11.84
Others	61.75	249.49
<b>Total</b>	<b>2,775.44</b>	<b>5,159.79</b>

### Note-20 : Employee Benefits Expenses

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Salaries and wages	1,555.77	1,164.68
Contribution to provident and other funds	61.28	60.17
Staff welfare expenses	35.82	21.11
<b>Total</b>	<b>1,652.87</b>	<b>1,245.96</b>

### Note 21 : Other expenses

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Rent, taxes and energy costs	65.90	126.81
Repairs and maintenance	73.70	53.61
Communication Costs	17.31	15.19
Printing and stationery	6.51	5.57
CSR Expenditure (Refer Note No 29)	-	23.70
Donation	-	0.45
Director's fees, allowances and expenses	60.50	51.01
Auditor's fees and expenses (Refer Note No 25)	15.25	15.25
Legal and Professional charges	623.95	382.57
Insurance	61.59	55.74
Information services	29.47	37.39
Travelling Expenses	54.45	51.79
Other expenditure	165.07	89.41
<b>Total</b>	<b>1,173.70</b>	<b>908.49</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Notes forming part of financial statements****22. Contingent Liabilities (to the extent not provided for)****i) Claims against the company not acknowledged as debt:**

- a) The Company had received a notice from the Central Excise authorities in respect of the interior work amounting to ₹20.80 lakh carried out by a contractor at the erstwhile office premises at Krishna Chambers, 59, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai in the year 1997-98. The Company has been legally advised that there is no liability under the Central Excise Act and accordingly no provision has been made against this claim.
- b) No provision has been made in respect of following disputed tax dues under Income Tax act 1961. The total tax liability under dispute is ₹ 497.40 lakhs (PY ₹497.40 lakhs).

Disputed /Appeal Filed by	Period to which dispute relates	Disputed tax liability	Forum where dispute is pending
Income Tax Department	F.Y.1999-00	₹76.39 lakhs	Bombay High Court
Income Tax Department	F.Y. 2000-01	₹100.82 lakhs	Bombay High Court
Income Tax Department	F.Y. 2002-03	₹248.08 lakhs	Bombay High Court
Company	F.Y. 2007-08	₹0.08 lakhs	Assessing Officer
Company	F.Y. 2008-09	₹3.54 lakhs	ACIT - TDS - 3 (2)
Company	F.Y. 2009-10	₹2.94 lakhs	ACIT - TDS - 3 (2)
Income Tax Department	F.Y. 2009-10	₹20.16 lakhs	Bombay High Court
Income Tax Department	F.Y. 2010-11	₹24.95 lakhs	Bombay High Court
Company	F.Y. 2010-11	₹10.72 lakhs	ACIT - TDS - 3 (2)
Company	F.Y. 2011-12	₹4.48 lakhs	Assessing Officer
Company	F.Y. 2012-13	₹5.24 lakhs	Assessing Officer

**ii) Capital and other commitments: Nil****23. Details of Provisions is as under.**

(₹ in lakhs)

Particulars	Stamp Duty		PLVP*		Other	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Carrying amount at the beginning	62.64	62.64	250.00	50.00	171.51	-
Additional provisions made in the period	-	-	600.00	250.00	-	171.51
Amounts used during the period	-	-	(250.00)	(47.90)	171.51	-
Unused amounts reversed during the period	62.64	-	-	(2.10)	-	-
Carrying amount at the end of the period	-	62.64	600.00	250.00	-	171.51

\* Performance Linked Variable Pay

Provision of ₹ 62.64 lakhs for stamp duty under Maharashtra Stamp Act, (erstwhile Bombay Stamp Act, 1958) in respect of direct deals for Non SLR transactions from 1<sup>st</sup> April 2006 to June 30, 2020 was reversed in view of the amendment to the Indian Stamp Act, 1899 (ISA) w.e.f. July 1, 2020 and pursuant to legal opinion obtained.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Provision of ₹ 600.00 lakhs (PY - ₹250.00 lakhs) is made during the year for performance linked variable and incentive pay.

In conformity with the Hon'ble Supreme Court of India order dt 23.03.2021 and subsequent RBI direction dt April 7, 2021, provision for reversal/refund of interest charged of ₹171.51 lakhs on overdues and on account of compounding for all the borrowers during March 1, 2020 to August 31 was created during FY 20-21, and the same was refunded or adjusted/given credit in the loan account during FY 21-22.

### 24. Leases

The leases entered into by the Company are primarily operating leases on payment of monthly rentals for its branch offices. The lease arrangements provide an option of renewal on expiry of the term and periodic escalations in the rentals.

Maturity analysis of lease liabilities as at March 31, 2022 is as under.

(₹ in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	At Present Value	Undiscounted Basis	At Present Value	Undiscounted Basis
Less than one year	33.20	39.62	28.82	38.13
Between one and five years	53.03	59.08	86.23	98.70
More than five years	-	-	-	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following table depicts the movement in lease liabilities during the year:

(₹ in lakhs)

Particulars	FY 21-22	FY 20-21
Balance at the beginning of the year	115.05	142.14
Additions	0.00	0.00
Finance cost accrued during the year	9.31	11.84
Payment of lease liabilities	(38.13)	(38.93)
<b>Balance at the end of the year</b>	<b>86.23</b>	<b>115.05</b>

### 25. Remuneration to Statutory Auditors

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Payment to auditors</b> (excluding taxes)		
a) Statutory Audit Fees	8.25	8.25
b) Taxation matters (Tax Audit Fees)	1.50	1.50
c) Certification Fees & Other services	5.50	5.50
<b>Total</b>	<b>15.25</b>	<b>15.25</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

26. In compliance with Ind AS – 27 ‘Separate Financial Statements’, the required information is as under.

Particular	Principal place of Business	Percentage (%) of ownership Interest	
		As at March 31, 2022	As at March 31, 2021
<b>Subsidiaries</b>			
STCI Primary Dealer Limited	India	100	100
STCI Commodities Limited	India	100	100

**28. Related Party Transactions****List of related parties**

i) Related party where control exists:

- a) STCI Primary Dealer Limited – wholly-owned subsidiary
- b) STCI Commodities Limited – wholly-owned subsidiary

ii) Other related parties:

Bank of India (BOI) and its subsidiaries by virtue of BOI shareholding in the Company being in excess of 20%.

iii) Name of other related parties with whom the company had transactions during the year

Key Management Personnel:-

- a) Mr. V. Narayanamurthy - Managing Director & CEO (w.e.f. 01.09.2021)
- b) Mr. Pradeep Madhav - Managing Director & CEO (upto 31.08.2021)
- c) Mr. Melwyn Rego -Non-Executive Director
- d) Mr. R. Venkataramani -Non-Executive Director
- e) Ms. Uma Subramaniam - Non-Executive Director
- f) Ms. Thankom T. Mathew - Non-Executive Director
- g) Mr. Raghvendra Kumar - Nominee Director of BOI
- h) Mr. Bikram Mishra - Nominee Director of BOI (w.e.f. 16.07.2021)
- i) Mr. Vivek Wahi - Nominee Director of BOI (upto 30.3.2021)
- j) Mr. Kamlesh Rathi - Chief Financial Officer
- k) Ms. Suparna Sharma - Company Secretary

There was no transaction with any of the relatives of Key Management Personnel during the year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

All the transactions detailed below are entered into with the parties in ordinary course of business.

(₹ in lakhs)

Nature of transaction	For the year ended March 31, 2022		For the year ended March 31, 2021	
	BOI & its Subsidiaries	Subsidiaries	BOI & its Subsidiaries	Subsidiaries
<b>Transactions during the year</b>				
Purchase of Bonds issued by BOI	-	-	27,200.00	-
Sale of Corporate Bonds	-	6,013.85	-	-
Redemption of Debt Securities issued	-	-	5,000.00	-
Purchase of Mutual Fund Units *	2,500.00	-	-	-
Loans availed **	1,13,663.62	-	93,500.00	-
Repayment of Loan availed **	1,13,371.96	-	79,980.06	-
Maximum Loan (availed) Outstanding	24,998.79	-	23,999.85	-
Finance Cost (Interest on loans availed)	286.73	-	303.26	-
Discount paid on Debt Securities (CPs)	-	-	192.73	-
Dividend Paid (including interim)	910.70	-	910.70	-
Fixed Deposits (FDR) placed	-	-	13,878.56	-
Fixed Deposits (FDR) Matured	10,878.56	-	17,000.00	-
Financial Charges/ payments	24.12	-	26.22	-
Reimbursement of expenses (paid)	-	0.35	-	-
Sitting fees paid	7.00	-	6.00	-
Non-financial Charges/ payments	-	0.47	1.62	0.79
Interest Received on FDRs	6.00	-	70.75	-
Dividend Received (including interim)	-	5,550.00	-	12,600.00
Transaction Charges Received ***	9.63	-	14.85	-
Reimbursement of expenses (receipt)	-	9.84	-	9.68
Sitting fees received	-	5.25	-	4.75
Other Receipts – Sublease Rent	-	4.39	-	4.18
<b>Outstanding at the end of the year</b>				
Fixed Deposits (FDR) placed	-	-	10,878.56	-
Interest accrued but not due (on FDRs)	-	-	1.92	-
Other Deposits Held	-	3.25	-	3.25
Other Receivable	-	-	-	0.14
Loan availed (including OD)	24,291.51	-	23,999.85	-
Mutual Fund Units Held***	2,500.97	-	-	-
Interest accrued but not due on borrowings	10.98	-	9.36	-
Balance in Current/OD account	37.24	-	38.70	-

\* With BOI AXA Mutual Fund (subsidiary of Bank of India)

\*\*Includes amounts availed and repaid from overdraft and short term loan accounts.

\*\*\* With BOI Merchant Bankers Ltd. (subsidiary of Bank of India)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Transactions with Key management personnel**

(₹ in lakhs)

Sr. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(i)	Short term employee benefits	332.59	239.28
(ii)	Post employment benefits	29.73	11.31
(iii)	Other long-term benefits	38.34	9.41
(iv)	Sitting fees to Non-Executive Directors #	48.50	40.80
(v)	Sale of Asset	6.45	-

Above Compensation details includes perquisite and profits in lieu of salary as defined under Section 17 of the Income Tax Act, 1961. The above figures do not include provisions for encashable leave, gratuity, PLVP and premium paid for group health insurance, as individual level details are not available.

#Sitting Fee excludes sitting fee paid to Bank of India which has been shown separately.

**28. Earning Per Share (E.P.S.)**

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net Profit attributable to equity holders (₹ in Lakhs)	18,965.33	10,701.33
Weighted-Average Number of Equity Shares Outstanding (Face Value ₹10/- each)	38,00,00,000	38,00,00,000
Basic and diluted earnings per share (in ₹)	4.99	2.82

**29. CSR Expenses**

During the year, Company has spent ₹ Nil (PY ₹23.70 lakhs) towards CSR activities in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules. Details of CSR expenses for the year are as under.

(₹ in lakhs)

Sr. No.	Particulars	FY 2021-22	FY 2020-21
a)	Gross amount required to be spent during the year	-	16.28
b)	Amount of expenditure incurred and spent during the year on:		
	- Construction/acquisition of any asset – Capital Expenditure	-	-
	- Others (other than above)	-	23.70
	<b>Total</b>	<b>-</b>	<b>23.70</b>
c)	Amount spent during the year		
	Expenses paid	-	<b>23.70</b>
	Expenses yet to be paid for (Shortfall for the year)	-	-
d)	Total of previous years shortfall	-	-
e)	Reason for shortfall	NA	NA

**Nature of CSR activities**

The Company has been contributing to the society through its CSR initiatives in the form of financial support to the underprivileged, development of rural/ underprivileged areas, promotion of education, making available free or affordable Medical facilities etc. The Board of Directors have constituted a Corporate Social Responsibility (“CSR”) Committee to perform the scope and functions stipulated under Section 135 of the Companies Act, 2013 (the Act) read with the rules framed there under. The Board of Directors, on the recommendation of the CSR Committee, have adopted a detailed CSR policy based on the provisions of the Act, specifying the CSR activities/ projects/programs to be undertaken by Company, the modalities of execution, implementation, monitoring and reporting mechanism.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 30. Capital Management

The primary objective of the Company's capital management is to ensure that the Company complies with RBI prescribed Capital adequacy requirements and maintains adequate capital to support its business and maximise shareholders value. The Capital to Risk Weighted Asset Ratio (CRAR) of the company is as under.

Ratio	Numerator	Denominator	31.03.2022	31.03.2021	% Variance
CRAR (%)	Total Capital	Total risk weighted assets	78.46%	86.34%	(9%)
CRAR - Tier I capital (%)	Tier I capital		77.88%	85.79%	(9%)
CRAR - Tier II Capital (%)	Tier II capital		0.58%	0.55%	5%
Liquidity Coverage Ratio *	Stock of High Quality Liquid Assets(HQLA)	Net Cash outflows over the 30 days	5265%	187.16%	2716%

As per RBI Prudential norms, the minimum CRAR requirement for NBFCs is 15% and the Company has maintained CRAR well above the regulatory norms throughout the year. CRAR, Tier I Capital, Tier II Capital and Total risk weighted assets has been calculated based on the RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and RBI guidelines RBI/2019-20/170 DOR (NBFC). CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, on Implementation of Indian Accounting Standards by NBFCs.

\* Liquidity Coverage Ratio, HQLA and Net Cash outflows over the 30 days has been calculated as per RBI Notification on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Company dt. November 04, 2019.

### 31. Segment Reporting

**Business Segment :** The Company's management has identified Lending Business and Treasury Operations as two reportable segment based on risk, return and the regulatory authorities for reporting. The Company does not have geographical segment in the context of the Indian Accounting Standard (Ind AS) 108 - "Operating Segments". The detailed segmental information is as under.

Segment Information	Treasury		Lending		Unallocated		Total	
	FY 21-22	FY 20-21	FY 21-22	FY 20-21	FY 21-22	FY 20-21	FY 21-22	FY 20-21
<b>REVENUES</b>								
External Clients	1,789.71	1,330.81	21,564.40	16,288.66	6,450.04	14,196.24	29,804.15	31,815.71
Inter-segment	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>1,789.71</b>	<b>1,330.81</b>	<b>21,564.40</b>	<b>16,288.66</b>	<b>6,450.04</b>	<b>14,196.24</b>	<b>29,804.15</b>	<b>31,815.71</b>
<b>Segment Result Profit/(Loss)</b>	<b>1,785.85</b>	<b>1,318.87</b>	<b>18,290.20</b>	<b>(1,094.89)</b>			<b>20,076.05</b>	<b>223.98</b>
(+) Unallocated income net of expenses							4,126.09	12,319.44
Operating Profit/(Loss)							24,202.14	12,543.42
(-) Depreciation							130.59	135.11
<b>Profit before Tax &amp; exceptional item</b>							<b>24,071.55</b>	<b>12,408.31</b>
(+) Exceptional items							-	-
Profit after exceptional items before tax							<b>24,071.55</b>	<b>12,408.31</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(-) Tax Expenses including Deferred Tax							5,106.22	1,706.98
<b>Profit/(Loss) after Tax</b>							<b>18,965.33</b>	<b>10,701.33</b>
<b>OTHER INFORMATION</b>								
Segment Assets	<b>730.81</b>	<b>1,100.36</b>	<b>161,080.09</b>	<b>117,355.01</b>	<b>74,727.98</b>	<b>113,891.11</b>	<b>236,538.88</b>	<b>232,346.48</b>
Segment Liabilities	-	<b>62.64</b>	<b>57,435.43</b>	<b>76,916.11</b>	<b>6,396.60</b>	<b>2,278.94</b>	<b>63,832.03</b>	<b>79,257.69</b>

**32. Employee benefits****Defined Contribution Plan - Provident Fund (PF) Contribution**

The Company makes contributions towards PF, in respect of qualifying employees. The amount recognised as an expense and included in Note-20 "Employee Benefits Expenses" under the head "Contribution to Provident and Other Funds" are as under.

(₹ in lakhs)

Particulars	FY 2021-22	FY 2020-21
Employer's Contribution to Provident Fund	47.64	46.08

**Defined Benefit Plan - Gratuity**

The Company operates a post employment benefit plan that provides for gratuity benefit to the employees of the Company. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement / sepeation. The gratuity contribution is paid to Life Insurance Corporation of India (LIC) under Group Gratuity Scheme of LIC.

The estimates of the future salary increases, considered in acturial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The discount rate is based on the prevailing market yield on government securities as at the balance sheet date for the estimated average remaining service.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The disclosure as required by Indian Accounting Standard (Ind AS) -19 "Employee Benefits" is as under.

(₹ in lakhs)

Particulars	March 31, 2022	March 31, 2021
<b>I. Assumption</b>		
Mortality rate	IALM (2012-14) Ult	IALM (2012-14) Ult
Interest / Discount Rate	6.48%	6.17%
Rate of increase in compensation	8.00%	8.00%
Expected average remaining service	5.99	6.45
<b>II. Reconciliation of net defined benefit asset/(liability)</b>		
<b>a) Reconciliation of present value of defined benefit obligation</b>		
Opening Defined Benefit Obligation	168.75	154.67
Interest Cost	9.52	9.11
Current Service Cost	12.28	12.61
Actuarial (Gains) / Losses	(5.46)	(4.28)
Benefits Paid	(20.00)	(3.36)
<b>Closing Defined Benefit Obligation</b>	<b>165.09</b>	<b>168.75</b>
<b>b) Reconciliation of present value of plan asset</b>		
Fair value of plan assets at the beginning of year	140.46	125.61
Interest Income	8.16	7.63
Contributions	22.27	9.85
Benefits paid	(20.00)	(3.36)
Return on Plan Assets excluding Interest Income	1.48	0.73
<b>Fair value of plan assets at the end of year</b>	<b>152.37</b>	<b>140.46</b>
<b>(c) Reconciliation of net defined benefit asset/(liability)</b>		
Present value of obligation as at the end of year	165.09	168.75
Fair value of plan assets as at the end of year	152.37	140.46
Funded status	(12.72)	(28.29)
<b>Recognised in Balance Sheet - Asset / (Liability)</b>	<b>(12.72)</b>	<b>(28.29)</b>
<b>III. Actuarial (Gain)/Loss on Obligation</b>		
Due to Demographic Assumption	-	(0.68)
Due to Financial Assumption	(3.58)	3.75
Due to Experience	(1.88)	(7.35)
<b>Net Actuarial (Gain)/ Loss on obligation</b>	<b>(5.46)</b>	<b>(4.28)</b>
<b>IV. Actual Return on Plan Assets</b>		
Actual Interest Income	9.64	8.36
Expected Interest Income	8.16	7.63
<b>Return on Plan Assets excluding Interest Income</b>	<b>1.48</b>	<b>0.73</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

Particulars	March 31, 2022	March 31, 2021
<b>V. Net Interest</b>		
Interest Expense	9.52	9.11
Interest Income	8.16	7.63
<b>Net Interest Exp/(Income)</b>	<b>1.36</b>	<b>1.48</b>
<b>VI. Expenses Recognised in Profit and Loss account under Employee benefit expenses</b>		
Current Service Cost	12.28	12.61
Net Interest Exp/(Income)	1.36	1.48
Past Service Cost (vested benefits)	-	-
<b>Expenses recognised in Profit and Loss Account</b>	<b>13.64</b>	<b>14.09</b>
<b>VII. Remeasurements recognised in Other Comprehensive Income</b>		
Net Actuarial (Gain)/ Loss on obligation	(5.46)	(4.28)
Return on Plan Assets excluding Interest Income	(1.48)	(0.73)
<b>Total Actuarial (Gain)/ Loss recognised in OCI</b>	<b>(6.94)</b>	<b>(5.01)</b>
<b>VIII. Others</b>		
Weighted average duration of defined benefit obligation	7.23	6.90
Investment Details - Gratuity Fund (LIC of India)	152.37	140.46
Projected Service Cost	13.69	12.28

**Experience Adjustment – Gratuity**

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018
Defined Benefit Obligation	165.09	168.75	154.67	155.02	126.44
Plan assets	152.37	140.46	125.61	120.47	87.26
Surplus/(Deficit)	(12.72)	(28.29)	(29.06)	(34.55)	(39.18)
Experience adj. on plan assets	1.48	0.73	0.93	(1.51)	0.59

**Sensitivity analysis** : Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 100 basis points as at 31.03.22 is as below:

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Change in rate of Discount Rate + 100 basis points	154.42	158.16
Change in rate of Discount Rate- 100 basis points	177.16	180.81
Change in rate of Salary Escalation Rate + 100 basis points	169.94	174.61
Change in rate of Salary Escalation Rate - 100 basis points	159.58	162.74



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The Expected Payout as at 31st March 2022 are as under:

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Year 1	12.98	28.85
Year 2	22.30	20.27
Year 3	28.26	8.82
Year 4	7.41	23.79
Year 5	7.19	6.30
Year 6 to year ten	72.21	48.46

The company's liability on account of compensated absences is not funded and hence the disclosures related to the planned assets are not applicable. Expenses incurred towards compensated absences of ₹17.59 lakhs (Previous year ₹63.37 lakhs) are included in Note- 20 "Employee Benefits Expenses". Total provision as on March 31, 2022 for compensated absences is of ₹344.46 lakhs (Previous year ₹387.83 lakhs).

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed. The company will assess the impact of the Code when it comes into effect and will record any related impact in the period the code become effective.

### 33. Income tax expense

#### i) Tax Expenses recognized in the Statement of Profit and Loss.

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Income tax expense:		
Current tax	2,360.00	2,675.00
Tax expense / (reversal) pertaining to prior years	-	(428.34)
Deferred tax - origination and reversal of temporary differences	2,746.22	(539.68)
<b>Total</b>	<b>5,106.22</b>	<b>1,706.98</b>

#### ii) Amounts recognised in Other Comprehensive Income

Particulars	For the Year ended March 31, 2022			For the Year ended March 31, 2021		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
<b>Items that will not be reclassified subsequently to the P&amp;L</b>						
Equity Instruments & VCF through OCI	4,784.26	1,096.73	3,687.53	4,509.68	1,037.44	3,472.24
Remeasurements of the defined benefit plan	6.95	1.75	5.20	5.01	0.58	4.43
<b>Items that will be reclassified subsequently to the P&amp;L</b>	<b>4,791.21</b>	<b>1,098.48</b>	<b>3,692.73</b>	<b>4,514.69</b>	<b>1,038.02</b>	<b>3,476.67</b>
Debt Instruments through Other Comprehensive Income	-	-	-	-	-	-
<b>Total</b>	<b>4,791.21</b>	<b>1,098.48</b>	<b>3,692.73</b>	<b>4,514.69</b>	<b>1,038.02</b>	<b>3,476.67</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****iii) Reconciliation of effective tax rate:**

The reconciliation between the provision for income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Profit before income tax</b>	24,071.55	12,408.31
Enacted income tax rate in India	25.17%	25.17%
<b>Computed expected tax expense</b>	6,058.33	3,122.92
<b>Effect of:</b>		
Expenses that are not deductible for tax purposes	187.30	(234.92)
Deductions available under income tax	(1,147.66)	(765.11)
Other	8.25	12.43
Income tax expense	<b>5,106.22</b>	<b>2,135.32</b>
Short/(Excess) provision for tax for earlier years	-	(428.34)
Income Tax Expense	<b>5,106.22</b>	<b>1,706.98</b>

**iv) Other tax assets and current tax liabilities**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Other tax assets	983.62	576.63

**v) Recognized deferred tax assets and liabilities**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Deferred Tax Asset:</b>		
Loans & Advances (EIR Adj and Net ECL Prov.)	3,819.58	6,111.40
Provisions	240.90	183.42
Carried forward Loss	-	512.98
Others	3.57	3.04
<b>Total Deferred Tax Asset</b>	<b>4,064.05</b>	<b>6,810.84</b>
<b>Deferred Tax Liability:</b>		
Fair Value Gains & EIR Adj. on Investments	9,065.64	7,968.67
Property, Plant and Equipment & Intangible assets	221.92	211.01
Unamortised Borrowings Costs	6.28	16.25
<b>Total Deferred Tax Liability</b>	<b>9,293.84</b>	<b>8,195.93</b>
<b>Net Deferred Tax Asset/(Liability)</b>	<b>(5,229.79)</b>	<b>(1,385.09)</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### vi) Movement in temporary differences

(₹ in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Credit / (Charge) in the Statement of Profit and Loss during the period (a)</b>		
Investments	(0.24)	0.61
Loans & Advances	(2,291.82)	3,376.10
Property, Plant and Equipment & Intangible assets	(10.91)	(15.75)
Borrowings	9.97	18.54
Provisions	59.23	56.58
Carried forward Loss	(512.98)	(2,898.11)
Other	0.53	1.70
<b>Total (a)</b>	<b>(2,746.22)</b>	<b>539.67</b>
<b>Credit / (Charge) in the other comprehensive income during the period (b)</b>		
Provisions - employee benefits	(1.75)	(0.58)
Investment measured at fair value through other comprehensive income	(1,096.73)	(1,037.44)
<b>Total (b)</b>	<b>(1,098.48)</b>	<b>(1,038.02)</b>
<b>Net deferred income tax asset at the beginning (c)</b>	<b>(1,385.09)</b>	<b>(886.74)</b>
<b>Net deferred tax asset/(Liabilities) at the end of the period d) = (a) + (b) + (c)</b>	<b>(5,229.79)</b>	<b>(1,385.09)</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

**34. Financial Instruments**

i) **Accounting classification and fair values:** The following table shows the carrying amounts and fair values of financial instruments (excluding investment in subsidiaries), including their levels in the fair value hierarchy. The Company has disclosed financial instruments not measured at fair value at carrying values because their carrying amounts are a reasonable approximation of the fair values

(₹ in lakhs)

As at March 31, 2022	Carrying amount			Fair value hierarchy				
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Investment in equity instruments	-	39,703.19	-	39,703.19	110.19	-	39,593.00	39,703.19
Investment in debt instruments – G Sec	0.05	-	-	0.05	0.05	-	-	0.05
Investment in Liquid Mutual Fund	2,500.97	-	-	2,500.97	2,500.97	-	-	2,500.97
Investment in Venture Capital Fund	-	2,025.00	-	2,025.00	-	-	2,025.00	2,025.00
Cash and cash equivalents	-	-	12,154.20	12,154.20	-	-	-	-
Other Bank Balances	-	-	8,232.22	8,232.22	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-
Loans & Advances	-	-	1,52,952.44	1,52,952.44	-	-	-	-
Others financial assets	-	-	550.34	550.34	-	-	-	-
<b>Total</b>	<b>2,501.02</b>	<b>41,728.19</b>	<b>1,73,889.20</b>	<b>2,18,118.41</b>	<b>2,611.21</b>	<b>-</b>	<b>41,618.00</b>	<b>44,229.21</b>

<b>Financial liabilities</b>								
Trade and Other Payables	-	-	82.23	82.23	-	-	-	-
Debt Securities	-	-	-	-	-	-	-	-
Borrowings	-	-	57,101.42	57,101.42	-	-	-	-
Other Financial Liabilities	-	-	423.49	423.49	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>57,607.14</b>	<b>57,607.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no changes to the valuation or levelling approaches during FY 21-22.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

As at March 31, 2021	Carrying amount			Fair value hierarchy				
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Investment in equity instruments	25.86	35,718.95	-	35,744.81	91.81	-	35,653.00	35,744.81
Investment in debt instruments – G Sec	0.05	-	-	0.05	0.05	-	-	0.05
Investment in Venture Capital Fund	-	1,225.00	-	1,225.00	-	-	1,225.00	1,225.00
Cash and cash equivalents	-	-	58,908.25	58,908.25	-	-	-	-
Other Bank Balances	-	-	281.05	281.05	-	-	-	-
Other Receivables	-	-	293.83	293.83	-	-	-	-
Loans & Advances	-	-	1,17,273.96	1,17,273.96	-	-	-	-
Others financial assets	-	-	550.79	550.79	-	-	-	-
<b>Total</b>	<b>25.91</b>	<b>36,943.95</b>	<b>1,77,307.88</b>	<b>2,14,277.74</b>	<b>91.86</b>	<b>-</b>	<b>36,878.00</b>	<b>36,969.86</b>
<b>Financial liabilities</b>								
Trade and Other Payables	-	-	72.84	72.84	-	-	-	-
Debt Securities	-	-	-	-	-	-	-	-
Borrowings	-	-	76,273.66	76,273.66	-	-	-	-
Other Financial Liabilities	-	-	589.24	589.24	-	-	-	-
	-	-	<b>76,935.74</b>	<b>76,935.74</b>	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****ii) Valuation of level 3 Financial Assets**

The valuation of investment in units of Tata Venture Capital fund is based on the unaudited NAV declared. The NAV for the same is based on the fair valuation of the underlying investments. Some of the underlying investments are measured at fair value using level 3 unobservable markets inputs and hence the valuation of investment in units of Tata Venture Capital fund has been disclosed as level 3 valuation.

In absence of any specific recent transaction, the valuation of shares held in CCIL as on March 31, 2022, is categorized under level 3 and is based on Net Asset Value (book value) as per the latest available audited financial statements of CCIL, viewed in conjunction with data on last transaction value.

The Following table shows the total gains/(losses) recognised in respect of Level 3 fair value assets.

(₹ in lakhs)

Particulars	March 31, 2022	March 31, 2021
Gains/(losses) included in Other Comprehensive Income	4,740.00	4,464.54
Changes in fair value (realized)	-	-
Changes in fair value (unrealized)	<b>4,740.00</b>	<b>4,464.54</b>

**iii) Reconciliation of Level 3 fair values**

(₹ in lakhs)

Particulars	March 31, 2022	March 31, 2021
Opening Balance	<b>36,878.00</b>	<b>875.00</b>
Purchases, issuance, and settlements (Net)	-	-
Net change in fair value (unrealised)	4,740.00	4,464.54
Transfer in fair value hierarchy	-	31,538.46
Closing Balance	<b>41,618.00</b>	<b>36,878.00</b>

**iv) Sensitivity analysis for Level 3 Assets**

NAV of the VCF units & equity share price for investment in CCIL has been considered for sensitivity analysis. The reasonably possible changes at the reporting date by applying a 5 per cent increase or decrease on significant unobservable inputs would have the following effects.

(₹ in lakhs)

Significant unobservable inputs	Impact on the company's equity and profit or OCI	
	March 31, 2022	March 31, 2021
NAV (5% movement)	101.25	61.25
Equity Share Price (5% movement)	1,979.65	1,782.65

**35. Financial Risk Management**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has constituted the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Company has exposure to the following risks arising from its business operations.

### i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Lending activities account for most of the Company's credit risk. Other sources of credit risk also exist in trading book, other financial instruments and loans and transaction settlements. Credit risk is measured as the amount that could be lost if a customer or counterparty fails to make repayments. The maximum exposure to credit risk in case of all the financial instruments is restricted to their respective carrying amount.

Credit Risk is monitored through stringent credit appraisal, counter party limits and internal risk ratings of the borrowers. Exposure to credit risk is managed through regular analysis of the ability of all the customers and counterparties to meet interest and capital repayment obligations and by changing lending limits where appropriate.

Company primarily offers loans secured by shares and real estate. In order to mitigate credit risk, company also seeks collateral appropriate to the product segment. Other means of mitigating credit risk that the company uses are pledges, sureties and guarantees. The most common types of collateral the company receives, measured by collateral value, are mortgages on financial assets in the form of equity shares, bonds and real estate.

### ii) Maximum Exposure to the Credit Risk

This table below shows the Company's maximum exposure to the credit risk.

(₹ in lakhs)

Particulars	At March 31 2022	At March 31 2021
Financial Assets at amortised Cost - Loans & Advances (Gross)	1,70,229.67	1,42,416.12
Less: Impairment loss allowance	17,277.23	25,142.16
Financial Assets at amortised Cost - Loans & Advances – (Net)	<b>1,52,952.44</b>	<b>1,17,273.96</b>
Financial Assets measured at FVTPL - Debt instruments	-	-
Trade & Other Receivables	-	293.83
<b>Total</b>	<b>1,52,952.44</b>	<b>1,17,567.79</b>

Sovereign securities (G Sec SDL, SPL and T-Bills) and lending backed by these securities are considered as having zero credit risk. Credit risk on cash and cash equivalents is also considered to be Nil as these are generally held with leading banks. Credit risk for investment in other debt instruments (Bonds/CPs) is limited as these investments are made with entities having good credit ratings. Company is not exposed to credit risk in respect of its transactions in derivatives in view of guaranteed settlement mechanism.

### b) Credit quality analysis

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. The credit quality of Loans and advances measured at amortised cost is primarily assessed by the Days Past Due (DPD) status.

#### Inputs, assumptions and techniques used for estimating impairment

In assessing the impairment of financial assets under the expected credit loss model, the Company defines default when a loan obligation is overdue for more than 90 days

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Assessment of significant increase in credit risk**

When determining whether the risk of default has increased significantly since initial recognition, the Company considers the DPD status of the loans. Credit risk is deemed to have increased significantly when an asset is more than 30 days past due (DPD).

**Calculation of expected credit losses**

Expected credit losses (ECLs) are calculated using three main parameters i.e. a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD). These parameters are generally derived from internally developed statistical models combined with historical and other available information.

The following table sets out information about the credit quality of financial assets -loans, measured at amortised cost.

(₹ in lakhs)

Particulars	At March 31 2022	At March 31 2021
<b>Gross stage 1 (DPD≤30)</b>	1,44,534.47	1,10,811.82
Less: Impairment loss allowance	1,009.54	746.80
<b>Net Stage 1 Assets</b>	<b>1,43,524.93</b>	<b>1,10,065.02</b>
ECL Prov. Coverage	<b>0.70%</b>	<b>0.67%</b>
<b>Gross Stage 2 (30&gt;DPD≤90)</b>	8,072.08	3,744.46
Less: Impairment loss allowance	976.88	495.44
<b>Net Stage 2 Assets</b>	<b>7,095.20</b>	<b>3,249.02</b>
ECL Prov. Coverage	<b>12.10%</b>	<b>13.23%</b>
<b>Stage 3 (DPD&gt;90)</b>	17,887.68	28,009.06
Less: Impairment loss allowance	15,290.81	23,899.92
<b>Net Stage 3 Assets</b>	<b>2,596.87</b>	<b>4,109.14</b>
ECL Prov. Coverage	<b>85.48%</b>	<b>85.33%</b>
<b>Total Loans &amp; Adv</b>	1,70,494.23	1,42,565.34
Less: Impairment loss allowance	17,277.23	25,142.16
<b>Net Loans &amp; Advances</b>	<b>1,53,217.00</b>	<b>1,17,423.18</b>
ECL Prov. Coverage	<b>10.13%</b>	<b>17.64%</b>

**Credit impairment charge to the income statement**

(₹ in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
New and increased provisions (incl. write off)	744.18	12,442.66
Write-backs of specific provisions	(8,609.11)	-
Recoveries of specific provisions or written off accounts	(540.59)	(484.61)
<b>Total charge to the income statement</b>	<b>(8,405.52)</b>	<b>11,958.05</b>

**Write-offs still under enforcement activity**

No loan amounts were written off during the year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### c) Movement in Gross Exposures and credit impairment for loans and advances

The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets measured at amortised cost or FVTOCI. Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition. Please refer to the accounting policy for details.

(₹ in lakhs)

Particular	Movement in Gross Exposure to Loans & Adv.			Movement in ECL				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Balance as at March 31, 2020</b>	<b>1,35,439.75</b>	<b>15,682.21</b>	<b>17,499.50</b>	<b>1,68,621.46</b>	<b>1,033.90</b>	<b>1,165.90</b>	<b>10,499.70</b>	<b>12,699.50</b>
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL	656.50	(656.50)	-	-	70.02	(70.02)	-	-
- Transferred to lifetime ECL - significant increase in credit risk	-	-	-	-	-	-	-	-
- Transferred to lifetime ECL credit – impaired	(1,982.68)	(9,085.58)	11,068.26	-	(50.26)	(704.05)	754.31	-
Increase due to financial assets originated (Net)	37,190.28	211.34	614.79	<b>38,016.41</b>	270.40	24.99	614.79	<b>910.18</b>
Decrease due to loans derecognised on full payment	(54,853.10)	(949.51)	-	<b>(55,802.61)</b>	(395.90)	(50.26)	-	<b>(446.16)</b>
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	(5,638.93)	(1,457.50)	(1,173.49)	<b>(8,269.92)</b>	(181.36)	128.88	12,031.12	<b>11,978.64</b>
Amounts written off during the year	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>1,10,811.82</b>	<b>3,744.46</b>	<b>28,009.06</b>	<b>1,42,565.34</b>	<b>746.80</b>	<b>495.44</b>	<b>23,899.92</b>	<b>25,142.16</b>
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL	-	-	-	-	-	-	-	-
- Transferred to lifetime ECL - significant increase in credit risk	(9,094.95)	9,094.95	-	-	(94.49)	94.49	-	-
- Transferred to lifetime ECL credit – impaired	-	-	-	-	-	-	-	-
Increase due to financial assets originated (Net)	1,04,911.13	-	-	<b>1,04,911.13</b>	758.02	-	-	<b>758.02</b>
Decrease due to loans derecognised on full payment	(59,733.22)	(1,423.26)	(10,068.58)	<b>(71,225.06)</b>	(409.39)	(157.06)	(8,559.13)	<b>(9,125.58)</b>
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	(2,360.31)	(3,344.07)	(52.80)	<b>(5,757.18)</b>	8.60	544.01	(49.98)	<b>502.63</b>
Amounts written off during the year	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>1,44,534.47</b>	<b>8,072.08</b>	<b>17,887.68</b>	<b>1,70,494.23</b>	<b>1,009.54</b>	<b>976.88</b>	<b>15,290.81</b>	<b>17,277.23</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****d) Collateral and other credit enhancements**

Company would generally have its credit exposures backed by securities, either primary or collateral. Lending Policy of the Company prescribes Asset cover norms and collateral guidelines for its various product offering. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty and product offered.

Company grants loans against collateral of shares, securities, receivables, inventories, fixed assets and real estate including commercial and residential properties.

As collateral is a source of mitigating credit risk, assessment of the condition of the securities and their value is undertaken on regular basis. There were no significant changes in the collateral policy of the company during the Financial Year 2021-22.

The collateral cover in respect of credit impaired assets as at March 31, 2022 is 258% and 267% as on March 31, 2021.

**e) Credit Concentration**

The Company's loan portfolio is primarily concentrated on loan against shares and real estate, as detailed below.

Particulars	At March 31 2022	At March 31 2021
Loan Against Shares	62.29%	52.38%
Real Estate	11.59%	19.21%
Others	26.12%	28.41%

**ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Company has in place an Asset-Liability Management Committee (ALCO) which functions as the operational unit for managing the Balance Sheet within the performance and risk parameters laid down by the Board and Risk Committee of the Board. ALCO reviews Asset Liability strategy and Balance Sheet management in relation to asset and liability profile. ALCO ensures that the objectives of liquidity management are met by monitoring the gaps in the various time buckets, deciding on the source and mix of liabilities, setting the maturity profile of the incremental assets and liabilities etc.

Key principles adopted in the Company's approach to managing liquidity risk include

- Monitoring the Company's liquidity position on a regular basis, using a combination of contractual and behavioural modelling of balance sheet and cash flow information
- Maintaining a high quality liquid asset portfolio or maintaining undrawn bank lines
- Operating a prudent funding strategy which ensures appropriate diversification and limits maturity concentrations

The Company's principal sources of liquidity are cash and cash equivalents, undrawn cash credit & overdraft facilities from Banks, liquid asset portfolio comprising government securities, bonds & other money market instruments and the cash flow that is generated from operations.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include interest accrued till the reporting date.

(₹ in Lakhs)

As at March 31, 2022	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5Years
Debt Securities	-	-	-	-	-
Other Borrowings	57,126.37	47,194.51	9,931.86	-	-
Trade and Other Payables	82.23	82.23	-	-	-
Other liabilities	423.49	367.21	42.06	14.22	-
	<b>57,632.09</b>	<b>47,643.95</b>	<b>9,973.92</b>	<b>14.22</b>	-

(₹ in Lakhs)

As at March 31, 2021	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Debt Securities	-	-	-	-	-
Other Borrowings	76,338.22	53,396.12	22,942.10	-	-
Trade and Other Payables	72.84	72.84	-	-	-
Other liabilities	589.24	499.76	59.59	29.89	-
	<b>77,000.30</b>	<b>53,968.72</b>	<b>23,001.69</b>	<b>29.89</b>	-

- iii. **Market Risk:** Market Risk is the risk of financial loss arising on account of changes /fluctuations in market variables such as interest rates, equity prices etc. Market risk stems from the Company's Loan book, treasury operations and balance sheet management activities, the impact of changes and correlation between interest rates, credit spreads and volatility in bond or equity prices.

Market risk is represented by the below two categories

i. **Interest rate risk**

Company has exposure to interest rate risk, primarily from its lending business and related borrowings. It is the risk that the Company's earnings or economic value will be affected or reduced by changes in interest rates. The interest rate risk emanates from changes to the overall level of interest rates and inherent mismatches in the repricing term of loan book or borrowings and from a change in the relative level of interest rates for different tenors.

**Exposure to interest rate risk**

Company's interest rate risk arises primarily from loan book and Investments in debt securities. The following table analyses the interest rate risk from financial assets and liabilities.

(₹ in lakhs)

Particulars	At March 31 2022	At March 31 2021
Financial Assets at amortised cost - Loans & Advances	1,70,494.23	1,42,565.34
Financial Assets measured at FVTPL - Debt instruments	0.05	0.05
<b>Total of Fixed Rate Financial Assets</b>	<b>1,70,494.28</b>	<b>1,42,565.39</b>
Financial liabilities at amortised cost Debt securities	-	-
Financial liabilities at amortised cost Other Borrowings	57,110.54	76,260.25
<b>Total of Fixed Rate Financial Liabilities</b>	<b>57,110.54</b>	<b>76,260.25</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

The above amounts are gross carrying values without any adjustments for discounting, EIR adj and interest accrued.

Interest rate risk is managed primarily by monitoring the sensitivity of expected net interest income ('NII') under varying interest rate scenarios. This monitoring is undertaken by ALCO on regular basis. The NII sensitivities shown are indicative and based on simplified scenarios.

**Sensitivity analysis for Loan Book**

A movement of 50 basis point in interest rates is likely to impact the Net Interest Income by ₹248.19 lakhs (₹109.87 lakhs for the year ended 31st March 2021).

**ii) Price risk**

**Price risk** is the potential for gains or losses to arise from trading activities undertaken by the Company as a result of movements in market prices. The table below summarises the impact of increase/decrease on the company's equity and profit or OCI for the period. The analysis is based on 1% movement of the market prices as on reporting date.

(₹in Lakhs)

Particulars	Impact on the company's equity and profit or OCI	
	At March 31 2022	At March 31 2021
<b>1% movement from fair prices as on reporting date on</b>		
- Investment in CCIL (at FVTOCI)	395.93	356.53
- Other Equity Investmnts (at FVTOCI)	1.10	0.66
- Equity, MF Investmnts (at FVTPL)	25.01	0.26
<b>Total</b>	<b>422.04</b>	<b>357.45</b>

**36. Changes in liabilities arising from financing activities**

(₹in Lakhs)

Particulars	1-Apr-21	Cash flows	Changes in fair values	Exchange differences	Accrued Interest	Other *	31-Mar-22
Debt securities	-	-	-	-	-	-	-
Borrowings other than debt securities	76,273.66	(19,149.71)	-	-	(62.13)	39.60	57,101.42
<b>Total liabilities from financing activities</b>	<b>76,273.66</b>	<b>(19,149.71)</b>	-	-	<b>(62.13)</b>	<b>39.60</b>	<b>57,101.42</b>

Particulars	1-Apr-20	Cash flows	Changes in fair values	Exchange differences	Accrued Interest	Other *	31-Mar-21
Debt securities	14,227.53	(14,000.00)	-	-	(230.27)	2.74	-
Borrowings other than debt securities	81,870.54	(5,584.42)	-	-	(83.39)	70.93	76,273.66
<b>Total liabilities from financing activities</b>	<b>96,098.07</b>	<b>(19,584.42)</b>	-	-	<b>(313.66)</b>	<b>73.67</b>	<b>76,273.66</b>

\* Others represent changes on account of amortization of borrowing costs.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 37. Maturity Analysis of Assets & Liabilities

(₹ in Lakhs)

	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 months	Total	Within 12 Months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash & Cash equivalents	12,154.20	-	<b>12,154.20</b>	58,908.25	-	<b>58,908.25</b>
Bank Balances other than above	8,232.22	-	<b>8,232.22</b>	281.05	-	<b>281.05</b>
Receivables						
(i) Trade Receivables	-	-	-	-	-	-
(ii) Other Receivables	-	-	-	293.83	-	<b>293.83</b>
Loans	1,12,291.66	40,660.78	<b>1,52,952.44</b>	95,185.13	22,088.83	<b>1,17,273.96</b>
Investments	2,501.02	56,854.34	<b>59,355.36</b>	25.91	52,070.10	<b>52,096.01</b>
Other Financial Assets	516.00	34.34	<b>550.34</b>	516.00	34.79	<b>550.79</b>
<b>Non-financial Assets</b>						
Tax assets(net)	-	983.62	<b>983.62</b>	-	576.63	<b>576.63</b>
Property, Plant and Equipment	-	1,999.14	<b>1,999.14</b>	-	2,035.47	<b>2,035.47</b>
Other Intangible assets	-	16.10	<b>16.10</b>	-	38.53	<b>38.53</b>
Right of Use Asset	-	73.58	<b>73.58</b>	-	104.47	<b>104.47</b>
Other Non-Financial assets	205.08	16.80	<b>221.88</b>	161.45	26.04	<b>187.49</b>
<b>Total Assets</b>	<b>1,35,900.18</b>	<b>1,00,638.70</b>	<b>2,36,538.88</b>	<b>1,55,371.62</b>	<b>76,974.86</b>	<b>2,32,346.48</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Financial Liabilities</b>						
Payables						
(i) Trade Payables	80.73	-	<b>80.73</b>	71.34	-	<b>71.34</b>
(ii) Other Payables	1.50	-	<b>1.50</b>	1.50	-	<b>1.50</b>
Debt Securities	-	-	-	-	-	-
Borrowings (Other than Debt Sec.)	47,194.51	9,906.91	<b>57,101.42</b>	53,396.12	22,877.54	<b>76,273.66</b>
Other Financial Liabilities	367.21	56.28	<b>423.49</b>	499.76	89.48	<b>589.24</b>
Non-Financial Liabilities						
Provisions	690.35	266.83	<b>957.18</b>	585.24	315.04	<b>900.28</b>
Deferred Tax Liabilities	-	5,229.79	<b>5,229.79</b>	-	1,385.09	<b>1,385.09</b>
Other Non-Financial Liabilities	37.92	-	<b>37.92</b>	36.58	-	<b>36.58</b>
<b>Total Liabilities</b>	<b>48,372.22</b>	<b>15,459.81</b>	<b>63,832.03</b>	<b>54,590.54</b>	<b>24,667.15</b>	<b>79,257.69</b>
<b>Net</b>	<b>87,527.96</b>	<b>85,178.89</b>	<b>1,72,706.85</b>	<b>1,00,781.08</b>	<b>52,307.71</b>	<b>1,53,088.79</b>

38. To the best of available information, the company has not entered into any transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****39. Disclosures in terms of the provisions of Non-Banking Financial Companies, Prudential Norms :****a) Capital to Risk Weighted Asset Ratio**

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	CRAR (%)	78.46%	86.34%
(ii)	CRAR – Tier I Capital (%)	77.88%	85.79%
(iii)	CRAR – Tier II Capital (%)	0.58%	0.55%
(iv)	Amount of subordinated debt raised as Tier-II capital	Nil	Nil
(v)	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

CRAR has been calculated based on the RBI guidelines RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, on Implementation of Indian Accounting Standards by NBFCs.

**b) Investments**

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
<b>1</b>	<b>Value of Investments:</b>		
(i)	Gross Value of Investments (including accrued interest)		
	(a) In India	59,616.15	52,356.80
	(b) Outside India	Nil	Nil
(ii)	Provisions for Depreciation		
	(a) In India	260.79	260.79
	(b) Outside India	Nil	Nil
(iii)	Net Value of Investments		
	(a) In India	59,355.36	52,096.01
	(b) Outside India	Nil	Nil
<b>2</b>	<b>Movement of Provisions held towards depreciation on Investments:</b>		
(i)	Opening Balance	260.79	260.79
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Write-off / write-back of excess provisions during the year	-	-
(iv)	Closing balance	260.79	260.79

**c) Derivatives****i) Forward Rate Agreements / Interest Rate Swap:**

The Company has not entered into any forward rate agreement or interest rate swap during the year. There are no outstanding positions in respect of any forward rate agreement or interest rate swap as on March 31, 2022.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

### ii) Exchange Traded Interest Rate (IR) Derivatives:

The Company has not entered into any Exchange Traded Interest Rate (IR) Derivatives during the year and there are no outstanding positions in respect of any Exchange Traded Interest Rate (IR) Derivatives as on March 31, 2022.

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil
(iv)	Mark-to-Market value of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil

### iii) Qualitative Disclosure

During the year, Company has not entered into any derivative transactions, except equity derivatives. The equity derivatives transactions entered during the year are primarily for the purpose of trading.

Risk management at operating level has been delegated to ALCO & Risk Management committee and Investment Committee of senior executives of the company. Treasury, Investment and Risk policy of the Company lays down the risk management framework for derivatives trading. The policy also prescribes Risk Identification, its measurement, monitoring, and risk mitigants.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****iv) Quantitative Disclosure**

The company has not entered into any currency or interest rate derivative transactions during the year. There are no outstanding positions in respect of any Currency Derivatives or Interest Rate Derivatives as on March 31, 2022.

(₹ in lakhs)

Sr. No.	Particular	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)		
	For hedging	Nil	Nil
(ii)	Marked to Market Positions		
	a) Asset (+)	Nil	Nil
	b) Liability (-)	Nil	Nil
(iii)	Credit Exposure	Nil	Nil
(iv)	Unhedged Exposure	Nil	Nil

**d) Disclosure relating to Securitisation:**

- During the year, Company has not securitized any of its assets and does not have any outstanding position in respect thereof as on March 31, 2022.
- Company has not sold any of its financial assets to Securitisation/Reconstruction Company for Asset Reconstruction.
- Company has not undertaken any assignment transaction during the year.
- Company has neither purchased nor sold any non-performing financial assets during the year and does not have any outstanding position in respect thereof as on March 31, 2022.

**e) Asset Liability Management Maturity pattern of certain items of assets and liabilities**

(₹ in lakhs)

	Upto 30/31 days	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month upto 6 month	Over 6 month to 1 year	Over 1 year upto 3 years	Over 3 years Upto 5 years	Over 5 Years	Total
<b>As at March 31, 2022</b>									
<b>Assets</b>									
<b>Deposits</b>									
Advances *	1,181.51	18,048.49	34,013.95	46,330.93	12,414.72	29,452.86	10,090.59	18,961.18	<b>170,494.23</b>
Investments	2,501.02	-	-	-	-	2,135.19	-	54,979.94	<b>59,616.15</b>
<b>Liabilities **</b>									
Bank Borrowings	1,015.83	20,000.00	2,500.00	3,500.00	20,178.68	9,931.86	-	-	<b>57,126.37</b>
Market borrowings	-	-	-	-	-	-	-	-	-
<b>Foreign Currency:</b>									
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

	Upto 30/31 days	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month upto 6 month	Over 6 month to 1 year	Over 1 year upto 3 years	Over 3 years Upto 5 years	Over 5 Years	Total
<b>As at March 31, 2021</b>									
<b>Assets</b>									
<b>Deposits</b>									
Advances *	6,510.42	7,978.33	9,038.14	52,919.29	18,738.95	12,500.34	13,889.12	20,990.75	<b>142,565.34</b>
Investments	25.91	-	-	-	-	1,290.95	-	51,039.94	<b>52,356.80</b>
<b>Liabilities **</b>									
Bank Borrowings	31,267.48	-	-	3,778.00	18,350.65	22,942.10	-	-	76,338.22
Market borrowings	-	-	-	-	-	-	-	-	-
<b>Foreign Currency:</b>									
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

\* Excluding Interest accrued but not due and unamortised upfront fee

\*\* Excluding unamortised borrowing cost

f) **Exposures**i) **Exposure to Real Estate Sector:**

(₹ in lakhs)

Category	As at March 31, 2022	As at March 31, 2021
<b>Direct Exposure*</b>		
<b>1 Residential Mortgages</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	Nil	Nil
<b>2 Commercial Real Estate</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) including non-fund based (NFB) limits	19,765.93	28,805.34
<b>3 Investments in Mortgage-Backed Securities (MBS) and other securitised exposures</b>		
a Residential	Nil	Nil
b Commercial Real Estate	Nil	Nil
<b>Indirect Exposure</b>		
Fund based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	4,433.33	Nil

\*Direct exposure to real estate sector is taken as exposure to finance acquisition / construction of commercial/residential real estate and where the repayment is expected to be made out of the realisation of financed real estate assets. Commercial Real Estate exposure also includes advances to real estate entities against the collateral of equity shares.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****ii) Exposure to Capital Market**

(₹ in lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt:	55,090.13	51,131.75
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds:	1,500.00	Nil
3	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	1,04,700.01	74,679.50
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds ie where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances:	Nil	Nil
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers:	Nil	Nil
6	Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources:	Nil	Nil
7	Bridge loans to companies against expected equity flows / issues;	Nil	Nil
8	All exposures to venture capital funds (both registered and unregistered)	2,025.00	1,225.00
<b>Total Exposure to Capital Market</b>		<b>1,63,315.14</b>	<b>1,27,036.25</b>

iii) Details of financing of parent company product – Not Applicable

iv) Company has not exceeded prudential Single Borrower Limit (SGL)/Group Borrower Limit (GBL) during the year.

v) Unsecured Advances – ₹ Nil lakhs (PY - Nil)

**g) Miscellaneous**

i) Registration obtained from other financial sector regulators – Nil

ii) Disclosure of Penalties imposed by RBI and other regulator: Nil (PY – Nil)

iii) Details of Company's Credit Rating are as under.

(₹ in lakhs)

Rating Agencies	Rating programme	31.03.2022		31.03.2021	
		Rating Assigned	Rating Amount	Rating Assigned	Rating Amount
ICRA	Short Term (CP)	ICRA A1+	30,000.00	ICRA A1+	1,00,000.00
ICRA	Long Term Bank Lines	ICRA AA-	1,70,000.00	ICRA AA-	1,00,000.00
ICRA	Long Term Debt (NCD)	ICRA AA-	35,000.00	ICRA AA-	35,000.00



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

CARE	Short Term (CP)	CARE A1+	30,000.00	-	-
CARE	Long Term Debt (NCD)	CARE AA-	35,000.00	CARE A+	35,000.00
CARE	Long Term Bank Lines	CARE AA-	1,70,300.00	CARE A+	1,50,000.00

CARE has upgraded the rating assigned to the long-term bank facilities from “CARE A+ Stable” to “CARE AA-Stable”.

- iv) Information viz., area, country of operation and joint venture partners with regard to Joint Ventures and Overseas Subsidiaries:

Company operates primarily through its Head Office in Mumbai and has few branch offices across the country. Company does not have any overseas presence either through its branches or by way of any joint venture or overseas subsidiaries.

### h) Additional Disclosures

- i) Information on all provisions and contingencies booked as expenditure in Profit and Loss Account:

(₹ in lakhs)

Particulars	2021-22	2020-21
Net Provision towards Advances - (Impairment on financial instruments)	(7,864.92)	12,442.66
Provision towards Income Tax on Total Comprehensive Income (incl. deferred tax)	6,204.70	2,745.00
Other Provision (employee related)	600.00	250.00
Other Provision (For Additional Interest during Moratorium Period)	-	171.51

- ii) Draw Down from Reserves – Nil

- iii) Concentration of Advances, Exposures and NPAs

- a) Concentration of Advances/Exposures

(₹ in lakhs)

Particulars	2021-22	2020-21
Total Advances/exposure to twenty largest borrowers/ customers	1,33,790.03	1,12,887.19
% of Advances/exposure to twenty largest borrowers to total advances/exp.	78.47%	79.18%

- b) Concentration of NPAs

(₹ in lakhs)

Particulars	2021-22	2020-21
Total Exposure to top four NPA accounts	12,804.75	20,265.65

- c) Sector-wise NPAs

Sr No.	Sector	Percentage of NPAs to Total Advances in that sector	
		2021-22	2020-21
1	Agriculture & Allied activities	-	-
2	MSME	-	-
3	Corporate borrowers (includes LLP and partnership firms/Trusts)	10.49%	19.55%

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-
8	Others (Individual Borrowers)	10.45%	100.00%

**iv) Movement of NPAs (Stage 3 Accounts)**

(₹ in lakhs)

No.	Particulars	2021-22	2020-21
(i)	<b>Net NPAs to Net Advances (%)</b>	<b>1.67%</b>	<b>3.46%</b>
(ii)	<b>Movement of NPAs (Gross)</b>		
	(a) Opening balance	<b>28,009.06</b>	<b>17,499.50</b>
	(b) Additions during the year	-	10,544.75
	(c) Reductions during the year (including write off)	10,121.38	35.19
	(d) Closing balance	<b>17,887.68</b>	<b>28,009.06</b>
(iii)	<b>Movement of NPAs (Net)</b>		
	(a) Opening balance	<b>4,109.14</b>	<b>6,999.80</b>
	(b) Additions during the year	-	(2,855.47)
	(c) Reductions during the year (including write off)	1,512.27	35.19
	(d) Closing balance	<b>2,596.87</b>	<b>4,109.14</b>
(iv)	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
	(a) Opening balance	<b>23,899.92</b>	<b>10,499.70</b>
	(b) provisions during the year	-	13,400.22
	(c) Write-off / write-back of excess provisions	8,609.11	-
	(d) Closing balance	<b>15,290.81</b>	<b>23,899.92</b>

v) Company does not have any overseas assets.

vi) Company does not have any off-balance sheet sponsored SPV's.

**i) Customer Complaints**

No.	Particulars	2021-22	2020-21
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	Nil	Nil
(c)	No. of complaints redressed during the year	Nil	Nil
(d)	No. of complaints pending at the end of the year	Nil	Nil



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### j) Disclosure of Restructured Accounts

No Loan account has been restructured during the year and accordingly disclosure in terms of Para 9 (Annexure 4) of RBI Notification No. DNBS (PD) No. 271/CGM (NSV)-2014 dated January 23, 2014, is not applicable. Loan accounts where moratorium was provided in terms of COVID19 Regulatory Package during FY 20-21 is not considered as restructuring.

### k) Other Disclosure:

(₹ in lakhs)

Sr No.	Particulars	Amount Outstanding		Amount Overdue	
		As at 31.3.2022	As at 31.3.2021	As at 31.3.2022	As at 31.3.2021
	<b>Liabilities Side</b>				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid: *				
	(a) Debenture				
	Secured	Nil	Nil	Nil	Nil
	Unsecured	Nil	Nil	Nil	Nil
	(other than falling within the meaning of Public deposit)				
	(b) Deferred Credit	Nil	Nil	Nil	Nil
	(c) Term Loans	42,940.71	62,760.65	Nil	Nil
	(d) Inter Corporate Loans and Borrowing	Nil	Nil	Nil	Nil
	(e) Commercial Paper	Nil	Nil	Nil	Nil
	(f) Others Loans (Working Capital Demand Loan/TREPS)	14,185.66	13,577.57	Nil	Nil
	*excluding unamortised borrowing cost				
	<b>Assets Side</b>				
		<b>Amount Outstanding 2021-22 (₹ in lakhs)</b>		<b>Amount Outstanding 2020-21 (₹ in lakhs)</b>	
2	<b>Break-up of Loans &amp; Advances</b> including bills receivables (other than those included in (4) below (for financing business of the company) **				
	(a) Secured (Gross)		1,70,494.23		1,42,565.34
	(b) Unsecured		Nil		Nil
	**excluding TREPS lending, EIR adj & Interest accrued not due				

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

Sr. No.	Particulars	Amount Outstanding	Amount Outstanding
		2021-22 (₹ in lakhs)	2020-21 (₹ in lakhs)
3	<b>Break up Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
	(i) Lease assets including lease rentals		
	(a) Finance Lease	Nil	Nil
	(b) Operating Lease	Nil	Nil
	(ii) Stock on hire including hire charges		
	(a) Assets on hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
	(iii) Other loans counting towards AFC activities		
	(a) loans where assets have been repossessed	Nil	Nil
	(b) loans other than (a) above	Nil	Nil
4	<b>Break-up of Investments</b>		
	<b>Current Investment</b>		
	1. Quoted		
	(i) Shares: a) Equity	Nil	25.86
	b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	2,500.97	Nil
	(iv) Government Securities	0.05	0.05
	(v) others	Nil	Nil
	2. Unquoted		
	(i) Shares: a) Equity	Nil	Nil
	b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) others (Commercial papers)	Nil	Nil
	<b>Long Term Investments</b>		
	1. Quoted		
	(i) Shares : (a) Equity	110.19	65.95
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) others	Nil	Nil
	2. Unquoted		
	(i) Shares : (a) Equity	54,979.94	51,039.94
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others (Venture Capital Fund)	2,025.00	1,225.00
		<b>59,616.15</b>	<b>52,356.80</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

5	<b>Borrower group-wise classification of assets financed as in (2) and (3) above as on March 31, 2022</b>				
	Category	Amount Net of Provisions (₹ in lakhs)			
		Secured	Unsecured	Total	
	1. Related Parties				
	(a) Subsidiaries	Nil	Nil	Nil	
	(b) Companies in the same group	Nil	Nil	Nil	
	(c) other related parties	Nil	Nil	Nil	
	2. Other than related parties	1,53,217.00	Nil	1,53,217.00	
	<b>Total</b>	<b>1,53,217.00</b>	<b>Nil</b>	<b>1,53,217.00</b>	
6	<b>Investor group-wise classification of all Investments in shares and securities (quoted &amp; unquoted)</b>				
	Category	Market Value (₹ in lakhs)		Book Value (₹ in lakhs) Without Fair Value Adj.	
		2021-22	2020-21	2021-22	2020-21
	1. Related Parties				
	(a) Subsidiaries	15,386.94	15,386.94	15,386.94	15,386.94
	(b) Companies in the same group	Nil	Nil	Nil	Nil
	(c) other related parties	Nil	Nil	Nil	Nil
	2. Other than related parties	44,229.21	36,969.86	4,237.94	1,764.44
	<b>Total</b>	<b>59,616.15</b>	<b>52,356.80</b>	<b>19,624.88</b>	<b>17,151.38</b>
7	<b>Other Information</b>	<b>As on March 31, 2022</b>		<b>As on March 31, 2021</b>	
	Particulars				
(i)	Gross Non-Performing Assets				
	(a) Related parties		Nil		Nil
	(b) Other than related parties		17,887.68		28,009.06
(ii)	Net Non-Performing Assets				
	(a) Related parties		Nil		Nil
	(b) Other than related parties		2,596.87		4,109.14
(iii)	Assets acquired in satisfaction of Debts		Nil		Nil

### I) COVID19 Regulatory Package - Asset Classification and Provisioning

Outbreak of the COVID-19 pandemic since March 2020 and resultant restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The easing of measures subsequently led to gradual improvement in economic activity and progress towards normalcy. Further, there has been significant progress in vaccination programme and the impact of the third wave of Covid-19 in India has been mild. However, the extent to which the COVID-19 pandemic will continue to impact the Company's result including loan provisioning will depend on its future trajectory, which is highly uncertain.

In accordance with the board approved moratorium policy and relevant RBI Notifications, the conversion of accumulated interest into FITL, and the changes in the credit terms permitted to the borrowers to specifically tide over economic fallout from COVID-19 during FY 20-21 has not been treated as concessions or change in terms and conditions of loan agreements granted due to financial difficulty of the borrower and also did not trigger a significant increase in credit risk.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

However, considering the uncertainty over the potential macro-economic impact of COVID 19

- a) Company continues to maintain additional provision of 10 % (10 % as on 31.3.21) of the total outstanding of stage II loan accounts as on March 31, 2022.
- b) Company continues to maintain higher provisions in respect of stage III assets and 100% provision in respect of the stage III FITL.

There are no Loan resolution under “Resolution Framework for COVID-19-related Stress” dt August 6, 2020. Accordingly, disclosure in terms of Para 9 (Annexure 4) of RBI Notification No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 is not applicable.

- m) Disclosure in terms of RBI notification - Implementation of Indian Accounting Standards dt 13.03.2020

(₹ in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
<b>Performing Assets</b>						
Standard	Stage 1	1,44,534.47	1,009.54	1,43,524.93	578.14	431.40
	Stage 2	8,072.08	976.88	7,095.20	98.83	878.05
<b>Subtotal</b>		<b>1,52,606.55</b>	<b>1,986.42</b>	<b>1,50,620.13</b>	<b>676.97</b>	<b>1,309.45</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	-	-	-	-	-
<b>Doubtful -</b>						
up to 1 year	Stage 3	10,108.86	8,678.81	1,430.05	2,021.77	6,657.04
1 to 3 years	Stage 3	5,386.07	4,578.16	807.91	1,615.82	2,962.34
More than 3 years	Stage 3	2,392.75	2,033.84	358.91	1,196.38	837.46
Subtotal for doubtful		<b>17,887.68</b>	<b>15,290.81</b>	<b>2,596.87</b>	<b>4,833.97</b>	<b>10,456.84</b>
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>17,887.68</b>	<b>15,290.81</b>	<b>2,596.87</b>	<b>4,833.97</b>	<b>10,456.84</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Subtotal		-	-	-	-	-
Total	Stage 1	1,44,534.47	1,009.54	1,43,524.93	578.14	431.40
	Stage 2	8,072.08	976.88	7,095.20	98.83	878.05
	Stage 3	17,887.68	15,290.81	2,596.87	4,833.97	10,456.84
	Total	1,70,494.23	17,277.23	1,53,217.00	5,510.94	11,766.29

n) Disclosure in term of RBI Notification on Liquidity Risk Management Framework

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Particulars	Number of Significant Counterparties	Amount (₹ In lakhs)	% of total Deposits	% of Total Liabilities
As on March 31, 2022	3	57,126.37	-	89.49%
As on March 31, 2021	4	76,338.22	-	96.32%

“Significant counterparty” refers to a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of total liabilities.

ii) Top 20 large deposits - Not Applicable

iii) Top 10 borrowings- ₹ 57,126.37 lakhs (100% of liability) as on March 31, 2022  
₹ 76,338.22 lakhs (100% of liability) as on March 31, 2021

iv) Funding Concentration based on significant instrument/product

Particulars	Name of the instrument/product	Amount (₹ In lakhs)	% of total liabilities
As on March 31, 2022	Bank Borrowings	57,126.37	89.49%
As on March 31, 2021	Bank Borrowings	76,338.22	96.32%

v) Stock Ratios:

As on March 31, 2022

Particulars	Commercial papers	NCD (original maturity less than 1 year)	Other Short-term liabilities
as a % of total public funds	-	-	84.68%
as a % of total liabilities	-	-	75.78%
as a % of total assets	-	-	20.45%

As on March 31, 2021

Particulars	Commercial papers	NCD (original maturity less than 1 year)	Other Short-term liabilities
as a % of total public funds	-	-	71.51%
as a % of total liabilities	-	-	68.88%
as a % of total assets	-	-	23.50%

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

For the purpose of above disclosure

“Public Funds” refers to funds raised through inter-corporate deposits, bank finance, Commercial Papers, debentures etc.

“Total Liabilities” refer to Total outside liabilities i.e. Balance sheet total excluding Equity

“Other Short term liabilities” refers to Financial Liabilities and non financial liabilities payable within a year (excluding CP and NCD with original maturity of less than 1 year)

- vi) Institutional set-up for liquidity risk management: Please refer para on liquidity risk under Note no 35 - Financial Risk Management
40. The Board of Directors at its meeting held on April 28, 2022 has recommended a final dividend of 12% (₹1.2/- per equity share of ₹10/- each) for the financial year 2021-22, which is subject to approval by shareholders at the Annual General Meeting. The proposed dividend will lead to outflow of ₹ 4,560.00 lakhs.
41. Previous year’s figures have been reworked, regrouped, rearranged and reclassified wherever necessary to make them comparable with the current year figures. Figures are rounded off to the nearest lakh Rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

**As per our report of even date**

For and on behalf of

**RSVA & Co.**

Chartered Accountants

Firm Registration No. 110504W

**JAGADISH B SHETTY**

Partner

Membership No. 048042

UDIN: 22048042AHZQNP4875

Place : Mumbai

Date : April 28, 2022

**For and on behalf of the Board of Directors**

**Melwyn Oswald Rego**

Director

DIN: 00292670

**V. Narayanamurthy**

Managing Director & CEO

DIN: 00555704

**Kamlesh Rathi**

Chief Financial Officer

Place : Mumbai

Date : April 28, 2022

**R Venkataramani**

Director

DIN: 00829107

**Raghvendra Kumar**

Director

DIN: 08045355

**Suparna Sharma**

Company Secretary



## FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Form AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

(₹ in Lakhs)

Name of the subsidiary	STCI Primary Dealer Limited	STCI Commodities Limited
The date since when subsidiary was acquired	31-Oct-06	10-Mar-08
Reporting period for the subsidiary	31-Mar-22	31-Mar-22
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable
Share capital	15,000.00	450.00
Reserves & surplus	62,670.13	(255.51)
Total Assets	14,05,824.85	210.00
Total Liabilities	13,28,154.72	15.51
Investments	13,61,550.63	0.00
Turnover / Revenue	57,941.79	18.20
Profit before taxation	13,714.94	-1.29
Provision for taxation	3,658.78	-0.07
Profit after taxation	10,056.16	-1.22
Proposed Dividend - interim	2,100.00	Nil
(Excluding interim dividend of Rs.3,600.00 lakhs received for FY2021-22)		
% of shareholding	100.00%	100.00%
Names of subsidiaries which are yet to commence operations		Not Applicable
Names of subsidiaries which have been liquidated or sold during the year		Not Applicable
<b>Part "B": Associates and Joint Ventures - Not Applicable</b>		

#### As per our report of even date

For and on behalf of

#### RSVA & Co.

Chartered Accountants

Firm Registration No. 110504W

#### JAGADISH B SHETTY

Partner

Membership No. 048042

UDIN: 22048042AHZQNP4875

Place : Mumbai

Date : April 28, 2022

#### For and on behalf of the Board of Directors

#### Melwyn Oswald Rego

Director

DIN: 00292670

#### V. Narayanamurthy

Managing Director & CEO

DIN: 00555704

#### Kamlesh Rathi

Chief Financial Officer

Place : Mumbai

Date : April 28, 2022

#### R Venkataramani

Director

DIN: 00829107

#### Raghendra Kumar

Director

DIN: 08045355

#### Suparna Sharma

Company Secretary

**LIST OF SHAREHOLDING AND SHAREHOLDING PATTERN AS ON 31.03.2022**

<b>Sr No.</b>	<b>Name of shareholders</b>	<b>No of shares held</b>	<b>% Held</b>
1	BANK OF INDIA	11,38,37,810	29.96
2	STATE BANK OF INDIA	3,92,11,420	10.32
3	IDFC FIRST BANK LIMITED	3,53,01,360	9.29
4	PUNJAB NATIONAL BANK	2,73,00,970	7.18
5	IDBI BANK LTD.	2,50,76,100	6.60
6	LIFE INSURANCE CORPORATION OF INDIA	2,15,23,470	5.66
7	CANARA BANK	2,00,84,580	5.29
8	INDIAN BANK	1,72,45,120	4.54
9	ICICI BANK LTD	1,40,05,280	3.69
10	BANK OF BARODA	1,25,35,440	3.30
11	CENTRAL BANK OF INDIA	1,15,01,000	3.03
12	UNION BANK OF INDIA	1,10,39,050	2.91
13	ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA-UNIT SCHEME 1964	49,40,430	1.30
14	UCO BANK	46,48,920	1.22
15	GENERAL INSURANCE CORPORATION OF INDIA	43,28,750	1.14
16	THE NEW INDIA ASSURANCE COMPANY LIMITED	36,81,750	0.97
17	IFCI LTD	33,74,000	0.89
18	BANK OF MAHARASHTRA	26,50,320	0.70
19	INDIAN OVERSEAS BANK	25,40,780	0.67
20	PUNJAB AND SIND BANK	22,55,000	0.59
21	THE ORIENTAL INSURANCE COMPANY LIMITED	13,72,900	0.36
22	SIDBI VENTURE CAPITAL LIMITED	8,20,450	0.22
23	NATIONAL INSURANCE COMPANY LTD	7,25,100	0.19
	<b>Total</b>	<b>38,00,00,000</b>	<b>100.00</b>

# **STCI FINANCE LIMITED**



## **CONSOLIDATED ACCOUNTS**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31<sup>st</sup> MARCH, 2022**





## II. CONSOLIDATED ACCOUNTS

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## INDEPENDENT AUDITOR’S REPORT

### To the Members of STCI Finance Limited

(Formerly known as Securities Trading Corporation of India Limited)

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of STCI Finance Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss, (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) and other the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, of consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as the key audit matters.

S. No.	Key audit matter	Auditor’s response
1	<p><b><u>Credit Impairment:</u></b></p> <ul style="list-style-type: none"> <li>IND AS requires the Group to recognize the expected credit losses (ECL) on financial instruments which is based on key factors such as Probability of Default (PD), Loss Given Default (LGD). Further the ECL for Stage 2 and Stage 3 Loans is based on the management estimates as at the reporting date, reflecting reasonable and supportable assumptions which factor the current uncertain economic scenarios due to Covid-19 and other factors, and projections of future recoveries, including interest. Since such factors involve significant judgements and estimates made by the Group, we have identified the same as a key audit matter.</li> </ul>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>We have reviewed the ECL calculations which were done using an excel based model developed by an independent expert entity. We have relied on the PD and LGD calculations which have been generated from the said model.</li> <li>We have verified the accuracy and completeness of the data in the ECL Calculations.</li> <li>We have verified the parameters of DPD Status of loans and their classification into Stage 1, Stage 2 and Stage 3.</li> <li>We have evaluated the reasonableness of the estimates and judgements used by the management for the purpose of Calculation of ECL, especially in Stage 2 and Stage 3.</li> <li>Refer Accounting Policy No 1(iii)(a)(4)</li> </ul>



2	<p><b><u>Effectiveness of Monitoring of loan accounts and enforceability and adequacy of Loan Documents and Collaterals</u></b></p> <ul style="list-style-type: none"> <li>• The Group follows practices commensurate with its credit policy to ensure             <ol style="list-style-type: none"> <li>a) effective monitoring of loan accounts</li> <li>b) Enforceability and adequacy of loan documents and collaterals in case of expected events of default.</li> </ol> </li> <li>• Since monitoring of loans and adequacy of collaterals has a significant impact on the probability of default and provisioning and calculation of expected credit losses, we have identified the effectiveness of monitoring of loan accounts, enforceability of loan documents and adequacy of loan collaterals as a key audit matter.</li> </ul>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Understanding the process and controls involved in frequent monitoring of loan accounts.</li> <li>• Review of loan documentation and loan vetting reports prepared by third party professionals.</li> <li>• Review of the monitoring process of valuation of pledged listed shares and assets other than listed shares</li> <li>• Verification of the periodic valuation of the underlying collaterals and insurances to ensure the adequacy of collaterals. Further, in case of exposure to real estate companies, we have relied on the Financial Due Diligence and Lender's Independent Engineer's Reports conducted by empaneled third party professionals indicating sufficient monitoring and adequacy of collaterals.</li> <li>• Further, inquiries were made with the Management to ascertain             <ol style="list-style-type: none"> <li>a) Whether there is sufficient monitoring to identify the indicators of stress or an occurrence of an event of default in a particular loan account or any product.</li> <li>b) Whether there are sufficient controls to ensure the adequacy of loan collaterals in case of probable event of default.</li> </ol> </li> <li>• We have assessed the appropriateness and proper controls over monitoring and adequacy of loan collaterals and its impact on classification of loan accounts and measurement of expected credit losses.</li> </ul>
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#### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our 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.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and the other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 consolidated 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 Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



We communicate with those charged with governance of the Holding Company 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

- 1) We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 14,06,034.84 lakhs as at 31st March, 2022, total revenues of Rs. 61,180.55 lakhs and net cash outflows amounting to Rs 15.33 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- 2) As per RBI prudential norms, interest on non performing assets (credit impaired asset) is booked on receipt basis. However, as per Ind AS, interest income on credit impaired asset should be recognized on the net carrying amount. Taking into account RBI guidelines and prudence, interest on non performing assets is booked on receipt basis by the group.
- 3) The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain.
- 4) STCI Commodities Ltd., a wholly owned subsidiary of the group, has appointed a liquidator for the purpose of winding up its affairs. Accordingly, the accounts of STCI Commodities Ltd have not been prepared on the assumption of going concern basis and the carrying values of all assets are presented at their estimated realizable values and all liabilities at their contracted amount or estimated settlement amount.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### Report on other legal and regulatory requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account, as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors of the Holding company as on March 31, 2022, and taken on record by the Board of Directors of the Holding company, and the reports of the statutory auditors of its



subsidiary companies incorporated in India, none of the directors of the group Companies incorporated in India are disqualified as on March 31, 2022, from being appointed as a director of that company in terms of section 164(2) of the Act.

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “**Annexure I**” which is based on the auditor’s reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein; and
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the group – *Refer Note 26* to the consolidated financial statements;
  - The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - *Refer Note 27* to the consolidated financial statements;
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31st March, 2022 by the group.
  - (a) The respective Managements of the Company and its subsidiaries have represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of its subsidiaries to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of its subsidiaries (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The respective Managements of the Company and its subsidiaries have represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of its subsidiaries from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or any of its subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - (a) The final dividend proposed in the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.
  - (b) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
2. As required by section 143(5) of the Act and in pursuance of directions issued by the Office of the Comptroller and Auditor General of India for the year ended March 31, 2022, we report that:



- a) Whether the group has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Yes, the group has the system in place to process all the accounting transactions through IT system. However, the Ind AS adjustments made to the financial statements has been made outside the IT systems by using excel sheets eg. ECL calculations, amortized cost using effective interest rate, calculation of lease liability etc.. However, there are no financial implications of processing of accounting transactions outside IT system on the integrity of accounts.

- b) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, the lender is a Government company, then its direction is also applicable for statutory auditor of lender company).

On the basis of information and explanation given to us, there had been no restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.

Company as a lender, has not restructured any loans of borrowers during the year.

There is no waiver / write off of debts/ loans / interest etc. granted by company to any borrower.

- c) Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

On the basis of information and explanation given to us, no funds have been received / receivable by the group for specific schemes from Central / State Government or its agencies.

3. As required by additional directions issued by the Office of the Comptroller and Auditor General of India for the year ended March 31, 2022 to statutory auditors of other Non-Banking Financial Companies U/s 143(5) of the Companies Act and in pursuance of such directions, we report that:

RBI has provided a window (vide circular dated 6.8.2020) under the prudential framework to implement a resolution plan to borrowers having stress on account of Covid 19, as per which the existing loans can be restructured without downgrading the asset classification. Are there any cases of restructuring involving the new provision and if so, are they in compliance with the RBI circular?

Based on the information provided by the management, we confirm that Group has not restructured any loan under the window provided by RBI (vide circular dated 6.8.2020) under the prudential framework to implement a resolution plan to borrowers having stress on account of Covid 19.

4. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For and on behalf of  
**RSVA & Co.**  
**Chartered Accountants**  
Firm Registration No. 110504W

**JAGADISH B SHETTY**  
**Partner**  
Membership No. 048042  
UDIN: 22048042AHZQE3656

Place: Mumbai  
Date: 28.04.2022



## Annexure – I to the Independent Auditor’s Report

Referred to in paragraph 1 (f) under “Report on other legal and regulatory requirements “ of our report of even date

### Report on the Internal financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act 2013 (“THE ACT”)

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended 31<sup>st</sup> March 2022, we have audited the internal financial controls over financial reporting of STCI Finance Ltd. (“THE Holding Company”) and its subsidiary companies which are companies incorporated in India, as of that date.

#### Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective 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 (‘ICAI’). 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 respective 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 Act.

#### Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, 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 and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on Company and its subsidiary companies’ internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

**Opinion**

In our opinion, the Holding Company and its subsidiaries , which are companies incorporated in India ,have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid reports under section 143 (3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For and on behalf of  
**RSVA & Co.**  
**Chartered Accountants**  
Firm Registration No. 110504W

**JAGADISH B SHETTY**  
**Partner**  
Membership No. 048042  
UDIN: 22048042AHZQE3656

Place: Mumbai  
Date: 28.04.2022



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF STCI FINANCE LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of consolidated financial statements of STCI Finance Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on Independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 April 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of STCI Finance Limited for the year ended 31 March 2022 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of STCI Finance Limited but did not conduct supplementary audit of the financial statements of STCI Primary Dealer Limited and STCI Commodities Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the  
Comptroller & Auditor General of India

Place : Mumbai  
Date : 29.07.2021

(P. V. Hari Krishna)  
Principal Director of Audit (Shipping), Mumbai



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
	<b>ASSETS</b>			
<b>1</b>	<b>Financial Assets</b>			
(a)	Cash & Cash equivalents	2 a	12,193.63	58,963.01
(b)	Bank Balances other than (a) above	2 b	8,545.13	501.09
(c)	Derivative financial instruments	3	38,228.27	44,863.24
(d)	Receivables			
	(i) Trade Receivables	4	20.79	244.56
	(ii) Other Receivables		0.28	294.04
(e)	Loans	5	1,52,952.44	1,17,273.96
(f)	Investments	6	14,05,779.84	11,76,792.41
(g)	Other Financial Assets	7	4,174.51	2,212.94
<b>2</b>	<b>Non-financial Assets</b>			
(a)	Tax assets(net)		1,530.75	682.10
(b)	Property, Plant and Equipment	8	3,491.53	3,559.32
(c)	Intangible assets under development		-	0.64
(d)	Other Intangible assets	8	21.46	47.90
(e)	Right of Use Asset	8	149.33	206.93
(f)	Other Non-Financial assets	9	356.38	395.43
	<b>Total Assets</b>		<b>16,27,444.34</b>	<b>14,06,037.57</b>
	<b>LIABILITIES AND EQUITY</b>			
<b>1</b>	<b>Financial Liabilities</b>			
(a)	Derivative financial instruments	3	38,589.59	44,695.76
(b)	Payables			
	(i) Trade Payables	10		
	total outstanding dues of micro enterprises and small enterprises		-	2.92
	total outstanding dues of creditors other than micro enterprises and small enterprises		128.32	125.03
	(ii) Other Payables	10		
	total outstanding dues of micro enterprises and small enterprises			
	total outstanding dues of creditors other than micro enterprises and small enterprises		53.65	47.45
(c)	Borrowings (Other than Debt Securities)	11	13,26,225.03	11,26,572.01
(d)	Deposits	12	19,155.34	18,772.90
(e)	Other Financial Liabilities	13	964.07	932.65
<b>2</b>	<b>Non-Financial Liabilities</b>			
(a)	Provisions	14	1,372.02	2,092.71
(b)	Deferred Tax Liabilities	36	5,447.93	1,320.91
(c)	Other Non-Financial Liabilities	15	63.06	154.64

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022**

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>3</b>	<b>Equity</b>			
(a)	Equity Share capital	16	38,000.00	38,000.00
(b)	Other Equity	17	1,97,445.33	1,73,320.59
	<b>Total Liabilities and Equity</b>		<b>16,27,444.34</b>	<b>14,06,037.57</b>
	Significant accounting policies, key estimates and judgments	1		
The accompanying notes form an integral part of the consolidated financial statements.				

**As per our report of even date**

For and on behalf of

**RSVA & Co.**

Chartered Accountants

Firm Registration No. 110504W

**JAGADISH B SHETTY**

Partner

Membership No. 048042

UDIN: 22048042AHZQE3656

Place : Mumbai

Date : April 28, 2022

**For and on behalf of the Board of Directors****Melwyn Oswald Rego**

Director

DIN: 00292670

**V. Narayanamurthy**

Managing Director &amp; CEO

DIN: 00555704

**Kamlesh Rathi**

Chief Financial Officer

**R Venkataramani**

Director

DIN: 00829107

**Raghvendra Kumar**

Director

DIN: 08045355

**Suparna Sharma**

Company Secretary

Place : Mumbai

Date : April 28, 2022



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

	Particulars	Note No.	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>(I)</b>	<b>Revenue from operations</b>			
(i)	Interest Income	18	73,698.57	61,661.06
(ii)	Dividend Income		166.38	157.73
(iii)	Fees and commission Income		1,070.21	686.37
(iv)	Net gain on fair value changes	19	-	17,881.88
	<b>Total Revenue from operations</b>		<b>74,935.16</b>	<b>80,387.04</b>
(II)	Other Income	20	578.86	1,860.39
	Impairment on financial instruments	21	8,405.52	-
<b>(III)</b>	<b>Total Income (I+II)</b>		<b>83,919.54</b>	<b>82,247.43</b>
	<b>Expenses</b>			
(i)	Finance Costs	22	44,255.83	34,535.07
(ii)	Net loss on fair value changes	19	1,715.25	-
(iii)	Impairment on financial instruments	21	-	11,958.05
(iv)	Employee Benefits Expenses	23	2,768.10	2,758.79
(v)	Depreciation, amortization and impairment	8	218.84	228.52
(vi)	Others expenses	24	2,726.32	2,143.52
<b>(IV)</b>	<b>Total Expenses</b>		<b>51,684.34</b>	<b>51,623.95</b>
<b>(V)</b>	<b>Profit / (loss) before exceptional items and tax (III-IV)</b>		<b>32,235.20</b>	<b>30,623.48</b>
<b>(VI)</b>	<b>Exceptional items</b>		-	-
<b>(VII)</b>	<b>Profit/(loss) before tax (V+VI )</b>		<b>32,235.20</b>	<b>30,623.48</b>
<b>(VIII)</b>	<b>Tax Expense:</b>	36		
	- Current Tax		5,736.99	10,626.69
	- Deferred Tax		3,027.94	(952.52)
<b>(IX)</b>	<b>Profit/(loss) for the year (VII - VIII)</b>		<b>23,470.27</b>	<b>20,949.31</b>
<b>(X)</b>	<b>Other Comprehensive Income</b>			
	A (i) Items that will not be reclassified to profit and loss		4,793.53	4,511.61
	(ii) Income Tax relating to items that will not be reclassified to profit and loss		1,099.06	1,037.25
	<b>Subtotal (A) (i-ii)</b>		<b>3,694.47</b>	<b>3,474.36</b>
	B (i) Items that will be reclassified to profit and loss		-	617.53
	(ii) Income Tax relating to items that will be reclassified to profit and loss		-	(36.45)
	(iii) Reclassification adjustment		-	762.32
	<b>Subtotal (B) (i-ii-iii)</b>		-	<b>(108.34)</b>

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022**

(₹ in lakhs)

	Particulars	Note No.	For the Year ended March 31, 2022	For the Year ended March 31, 2021
	<b>Other Comprehensive Income (A + B)</b>		<b>3,694.47</b>	<b>3,366.02</b>
(XI)	<b>Total Comprehensive Income for the year</b>		<b>27,164.74</b>	<b>24,315.33</b>
(XII)	<b>Earnings per equity share for equity shares of par value ₹10/- each</b>			
	Basic & Diluted (in ₹)	31	6.18	5.51
	Significant accounting policies, key estimates and judgments	1		
The accompanying notes form an integral part of the consolidated financial statements.				

**As per our report of even date**

For and on behalf of

**RSVA & Co.**

Chartered Accountants

Firm Registration No. 110504W

**JAGADISH B SHETTY**

Partner

Membership No. 048042

UDIN: 22048042AHZQE3656

Place : Mumbai

Date : April 28, 2022

**For and on behalf of the Board of Directors****Melwyn Oswald Rego**

Director

DIN: 00292670

**V. Narayanamurthy**

Managing Director &amp; CEO

DIN: 00555704

**Kamlesh Rathi**

Chief Financial Officer

**R Venkataramani**

Director

DIN: 00829107

**Raghvendra Kumar**

Director

DIN: 08045355

**Suparna Sharma**

Company Secretary

Place : Mumbai

Date : April 28, 2022



**STATEMENT OF CHANGES IN EQUITY**

**A. Equity share capital**

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Amount	No. of Shares	Amount
	<b>Balance at the beginning</b>	38,00,00,000	38,00,00,000	38,00,00,000
Changes in the equity share capital during the year	-	-	-	-
<b>Balance as at the end</b>	38,00,00,000	38,00,00,000	38,00,00,000	38,00,00,000

(₹ in lakhs)

**B. Other Equity**

Particulars	Reserves & Surplus					Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
	Statutory Reserve	General Reserve	Reserve & Surplus HTM - CGS A/c	Capital Reserve	Capital Redemption Reserve				
Balance as at March 31, 2020	55,149.42	319.22	2,126.63	27.53	17,000.00	50,910.81	26,414.02	(10.71)	1,52,045.26
Total Comprehensive Income for the year	-	-	-	-	-	20,949.31	3,472.24	2.12	24,315.33
Dividend	-	-	-	-	-	(3,040.00)	-	-	(3,040.00)
Transfer to/from retained earnings	6,695.73	-	-	-	-	(6,695.73)	-	-	-
<b>Balance as at March 31, 2021</b>	<b>61,845.15</b>	<b>319.22</b>	<b>2,126.63</b>	<b>27.53</b>	<b>17,000.00</b>	<b>62,124.39</b>	<b>29,886.26</b>	<b>(8.59)</b>	<b>1,73,320.59</b>
Total Comprehensive Income for the year	-	-	-	-	-	23,470.27	3,687.53	6.94	27,164.74
Dividend	-	-	-	-	-	(3,040.00)	-	-	(3,040.00)
Transfer to/from retained earnings	5,811.58	-	-	-	-	(5,811.58)	-	-	-
<b>Balance as at March 31, 2022</b>	<b>67,656.73</b>	<b>319.22</b>	<b>2,126.63</b>	<b>27.53</b>	<b>17,000.00</b>	<b>76,743.08</b>	<b>33,573.79</b>	<b>(1.65)</b>	<b>1,97,445.33</b>

(₹ in lakhs)

**As per our report of even date**

For and on behalf of

**RSVA & Co.**

Chartered Accountants

Firm Registration No. 110504W

**JAGADISH B SHETTY**

Partner

Membership No. 048042

UDIN: 22048042AHZQE03656

Place : Mumbai

Date : April 28, 2022

**For and on behalf of the Board of Directors**

**Melwyn Oswald Rego**

Director

DIN: 00292670

**V. Narayanamurthy**

Managing Director & CEO

DIN: 00555704

**R Venkataramani**

Director

DIN: 00829107

**Raghendra Kumar**

Director

DIN: 08045355

**Kamlesh Rathi**

Chief Financial Officer

**Suparna Sharma**

Company Secretary


**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before exceptional items and tax	<b>32,235.20</b>	<b>30,623.48</b>
Adjustments :		
Depreciation, amortization and impairment	218.84	228.52
(Profit) / Loss on sale of Property, plant and equipment (Net)	(0.23)	(0.19)
Finance Cost	44,255.83	34,535.07
Interest Income	(67,722.16)	(61,370.48)
Dividend Income from Investments	(150.00)	(157.40)
Impairment on financial instruments	(7,864.93)	12,442.66
Unrealised gain on fair value changes	5,962.35	1,419.03
Interest income in respect of investing activity	(10.47)	(11.52)
Interest income on debt securities - FVOCI	-	(290.58)
Interest income on debt securities - Amortised cost	(5,976.41)	-
Write Back of Provisions & Other Payables	(428.12)	(75.70)
	519.90	17,342.89
Interest Paid	(44,256.43)	(34,970.58)
Interest Received	66,314.14	61,224.04
<b>Operating Profit / (loss) before working capital changes</b>	<b>22,577.61</b>	<b>43,596.35</b>
<b>Changes in Working Capital:</b>		
(Increase)/ Decrease in Receivable	517.53	(523.05)
(Increase)/ Decrease in Loans	(27,928.89)	26,301.12
(Increase)/ Decrease in Investments	(66,523.31)	(3,59,973.05)
(Increase)/ Decrease in Other Financial Assets	(1,961.57)	317.60
(Increase)/ Decrease Other Non-Financial Assets	39.05	90.75
(Increase)/ Decrease Derivative Financial Instruments	528.80	685.85
Increase/ (Decrease) in Payable	13.75	(144.09)
Increase/ (Decrease) in Other Financial Liabilities	81.73	(4,134.87)
Increase/ (Decrease) Other Non-Financial Liabilities	(382.06)	461.64
	<b>(95,614.97)</b>	<b>(3,36,918.10)</b>
<b>CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(73,037.36)</b>	<b>(2,93,321.75)</b>
Taxes Paid	<b>(6,585.61)</b>	<b>(2,192.90)</b>
<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(79,622.97)</b>	<b>(2,95,514.65)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed deposit with banks having original maturity over three months	(8,044.36)	419.44
Purchase of tangible / intangible assets	(73.01)	(93.66)
Sale of tangible / intangible assets	6.87	0.34
Dividend Income from Investments	150.00	157.40
Sales of FVOCI debt instrument	(1,60,513.97)	35,473.00
Interest received debt securities - FVOCI	-	457.57
Interest received on debt securities - Amortised cost	4,371.52	-
Interest received on investment activities	10.79	12.47
<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(1,64,092.16)</b>	<b>36,426.56</b>



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of Dividend	(3,040.00)	(3,040.00)
Funds borrowed/ Repaid (other than debt securities)	1,99,633.10	2,91,902.89
Repayment of debt securities	-	(14,000.00)
Increase/ (Decrease) in deposits	402.96	15,782.97
Payment towards lease liabilities	(50.31)	(57.46)
<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>1,96,945.75</b>	<b>2,90,588.40</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(46,769.38)</b>	<b>31,500.31</b>
<b>Cash and Cash Equivalents at beginning of year</b> (Refer Note 2 (a))	58,963.01	27,462.70
<b>Cash and Cash Equivalents at end of year</b> (Refer Note 2 (a))	12,193.63	58,963.01
The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (Ind AS) -7 "Cash Flow Statements".		

### As per our report of even date

For and on behalf of

**RSVA & Co.**

Chartered Accountants

Firm Registration No. 110504W

### JAGADISH B SHETTY

Partner

Membership No. 048042

UDIN: 22048042AHZQE3656

Place : Mumbai

Date : April 28, 2022

### For and on behalf of the Board of Directors

**Melwyn Oswald Rego**

Director

DIN: 00292670

**V. Narayanamurthy**

Managing Director &amp; CEO

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**Kamlesh Rathi**

Chief Financial Officer

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Director

DIN: 00829107

**Raghvendra Kumar**

Director

DIN: 08045355

**Suparna Sharma**

Company Secretary

Place : Mumbai

Date : April 28, 2022



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note- 1: Significant accounting policies, key accounting estimates and judgments

#### **i) Corporate Information**

STCI Finance Limited (“STCI” or “the Holding Company”) is a Public limited company domiciled in India with its registered office at A/B 1-802, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G K marg, Lower Parel (w) Mumbai – 400013. The Company was incorporated on May 10, 1994, vide certificate of incorporation no. U51900MH1994PLC078303 issued by the Registrar of Companies Maharashtra, Mumbai and the Legal Entity identifier no is 335800LJRPAAIKRNY9644. The Company is presently registered as Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC) with Reserve Bank of India (RBI) and is classified as a NBFC - Investment and Credit Company (NBFC-ICC).

These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the ‘Group’). The Group’s principal business is financing, advancing loans and underwriting, bidding, market making & trading in Government Securities, fixed income securities and other money market instruments.

#### **ii) Basis of Preparation**

##### **a) Statement of Compliance**

These Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (‘Ind AS’) notified under section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, RBI directions to NBFCs and Division III to Schedule III of the Act. Refer Note no. 25 for STCI Commodities Limited whose financials have been prepared on the basis of net realizable value.

The Group has adopted Ind AS from April 1, 2018. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### **b) Basis of Consolidation**

STCI consolidates entities which it owns or controls. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases. The consolidated financial statements comprise the financial statements of the Company, its controlled subsidiaries.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain/loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded. The financial statements of the subsidiaries are drawn up to the same reporting date as that of parent company.

##### **c) Functional and Presentation Currency**

The Group’s presentation and functional currency is Indian Rupees. All figures appearing in the financial statements are rounded to the nearest Lakhs, unless otherwise indicated.

##### **d) Basis of Preparation, Presentation and Disclosure of Financial Statements**

The consolidated financial statements have been prepared under historical cost convention on accrual basis, modified to include the fair valuation of certain financial instruments, to the extent required or permitted under Ind AS as set out in the relevant accounting policies. The Group presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. Further, Assets and liabilities are classified as per the normal operating cycle (determined at 12 months) and other criteria set out in Schedule III of the Act.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### e) Use of Judgment and Estimates

The preparation of the financial statements requires the management to make judgments, estimates and assumptions in the application of accounting policies that affects the reported amount of assets, liabilities and the accompanying disclosures along with contingent liabilities as at the date of financial statements and revenue & expenses for the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise i.e. prospectively.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas involving estimation uncertainty, higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements include measurement of credit impairment charges for amortised cost assets, fair value measurement of financial instruments using significant unobservable inputs, recognition of deferred tax assets/liabilities and measurement of Defined Benefit Obligations and actuarial assumptions.

#### Estimation of uncertainties relating to the global health pandemic from COVID-19:

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The extent to which the COVID-19 pandemic will continue to impact the Group's financial performance will depend on its future trajectory, which is highly uncertain. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates.

The impact of the global health pandemic may be different from that estimated in the preparation of financial results. As the impact assessment of COVID 19 is a continuing process, the Company will continue to monitor for any material changes to future economic conditions.

### f) Fair Value Measurement

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in statement of profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Valuation using quoted market price in active markets : The fair value for the instruments traded in active markets at the reporting date is based on their quoted market price, without any deduction for transaction costs. A market is regarded as active, if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 — Valuation using observable inputs : If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates most of the factors that market participants would take into account in pricing a transaction.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

- Level 3 — Valuation with significant unobservable inputs : The valuation techniques is used only when fair value cannot be determined by using observable inputs. The Group regularly reviews significant unobservable inputs and valuation adjustments. Level 3 assets are typically very illiquid, and fair values can only be calculated using estimates.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of financial assets which are measured at Fair Value Through Other Comprehensive Income or Fair Value Through Profit or Loss, is determined as under.

Category	Valuation Method
Government Securities & Corp. Bonds	As Published by Financial Benchmarks India Pvt Ltd (FBIL)
Derivative Debt Instruments	As per FIMMDA Valuation
Quoted Equity shares, Equity Derivatives & Units of Mutual Fund	Stock Exchange Prices
Unquoted Equity shares	DCF method, Market multiples method & Others
Unquoted Units of Mutual Fund	At latest repurchase Price/NAV declared by the Fund
Venture Capital Fund Units	At latest NAV declared by the Fund

**g) Effective Interest Rate (EIR) method**

Effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that forms an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest Income is recognised on EIR basis for debt instruments other than those classified as at FVTPL and credit impaired assets.

**iii) Significant Accounting policies****a) Financial Instruments**

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

**1) Financial Assets**

All Financial assets are initially recognised at fair value. Transaction costs that are material and directly attributable to the acquisition of financial assets, for the items which are not measured at Fair Value Through Profit or Loss, are adjusted to the fair value on initial recognition. Loans and advances and other financial assets held at amortised cost are recognised on the settlement date (the date on which cash is advanced to the borrowers).

Financial assets are subsequently classified as measured at

- Amortised Cost
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit or Loss (FVTPL)

The classification of financial assets depends on the Group's business model for managing financial assets and contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except on change in the business model for managing financial assets.

- Loans and Advances :**

Loans and advances are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any processing fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statement of profit and loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### • Debt Instruments:

After initial recognition, debt instruments are subsequently measured at amortised cost, at FVTOCI or at FVTPL till derecognition on the basis of Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### Measured at Amortised Cost:

A debt instrument is measured at amortised cost if both of the following conditions are met:

- (i) the debt instrument is held within a business model whose objective is to hold it in order to collect contractual cash flows; and
- (ii) the contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments are subsequently measured at amortized cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statement of profit and loss. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit and loss, when the asset is derecognised or impaired. Interest income from these debt instruments is included in interest income using the EIR.

#### Debt Instruments at FVTOCI

A debt instrument is measured at FVTOCI, if both of the following conditions are met:

- (i) the debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (ii) the contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment gains or losses and interest revenue which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to statement of profit and loss. Interest income from these financial assets is included in interest income using EIR.

#### Debt Instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI or is held for trading, is classified as at FVTPL.

A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in statement of profit and loss under the head "Net gain on fair value changes" in the period in which it arises. Contractual interest income on financial assets held at FVTPL is recognised as interest income.

### • Equity Instruments

All equity investments are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL with all changes recognised in statement of profit and loss. All equity instruments are classified as at FVTOCI or FVTPL on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as at FVTOCI, the fair value changes are recognised in OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investments. However, the Group may transfer the cumulative gain or loss within equity. Dividends received on equity instruments classified as at FVTOCI are recognised in statement of profit and loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- **Reclassification of Financial Assets**

Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes. Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated.

- **De-recognition of Financial Assets**

The Group de-recognises a financial asset only when

- The contractual rights to receive the cash flows from the asset have expired; or
- The Group has transferred the financial asset and substantially all risks and rewards of ownership of the asset to another entity; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received and any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit and loss except for equity instruments classified as at FVTOCI.

## 2 **Financial Liabilities and Equity Instruments issued by the Group**

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

- **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

- **Financial Liabilities**

All Financial Liabilities are initially recognized at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of profit and loss as finance costs.

- **Financial Liabilities at FVTPL:**

A financial liability is classified as at FVTPL, if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of profit and loss.

- **Financial Liabilities at Amortised Cost:**

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the EIR method.

Amortised cost is calculated after taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Statement of profit and loss.

- **De-recognition of Financial Liabilities**

The Group de-recognises financial liabilities when the obligations specified in the contract is discharged, cancelled or expires.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 3. Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

### 4. Impairment of Financial Instruments

The Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets measured at amortised cost or FVTOCI, except for investments in equity instruments. Group follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition.

**Stage 1 (Performing Assets)** - includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECL is recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date, if the credit risk has not significantly increased since initial recognition.

**Stage 2 (Underperforming Assets with significant increase in credit risk since initial recognition)** includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

**Stage 3 (Non-Performing or Credit-Impaired Assets)** includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL is recognised and interest revenue is recognised on receipt basis.

#### Criteria used for determination of movement from Stage 1 (12 month ECL) to Stage 2 and Stage 3 (lifetime ECL).

The Group monitors the Days Past Due (DPD) status of each asset which is used as the indicator to determine the assets in various stages. Criteria used for classification of assets are detailed below:

<b>Stage 1 (12 month ECL)</b>	Loans & Advances	DPD status is less than or equal to 30 DPD
	Investments	No downgrade in external rating
<b>Stage 2 (lifetime ECL)</b>	Loans & Advances	DPD status greater than 30 and less than or equal to 90 DPD
	Investments	Significant downgrade in the external rating
<b>Stage 3 (lifetime ECL)</b>	Loans & Advances	DPD status greater than 90 days
	Investments	Bonds with Default Rating

#### Measurement of Expected Credit Loss

Expected Credit Losses (ECL) on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. Measurement of expected credit losses are based on 3 main parameters.

- **Probability of Default (PD)** : It is defined as the probability of whether borrowers will default on their obligations in future.

Group currently uses an internal rating model, which acts as parameter for classifying risk of counterparty. However, it was not adequate enough through which actual defaults for each grade could be estimated. Hence, the default study published by

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

one of the recognised rating agency is used for estimating the PDs for each rating grade. Regression analysis was conducted between internal and external rating of the counterparties to arrive at the equivalent external rating. In most of the Loan Against Shares (LAS) cases, external credit rating of the underlying collateral security was used as the equivalent of the counterparty riskiness, as the same were assumed to be highly correlated. In case of internally unrated accounts, the external rating equivalent of lowest rating was used.

- **Loss Given Default (LGD)** : It is the magnitude of the likely loss, if there is a default. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value.

The LGD estimation is based on the history of recovery rates of claims against defaulted counterparties. Based on the product portfolio, the LGD computation is detailed below.

- (i) For Loan against Shares, historical recovery data is used to arrive at the actual loss percentages.
- (ii) For other collaterals, in absence of historical recovery data, basel prescribed LGD haircuts are used.

- **Exposure at Default (EAD)** : EAD represents the expected exposure in the event of a default, taking into account the repayment of principal and interest from the balance sheet date to the default event. Stage wise EAD computation is as under.

- (i) For Stage 1 and 3, Current outstanding are used as EAD.
- (ii) For Stage 2 accounts, the expected principals outstanding (as contracted) at the end of reporting period are used as EAD.

ECL is measured as the product of the PD, LGD and EAD. Expected credit loss is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which the Group is exposed to credit risk. The estimation of ECL also takes into account the time value of money. ECL is estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset.

The ECL for stage 3 is based on the management estimates as at the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest. Collateral is taken into account if it is likely that the recovery of the outstanding amount will include realisation of collateral based on the estimated fair value of collateral at the time of expected realisation, less costs for obtaining and selling the collateral.

Computation of ECL is summarized as under.

Classification	Criteria for Classification	ECL	ECL computation
Stage 1	DPD≤30	12 Month ECL	1 year PD*LGD*Outstanding on computation Date
Stage 2	30>DPD≤90	Lifetime ECL	Sum of discounted value of each year's ECL (ECL for each year would be product of forecasted PD, LGD and forecasted EAD at the end of each year
Stage 3	DPD>90	Lifetime ECL	ECL is based on an assessment of the recoverable cash flows, including the realisation of any collateral held where appropriate.

- **Write-offs of Credit-Impaired Instruments**

To the extent a financial asset is considered irrecoverable, the applicable portion of the gross carrying value is written off. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off and when there is no reasonable expectation of recovery from the collaterals held. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- **Presentation of Allowance for ECL in the Balance Sheet**

Loss allowances for ECL are deducted from gross carrying amount of financial assets measured at amortised cost.

### 5. Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the Balance Sheet when, and only when, the Group has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have original maturities of less than or equal to three months. These balances with banks are unrestricted for withdrawal and usage.

Other bank balances includes balances and deposits with banks that are restricted for withdrawal and usage.

#### Statement of Cash Flow

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

### c) Property, Plant and Equipment and Intangible Assets

#### 1. Recognition and Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of an asset comprises its purchase price and any costs (including non-refundable taxes) directly attributable to bringing the asset into location and condition for its intended use, including relevant borrowing costs

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of PPE, is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of profit and loss.

The residual values and useful lives of PPE are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

Intangible Assets include computer software /licences acquired by the Group and are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

#### 2. Subsequent Measurement

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses are charged to the Statement of profit and loss during the period in which they are incurred.

#### 3. Depreciation and Amortisation

Depreciation on PPE is recognised on a straight-line basis over the estimated useful lives as estimated by the management which are in line with the useful lives indicated in Schedule II to the Companies Act, 2013.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

Depreciation is provided on pro rata basis for assets purchased and sold during the year. Assets costing in aggregate less than ₹ 0.05 lakh at the time of purchase, are provided with 100% depreciation in the year of purchase. Land is not depreciated. However, where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, based on the estimated useful life of the buildings.

Amortisation is recognised on a straight-line basis over the estimated useful lives of all the intangible assets. Estimated useful lives of the Intangible Assets are as under.

Description of Asset	Estimated useful Life
Computer Software	3 years
Value of License/Right to use infrastructure	3 years

**d) Impairment of Non-Financial Assets (Tangible and Intangible Assets)**

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount in statement of profit and loss. Recoverable amount is the greater of the net selling price and value in use.

If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

**e) Provisions and Contingencies**

Provisions are recognised when Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account the risks and uncertainties surrounding the obligation as at the balance sheet date.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

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 Group 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.

Claims against the Group, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

**f) Employee Benefits****1. Short-Term Employee Benefits**

Short-term employee benefits are recognised as an expense on accrual basis. All employee benefits payable wholly within 12 months of rendering the services are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The Group recognises the undiscounted amount of such short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expenses) after deducting any amount already paid.

**2. Long-Term Employee Benefits**

Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Long-term employee benefit primarily consists of Leave encashment benefits wherein employees are entitled to accumulate leave subject to certain limits for future encashment/availment. Long-term compensated absences are provided for on the basis of an actuarial valuation at the end of each financial year using Projected Unit Credit (PUC) Method. Actuarial gains/losses, if any, are recognised immediately in the statement of profit and loss.

Gains or losses on the curtailment or settlement of long term employee benefits plan are recognised when the curtailment or settlement occurs.

### 3. Post-Employment and Termination Benefits

#### • Defined Contribution Plan (Provident Fund):

Contributions as required under the statute, made to the Provident Fund (Defined Contribution Plan) are recognised immediately in the statement of profit and loss. There is no obligation other than the monthly contribution payable to the Regional Provident Fund Commissioner.

#### • Defined Benefit Obligation (Gratuity)

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation performed by an independent actuary based on projected unit credit method, at the end of each financial year. The Group has created a trust for future payment of gratuities which is funded through Gratuity cum Life Assurance Scheme of LIC (Defined Benefit Plan).

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI, net of taxes. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

The Group's net obligation in respect of gratuity (defined benefit plan), is calculated by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is recognised as an asset to the extent of present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Gains or losses on the curtailment or settlement of defined benefits plan are recognised when the curtailment or settlement occurs.

#### g) Borrowing Cost

Borrowing cost includes interest expense, amortisation of discounts, ancillary costs incurred in connection with borrowing of funds. Interest on borrowings is recognised in the statement of profit and loss using effective interest rate method. Fee and commission expense that are integral to the effective interest rate on a financial liability are included in the effective interest rate.

Borrowings and debt securities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

### h) Revenue Recognition

#### 1. Interest

- For all financial instruments measured at amortised cost and interest bearing financial assets classified at FVTOCI, interest income or expense is recognised using the effective interest rate method.
- Interest income on credit impaired advances and tax refunds is recognised on receipt basis.

#### 2. Fees Income

Fee and commission income/expense that are integral to the EIR on a financial asset or financial liability are included in the EIR and other fee income is recognised on accrual basis.

#### 3. Dividend Income

Dividend income from investments is recognised when the rights to receive income is established.

#### 4. Income from Securities

Gains or losses on the sale of securities are recognised in Statement of profit and loss as the difference between fair value of the consideration received and carrying amount of the investment securities.

### i) Leases

The Group's lease assets primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. 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.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial material direct costs. They are then subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments are classified as financing cash flows.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers any significant leasehold improvements undertaken over the lease term.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### j) **Income Tax**

Income tax expense comprises of current tax and deferred tax.

#### 1. **Current Tax**

Current tax comprises of the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of earlier years. The amount of current tax reflects the best estimate of the tax amount to be paid, measured in accordance with the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current tax items are recognised in correlation to the underlying transaction either in the statement of profit and loss, other comprehensive income or directly in equity.

Income tax assets and liabilities are measured at the amount expected to be recovered from or payable to the taxation authorities.

#### 2. **Deferred Tax**

Deferred tax is recognised using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax items are recognised in correlation to the underlying transaction either in the statement of profit and loss, other comprehensive income or directly in equity.

Any change in the deferred taxes due to a change in tax rates is recognised in the statement of profit and loss in the period of enactment of the change.

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities.

Minimum Alternate Tax (MAT) credit entitlement (i.e. excess of amount of MAT paid for a year over normal tax liability for that year) eligible for set-off in subsequent years is recognised as an asset in accordance with Ind AS 12, Income Taxes, if there is convincing evidence of its realisation.

MAT credit is created by way of a credit to the statement of profit and loss. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal income-tax during the specified period.

### k) **Earnings Per Share (EPS)**

Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****l) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. The Group's management has identified Lending Business and Treasury Operations as two reportable segment based on risk, return and the regulatory authorities for reporting. The segmental assets and liabilities include all directly attributable to the respective segment. All other assets and liabilities not attributable to any particular segment have been grouped under Unallocated Assets and Liabilities. The segmental revenues and expenses include all directly attributable to the respective segment. Administrative expenses, personnel costs and depreciation on fixed assets cannot be identified with any particular segment and are considered as unallocable.

**m) Dividend Distribution to Equity Holders of the Company**

The Company recognises a liability to make distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note-2 (a) : Cash and Cash equivalents

(₹ in lakhs)

	Particulars	As at March 31, 2022	As at March 31, 2021
a)	Cash on hand	0.24	0.15
b)	Balance with Bank (In current and deposit accounts)	12,193.39	58,962.86
	<b>Total (a+b)</b>	<b>12,193.63</b>	<b>58,963.01</b>

### Note-2 (b) : Bank Balance other than Cash & Cash Equivalents

(₹ in lakhs)

	Particulars	As at March 31, 2022	As at March 31, 2021
	Deposits with Bank (Original maturity of more than 3 months) (includes interest accrued but not due)	8,445.13	501.09
	Deposits with Banks includes ₹ 126.65 lakhs (PY ₹ 222.11 lakhs) towards margin requirements and lien marked in favour of exchanges. Residual maturity of above fixed deposits is less than one year.		
	Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	100.00	-
	<b>Total</b>	<b>8,545.13</b>	<b>501.09</b>

### Note-3 : Derivative Financial Instruments

(₹ in lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Equity linked derivatives	-	-	-	-	-	-
Interest rate derivatives :						
Forward Rate Agreements and Interest Rate Swaps	36,91,936.93	38,228.27	38,589.59	14,55,710.73	44,863.24	44,695.76
Futures	-	-	-	-	-	-
<b>Total derivatives Financial Instruments</b>	<b>36,91,936.93</b>	<b>38,228.27</b>	<b>38,589.59</b>	<b>14,55,710.73</b>	<b>44,863.24</b>	<b>44,695.76</b>
PART - II, Included in above (part I) are derivatives held for hedging and risk management purposes as follows:						
Undesignated Derivatives	36,91,936.93	38,228.27	38,589.59	14,55,710.73	44,863.24	44,695.76
<b>Total derivatives Financial Instruments</b>	<b>36,91,936.93</b>	<b>38,228.27</b>	<b>38,589.59</b>	<b>14,55,710.73</b>	<b>44,863.24</b>	<b>44,695.76</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note-4 : Receivables**

(₹ in lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
<b>a) Trade Receivables</b>			
	a) Secured, considered good ;	20.79	244.56
	b) Unsecured, considered good; and	-	-
	c) Credit Impaired	-	-
	<b>Subtotal (a+b+c)</b>	20.79	244.56
	Less: Allowance for impairment loss	-	-
	<b>NET Receivables</b>	<b>20.79</b>	<b>244.56</b>
<b>b) Other Receivables</b>		0.28	294.04
<b>TOTAL (a+b)</b>		<b>21.07</b>	<b>538.60</b>
Dues from Directors & Others officers in above		Nil	Nil

**Trade & Other Receivables ageing Schedule**

(₹ in lakhs)

	Particulars	Unbilled/ Not Due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months to 1 year	1 year to 2 year	2 year to 3 year	more than 3 year	
<b>As on March 31, 2022</b>								
(i)	Undisputed Trade/Other receivables – considered good	20.79	-	-	0.28	-	-	<b>21.07</b>
(ii)	Undisputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii)	Undisputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade/Other Receivables–considered good	-	-	-	-	-	-	-
(v)	Disputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi)	Disputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-	-
	<b>Total</b>	<b>20.79</b>	-	-	<b>0.28</b>	-	-	<b>21.07</b>
<b>As on March 31, 2021</b>								
(i)	Undisputed Trade/Other receivables – considered good	244.56	294.04	-	-	-	-	<b>538.60</b>
(ii)	Undisputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii)	Undisputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade/Other Receivables–considered good	-	-	-	-	-	-	-
(v)	Disputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi)	Disputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-	-
	<b>Total</b>	<b>244.56</b>	<b>294.04</b>	-	-	-	-	<b>538.60</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note-5 : Loans (At Amortised Cost)

(₹ in lakhs)

	Particulars	As at March 31, 2022	As at March 31, 2021
a)	Loans (at amortised cost) :		
	Term Loans & Others	1,70,229.67	1,42,416.12
	Others - TREPS Lending	-	-
	Total (Gross)	1,70,229.67	1,42,416.12
	Less : Impairment loss allowance	(17,277.23)	(25,142.16)
	<b>Total (Net)</b>	<b>1,52,952.44</b>	<b>1,17,273.96</b>
b)	i) Secured by tangible assets	1,70,229.67	1,42,416.12
	ii) Secured by intangible assets	-	-
	iii) Covered by bank / Government guarantees	-	-
	iv) Covered by CCP's	-	-
	v) Unsecured	-	-
	Total (Gross)	1,70,229.67	1,42,416.12
	Less : Impairment loss allowance	(17,277.23)	(25,142.16)
	<b>Total (Net)</b>	<b>1,52,952.44</b>	<b>1,17,273.96</b>
c)	I) Loans in India		
	a) Public Sector	-	-
	b) Others	1,70,229.67	1,42,416.12
	Total (Gross)	1,70,229.67	1,42,416.12
	Less : Impairment loss allowance	(17,277.23)	(25,142.16)
	<b>Total (Net)</b>	<b>1,52,952.44</b>	<b>1,17,273.96</b>
	II) Loans outside India (Net)	-	-
	<b>Total C(I) &amp; C(II)</b>	<b>1,52,952.44</b>	<b>1,17,273.96</b>

The Group has not granted any Loans or Advances to promoters, directors, KMPs and related parties during financial year.

Loans and Advances of ₹30,647.05 lakhs (₹44,329.27 lakhs as March 31, 2021) have been charged in favour of Banks for outstanding Secured Bank Term Loans of ₹22,931.60 lakhs (₹35,272.10 lakh as on March 31, 2021)


**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**
**Note-6 : Investments**

Particulars	As at March 31, 2022					As at March 31, 2021				
	Amortised Cost	FVTOCI	FVTPL	Others at Cost	Total	Amortised Cost	FVTOCI	FVTPL	Others at Cost	Total
<b>Investments</b>										
Mutual funds	-	-	2,500.97	-	2,500.97	-	-	-	-	-
Government securities (Incl. SDL) *	1,62,118.86	-	11,33,729.29	-	12,95,848.15	-	-	11,30,480.31	-	11,30,480.31
Debt securities (FI Bonds) *	-	-	65,702.53	-	65,702.53	-	-	9,342.29	-	9,342.29
Equity instruments	-	-	-	-	-	-	-	-	-	-
- Quoted Equity Shares	-	110.19	-	-	110.19	-	65.95	25.86	-	91.81
- Equity Investment in CCIL (unquoted)	-	39,593.00	-	-	39,593.00	-	35,653.00	-	-	35,653.00
Investment in Venture Capital Fund **	-	2,025.00	-	-	2,025.00	-	1,225.00	-	-	1,225.00
<b>Total – Gross (A)</b>	<b>1,62,118.86</b>	<b>41,728.19</b>	<b>12,01,932.79</b>	-	<b>14,05,779.84</b>	-	<b>36,943.95</b>	<b>11,39,848.46</b>	-	<b>11,76,792.41</b>
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	1,62,118.86	41,728.19	12,01,932.79	-	14,05,779.84	-	36,943.95	11,39,848.46	-	11,76,792.41
<b>Total – Gross (B)</b>	<b>1,62,118.86</b>	<b>41,728.19</b>	<b>12,01,932.79</b>	-	<b>14,05,779.84</b>	-	<b>36,943.95</b>	<b>11,39,848.46</b>	-	<b>11,76,792.41</b>
<b>Total Investments (A) = (B)</b>	<b>1,62,118.86</b>	<b>41,728.19</b>	<b>12,01,932.79</b>	-	<b>14,05,779.84</b>	-	<b>36,943.95</b>	<b>11,39,848.46</b>	-	<b>11,76,792.41</b>
Less: Impairment loss allowance (C)	-	-	-	-	-	-	-	-	-	-
<b>Total – Net D = (A) - (C)</b>	<b>1,62,118.86</b>	<b>41,728.19</b>	<b>12,01,932.79</b>	-	<b>14,05,779.84</b>	-	<b>36,943.95</b>	<b>11,39,848.46</b>	-	<b>11,76,792.41</b>

\* Including accrued Interest.

Securities having FV of ₹ 12,45,032.00 lakhs (PY ₹ 10,82,964.00 lakhs) has been kept as collateral for various borrowings and settlement.

\*\* Tata Venture Capital Funds- class A units 25,00,00,000 of ₹1/- each. Net amount paid per unit - ₹ 0.4941 (PY ₹ 0.4941) after considering redemption of ₹ 0.41656 (PY ₹ 0.41656) per unit.

Investment in Equity Shares of Clearing Corporation of India Limited (CCIL), Tata Capital Growth Fund - I and other long term investments in quoted equity shares have been classified as at FVTOCI in view of the long term investment horizon. Refer Note No 39 for Valuation of Investments.

**Note-7 : Other Financial Assets**

Particulars	As at March 31,	
	2022	2021
Security and other deposits (Measured at amortised cost)	108.51	103.92
Margin Money With CCIL & Others	4,066.00	2,096.00
Profit/ (Loss) on account of trade on reporting date accounting	-	13.02
<b>Total</b>	<b>4,174.51</b>	<b>2,212.94</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note - 8 : Property, Plant & Equipment and Intangible Assets

(₹ in lakhs)

Particulars	Tangible Assets										Intangible Assets	Right to Use Asset		Total Assets		
	Air-Conditioners	Buildings *	Improvement to Leasehold Property	Computers	Electrical Installations	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software and Licenses		Building				
<b>Gross Block</b>																
As at March 31, 2020	28.37	3,705.15	34.56	200.78	12.86	96.16	10.63	51.30	4,139.81	109.98	338.03	4,587.82				
Additions	0.42	-	15.21	35.99	-	13.90	7.17	-	72.69	20.33	6.05	99.07				
Disposals	0.46	-	-	0.28	-	3.51	0.09	-	4.34	-	24.31	28.65				
As at March 31, 2021	28.33	3,705.15	49.77	236.49	12.86	106.55	17.71	51.30	4,208.16	130.31	319.77	4,658.24				
Additions	6.21	-	-	34.33	-	5.04	3.15	22.36	71.09	2.56	-	73.65				
Disposals	-	-	-	7.56	-	0.33	0.40	15.20	23.49	-	-	23.49				
As at March 31, 2022	34.54	3,705.15	49.77	263.26	12.86	111.26	20.46	58.46	4,255.76	132.87	319.77	4,708.40				
<b>Depreciation</b>																
As at March 31, 2020	15.51	274.59	10.84	107.44	11.08	66.92	7.46	16.79	510.63	56.15	77.29	644.07				
Additions	3.42	69.25	9.03	39.18	1.69	11.74	1.82	6.27	142.40	26.26	59.86	228.52				
Disposals	0.31	-	-	0.28	-	3.51	0.09	-	4.19	-	24.31	28.50				
As at March 31, 2021	18.62	343.84	19.87	146.34	12.77	75.15	9.19	23.06	648.84	82.41	112.84	844.09				
Additions	2.53	69.25	9.96	36.79	0.09	4.21	2.66	6.75	132.24	29.00	57.60	218.84				
Disposals	-	-	-	7.44	-	0.26	0.40	8.75	16.85	-	-	16.85				
As at March 31, 2022	21.15	413.09	29.83	175.69	12.86	79.10	11.45	21.06	764.23	111.41	170.44	1,046.08				
<b>Net Carrying Amount</b>																
As at March 31, 2021	9.71	3,361.31	29.90	90.15	0.09	31.40	8.52	28.24	3,559.32	47.90	206.93	3,814.15				
As at March 31, 2022	13.39	3,292.06	19.94	87.57	-	32.16	9.01	37.40	3,491.53	21.46	149.33	3,662.32				

\*a) Cost of building includes ₹0.10 lakhs being the cost of shares held for membership of the Co-operative society.

b) Title deeds of all the immovable property (other than properties where the Holding Company/Group Company is the lessee) are held in the name of the respective Holding or Group companies.

c) The company has not revalued its Property, Plant & Equipment and Intangible Assets (including Right-of-Use Assets) during the financial year.

d) Intangible Assets under Development has been transferred to Intangible Asset as the asset is developed during the year

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Intangible assets under development ageing schedule**

(₹ in lakhs)

Intangible assets under development	Amount in CWIP for a period of					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
- Projects in progress as on March 31, 2022	-	-	-	-	-	-
- Projects in progress as on March 31, 2021	-	0.64	-	-	-	<b>0.64</b>

**Note-9 : Other non-financial asset**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Unsecured - Considered good (Unless otherwise stated)</b>		
Prepaid Expenses	237.02	155.76
Input Tax Credit	90.84	219.66
Other Advances	28.52	20.01
<b>Total</b>	<b>356.38</b>	<b>395.43</b>

**Note-10 : Payables**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a) Trade Payables</b>		
(i) total outstanding dues of micro enterprises and small enterprises	-	2.92
(ii) total dues of creditors other than micro enterprises and small enterprises	128.32	125.03
<b>Subtotal (i+ ii)</b>	<b>128.32</b>	<b>127.95</b>
<b>b) Other Payables</b>		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total dues of creditors other than micro enterprises and small enterprises	53.65	47.45
<b>Subtotal (i+ ii)</b>	<b>53.65</b>	<b>47.45</b>
<b>Total (a+b)</b>	<b>181.97</b>	<b>175.40</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Trade & Other Payables aging Schedule

(₹ in lakhs)

	Particulars	Unbilled/ Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
	<b>As on March 31, 2022</b>						
i)	MSME	-	-	-	-	-	-
ii)	Others	181.62	0.34	-	0.01	-	<b>181.97</b>
iii)	Disputed dues – MSME	-	-	-	-	-	-
iv)	Disputed dues - Others	-	-	-	-	-	-
	<b>Total</b>	<b>181.62</b>	<b>0.34</b>	<b>-</b>	<b>0.01</b>	<b>-</b>	<b>181.97</b>
	<b>As on March 31, 2021</b>						
i)	MSME	-	2.92	-	-	-	<b>2.92</b>
ii)	Others	156.35	8.79	0.01	-	3.20	<b>168.35</b>
iii)	Disputed dues – MSME	-	-	-	-	-	-
iv)	Disputed dues - Others	-	-	-	-	4.13	<b>4.13</b>
	<b>Total</b>	<b>156.35</b>	<b>11.71</b>	<b>0.01</b>	<b>-</b>	<b>7.33</b>	<b>175.40</b>

Based on and to the extent of the information received by the Group from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), amounts due to MSME ₹ Nil Lakhs as at March 31, 2022 (₹2.92 lakhs as at March 31, 2021)

(₹ in lakhs)

Disclosure under MSMED Act, 2006, to the extent the Company has received intimation from the Suppliers regarding their status	As at March 31, 2022	As at March 31, 2021
i) Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	2.92
ii) Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-
iii) 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 MSMED Act, 2006	-	-
iv) Interest accrued and remaining unpaid at the end of each accounting year	-	-
v) 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,	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note-11: Borrowings (Other than Debt Securities) at amortised cost**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Term loans		
(i) from Banks - Long Term	22,911.51	35,274.79
(ii) from Banks - Short Term	-	7,412.86
- Related Party (BOI)	20,004.25	20,008.44
(b) Loans repayable on demand		
(i) from Banks (including call and term money)	9,887.42	9,576.79
(ii) from Banks - Related Party (BOI)	4,298.24	4,000.78
(iii) from Banks under call and term money	1,31,748.99	43,175.42
(c) Other loans		
Borrowing under Tri-Party Repo (TREPS) (Secured)	1,20,293.57	3,32,571.99
Borrowing under REPO (Secured)	10,17,081.05	6,74,550.94
<b>Total</b>	<b>13,26,225.03</b>	<b>11,26,572.01</b>
Borrowings in India	13,26,225.03	11,26,572.01
Borrowings outside India	-	-
<b>Total</b>	<b>13,26,225.03</b>	<b>11,26,572.01</b>

The above amount includes outstanding accrued interest on the borrowings and are net off the unamortised borrowing cost.

Details of Long term loan from Banks is as under. These Term Loans are secured by way of first charge on specific receivables (Loan & Advances) with an overall asset cover of 120%.

(₹ in lakhs)

Name of the Lender	Repayment details	As at March 31, 2022		As at March 31, 2021	
		Principal Maturity Value		Principal Maturity Value	
		Current	Non Current	Current	Non Current
State Bank of India	18 Qtrly Installments of Rs 2778.00 lakhs w.e.f. 30.07.17	-	-	8,330.00	-
Bank of Baroda	8 Qtrly Installments of Rs 2,500.00 lakhs w.e.f. 30.06.22	10,000.00	9,931.86	-	19,942.72
Union Bank II	10 Qtrly Installments of 1,000.00 lakhs w.e.f. 28.07.20	2,999.75	-	4,000.00	2,999.38
		<b>12,999.75</b>	<b>9,931.86</b>	<b>12,330.00</b>	<b>22,942.10</b>

**Details of Short term loan/Cash Credit from Banks is as under.**

(₹ in lakhs)

Name of the Lender	Repayment details	Type	As at March 31, 2022	As at March 31, 2021
Bank Of India (Related Party)	25.05.2022 (PY - 30.04.21)	Unsecured	10,000.00	20,000.00
Bank Of India (Related Party)	28.05.2022 (PY - NA)	Unsecured	10,000.00	-
Union Bank of India	(PY - 07.04.21)	Unsecured	-	7,411.50
Interest Accrued but not due on above			4.25	9.80
<b>Total</b>			<b>20,004.25</b>	<b>27,421.30</b>

Details of Overdraft facilities availed from Banks is as under. These credit facilities are repayable as per terms of sanction or on demand and subject to annual review.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

Name of the Lender	Type	As at March 31, 2022	As at March 31, 2021
Bank Of India (Related Party)	Unsecured	4,291.51	3,999.85
Union Bank of India (Andhra Bank)	Unsecured	9,887.42	9,576.79
Interest Accrued but not due on above		6.73	0.93
<b>Total</b>		<b>14,185.66</b>	<b>13,577.57</b>

Other Details :

- Borrowings under TREPS is secured by Collateral of Government Securities & Treasury Bills and carries interest rate between 2.80 % to 4.01 % (PY 3.33 % to 3.42%) and is repayable within 4 days (PY- 5 days)
- Borrowings under Repo is secured by Collateral of Government Securities & Treasury Bills and carries interest rate between 3.70% to 4.10% (PY - 3.35% to 3.50%) and is repayable within 4 days (PY- 5 days)
- Unsecured Loans from Banks under call/short notice/term market of ₹ 1,31,748.99 lakhs (PY - ₹ 43,175.42 lakhs) carrying interest rate between 3.05% to 3.85% (PY - 3.05% to 3.45%) and repayable within 4 - 19 days. (PY- 5 days)

During the year, Group has not defaulted either on principal or interest payment for any of the above borrowings and has utilised the funds for the purpose it has borrowed. The returns or statements filed with the banks in relation to book debts charged as security for loan are in agreement with the books of accounts. The respective group companies have filed Registration of Charges with ROC within the statutory period wherever applicable, and satisfaction of charge with ROC is filed on repayment of the entire term loan borrowings.

### Note 12 : Deposits

Borrowings under Inter Corporate Deposits carries interest rates between 3.70% to 3.78% (PY - 3.70% to 3.74%) and is repayable within 33 - 91 days (PY 67 - 91 days). Group has not defaulted either on principal or interest payment for any of the above borrowings.

### Note 13 : Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Margin money	334.01	470.94
b) Lease Liability (Refer Note No 28)	153.82	204.13
c) Net Fair value changes for settlement date	82.65	-
d) Others	393.59	257.58
<b>Total</b>	<b>964.07</b>	<b>932.65</b>

### Note 14 : Provisions

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Provision for Employee benefits	547.02	590.26
(b) Provision for PLVP	825.00	910.00
(c) Others		
- Provision for Stamp Duty (Refer Note No 27)	-	420.44
- Other provisions	-	172.01
<b>Total (a+b+c)</b>	<b>1,372.02</b>	<b>2,092.71</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note 15 : Other Non-Financial Liabilities**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory Dues	63.06	154.64
<b>Total</b>	<b>63.06</b>	<b>154.64</b>

**Note-16 : Equity Share Capital**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Authorised</b>		
50,00,00,000 (PY - 50,00,00,000) Equity shares of ₹10/-each (PY ₹10/-)	50,000.00	50,000.00
	50,000.00	50,000.00
<b>Issued, subscribed, and fully paid up</b>		
<b>Equity Share Capital</b>		
38,00,00,000 (PY - 38,00,00,000) Equity shares of ₹10/-(PY ₹10/-) each fully paid up	38,000.00	38,000.00
<b>Total</b>	<b>38,000.00</b>	<b>38,000.00</b>

a) Details of Shareholding of Holding Company :

- i) 11,38,37,810 number of equity shares of ₹10/- each are held by Bank of India, the largest shareholder of the company.
- ii) Shareholders holding more than 5% of equity shares of the company are as under.

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	11,38,37,810	29.96%	11,38,37,810	29.96%
State Bank of India	3,92,11,420	10.32%	3,92,11,420	10.32%
IDFC First Bank Limited	3,53,01,360	9.29%	3,53,01,360	9.29%
Punjab National Bank	2,73,00,970	7.18%	2,73,00,970	7.18%
IDBI Bank Limited	2,50,76,100	6.60%	2,50,76,100	6.60%
LIC of India	2,15,23,470	5.66%	2,15,23,470	5.66%
Canara Bank	2,00,84,580	5.29%	2,00,84,580	5.29%

b) Details of shares bought back during past five years : Nil

c) Shares allotted as fully paid up pursuant to contract without payment being received in cash or by way of Bonus Shares - Nil

d) Reconciliation of the number of equity shares outstanding of ₹10/- each.

Particulars	As at March 31, 2022	As at March 31, 2021
No. of shares Outstanding as at the beginning of the year (FV ₹ 10/-)	38,00,00,000	38,00,00,000
Add: Shares issued	-	-
Less: Share bought back / forfeited	-	-
Number of shares at the end of year (FV ₹10/- per share)	<b>38,00,00,000</b>	<b>38,00,00,000</b>

e) Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of ₹10/- each.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### f) Details of Shares held by Promoters :

No person has been identified by the Company as its Promoter. Bank of India continues to be the largest shareholder of the Company with 11,38,37,810 equity shares i.e. 29.96% stake in the paid up equity capital of the Company.

### Note 17 : Other Equity

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory Reserve u/s 45-IC of The RBI Act, 1934	67,656.73	61,845.15
Reserve & Surplus HTM - CGS	2,126.63	2,126.63
Capital redemption Reserve	17,000.00	17,000.00
General Reserve	319.22	319.22
Capital Reserve	27.53	27.53
Retained Earnings	76,743.08	62,124.39
Other Comprehensive Income	33,572.14	29,877.67
<b>Total</b>	<b>1,97,445.33</b>	<b>1,73,320.59</b>

The Description of the nature and purpose of each reserve within equity is as follows:

- i) Statutory Reserve is created pursuant to Section 45IC of the RBI Act, 1934 by transferring therein a sum not less than 20% of net profit every year and forms part of free reserves, Net owned funds and Tier I capital.
- ii) Capital redemption Reserve is created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares in accordance with Section 69 of the Companies Act, 2013.
- iii) Retained earnings represents profits earned till date, less any transfers to Statutory reserve, dividends or other distributions paid to shareholders.
- iv) Other Comprehensive Income represents the cumulative gains/(losses) arising on the revaluation of Equity Shares and debt instruments measured at fair value through OCI. It also includes actuarial gains and losses on defined benefit plans recognised in other comprehensive income (net of taxes).
- v) Reserve & Surplus HTM - CGS represents profit transferred to such reserve as per RBI guidelines on disposal of instruments classified under HTM category.
- vi) The Capital reserve comprises of profits/gains of capital nature earned and credited directly to such reserve.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note 18 : Interest Income**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Financial Assets measured at Amortised Cost</b>		
Interest on Loans	12,732.06	16,234.49
Interest on deposits with Banks	908.22	559.18
Interest income from debt instruments	5,976.41	-
Other interest Income	252.37	9.79
<b>Financial Assets measured at fair value through OCI</b>		
Interest income from debt instruments	-	290.58
<b>Financial Assets measured at fair value through profit or loss</b>		
Interest income from debt instruments	53,829.51	44,567.02
<b>Total</b>	<b>73,698.57</b>	<b>61,661.06</b>

**Note 19 : Net gain/ (loss) on fair value changes**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	(1,963.68)	17,153.00
- Derivatives	248.43	(33.44)
(B) Others	-	-
(i) Government securities (including SDL)-(Held at FVTOCI on derecognition)	-	762.32
<b>Total</b>	<b>(1,715.25)</b>	<b>17,881.88</b>
<b>Fair Value changes:</b>		
- Realised	4,247.10	19,300.91
- Unrealised	(5,962.35)	(1,419.03)
<b>Total</b>	<b>(1,715.25)</b>	<b>17,881.88</b>

**Note 20 : Other Income**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Net gain/(loss) on derecognition of property, plant and equipment	0.23	0.19
Provisions & Other write back	428.12	75.70
Miscellaneous Income *	139.99	737.88
Other Interest Income	10.52	1,046.62
<b>Total</b>	<b>578.86</b>	<b>1,860.39</b>

\* for the year ended March 31, 2022 - includes compensation of ₹127.76 Lakhs received from merchant banker in respect of short allotment of shares in IPO. For the year ended March 31, 2021 includes ₹ 673.41 Lakhs reimbursement of Service tax/GST on underwriting commission income received from RBI for the period July 01, 2012 to March 31, 2020.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note 21 : Impairment on Financial Instruments Measured at Amortised Cost

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Loan</b>		
- Expected credit losses	(7,864.93)	12,442.66
-Write off of Loans	(540.59)	(484.61)
<b>Total</b>	<b>(8,405.52)</b>	<b>11,958.05</b>

Significant recoveries in stage 3 assets has led to overall reversal of expect credit loss on financial instruments measured at amortised cost for year ended March 31, 2022 and accordingly has been disclosed as part of Total Income under Statement of Profit & Loss.

### Note 22 : Finance Cost

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Interest on Financial liabilities measured at Amortised Cost</b>		
Borrowings other than debt securities	43,323.40	32,706.15
Debt securities	-	615.73
Deposits	702.71	722.42
Intraday Liquidity charges	154.38	168.95
Other interest expense	75.34	321.82
<b>Total</b>	<b>44,255.83</b>	<b>34,535.07</b>

### Note 23 : Employee Benefits Expenses

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Salaries and wages	2,593.16	2,605.93
Contribution to provident and other funds	110.77	109.04
Staff welfare expenses	64.17	43.82
<b>Total</b>	<b>2,768.10</b>	<b>2,758.79</b>

### Note 24 : Other expenses

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Rent, taxes and energy costs	83.17	153.88
Repairs and maintenance	159.97	136.68
Communication Costs	56.24	52.91
Printing and stationery	16.60	11.80
CSR Expenditure (Refer Note No 32)	425.79	290.80
Donation	-	0.45
Director's fees, allowances and expenses	101.57	85.39
Auditor's fees and expenses (Refer Note No 29)	31.05	29.65
Legal and Professional charges	713.88	445.70
Insurance	113.89	91.57

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Information services	135.34	152.22
Business Development Expenses	9.22	10.25
Travelling Expenses	75.39	61.23
Transaction and settlement charges	596.44	501.53
Other expenditure	207.77	119.46
<b>Total</b>	<b>2,726.32</b>	<b>2,143.52</b>

**Notes forming part of financial statements**

25. The following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of incorporation	Ownership held by	% of holding and voting power as at	
				March 31, 2022	March 31, 2021
STCI Primary Dealer Limited	Subsidiary	India	STCI Finance Ltd.	100%	100%
STCI Commodities Limited	Subsidiary	India	STCI Finance Ltd.	100%	100%

## Details of entities considered in the consolidated financial statements

Name of the entity in the Group	Net Assets* (Total assets minus total liabilities)		Share in profit or loss (PAT)*		Share in other comprehensive income		Share in total comprehensive income*	
	% of consolidated net assets	Amount (₹ in lakhs)	% of consolidated profit or loss (PAT)	Amount (₹ in lakhs)	As % of consolidated OCI	Amount (₹ in lakhs)	As % of total comprehensive income	Amount (₹ in lakhs)
STCI Finance Limited (parent)	66.93%	1,57,580.72	57.16%	13,415.33	99.95%	3,692.73	62.98%	17,108.06
Subsidiaries – Indian								
STCI Primary Dealer Limited	32.99%	77,670.12	42.85%	10,056.16	0.05%	1.74	37.02%	10,057.90
STCI Commodities Limited	0.08%	194.49	(0.01%)	(1.22)	0.00%	0.00	(0.00%)	(1.22)
Subsidiaries – Foreign	-	-	-	-	-	-	-	-
Non-controlling Interests in all subsidiaries	-	-	-	-	-	-	-	-
Associates - Indian (as per eq. method)	-	-	-	-	-	-	-	-
Associates - Foreign (as per eq. method)	-	-	-	-	-	-	-	-
Joint Ventures - Indian (as per eq. method)	-	-	-	-	-	-	-	-
Joint Ventures – Foreign (as per eq. method)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>2,35,445.33</b>	<b>100.00%</b>	<b>23,470.27</b>	<b>100.00%</b>	<b>3,694.47</b>	<b>100.00%</b>	<b>27,164.74</b>

\*After adjusting for Inter group investments and profit.

STCI PD was incorporated in October 2006 as a wholly owned subsidiary of the company for undertaking Primary Dealership business of government securities.

STCI Commodities Limited was incorporated on September 20, 2004 with the object of carrying on the business of trading and broking in commodities on the various Commodity Exchanges. The business operations of STCI Commodities Limited were discontinued with effect from 20th September 2011. Shareholders of STCI Commodities Limited in its EGM held on 11th March, 2022 has approved the proposal of its voluntary liquidation and also appointed Mr. Anil Rajkotia, Insolvency Professional, as its Liquidator.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 26. Contingent Liabilities (to the extent not provided for)

#### i) Claims against the Group not acknowledged as debt:

- (a) The holding Company had received a notice from the Central Excise authorities in respect of the interior work amounting to ₹20.80 lakh carried out by a contractor at the erstwhile office premises at Krishna Chambers, 59, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai in the year 1997-98. The Group has been legally advised that there is no liability under the Central Excise Act and accordingly no provision has been made against this claim.
- (b) No provision has been made in respect of disputed tax dues of ₹497.40 lakhs (PY ₹497.40 lakhs) under Income Tax act 1961.

#### ii) Capital and other commitments:

Commitment and contractual obligations in respect of:

- (a) The purchases and sales of the securities effected on March 31, 2022, the transaction shall be accounted on April 04, 2022 i.e Settlement date. The face value of the securities purchased and sold on March 31, 2022 are as given in the table below;

(₹ in lakhs)

S No.	Particulars	March 31, 2022	March 31, 2021
1	Purchase of securities	6,504.00	21,900.00
2	Sale of securities	40,954.00	35,303.40

A subsidiary company has been dealing in Government Securities on behalf of its Constituents through the Constituent SGL account opened with RBI. The transactions undertaken represents amounts received from the constituents and also physicals tendered by them for conversion into SGL Account. As on March 31, 2022 the face value of the securities held by such subsidiary Company on behalf of its constituents is ₹ 45,50,325.60 Lakhs (March 31, 2021 – ₹ 35,00,979.00 lakhs).

### 27. Details of Provisions is as under.

(₹ in lakhs)

Particulars	Stamp Duty		PLVP*		Other	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Carrying amount at the beginning	420.44	419.94	910.00	745.80	172.01	0.50
Additional provisions made in the year	-	0.50	825.00	910.00	-	171.51
Amounts used/recognised during the year	-	-	(890.33)	(691.42)	(171.51)	-
Unused amounts reversed	(420.44)	-	(19.67)	(54.38)	(0.50)	-
Carrying amount at the end of the year	-	420.44	825.00	910.00	-	172.01

\* Performance Linked Variable Pay

Provision for stamp duty under Maharashtra Stamp Act, (erstwhile Bombay Stamp Act, 1958) in respect of direct deals for Non SLR transactions from 1<sup>st</sup> April 2006 to June 30, 2020 was reversed in view of the amendment to the Indian Stamp Act, 1899 (ISA) w.e.f. July 1, 2020 and pursuant to legal opinion obtained.

Provision of ₹ 825 lakhs (PY - ₹ 910.00 lakhs) is made during the year for PLVP.

In conformity with the Hon'ble Supreme Court of India order dt 23.03.2021 and subsequent RBI direction dt April 7, 2021, provision for reversal/refund of interest charged of ₹ 171.51 lakhs on overdues and on account of compounding for all the borrowers during March 1, 2020 to August 31 was created during FY 20-21, and the same was refunded or adjusted/given credit in the loan account during FY 21-22.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****28. Leases**

The leases entered into by the Group are primarily operating leases on payment of monthly rentals for its branch offices. The lease arrangements provide an option of renewal on expiry of the term and periodic escalations in the rentals.

Maturity analysis of lease liabilities is as under.

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	58.71	53.27
Between one and five years	95.11	150.86
More than five years	-	-

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following is the movement in lease liabilities during the year ended March 31, 2022:

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	204.13	255.54
Additions	-	3.57
Finance cost accrued during the year	13.49	16.80
Payment of lease liabilities	(63.80)	(71.78)
Balance at the end of the year	153.82	204.13

**29. Remuneration to Statutory Auditors**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Payment to auditors</b> (excluding taxes)		
a) Statutory Audit Fees	16.65	15.65
b) Taxation matters (Tax Audit Fees)	3.25	3.00
c) Certification Fees & Other services	10.90	10.75
d) Reimbursement of expenses	0.25	0.25
<b>Total</b>	<b>31.05</b>	<b>29.65</b>

**30. Related Party Transactions****List of related parties**

- i) Bank of India (BOI) and its subsidiary by virtue of its shareholding in the Holding Company being in excess of 20%
- ii) **Name of other related parties with whom the Group had transactions during the year.**

Key Management Personnel:-

- a) Mr. V. Narayanamurthy – Managing Director & CEO (w.e.f. 01.09.2021)
- b) Mr. Pradeep Madhav – Managing Director & CEO (upto 31.08.2021)
- c) Mr. Melwyn Rego – Non-Executive Director
- d) Mr. R. Venkataramani – Non-Executive Director
- e) Ms. Uma Subramaniam – Non-Executive Director



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- f) Ms. Thankom T. Mathew – Non-Executive Director
- g) Mr. Raghvendra Kumar - Nominee Director of BOI
- h) Mr. Bikram Mishra – Nominee Director of BOI (w.e.f. 16.07.2021)
- i) Mr. Vivek Wahi – Nominee Director of BOI (upto 30.3.2021)
- j) Mr. Kamlesh Rathi – Chief Financial Officer
- k) Ms. Suparna Sharma – Company Secretary

There was no transaction with any of the relatives of Key Management Personnel during the year.

All the transactions detailed below are entered into with the parties in ordinary course of business.

(₹ in lakhs)

Nature of transaction	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Transactions during the year with Bank of India</b>		
Purchase of Govt. Securities	-	25,268.04
Sale of Govt. Securities / Commercial Papers	15,109.11	38,643.12
Purchase of Bonds Issued by BOI	-	27,200.00
Redemption of Commercial Papers subscribed by Bank of India	-	5,000.00
Loans availed*	1,13,663.62	93,500.00
Repayment of Loan availed*	1,13,371.96	79,980.06
Maximum Loan (availed) Outstanding during the Year	24,998.79	23,999.85
IDL Borrowings & Repayment	48,20,000.00	48,40,000.00
Finance Cost (Interest Provided on loans)	286.73	303.26
Discount paid on Debt Securities (CPs)	-	192.73
Dividend Paid (including interim)	910.70	910.70
Other financial payments (incl IDL Charges)	64.12	66.22
Non-financial payments	-	1.62
Sitting fees paid	11.00	8.90
Interest Income received on FDR	13.92	79.18
Fixed Deposits Placed	137.43	14,021.77
Fixed Deposits matured During the Year	11,021.77	17,134.92
<b>Transaction during the year with Subsidiaries of Bank of India</b>		
Purchase of Mutual Fund Units **	2,500.00	-
Transaction Charges/Arranger fee Received ***	18.63	20.97
<b>Outstanding at the end of the year with Bank of India</b>		
Loan availed (including OD)	24,291.51	23,999.85
Fixed Deposits Placed	137.43	11,021.77
Mutual Fund Units Held*	2,500.97	-
Interest accrued but not due (Receivable)	4.58	6.77
Interest accrued but not due (Payable)	10.98	9.36
Balance in Current/OD account	37.24	38.70

\* Includes amounts availed and repaid from overdraft and short term loan accounts.

\*\* With BOI AXA Mutual Fund (subsidiary of Bank of India)

\*\*\* With BOI Merchant Bankers Ltd.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Compensation to Key management personnel**

Break up of the Compensation to Key management personnel is as under.

(₹ in lakhs)

Sr. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(i)	Short term employee benefits	332.59	239.28
(ii)	Post employment benefits	29.73	11.31
(iii)	Other long-term benefits	38.34	9.41
(iv)	Sitting fees to Non-Executive Directors #	57.60	47.70
(v)	Sale of Asset	6.45	-

Above Compensation details includes perquisite and profits in lieu of salary as defined under Section 17 of the Income Tax Act, 1961. The above figures do not include provisions for encashable leave, gratuity, PLVP and premium paid for group health insurance, as individual level details are not available.

#Sitting Fee excludes sitting fee paid to Bank of India which has been shown separately.

**31. Earning Per Share (EPS)**

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net Profit attributable to equity holders (₹ in Lakhs)	23,470.27	20,949.31
Weighted-Average Number of Equity Shares Outstanding (Face Value ₹10/- each)	38,00,00,000	38,00,00,000
Basic and diluted earnings per share (in ₹)	6.18	5.51

**32 CSR Expenses**

During the year, Group has spent ₹425.79 lakhs (PY ₹290.80 lakhs) towards CSR activities, in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules. Details of CSR expenses for the year are as under.

(₹ in lakhs)

Sr. No.	Particulars	FY 2021-22	FY 2020-21
a)	Gross amount required to be spent during the year	429.12	280.04
b)	Amount of expenditure incurred and spent during the year on:		
	- Construction/acquisition of any asset – Capital Expenditure	-	-
	- Others (other than above)	425.79	290.80
	- Amount set off from the excess spent of last year	3.33	-
	<b>Total</b>	<b>429.12</b>	<b>290.80</b>
c)	Amount spent during the year		
	Expenses paid	<b>425.79</b>	<b>290.80</b>
	Expenses yet to be paid for (Shortfall for the year)	-	-
d)	Total of previous years shortfall	-	-
e)	Reason for shortfall	NA	NA

**Nature of CSR activities**

The Group has been contributing to the society through its CSR initiatives in the form of financial support to the underprivileged, development of rural/ underprivileged areas, promotion of education, making available free or affordable Medical facilities etc. The Board of Directors of group Companies have constituted a Corporate Social Responsibility ("CSR") Committee to



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

perform the scope and functions stipulated under Section 135 of the Companies Act, 2013 (the Act) read with the rules framed there under. Board of Directors of each group Company, on the recommendation of respective CSR Committee, have adopted a detailed CSR policy based on the provisions of the Act, specifying the CSR activities/ projects/programs to be undertaken, the modalities of execution, implementation, monitoring and reporting mechanism.

### 33. Capital Management

The primary objective of the Groups's capital management is to ensure that it complies with RBI prescribed Capital adequacy requirements and maintains adequate capital to support its business and maximise shareholders value. The Capital to Risk Weighted Asset Ratio (CRAR) of the Holding company is as under.

Ratio	Numerator	Denominator	31.03.2022	31.03.2021	% Variance
CRAR (%)	Total Capital	Total risk weighted assets	78.46%	86.34%	(9%)
CRAR - Tier I capital (%)	Tier I capital		77.88%	85.79%	(9%)
CRAR - Tier II Capital (%)	Tier II capital		0.58%	0.55%	5%

As per RBI Prudential norms, the minimum CRAR requirement for NBFCs is 15% and the Company has maintained CRAR well above the regulatory norms throughout the year. CRAR, Tier I Capital, Tier II Capital and Total risk weighted assets has been calculated based on the RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and RBI guidelines RBI/2019-20/170 DOR (NBFC). CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, on Implementation of Indian Accounting Standards by NBFCs.

### 34 Segment Reporting

**Business Segment :** The Group's management has identified Lending Business and Treasury Operations as two reportable segment based on risk, return and the regulatory authorities for reporting. Since the business operations of the Group are concentrated in India, the Group is considered to operate only in the domestic segment and therefore there is no reportable geographic segment. The detailed segmental information is as under.

(₹ in lakhs)

Segment Information	Treasury		Lending		Unallocated		Total	
	FY 21-22	FY 20-21	FY 21-22	FY 20-21	FY 21-22	FY 20-21	FY 21-22	FY 20-21
<b>REVENUES</b>								
External Clients	60,902.26	63,547.98	21,564.40	16,288.66	1,452.88	2,410.79	83,919.54	82,247.43
Inter-segment								
<b>Total Revenue</b>	<b>60,902.26</b>	<b>63,547.98</b>	<b>21,564.40</b>	<b>16,288.66</b>	<b>1,452.88</b>	<b>2,410.79</b>	<b>83,919.54</b>	<b>82,247.43</b>
<b>Segment Result Profit/(Loss)</b>	<b>17,114.25</b>	<b>33,731.67</b>	<b>18,290.20</b>	<b>(1,094.89)</b>	-	-	<b>35,404.45</b>	<b>32,636.78</b>
Unallocated income net of expenses							(2,950.41)	(1,784.78)
Operating Profit/(Loss)							32,454.04	30,852.00
Depreciation							218.84	228.52
<b>Profit before Tax</b>							<b>32,235.20</b>	<b>30,623.48</b>
Direct Taxes Expenses including Deferred Tax							(8,764.93)	(9,674.17)
<b>Profit/(Loss) after Tax</b>							<b>23,470.27</b>	<b>20,949.31</b>
<b>OTHER INFORMATION</b>								
Segment Assets	<b>14,04,230.04</b>	<b>11,87,449.53</b>	<b>1,61,080.09</b>	<b>1,17,355.01</b>	<b>62,134.21</b>	<b>1,01,233.03</b>	<b>16,27,444.34</b>	<b>14,06,037.57</b>
Segment Liabilities	<b>13,26,951.20</b>	<b>11,13,829.66</b>	<b>57,435.43</b>	<b>76,916.11</b>	<b>7,612.38</b>	<b>3,971.21</b>	<b>13,91,999.01</b>	<b>11,94,716.98</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****35. Employee benefits****Defined Contribution Plan - Provident Fund (PF) Contribution**

The Group makes contributions towards PF, in respect of qualifying employees. The amount recognised as an expense and included in Note-23 "Employee Benefits Expenses" under the head "Contribution to Provident and Other Funds" are as under.

(₹ in lakhs)

Particulars	FY 2021-22	FY 2020-21
Employer's Contribution to Provident Fund	86.82	83.94

**Defined Benefit Plan - Gratuity**

The Group operates post employment benefit plan that provides for gratuity benefit to the employees of the Group. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement / sepeation. The gratuity contribution is paid to Life Insurance Corporation of India (LIC) under Group Gratuity Scheme of LIC.

The estimates of the future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The discount rate is based on the prevailing market yield on government securities as at the balance sheet date for the estimated average remaining service.

The disclosure as required by Indian Accounting Standard (Ind AS) -19 "Employee Benefits" is as under.

(₹ in lakhs)

Particulars	March 31, 2022	March 31, 2021
<b>I. Assumption</b>		
Mortality rate	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Interest / Discount Rate	6.48% -6.95%	6.17% -6.41%
Rate of increase in compensation	5%-8%	5%-8%
<b>II. Reconciliation of net defined benefit asset/(liability)</b>		
<b>(a) Reconciliation of present value of defined benefit obligation</b>		
Opening Defined Benefit Obligation	262.26	242.85
Interest Cost	15.17	14.22
Current Service Cost	20.66	22.42
Actuarial (Gains) / Losses	(6.79)	(0.77)
Benefits Paid	(23.47)	(16.46)
<b>Closing Defined Benefit Obligation</b>	<b>267.83</b>	<b>262.26</b>
<b>(b) Reconciliation of present value of plan asset</b>		
Fair value of plan assets at the beginning of year	237.46	215.57
Interest Income	14.03	13.49
Contributions	32.70	23.69
Benefits paid	(23.47)	(16.46)
Return on Plan Assets excluding Interest Income	2.47	1.17
<b>Fair value of plan assets at the end of year</b>	<b>263.18</b>	<b>237.46</b>
<b>(c) Reconciliation of net defined benefit asset/(liability)</b>		
Present value of obligation as at the end of year	267.83	262.26
Fair value of plan assets as at the end of year	263.18	237.46
Funded status - <b>Recognised in Balance Sheet - Asset / (Liability)</b>	(4.65)	(24.80)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

Particulars	March 31, 2022	March 31, 2021
<b>III. Actuarial (Gain)/Loss on Obligation</b>		
Due to Demographic Assumption	0.00	(0.68)
Due to Financial Assumption	(8.18)	4.52
Due to Experience	1.39	(4.61)
<b>Net Actuarial (Gain)/ Loss on obligation</b>	<b>(6.79)</b>	<b>(0.77)</b>
<b>IV. Actual Return on Plan Assets</b>		
Actual Interest Income	16.50	14.66
Expected Interest Income	14.03	13.49
<b>Return on Plan Assets excluding Interest Income</b>	<b>2.47</b>	<b>1.17</b>
<b>V. Net Interest</b>		
Interest Expense	15.17	14.22
Interest Income	14.03	13.49
<b>Net Interest Exp/(Income)</b>	<b>1.14</b>	<b>0.73</b>
<b>VI. Expenses Recognised in Profit and Loss account under Employee benefit expenses</b>		
Current Service Cost	20.66	22.42
Net Interest Exp/(Income)	1.14	0.73
<b>Expenses recognised in Profit and Loss Account</b>	<b>21.80</b>	<b>23.15</b>
<b>VII. Remeasurements recognised in Other Comprehensive Income</b>		
Net Actuarial (Gain)/ Loss on obligation	(6.79)	(0.77)
Return on Plan Assets excluding Interest Income	(2.47)	(1.17)
<b>Total Actuarial (Gain)/ Loss recognised in OCI</b>	<b>(9.26)</b>	<b>(1.94)</b>
<b>VIII. Others</b>		
Investment Details - Gratuity Fund (LIC of India)	263.18	237.46
Projected Service Cost	22.64	20.66

### Experience Adjustment – Gratuity

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018
Defined Benefit Obligation	267.83	262.26	242.85	226.82	176.33
Plan assets	263.18	237.45	215.57	201.35	136.65
Surplus/(Deficit)	(4.65)	(24.81)	(27.28)	(25.47)	(39.68)
Experience adj. on plan assets	2.47	1.17	0.49	(0.23)	2.73

**Sensitivity analysis:** Sensitivity analysis for significant actuarial assumptions, showing how defined benefit obligation would be affected, considering increase/decrease of 100 basis points as at 31.03.22 is as under: (₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Change in rate of Discount Rate + 100 basis points	249.47	244.43
Change in rate of Discount Rate- 100 basis points	288.70	282.64
Change in rate of Salary Escalation Rate + 100 basis points	277.53	272.76
Change in rate of Salary Escalation Rate - 100 basis points	257.54	252.02

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

The Expected Payout as at 31st March 2022 are as under: (₹ in lakhs)

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to year 10
As at March 31, 2022	22.83	31.25	36.40	18.14	13.34	117.10
As at March 31, 2021	39.53	27.80	15.66	30.02	15.20	80.50

The Group's liability on account of compensated absences is not funded and hence the disclosures related to the planned assets are not applicable. Expenses incurred towards compensated absences of ₹ 63.60 lakhs (Previous year ₹129.70 lakhs) are included in Note - 23 "Employee Benefits Expenses". Total provision as on March 31, 2022 for compensated absences is of ₹ 542.37 lakhs (Previous year ₹ 565.45 lakhs).

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the code become effective.

**36. Income tax expense**

i) Tax Expenses recognized in the Statement of Profit and Loss. (₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Income tax expense:		
Current tax	5,671.04	11,134.91
Tax expense / (reversal) pertaining to prior years	65.95	(508.22)
Deferred tax - origination and reversal of temporary differences	3,027.94	(952.52)
<b>Total</b>	<b>8,764.93</b>	<b>9,674.17</b>

ii) Amounts recognised in Other Comprehensive Income (₹ in lakhs)

Particulars	For Year ended March 31, 2022			For Year ended March 31, 2021		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
<b>Items that will not be reclassified subsequently to the P&amp;L</b>						
Equity Instruments & VCF at FVTOCI	4,784.26	1,096.73	3,687.53	4,509.68	1,037.44	3,472.24
Remeasurement of the defined benefit plan	9.27	2.33	6.94	1.93	(0.19)	2.12
	<b>4,793.53</b>	<b>1,099.06</b>	<b>3,694.47</b>	<b>4,511.61</b>	<b>1,037.25</b>	<b>3,474.36</b>
<b>Items that will be reclassified subsequently to the P&amp;L</b>						
Debt Instruments at FVTOCI	-	-	-	(144.79)	(36.45)	(108.34)
<b>Total</b>	<b>4,793.53</b>	<b>1,099.06</b>	<b>3,694.47</b>	<b>4,366.82</b>	<b>1,000.80</b>	<b>3,366.02</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### iii) Reconciliation of effective tax rate:

The reconciliation between the provision for income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Profit before income tax</b>	32,235.20	30,623.48
Enacted income tax rate in India	25.17%	25.17%
<b>Computed expected tax expense</b>	<b>8,112.97</b>	<b>7,707.32</b>
<b>Effect of:</b>		
Expenses that are not deductible for tax purposes	305.44	(213.18)
Tax on Inter group income	1,396.82	3,171.16
Deductions available under income tax	(1,311.87)	(880.29)
Other	195.62	397.38
<b>Income tax expense</b>	<b>8,698.98</b>	<b>10,182.39</b>
Short/(Excess) provision for tax for earlier years	65.95	(508.22)
<b>Income Tax Expense</b>	<b>8,764.93</b>	<b>9,674.17</b>
<b>Effective Tax Rate</b>	<b>27.19%</b>	<b>31.59%</b>

### iv) Other tax assets and current tax liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Other tax assets	1,530.75	682.10
Current tax liabilities	-	-

### v) Recognized deferred tax assets and liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Deferred Tax Asset :</b>		
Loans & Advances (EIR Adj and Net ECL Prov.)	3,819.58	6,111.40
Provisions	380.79	447.57
Other Liabilities	20.58	25.46
Carried Forward Losses & MAT	-	512.98
<b>Total Deferred Tax Asset</b>	<b>4,220.95</b>	<b>7,097.41</b>
<b>Deferred Tax Liability:</b>		
Fair Value Gains & EIR Adj. on Investments	9,221.25	7,971.95
Property, Plant and Equipment & Intangible & ROU assets	441.35	430.12
Unamortised Borrowings Costs	6.28	16.25
<b>Total Deferred Tax Liability</b>	<b>9,668.88</b>	<b>8,418.32</b>
<b>Net Deferred Tax Asset/(Liability)</b>	<b>(5,447.93)</b>	<b>(1,320.91)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## vi) Movement in temporary differences

(₹ in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>(a) Credit / (Charge) in the Statement of Profit and Loss</b>		
Investments	(152.57)	461.96
Loans & Advances	(2,291.82)	3,376.10
Property, Plant and Equipment & Intangible assets	(11.23)	(20.88)
Borrowings	9.97	18.54
Provisions	(64.45)	19.32
Carried Forward Losses	(512.98)	(2,898.11)
Other Liabilities	(4.88)	(4.42)
<b>Total (a)</b>	<b>(3,027.96)</b>	<b>952.51</b>
<b>(b) Credit / (Charge) in the OCI during the year</b>		
Provisions - employee benefits	(2.33)	0.19
Investment measured at fair value through OCI	(1,096.73)	(1,000.99)
<b>Total (b)</b>	<b>(1,099.06)</b>	<b>(1,000.80)</b>
<b>(c) Net deferred income tax asset at the beginning</b>	<b>(1,320.91)</b>	<b>(1,272.62)</b>
<b>(d) Net deferred tax asset/(Liabilities) at the end of the year d) = (a) + (b) + (c) + (d)</b>	<b>(5,447.93)</b>	<b>(1,320.91)</b>

## 37. Change in liabilities arising from financing activities

(₹ in lakhs)

Particulars	1-Apr-21	Cash flows	Changes in fair values	Exchange differences	Accrued Interest	Other*	31-Mar-22
Debt securities	-	-	-	-	-	-	-
Borrowings other than debt securities	1,126,572.01	1,99,633.10	-	-	(19.68)	39.60	13,26,225.03
Deposits	18,772.90	402.96	-	-	(20.52)	-	19,155.34
<b>Total liabilities from financing activities</b>	<b>1,145,344.91</b>	<b>2,00,036.06</b>	<b>-</b>	<b>-</b>	<b>(40.20)</b>	<b>39.60</b>	<b>13,45,380.37</b>

Particulars	1-Apr-20	Cash flows	Changes in fair values	Exchange differences	Accrued Interest	Other*	31-Mar-21
Debt securities	14,227.53	(14,000.00)	-	-	(230.27)	2.74	-
Borrowings other than debt securities	8,34,935.82	2,91,902.89	-	-	(337.63)	70.93	11,26,572.01
Deposits	2,931.21	15,782.97	-	-	58.72	-	18,772.90
<b>Total liabilities from financing activities</b>	<b>8,52,094.56</b>	<b>2,93,685.86</b>	<b>-</b>	<b>-</b>	<b>(509.18)</b>	<b>73.67</b>	<b>11,45,344.91</b>

\* Others represent changes on account of amortization of borrowing costs.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 38. Offsetting

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis. The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

#### Financial Assets subject to offsetting, netting arrangements

(₹ in lakhs)

Particulars	Derivative assets	March 31, 2022	March 31, 2021
Offsetting recognised on the balance sheet	Gross assets before offset	38,228.27	44,863.24
	Offset with gross liabilities <sup>2</sup>	-	-
	Net assets recognised on the balance sheet	38,228.27	44,863.24
Netting potential not recognised on the balance sheet	Financial liabilities	38,589.59	44,695.76
	Collaterals received	-	-
	Assets/ Liabilities after consideration of netting potential <sup>3</sup>	(361.32)	167.48
Assets not subject to netting arrangements <sup>1</sup>	Assets recognised on the balance sheet	-	-
Total assets	Recognised in the balance sheet	38,228.27	44,863.24
Maximum exposure to risk	After consideration of netting potential	-	167.48

<sup>1</sup> Represents items not subject to enforceable netting arrangements and other out-of-scope items

<sup>2</sup> "Netting with gross liabilities" column represents amounts that can be offset under Ind AS 32. These numbers are the same amount as those presented in the "Netting with gross assets" column in the liabilities table

<sup>3</sup> Amounts have been capped by the relevant netting agreement so as not to exceed the net amount financial assets presented on the balance sheet; (i.e., over-collateralisation, where it exists, is not reflected in the table, given surplus collateral would not be recognisable in an event of default.

#### Financial Liabilities subject to offsetting, netting arrangements

(₹ in lakhs)

Particulars	Derivative assets	March 31, 2022	March 31, 2021
Offsetting recognised on the balance sheet	Gross Liabilities before offset	38,589.59	44,695.76
	Offset with gross liabilities	-	-
	Net Liabilities recognised on the balance sheet	38,589.59	44,695.76
Netting potential not recognised on the balance sheet	Financial Assets	38,228.27	44,863.24
	Collaterals received	-	-
	Assets/ Liabilities after consideration of netting potential	-	-
Assets not subject to netting arrangements	Assets recognised on the balance sheet	-	-
Total Liabilities	Recognised in the balance sheet	38,589.59	44,695.76
Maximum exposure to risk	After consideration of netting potential	-	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## 39 Financial Instruments

- (i) **Accounting classification and fair values:** The following table shows the carrying amounts and fair values of financial instruments (excluding investment in subsidiaries), including their levels in the fair value hierarchy. The Group has disclosed financial instruments not measured at fair value at carrying values because their carrying amounts are a reasonable approximation of the fair values.

As at March 31, 2022	Carrying amount				Fair value hierarchy			Total
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	
<b>Financial Assets</b>								
Investment in equity instruments	-	39,703.19	-	39,703.19	110.19	-	39,593.00	39,703.19
Investment in debt instruments – G Sec	11,33,729.29	-	1,62,118.86	12,95,848.15	6,03,343.99	5,30,385.30	-	11,33,729.29
Investment in Other debt instruments	65,702.53	-	-	65,702.53	53,673.86	12,028.67	-	65,702.53
Investment in Mutual fund Units	2,500.97	-	-	2,500.97	2,500.97	-	-	2,500.97
Investment in Venture Capital Fund	-	2,025.00	-	2,025.00	-	-	2,025.00	2,025.00
Derivative Instruments	38,228.27	-	-	38,228.27	-	38,228.27	-	38,228.27
Cash and cash equivalents	-	-	12,193.63	12,193.63	-	-	-	-
Other Bank Balances	-	-	8,545.13	8,545.13	-	-	-	-
Trade & Other receivables	-	-	21.07	21.07	-	-	-	-
Loans & Advances	-	-	1,52,952.44	1,52,952.44	-	-	-	-
Others financial assets	-	-	4,174.51	4,174.51	-	-	-	-
<b>Total</b>	<b>12,40,161.06</b>	<b>41,728.19</b>	<b>3,40,005.64</b>	<b>16,21,894.89</b>	<b>6,59,629.01</b>	<b>5,80,642.24</b>	<b>41,618.00</b>	<b>12,81,889.25</b>
<b>Financial liabilities</b>								
Derivative Instruments	38,589.59	-	-	38,589.59	-	38,589.59	-	38,589.59
Trade and Other Payables	-	-	181.97	181.97	-	-	-	-
Borrowings (Other than Debt Securities)	-	-	13,26,225.03	13,26,225.03	-	-	-	-
Deposits	-	-	19,155.34	19,155.34	-	-	-	-
Other Financial liabilities	-	-	964.07	964.07	-	-	-	-
<b>Total</b>	<b>38,589.59</b>	<b>-</b>	<b>13,46,526.41</b>	<b>13,85,116.00</b>	<b>-</b>	<b>38,589.59</b>	<b>-</b>	<b>38,589.59</b>

There were no significant changes to the valuation or levelling approaches during FY 21-22.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(₹ in lakhs)

As at March 31, 2021	Carrying amount				Fair value hierarchy			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Investment in equity instruments	25.86	35,718.95	-	35,744.81	91.81	-	35,653.00	35,744.81
Investment in debt instruments – G Sec	11,30,480.31	-	-	11,30,480.31	4,24,822.35	7,05,657.96	-	11,30,480.31
Investment in Other debt instruments	9,342.29	-	-	9,342.29	9,342.29	-	-	9,342.29
Investment in Venture Capital Fund	-	1,225.00	-	1,225.00	-	-	1,225.00	1,225.00
Derivative Instruments	44,863.24	-	-	44,863.24	-	44,863.24	-	44,863.24
Cash and cash equivalents	-	-	58,963.01	58,963.01	-	-	-	-
Other Bank Balances	-	-	501.09	501.09	-	-	-	-
Trade & Other receivables	-	-	538.60	538.60	-	-	-	-
Loans & Advances	-	-	1,17,273.96	117,273.96	-	-	-	-
Others financial assets	-	-	2,212.94	2,212.94	-	-	-	-
<b>Total</b>	<b>11,84,711.70</b>	<b>36,943.95</b>	<b>1,79,489.60</b>	<b>14,01,145.25</b>	<b>4,34,256.45</b>	<b>7,50,521.20</b>	<b>36,878.00</b>	<b>12,21,655.65</b>
<b>Financial liabilities</b>								
Derivative Instruments	44,695.76	-	-	44,695.76	-	44,695.76	-	44,695.76
Trade and Other Payables	-	-	175.40	175.40	-	-	-	-
Borrowings (Other than Debt Securities)	-	-	1,126,572.01	1,126,572.01	-	-	-	-
Deposits	-	-	18,772.90	18,772.90	-	-	-	-
Other Financial liabilities	-	-	935.90	935.90	-	-	-	-
<b>Total</b>	<b>44,695.76</b>	<b>-</b>	<b>11,46,456.21</b>	<b>11,91,151.97</b>	<b>-</b>	<b>44,695.76</b>	<b>-</b>	<b>44,695.76</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****ii) Valuation of level 3 Financial Assets**

The valuation of investment in units of Tata Venture Capital fund is based on the unaudited NAV declared. The NAV for the same is based on the fair valuation of the underlying investments. Some of the underlying investments are measured at fair value using level 3 unobservable markets inputs and hence the valuation of investment in units of Tata Venture Capital fund has been disclosed as level 3 valuation.

In absence of any specific recent transaction, the valuation of shares held in CCIL as on March 31, 2022, is categorized under level 3 and is based on Net Asset Value (book value) as per the latest available audited financial statements of CCIL, viewed in conjunction with data on last transaction value.

The Following table shows the total gains/(losses) recognised in respect of Level 3 fair value assets.

(₹ in lakhs)

Particulars	March 31, 2022	March 31, 2021
Gains/(losses) included in Other Comprehensive Income	4,740.00	4,464.54
Changes in fair value (realized)	-	-
Changes in fair value (unrealized)	<b>4,740.00</b>	<b>4,464.54</b>

**iii) Reconciliation of Level 3 fair values**

(₹ in lakhs)

Particulars	March 31, 2022	March 31, 2021
Opening Balance	<b>36,878.00</b>	<b>875.00</b>
Purchases, issuance and settlements (Net)	-	-
Net change in fair value (unrealised)	4,740.00	4,464.54
Transfer in fair value hierarchy	-	31,538.46
Closing Balance	<b>41,618.00</b>	<b>36,878.00</b>

**iv) Sensitivity analysis for Level 3 Assets**

NAV of the VCF units & equity share price for investment in CCIL has been considered for sensitivity analysis. The reasonably possible changes at the reporting date by applying a 5 per cent increase or decrease on significant unobservable inputs would have the following effects.

(₹ in lakhs)

Significant unobservable inputs	Impact on the Group's equity and profit or OCI	
	March 31, 2022	March 31, 2021
NAV (5% movement)	101.25	61.25
Equity Share Price (5% movement)	1,979.65	1,782.65

**40. Financial Risk Management**

The Board of Directors of the holding and other group companies has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The Group has exposure to the following risks arising from its business operations.

### i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Lending activities account for most of the Group's credit risk. Other sources of credit risk also exist in trading book, other financial instruments and loans and transaction settlements. Credit risk is measured as the amount that could be lost if a customer or counterparty fails to make repayments. The maximum exposure to credit risk in case of all the financial instruments is restricted to their respective carrying amount.

Credit Risk is monitored through stringent credit appraisal, counter party limits and internal & external risk ratings of the customers. Exposure to credit risk is managed through regular analysis of the ability of all the customers and counterparties to meet interest and capital repayment obligations and by changing exposure limits where appropriate.

Group primarily offers loans secured by shares and real estate. In order to mitigate credit risk, company also seeks collateral appropriate to the product segment. Other means of mitigating credit risk that the company uses are pledges, sureties and guarantees. The most common types of collateral the company receives, measured by collateral value, are mortgages on financial assets in the form of equity shares, bonds and real estate.

### a) Maximum Exposure to the Credit Risk

This table belows shows the Group's maximum exposure to the credit risk.

(₹ in lakhs)

Particulars	At March 31 2022	At March 31 2021
Financial Assets at amortised cost - Loans & Advances (Gross)	1,70,229.67	1,42,416.12
Less: Impairment loss allowance	17,277.23	25,142.16
Financial Assets at amortised cost - Loans & Advances – (Net)	1,52,952.44	1,17,273.96
Financial Assets measured at FVTPL - Debt instruments	65,702.53	9,342.29
Trade Receivables	21.07	538.60
<b>Total</b>	<b>2,18,676.04</b>	<b>1,27,154.85</b>

Sovereign securities (G Sec SDL, SPL and T-Bills) and lending backed by these securities are considered as having zero credit risk. Credit risk on cash and cash equivalents is also considered to be Nil as these are generally held with leading banks. Credit risk for investment in other debt instruments (Bonds/CPs) is limited as these investments are made with entities having good credit ratings. Group is not exposed to credit risk in respect of its transactions in derivatives (Interest Rate Swaps, Interest Rate Futures, Equity & Currency derivatives) in view of the guaranteed settlement mechanism.

### b) Credit quality analysis

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. Credit quality of Loans & advances measured at amortised cost is primarily assessed by the Days Past Due (DPD) status.

#### Inputs, assumptions and techniques used for estimating impairment

In assessing the impairment of financial assets under the expected credit loss model, the Group defines default when a loan obligation is overdue for more than 90 days.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Assessment of significant increase in credit risk**

When determining whether the risk of default has increased significantly since initial recognition, the Group considers the DPD status of the loans and certain qualitative factors. Credit risk is deemed to have increased significantly when an asset is more than 30 days past due (DPD).

**Calculation of expected credit losses**

Expected credit losses (ECLs) are calculated using three main parameters i.e. a Probability of Default (PD), a Loss Given Default (LGD) and an Exposure at Default (EAD). These parameters are generally derived from internally developed statistical models combined with historical and other available information.

Following table sets out information about credit quality of financial assets - loans measured at amortised cost.

(₹ in lakhs)

Particulars	At March 31 2022	At March 31 2021
<b>Gross stage 1 (DPD≤30)</b>	1,44,534.47	1,10,811.82
Less: Impairment loss allowance	1,009.54	746.80
<b>Net Stage 1 Assets</b>	<b>1,43,524.93</b>	<b>1,10,065.02</b>
ECL Prov. Coverage	<b>0.70%</b>	<b>0.67%</b>
<b>Gross Stage 2 (30&gt;DPD≤90)</b>	8,072.08	3,744.46
Less: Impairment loss allowance	976.88	495.44
<b>Net Stage 2 Assets</b>	<b>7,095.20</b>	<b>3,249.02</b>
ECL Prov. Coverage	<b>12.10%</b>	<b>13.23%</b>
<b>Stage 3 (DPD&gt;90)</b>	17,887.68	28,009.06
Less: Impairment loss allowance	15,290.81	23,899.92
<b>Net Stage 3 Assets</b>	<b>2,596.87</b>	<b>4,109.14</b>
ECL Prov. Coverage	<b>85.48%</b>	<b>85.33%</b>
<b>Total Loans &amp; Adv</b>	1,70,494.23	1,42,565.34
Less: Impairment loss allowance	17,277.23	25,142.16
<b>Net Loans &amp; Advances</b>	<b>1,53,217.00</b>	<b>1,17,423.18</b>
ECL Prov. Coverage	<b>10.13%</b>	<b>17.64%</b>

**Credit impairment charge to the income statement**

(₹ in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
New and increased provisions (incl. write off)	744.18	12,442.66
Write-backs of specific provisions	(8,609.11)	
Recoveries of specific provisions or written off accounts	(540.59)	(484.61)
<b>Total charge to the income statement</b>	<b>(8,405.52)</b>	<b>11,958.05</b>

**Write-offs still under enforcement activity**

No loan amounts were written off during the year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### c) Movement in Gross Exposures and credit impairment for loans and advances

The Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets measured at amortised cost or FVTOCI. Group follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition. Please refer to the accounting policy for details.

Particular	Movement in Gross Exposure to Loans & Adv.			Movement in ECL			Total	(₹ in lakhs)
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3		
<b>Balance as at April 1, 2020</b>	<b>1,35,439.75</b>	<b>15,682.21</b>	<b>17,499.50</b>	<b>1,68,621.46</b>	<b>1,033.90</b>	<b>10,499.70</b>	<b>12,699.50</b>	
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL	656.50	(656.50)	-	-	70.02	(70.02)	-	-
- Transferred to lifetime ECL - significant increase in credit risk	-	-	-	-	-	-	-	-
- Transferred to lifetime ECL credit – impaired	(1,982.68)	(9,085.58)	11,068.26	-	(50.26)	754.31	-	-
Increase due to financial assets originated	37,190.28	211.34	614.79	38,016.41	270.40	614.79	910.18	
Decrease due to loans derecognised on full payment	(54,853.10)	(949.51)	-	(55,802.61)	(395.90)	(50.26)	(446.16)	
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	(5,638.93)	(1,457.50)	(1,173.49)	(8,269.92)	(181.36)	128.88	11,978.64	
Amounts written off during the year	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>1,10,811.82</b>	<b>3,744.46</b>	<b>28,009.06</b>	<b>142,565.34</b>	<b>746.80</b>	<b>23,899.92</b>	<b>25,142.11</b>	
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL	-	-	-	-	-	-	-	-
- Transferred to lifetime ECL - significant increase in credit risk	(9,094.95)	9,094.95	-	-	(94.49)	94.49	-	-
- Transferred to lifetime ECL credit – impaired	-	-	-	-	-	-	-	-
Increase due to financial assets originated	1,04,911.13	-	-	104,911.13	758.02	-	758.02	
Decrease due to loans derecognised on full payment	(59,733.22)	(1,423.26)	(10,068.58)	(71,225.06)	(409.39)	(157.06)	(9,125.58)	
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	(2,360.31)	(3,344.07)	(52.80)	(5,757.18)	8.60	544.01	502.63	
Amounts written off during the year	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>1,44,534.47</b>	<b>8,072.08</b>	<b>17,887.68</b>	<b>1,70,494.23</b>	<b>1,009.54</b>	<b>15,290.81</b>	<b>17,277.23</b>	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****d) Collateral and other credit enhancements**

Group would generally have its credit exposures backed by securities, either primary or collateral. Lending Policy of the Group prescribes Asset cover norms and collateral guidelines for its various product offering. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty and product offered.

Group grants loans against collateral of shares, securities, receivables, inventories, fixed assets and real estate including commercial and residential properties.

As collateral is a source of mitigating credit risk, assessment of the condition of the securities and their value is undertaken on regular basis. There were no significant changes in the collateral policy of the Group during the Financial Year 2021-22.

The collateral cover in respect of credit impaired assets as at March 31, 2022 was 258% and 267% as on March 31, 2021.

**e) Credit Concentration**

The Group's loan portfolio is primarily concentrated on loan against shares and real estate, as detailed below.

Particular	At March 31 2022	At March 31 2021
Loan Against Shares	62.29%	52.38%
Real Estate	11.59%	19.21%
Others	26.12%	28.41%

**ii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Group has in place an Asset-Liability Management Committee (ALCO) at entity level which functions as the operational unit for managing the Balance Sheet within the performance and risk parameters laid down by the respective Board and Risk Committee of the Board. ALCO reviews Asset Liability strategy and Balance Sheet management in relation to asset and liability profile. ALCO ensures that the objectives of liquidity management are met by monitoring the gaps in the various time buckets, deciding on the source and mix of liabilities, setting the maturity profile of the incremental assets and liabilities etc.

Key principles adopted in the Group's approach to managing liquidity risk include

- Monitoring the Group's liquidity position on a regular basis, using a combination of contractual and behavioural modelling of balance sheet and cash flow information
- Maintaining a high quality liquid asset portfolio or maintaining undrawn bank lines
- Operating a prudent funding strategy which ensures appropriate diversification and limits maturity concentrations

The Group's principal sources of liquidity are cash and cash equivalents, undrawn cash credit & overdraft facilities from Banks, liquid asset portfolio comprising government securities, bonds & other money market instruments and the cash flow that is generated from operations.

During the year, Group has not approached any of its lender banks for extending moratorium on payment of instalments and/or interest.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include interest accrued till the reporting date.

(₹ in Lakhs)

As at March 31, 2022	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Debt Securities	-	-	-	-	-
Other Borrowings	13,26,249.98	13,16,318.12	9,931.86	-	-
Deposits	19,155.34	19,155.34	-	-	-
Trade and Other Payables	181.97	181.97	-	-	-
Other Financial Liabilities	964.07	727.67	212.11	24.29	-
	13,46,551.36	13,36,383.10	10,143.97	24.29	-

(₹ in Lakhs)

As at March 31, 2021	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Debt Securities	-	-	-	-	-
Other Borrowings	11,26,636.57	11,03,694.47	22,942.10	-	-
Deposits	18,772.90	18,772.90	-	-	-
Trade and Other Payables	175.40	175.40	-	-	-
Other Financial Liabilities	932.65	661.04	220.61	51.00	-
	11,46,517.52	11,23,303.81	23,162.71	51.00	-

- iii) **Market Risk:** Market Risk is the risk of financial loss arising on account of changes /fluctuations in market variables such as interest rates, equity prices etc. Market risk stems from the Group's Loan book, treasury operations and balance sheet management activities, the impact of changes and correlation between interest rates, credit spreads and volatility in bond or equity prices.

Market risk is represented by the below two categories

i. **Interest rate risk**

Group has exposure to interest rate risk, primarily from its lending business and related borrowings. It is the risk that the Group's earnings or economic value will be affected or reduced by changes in interest rates. The interest rate risk emanates from changes to the overall level of interest rates and inherent mismatches in the repricing term of loan book or borrowings and from a change in the relative level of interest rates for different tenors.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Exposure to interest rate risk**

Group's interest rate risk arises primarily from loan book and Investments in debt securities. The following table analyses the interest rate risk from financial assets and liabilities.

(₹ in lakhs)

Particulars	At March 31 2022	At March 31 2021
Financial Assets at amortised cost - Loans & Advances	3,32,348.53	1,42,416.12
Financial Assets measured at FVTOCI - Debt instruments	-	-
Financial Assets measured at FVTPL - Debt instruments	11,99,431.82	11,39,822.60
<b>Total of Fixed Rate Financial Assets</b>	<b>15,31,780.35</b>	<b>12,82,238.72</b>
Financial liabilities at amortised cost Debt securities	-	-
Financial liabilities at amortised cost Other Borrowings	13,26,225.03	11,26,572.01
Deposits	19,155.34	18,772.90
<b>Total of Fixed Rate Financial Liabilities</b>	<b>13,45,380.37</b>	<b>11,45,344.91</b>

Interest rate risk for financing business is managed primarily by monitoring the sensitivity of expected net interest income ('NII') under varying interest rate scenarios. This monitoring is undertaken by ALCO on regular basis. The NII sensitivities shown are indicative and based on simplified scenarios.

**Sensitivity analysis for Loan Book**

A movement of 50 basis point in interest rates is likely to impact the Net Interest Income for the year ending March 31, 2022 by ₹ 248.19 lakhs (₹109.87 lakhs for the year ended 31st March 2021).

**Fair value sensitivity analysis for fixed-rate instruments**

One basis point movement in interest rates is likely to impact the profit or loss (before tax) for the year ending March 31, 2022 by ₹ 148.78 Lakhs (March 31, 2021 ₹170.55 Lakhs).

**ii. Price risk**

Price risk is the potential for gains or losses to arise from trading activities undertaken by the Group as a result of movements in market prices. The table below summarises the impact of increase/decrease on the Group's equity and profit or OCI for the period. The analysis is based on 1% movement of the market prices as on reporting date.

(₹ in Lakhs)

Particulars	Impact on the Group's equity and profit or OCI	
	As at March 31 2022	As at March 31 2021
<b>On 1% movement from fair prices as on reporting date</b>		
- Investment in CCIL (at FVTOCI)	395.93	356.53
- Other Equity Investments (at FVTOCI)	1.10	0.66
- Equity, MF Investments (at FVTPL)	25.01	0.26
<b>Total</b>	<b>422.04</b>	<b>357.45</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 41. Maturity Analysis of Assets & Liabilities

(₹ in Lakhs)

	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 months	Total	Within 12 Months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash & Cash equivalents	12,193.63		<b>12,193.63</b>	58,963.01	-	<b>58,963.01</b>
Bank Balances other than above	8,545.13		<b>8,545.13</b>	501.09	-	<b>501.09</b>
Derivative financial instrument	15,575.56	22,652.71	<b>38,228.27</b>	2,366.49	42,496.75	<b>44,863.24</b>
Receivables						
(i) Trade Receivables	20.79		<b>20.79</b>	244.56	-	<b>244.56</b>
(ii) Other Receivables	0.28		<b>0.28</b>	294.04	-	<b>294.04</b>
Loans	1,12,291.66	40,660.78	<b>1,52,952.44</b>	95,185.13	22,088.83	<b>1,17,273.96</b>
Investments	12,03,537.68	2,02,242.16	<b>14,05,779.84</b>	11,39,848.46	36,943.95	<b>11,76,792.41</b>
Other Financial Assets	516.00	3,658.51	<b>4,174.51</b>	529.02	1,683.92	<b>2,212.94</b>
<b>Non-financial Assets</b>						
Tax assets(net)	545.31	985.44	<b>1,530.75</b>	105.28	576.82	<b>682.10</b>
Property, Plant and Equipment	-	3,491.53	<b>3,491.53</b>	-	3,559.32	<b>3,559.32</b>
Intangible assets under development	-	-	<b>-</b>	-	0.64	<b>0.64</b>
Other Intangible assets	-	21.46	<b>21.46</b>	-	47.90	<b>47.90</b>
Right of Use Asset	-	149.33	<b>149.33</b>	-	206.93	<b>206.93</b>
Other Non-Financial assets	339.58	16.80	<b>356.38</b>	369.39	26.04	<b>395.43</b>
<b>Total Assets</b>	<b>13,53,565.62</b>	<b>2,73,878.72</b>	<b>16,27,444.34</b>	<b>12,98,406.47</b>	<b>1,07,631.10</b>	<b>14,06,037.57</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Financial Liabilities</b>						
Derivative financial instrument	15,315.22	23,274.37	<b>38,589.59</b>	2,420.68	42,275.08	<b>44,695.76</b>
Payables						
(i) Trade Payables	128.32		<b>128.32</b>	127.95	-	<b>127.95</b>
(ii) Other Payables	53.65		<b>53.65</b>	47.45	-	<b>47.45</b>
Borrowings (Other than Debt Sec.)	13,16,318.12	9,906.91	<b>13,26,225.03</b>	11,03,694.47	22,877.54	<b>11,26,572.01</b>
Deposits	19,155.34		<b>19,155.34</b>	18,772.90	-	<b>18,772.90</b>
Other Financial Liabilities	730.91	233.16	<b>964.07</b>	664.29	268.36	<b>932.65</b>
<b>Non-Financial Liabilities</b>						
Provisions	1,060.47	311.55	<b>1,372.02</b>	1,155.87	936.84	<b>2,092.71</b>
Deferred Tax Liabilities	-	5,447.93	<b>5,447.93</b>	-	1,320.91	<b>1,320.91</b>
Other Non-Financial Liabilities	63.06	-	<b>63.06</b>	154.64	-	<b>154.64</b>
<b>Total Liabilities</b>	<b>13,52,825.09</b>	<b>39,173.92</b>	<b>13,91,999.01</b>	<b>11,27,038.25</b>	<b>67,678.73</b>	<b>11,94,716.98</b>
<b>Net</b>	<b>740.53</b>	<b>2,34,704.80</b>	<b>2,35,445.33</b>	<b>1,71,368.22</b>	<b>39,952.37</b>	<b>211,320.59</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

42. Outbreak of the COVID-19 pandemic since March 2020 and resultant restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The easing of measures subsequently led to gradual improvement in economic activity and progress towards normalcy. Further, there has been significant progress in vaccination programme and the impact of the third wave of Covid-19 in India has been mild. However, the extent to which the COVID-19 pandemic will continue to impact the Group's result including loan provisioning will depend on its future trajectory, which is highly uncertain. As the impact assessment of COVID 19 is a continuing process, the Group will continue to monitor for any material changes to future economic conditions. The Group holds adequate impairment allowances as at March 31, 2022, against potential impact of COVID-19 based on the information available at this point in time. No other significant events have occurred after the balance sheet date which may have material effect on the Group's financial statements.
43. The Board of Directors of the Holding Company at its meeting held on April 28, 2022 has recommended a final dividend of 12% (₹ 1.20/- per equity share of ₹10/- each) for the financial year 2021-22, which is subject to approval by shareholders at the Annual General Meeting. The proposed dividend will lead to outflow of ₹4,560.00 lakhs.
44. Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary to make them comparable with the current year figures. Figures are rounded off to the nearest lakh Rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

**As per our report of even date**

For and on behalf of  
**RSVA & Co.**  
Chartered Accountants  
Firm Registration No. 110504W

**JAGADISH B SHETTY**

Partner  
Membership No. 048042  
UDIN: 22048042AHZQE3656

Place : Mumbai  
Date : April 28, 2022

**For and on behalf of the Board of Directors****Melwyn Oswald Rego**

Director  
DIN: 00292670

**V. Narayanamurthy**

Managing Director & CEO  
DIN: 00555704

**Kamlesh Rathi**

Chief Financial Officer

Place : Mumbai  
Date : April 28, 2022

**R Venkataramani**

Director  
DIN: 00829107

**Raghvendra Kumar**

Director  
DIN: 08045355

**Suparna Sharma**

Company Secretary

# **STCI FINANCE LIMITED**



## **STCI PRIMARY DEALER LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31<sup>st</sup> MARCH, 2022**





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## DIRECTORS' REPORT

TO THE SHAREHOLDERS OF STCI PRIMARY DEALER LIMITED (CIN: - U67110MH2006PLC165306)

Your Directors are pleased to present the 16<sup>th</sup> Annual Report on the business, operations and the state of affairs of the Company together with the Audited Accounts of the Company for the year ended March 31, 2022.

### 1. FINANCIAL RESULTS

The Financial performance of the Company for the year ended March 31, 2022, is as under: -

(₹ in Lakh)

Particulars	FY 2021-22	FY 2020-21
<b>Income</b>		
Revenue	57,455.01	62,230.00
Other income	486.78	798.16
<b>A. Total income</b>	<b>57,941.79</b>	<b>63,028.16</b>
<b>Expenses</b>		
Operating expenditure	2,658.21	2,755.10
Depreciation and amortization expense	88.25	93.41
Finance costs	41,480.39	29,375.28
<b>B. Total Expenses</b>	<b>44,226.85</b>	<b>32,223.79</b>
<b>C. Profit before tax (A-B)</b>	<b>13,714.94</b>	<b>30,804.37</b>
<b>D. Tax expense</b>	<b>(3,658.78)</b>	<b>(7,965.06)</b>
<b>E. Profit for the year attributable to owners of the company/ Profit after Tax (C-D)</b>	<b>10,056.16</b>	<b>22,839.31</b>
<b>F. Opening balance of retained earnings</b>	<b>30,863.15</b>	<b>25,169.57</b>
<b>G. Dividend (including tax on dividend)</b>	<b>(5,550.00)</b>	<b>(12,600.00)</b>
<b>H. Transfer to statutory reserve</b>	<b>(2,011.58)</b>	<b>(4,545.73)</b>
<b>I. Closing balance of retained earnings [(E+F)-(G+H)]</b>	<b>33,357.74</b>	<b>30,863.15</b>

Your Company was able to deliver a competent financial performance in a challenging business environment as Central Banks exited the COVID-19 pandemic emergency measures and amidst the global geo-political tensions with consequent volatility in the financial markets. Your Company has made a net profit (Profit After Tax) of ₹100.56 Crore for the FY2021-22 as against a net profit (Profit After Tax) of ₹ 228.39 Crore for the FY2020-21.

### 2. MANAGEMENT DISCUSSION AND ANALYSIS

#### a. The Economy

The financial year FY2021-22 saw heightened volatility with the two halves of the year witnessing sharp divergence in terms of the macroeconomic environment that eventually unfolded. While the financial year saw continuing waves of the pandemic requiring intervention by global central banks, the second half of the year saw a slew of further negative factors unfold, including geopolitical tensions emanating from the outbreak of Russia-Ukraine war. The conflict has added further pressure on supply chains already disrupted by the COVID-19 pandemic, resulting in unprecedented shock to commodity prices which in turn have pushed inflation to multi-year highs across the globe.

India saw a growth trajectory which was guided in part by the previous year's low base, and a revival of economic activity amidst the second and third waves of the COVID-19 pandemic. During the first three quarters of FY2021-22, the Indian economy grew at an average growth rate of 11.4%, partly due to the extremely low base in the previous year and partly due to the recovery in economic activity during the year, despite two successive waves of the COVID-19 pandemic. The second wave during the Q1FY2021-22 was the most devastating amongst all the waves that hit the Indian economy, while the third wave caused by the Omicron variant of the virus in December 2021 was amongst the least disruptive for economic activity. For the full year FY2021-22, the Indian economy still managed to clock a growth rate of 8.70% in terms of GDP (8.10% in terms of GVA), which is one of the highest growth rates in the entire world.



## DIRECTORS' REPORT

Headline CPI inflation remained well above the RBI's target level of 4% during FY2021-22, with average headline CPI inflation for FY2021-22 coming in at 5.5%, which was 20 bps higher than the RBI's projection of 5.3%. The main drivers of inflation were a sustained increase in fuel prices, though the tax cut by the central government in November 2021 led to some softening in the fuel inflation. Core inflation remained sticky for most part of the year as pent-up demand and a reset in the prices of various services, led to a surge in the core inflation basket. Core inflation averaged 6% during FY2021-22, and remained a point of concern for the central bank.

The last quarter of the financial year saw a shift by global central banks towards a hawkish and tighter monetary policy, with the FOMC being the first to voice its concern over inflation rising sharply. Even as the Omicron threat was subsiding during the quarter, the sudden and unexpected outbreak of Russia-Ukraine war on February 24, 2022, changed the entire global inflation dynamics with a sharp upswing in prices of several commodities including wheat, edible oils & metals. Crude oil prices spiked sharply with Brent crude oil prices rising above 125 USD/bbl. Global central banks responded to the rising inflationary pressures with aggressive monetary tightening. The US FOMC raised interest rates by 25 bps in March 2022 with other central banks following suit.

### b. Developments in Money and Securities Market

The year FY2021-22 commenced with the RBI and major global central banks presenting a growth supportive commentary and maintaining status quo on ultra-low policy rates, amid continuing COVID-19 uncertainty and inflation situation being assessed by global central banks as "transitory". However, markets witnessed weak demand for government securities amidst a huge central government borrowing programme of ₹ 12.05 Lakh Crore lined up for the year. During the first half of the year, the RBI demonstrated its intent to anchor the 10Y benchmark yield at around 6%, leading to a large devolvement of ₹75,802 Crore on the Primary Dealers, amounting to almost 10% of the H1FY2021-22 gross borrowing programme. RBI's decision to change the auction methodology for benchmark papers of tenor 2-year, 3-year, 5-year, 10-year, 14-year and FRBs from multiple price-based auctions to uniform price-based auction bolstered weak primary market demand. Additionally, the RBI announced a new bond purchase programme viz. G-Sec Acquisition Programme (G-SAP), under which RBI committed to purchase government securities worth ₹ 1 lakh Crore during Q1FY2021-22 and worth ₹ 1.20 Lakh Crore during Q2FY2021-22. This ensured that the large H1FY2021-22 G-Sec borrowing programme of close to ₹ 7.24 Lakh Crore was completed smoothly.

However, as the year progressed, inflation pressures aggravated due to a combination of supply side bottlenecks and pent-up demand, thereby shifting the focus of major global central banks to containing inflation and moving towards a tighter monetary policy environment. The beginning of the third quarter saw RBI discontinuing the G-Sec Acquisition Programme (G-SAP), marking the commencement of the exit from the pandemic emergency measures. The absence of G-SAP led to a sharp hardening of yields with 10Y benchmark paper rising to the pre-pandemic level of 6.33%. However, excise duty cuts on petrol and diesel by ₹ 5 and ₹10 respectively, announced by the Central Government alleviated inflation worries to some extent. This aided the RBI's decision to keep the policy rates unchanged in December 2021 policy, amid the uncertain economic impact arising from the new Omicron variant of COVID-19.

The fourth quarter saw the FOMC presenting a markedly hawkish commentary in January 2022 policy, and indicating the commencement of quantitative tightening along with at least 3-4 rate hikes of 25 bps going ahead. Market sentiments turned extremely bearish in February 2022, following the announcement of the Union Budget for FY2022-23, which presented a rude shock for the bond market, as the G-Sec gross market borrowing number announced for FY2022-23 was pegged at ₹14.31 Lakh Crore, which was significantly higher than the market expectations of around ₹ 12.50 - 13 Lakh Crore. Also, absence of any fresh cues with respect to inclusion of Indian government bonds in global bond indices, significantly dampened market sentiments amid fears of adverse demand-supply dynamics for G-Secs. This resulted in the 10Y benchmark paper yield rising to a high of 6.80-85% levels. However, market was provided some relief as the RBI cancelled successive auctions for ₹ 24,000 Crore after reviewing the Government's liquidity conditions and cash balances, and also surprised the market by leaving the Reverse Repo rate unchanged at 3.35% in its February 2022 MPC meeting. RBI continued to maintain a growth supportive stance, as it emphasized and reiterated the need to support growth which had barely recovered from the pre-pandemic levels. In the February 2022 MPC meeting, RBI had projected the average headline CPI inflation for FY2022-23 at 4.5%, a substantially lower estimate as compared to the market expectations.

The borrowing by State governments under State Development Loans (SDLs) in FY2021-22 stood lower at ₹ 7.02 Lakh Crore compared to a borrowing of ₹ 7.99 Lakh Crore in FY2020-21. RBI ensured easy liquidity conditions throughout the year with average surplus systemic liquidity of ₹ 6.47 Lakh Crore during FY2021-22.



## DIRECTORS' REPORT

Amidst an easy liquidity scenario and low interest rate environment, PSU companies were able to borrow from banks at extremely low loan rates and largely chose to stay away from issuing bonds leading to the corporate bond market seeing record low primary supply in FY2021-22. FY2021-22 corporate bond issuance was an estimated ₹ 5.88 Lakh Crore, which was around 24% lower than the previous year's high of ₹7.72 Lakh Crore for FY2020-21. There was a large quantum of issuance of AT1 bonds as PSU banks refinanced call option exercised on their AT1 bonds. Thus, although corporate bond yields moved higher across tenors in sync with G-secs, the rise was lower leading to compression in credit spreads. The 10-year AAA PSU spread over 10-year G-Sec benchmark compressed from 70 bps at the start of year to 20 bps at the end of the year. The trading volumes also saw reduction with FY2022 clocking ₹ 17.73 Lakh Crore vis-à-vis ₹ 18.72 Lakh crore in FY2021.

### c. Operations review

#### (i) Financial Performance

Your Company has made a Net Profit (Profit After Tax) of ₹100.56 Crore for FY2021-22. Your Company was able to deliver such a financial performance in a challenging market environment marked by rising interest rates and withdrawal of monetary accommodation by global central banks, together with higher commodity prices and geo-political tensions.

For the FY2021-22, in accordance with the RBI Master Directions as applicable to Standalone Primary Dealers & the Dividend Distribution Policy, your Company has declared and paid two interim dividends. The first interim dividend for FY2021-22 was declared in March 2022 at the rate of 24%, amounting to ₹ 2.40 per share (Face Value - ₹10/- per share), entailing a payout of ₹ 36.00 Crore, subject to Tax Deductible at Source (TDS). Further, the second interim dividend for FY2021-22 was declared in April 2022 at the rate of 14%, amounting to ₹ 1.40 per share (Face Value - ₹10/- per share), entailing a payout of ₹ 21.00 Crore, subject to Tax Deductible at Source (TDS). The cumulative payout arising from the distribution of interim dividend for FY2021-22 amounts to ₹ 57.00 Crore, subject to TDS. Your Directors do not recommend any final dividend.

#### (ii) Performance of the Company as a Primary Dealer in Government Securities Market

The Company's total turnover ratio was 424 times in Government Dated Securities and 30 times in Treasury Bills, as against the stipulated minimum turnover ratio of 5 times and 10 times respectively, under the RBI's guidelines for Primary Dealers in the Government securities market. On an outright basis, the turnover ratio was 29 times in Government Dated Securities and 10 times in Treasury Bills as against the prescribed minimum of 3 times and 6 times respectively. The Company achieved success ratio of 47.98% in respect of bids tendered for primary issues of Treasury Bills, as against the stipulated minimum success ratio of 40%.

#### (iii) Risk Management

The Company has in place a comprehensive Business Investment and Risk Policy to monitor market, credit, liquidity, forex, settlement, and operational risks associated with the business operations of the Company. The Company's Risk Management Department is an independent unit under the Chief Risk Officer (CRO), who is responsible for measurement and monitoring of risk limits within the risk management framework across all asset classes. The Company uses Value-at-Risk (VaR) methodology for measuring and monitoring market risks associated with its portfolio and uses stress-testing tools to assess the impact of interest rate movements on the portfolio. The Company has an internal Credit Evaluation Committee for evaluating & monitoring the credit quality of entities for investing in their debt instruments. The risk management function of the Company is periodically reviewed by the Risk Management Committee of the Board and the Chief Risk Officer (CRO) independently briefs the Risk Management Committee, on the compliance in respect of the Company's risk framework on a periodic basis.

The Company also has an Asset-Liability Committee (ALCO) of executives of the Company comprising of the Managing Director and Senior Management of the Company. ALCO Committee functions under the guidance and directions of the Board of Directors of the Company as well as the Risk Management Committee.

#### (iv) Internal Audit and Control Systems

For the period under review, the Company appointed M/s. Borkar & Muzumdar, Chartered Accountants, as the Company's Internal and Concurrent Auditors. The scope of their audit included review of adequacy and efficacy



## DIRECTORS' REPORT

of the internal control systems and procedures and deviations, if any, from generally accepted best practices, review of the Company's compliance with applicable laws and regulations including the guidelines issued by RBI and other statutory bodies. M/s. Borkar & Muzumdar, Chartered Accountants were also entrusted with the work of Concurrent audit of all money and securities market transactions. The Audit Committee as well as the Board of Directors interacts with the Internal and Concurrent Auditors on a regular basis for ensuring adequate internal controls and checks.

From FY2022-23, the Reserve Bank of India (RBI) directions on implementation of a Risk Based Internal Audit (RBIA) framework and the requirement of having an independent unit as 'Internal Audit Department' headed by the Head of Internal Audit (HIA) have been implemented within the Company. Your Company also has in place a Risk Based Internal Audit (RBIA) Policy, in line with the RBI directions.

### (v) Regulatory Compliance

The Company has complied with the applicable guidelines prescribed by RBI for the Primary Dealers and NBFCs, regarding accounting standards, income recognition, valuation of securities, capital adequacy, single and group exposure norms etc.

### (vi) Credit Rating

The Company has obtained the highest credit rating of A1+ from the credit rating agency 'CRISIL' for ₹ 200 Crore for its short-term debt (STD) programme.

### (vii) Debt & Macro Economic - Research

The Company has a dedicated Fixed-Income and Macroeconomic research desk, which releases reports at regular intervals covering detailed study and in-depth analysis of macro-economic developments, economic events and data releases, and also forecasts various macro-economic parameters, both for the Company's esteemed and valued clients/market participants, as well as for the dealing team to assist them in taking informed trading decisions. Other regular research contributions include series of reports in the form of daily and weekly debt market updates and fortnightly economic updates. It also releases periodic reports covering the Monetary Policy Committee (MPC) meeting expectations, review of MPC decisions and policy outcomes, analysis and fiscal impact of the Union Budget, update on State Government finances, internals of the Government Borrowing calendar, and occasional write-ups on issues of topical interest.

### (viii) IT Strategy Committee

The Company has an IT Strategy Committee with an Independent Director as its Chairperson in line with the RBI Master Directions on Information Technology Framework for the NBFC Sector. The Committee has the responsibility of monitoring the adequacy and compatibility of the IT Systems of the Company as well as advising on the timely upgrade of the IT infrastructure, in line with the Company's emerging business requirements. The Committee monitors and reviews the IT Governance, IT Policies and IT Operations of the Company. The IT Strategy Committee also reviews the audit of IT systems of the Company which are conducted annually and provides suggestions/recommendations on areas of improvement.

### (ix) Human Resources

The Company's Human Resources (HR) function for FY2021-22 was outsourced to M/s. HR Anexi Private Limited, HR Consultants who provided HR support by way of review of Company's HR policies, compensation structure, key hiring plan, new employee on-boarding, skill and capability building for employees, and other regular HR engagement activities, interventions and initiatives. The Company's staff strength as on March 31, 2022, was 43 employees.

### (x) Internal Financial Controls and their adequacy

The Company has in place adequate Internal Financial Control framework commensurate with the nature, size and scale of operations of the Company. The controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically.



## DIRECTORS' REPORT

### d. Outlook for the Current Year

Globally, both advanced as well as emerging market economies have seen inflation rising to record highs not seen in the past 3-4 decades. Growth has taken a back seat among central bank priorities, with a sharp, resolute and determined focus on reigning in inflation. The US FOMC has hiked interest rates by a cumulative 225 bps and a calibrated reduction of the pace of its asset purchases. Similar measures have been taken by the other central banks like the Bank of England with its bank rate increased to 1% after four successive hikes. China, on the other hand, has seen headwinds to economic growth due to its policy of zero tolerance of COVID-19 amidst a stronger wave of infections, leading it to lock down cities like Shanghai. With China being the world's largest manufacturer, these lockdowns are creating further supply disruptions adding to cost push pressures, leading to higher inflation. A combination of these factors has led to a downward revision of global growth forecasts, most notably by the International Monetary Fund (IMF) from 4.4% in January 2022 to 3.6% in April 2022. Fears of a prolonged recession in the developed economies remains on the minds of economic stakeholders, though the noise around it remains muted as of now.

India was similarly affected by the headwinds of higher commodity prices, supply chain disruptions, especially in the case of crude oil and edible oils impacting the headline inflation prints. In a surprise, unanticipated and unscheduled off-cycle RBI MPC meeting, held on May 02 and May 04, 2022, the RBI MPC decided to hike the policy Repo rate by 40 bps from 4.00% to 4.40%, and also hike the CRR by 50 bps from 4% to 4.50% of NDTL. It followed it up with a further 50 bps hikes in the June and August 2022 MPC meetings, as it tilted in favor of frontloading the interest rate hikes in order to curb inflation in the medium term, and bring it below the upper bound of 6%.

Spillovers from geopolitical shocks are imparting considerable uncertainty to the inflation trajectory. International crude oil prices have eased in recent weeks, but remain elevated and volatile on supply concerns even as the global demand outlook is weakening. On the other hand, food, edible oils and metal prices have come off their peaks. While market interest rates moved sharply higher in May and June 2022 following the MPC rate hikes, with the benchmark 10-year government bond yield rising sharply to a high of 7.60% levels, they have subsequently eased to 7.20-7.30% range as supply outlook improves, aided by an above-normal monsoon and easing of global supply constraints.

Domestic economic activity remains resilient with GDP growth for FY2022-23 expected to be in the range of 7-7.50%. Cost pressures can get increasingly transmitted to output prices across manufacturing and services sectors, and the US dollar strength can result into imported inflation pressures affecting the domestic economy. Headline CPI inflation is expected to remain in the range of 6.50-6.70% for the remainder of FY2022-23 and soften only by Q1FY24.

### Cautionary Statement

*Statements in this Management Discussion and Analysis may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may differ, from those expressed or implied, due to various factors. The views expressed are not to be treated as advisory or recommendatory in nature.*

### 3. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES & POLICY

Corporate Social Responsibility (CSR) is a process with the aim to include responsibility for the Company's actions as a good corporate citizen and encourages a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and society at large. In accordance with the requirements of Section 135 of the Companies Act, 2013 and the rules framed thereto, your Company has formulated a CSR Policy and has constituted a CSR Committee to review the CSR Initiatives of the Company. The Company's CSR policy is designed with the intent to make a material, visible and lasting difference and impact to the lives of the disadvantaged/underprivileged sections of society.

The Company has consistently focused its CSR initiatives towards building a robust ecosystem that enables to create long-term and wider impact to the society in diversified areas such as health care, education, hunger, malnutrition, social development & environmental sustainability across the country.

During the FY2021-22, the Company through its CSR contribution, has provided support to patients across various age group, for the initial diagnosis of cancer and treatment thereon. The Company has also focused on providing medical equipment such as hemodialysis machines, ventilators, ophthalmic microscope, C-Arm equipment, etc to aid diagnosis and treatment. The Company aims to support and extend its impact, to a large group of beneficiaries through contribution towards procurement of medical equipment. Along with health care, the Company has also supported the cause of poverty & hunger alleviation through distribution of ration kits to the families of school children living in poor slums and shanties.



## DIRECTORS' REPORT

Your Company encourages the engagement of employees in the CSR activities of the Company with a view to foster community participation and development. The Company, as part of its HR initiatives, recognized & felicitated employees who had volunteered for participating in the CSR activities of the Company.

Your Company has further embarked on a journey of operational excellence by optimizing resource efficiency and minimizing the negative impact on people, planet and communities. Through Environmental, Social and Governance perspective, the Company aims at achieving inclusive growth, social equity and sustainable development for the betterment of the society.

The disclosures under Corporate Social Responsibility Activities in FY2021-22, in accordance with the Companies Act, 2013 & Companies (Corporate Social Responsibility Policy) Rules, 2014, are annexed to the report as "Annexure II". The Company's CSR policy is available on the Company's website [www.stcipd.com](http://www.stcipd.com)

### 4. COMPOSITION OF BOARD

As on March 31, 2022, the Board comprised of seven Directors. The Board includes Independent Directors, Non-Executive Directors and a Managing Director as under: -

- Mr. T. V. Rao, Independent Director
- Mr. R. Venkataramani, Non-Executive Director
- Mr. Raghvendra Kumar, Non-Executive Director
- Mr. Prakash Vartak, Additional Director (Independent)
- Mr. V. Narayanamurthy, Additional Director (Non-Executive)
- Mr. Pradeep Madhav, Additional Director (Non-Executive)
- Mr. Prasanna Patankar, Managing Director

#### Changes in Board of Directors during the FY2021-22

##### a) Cessation/ Resignation

Mr. G. Narayanan, Independent Director, on account of completion of his two consecutive terms as an 'Independent Director', ceased to be a director from the Board with effect from the close of business hours on August 6, 2021.

Mr. Pradeep Madhav, Non-Executive Director, consequent to his completion of tenure as a Managing Director & CEO of STCI Finance Limited (Holding Company) at the close of business hours on August 31, 2021, resigned as a Director of the Company with effect from the close of business hours on August 31, 2021.

Ms. Sonali Sinha, Independent Director, on account of completion of her two consecutive terms as an 'Independent Director', ceased to be a director from the Board with effect from the close of business hours on February 9, 2022.

The Board acknowledges and expresses its deep gratitude and appreciation to them for their valuable contribution, guidance & insights provided during their tenure as a Director of the Company.

##### b) Appointment/ Re-appointment

Mr. Raghvendra Kumar, was appointed as Additional Director (Non-Executive) with effect from May 7, 2021. At the 15<sup>th</sup> Annual General Meeting (AGM) of the Company held on August 30, 2021, the Members approved and regularized his appointment as a 'Non-Executive Director and liable to retire by rotation'.

On the recommendation of Nomination & Remuneration Committee (NRC), the Board of Directors at the meeting held on October 22, 2021, appointed:

- Mr. Prakash Vartak, as an Additional Director (Independent) for a period of five (5) years with effect from October 22, 2021, upto October 21, 2026;
- Mr. Pradeep Madhav, as an Additional Director (Non-Executive) and liable to retire by rotation with effect from October 22, 2021;
- Mr. V. Narayanamurthy, as an Additional Director (Non-Executive) and liable to retire by rotation with effect from October 22, 2021;



## DIRECTORS' REPORT

subject to the approval of the Members at the ensuing general meeting.

On the recommendation of the Nomination & Remuneration Committee (NRC), the Board of Directors at the meeting held on October 22, 2021, approved the re-appointment of Mr. Prasanna Patankar, as the 'Managing Director' of the Company for a period of five (5) years from January 24, 2022, till January 23, 2027, subject to the approval of the Members at the ensuing general meeting.

On the recommendation of the Nomination & Remuneration Committee (NRC), the Board of Directors at the meeting held on March 25, 2022, appointed Ms. Varda Pendse as an Additional Director (Independent) for a period of three (3) years with effect from April 1, 2022, upto March 31, 2025, subject to the approval of the Members at the ensuing general meeting.

In the opinion of the Board, all the Directors of the Company, as well as the Directors proposed to be appointed/re-appointed, possess the requisite qualifications, experience and expertise and hold high standards of integrity. The newly appointed Independent directors, Mr. Prakash Vartak and Ms. Varda Pendse are required to pass the proficiency test within the prescribed time limit, as applicable to Independent Directors. A brief profile of the appointed/re-appointed Director's along with the appropriate resolution seeking the approval of the Members is included in the explanatory statement annexed to the Notice of the Annual General Meeting (AGM).

### c) Retirement by rotation at the ensuing AGM

Mr. Raghvendra Kumar, Non-Executive Director, retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as a Director liable to retire by rotation at the ensuing AGM. His brief profile, along with the appropriate resolution seeking the approval of the Members is given in the Explanatory Statement annexed to the Notice for the ensuing AGM.

## 5. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013. The Independent Directors confirm to have complied with the Code for Independent Directors as prescribed in Schedule IV of the Companies Act, 2013. The Independent Directors confirm to have registered with the Independent Directors Databank (IDDB).

## 6. MEETING OF THE BOARD OF DIRECTORS

The Company has received requisite declarations from Director(s), as applicable to them. The Board met eight times during the year under review.

Date of Board Meeting	May 07, 2021	July 14, 2021	July 22, 2021	Aug 23, 2021	Sept 14, 2021	Oct 22, 2021	Jan 25, 2022	Mar 25, 2022	
<b>Details of Directors</b>									
1	Mr. G. Narayanan <sup>#</sup>	✓	✓	✓	Refer Note				
2	Ms. Sonali Sinha <sup>@</sup>	✓	✓	✓	X	✓	✓	✓	Refer Note
3	Mr. T. V. Rao	✓	✓	✓	✓	✓	✓	✓	✓
4	Mr. R. Venkataramani	✓	✓	✓	✓	✓	✓	✓	✓
5	Mr. Raghvendra Kumar <sup>*</sup>	✓	✓	✓	✓	✓	✓	✓	✓
6	Mr. Pradeep Madhav <sup>§</sup>	✓	✓	✓	✓	Refer Note	✓	✓	✓
7	Mr. Prakash Vartak <sup>%</sup>	Refer Note					✓	✓	✓
8	Mr. V. Narayanamurthy <sup>%</sup>	Refer Note							
9	Mr. Prasanna Patankar <sup>^</sup>	✓	✓	✓	✓	✓	✓	✓	✓
10	Ms. Varda Pendse <sup>+</sup>	Refer Note							

<sup>#</sup>Ceased to be Director w.e.f August 7, 2021

<sup>@</sup>Ceased to be Director w.e.f February 10, 2022

<sup>\*</sup>Inducted as Director w.e.f May 7, 2021



## DIRECTORS' REPORT

*§ Ceased to be Director w.e.f September 1, 2021. Appointed as Additional Director w.e.f October 22, 2021*

*% Inducted as Director w.e.f October 22, 2021*

*^ Reappointed as Managing Director w.e.f January 24, 2022*

*+ Appointed as an Independent Director w.e.f April 1, 2022*

### 7. COMMITTEES OF THE BOARD

The Committees of the Board play a crucial role and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board of Directors to carry out defined roles.

The Company has the following Committees of the Board: -

#### (i) Audit Committee

As on March 31, 2022, the Audit Committee of the Board comprised of Mr. R Venkataramani and Mr. T. V. Rao. Ms. Sonali Sinha was also a Member of the Audit Committee of the Board until February 09, 2022, post which she ceased to be a Director of the Company pursuant to completion of two consecutive terms as an Independent Director of the Company. The Audit Committee has been duly re-constituted with effect from April 1, 2022, post the appointment of an Independent Director.

The scope and functions of the Audit Committee includes the following:

- Recommendation for appointment, remuneration and terms of appointment of internal & statutory auditors of the Company;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statements and the auditors' report thereon;
- Approval or any subsequent ratification of transactions of the Company with related parties; Provided that the Audit Committee may give omnibus approval for related party transactions proposed to be entered into by the Company; Provided further that in case of transaction, other than transactions referred to in Section 188 of the Companies Act, 2013, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Calling for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discussing any related issues with the internal and statutory auditors and the Management of the Company;
- Dealing with or investigating any matter in relation to the items herein or referred to it by the Board of Directors of the Company, Reserve Bank of India or any other regulator;
- Establishing & overseeing whistle blower policy/vigil mechanism for directors and employees to report concerns in such manner as may be prescribed;
- Reviewing the Company's arrangements for Directors and employees to report concerns about unethical behavior, actual or suspected fraud, violation of the Company's code of conduct and terms of service;
- Reviewing Information System Audit of the internal systems and processes is conducted, once a year to assess operational risks faced by the Company;
- Monitoring internal audit of all activities covered under the outsourcing policy;
- Reviewing and advising the Board on the deviations/ observations arising from regulatory inspections/ audits;
- Any other applicable matters as specified under Section 177 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard.



## DIRECTORS' REPORT

In addition to quarterly meetings for consideration of financial results, meetings of the Audit Committee may also be convened, as and when required, for review of various businesses/functional aspects of the Company, business risk assessment, internal audit, etc.

The Committee met four times during the year.

Date of Meeting		May 07, 2021	July 22, 2021	Oct 22, 2021	Jan 25, 2022
<b>Details of Directors<sup>a</sup></b>					
1	Mr. G. Narayanan <sup>#</sup>	✓	✓	Refer Note	
2	Ms. Sonali Sinha <sup>@</sup>	✓	✓	✓	✓
3	Mr. R. Venkataramani	✓	✓	✓	✓
4	Mr. T. V. Rao	✓	✓	✓	✓

<sup>#</sup> Ceased to be Director & Committee member w.e.f August 7, 2021

<sup>@</sup> Ceased to be Director & Committee member w.e.f February 10, 2022

<sup>a</sup>The Audit Committee of the Board was duly re-constituted with effect from April 1, 2022, on appointment of an Independent Director.

### (ii) Risk Management Committee

As on March 31, 2022, the Risk Management Committee of the Board comprised of Mr. R Venkataramani and Mr. T. V. Rao. Ms. Sonali Sinha was also a Member of the Risk Management Committee of the Board until February 09, 2022, post which she ceased to be a Director of the Company pursuant to completion of two consecutive terms as an Independent Director of the Company. The Risk Management Committee has been duly re-constituted with effect from April 1, 2022, post the appointment of an Independent Director.

The Company has in place a comprehensive Business Investment and Risk Policy, which is reviewed at regular intervals and modified, if required, to align it with the changing business dynamics or regulatory requirements of the Company. The Risk Management Committee meets at regular intervals to review the Company's risk exposure, performance and monitor adherence to various prudential limits. The scope of the Risk Management Committee includes the following:

- Reviewing compliance with the RBI prudential norms and internal business risk policy parameters;
- Reviewing risk policies, procedures and reporting mechanisms;
- Reviewing risk management reports on a periodic basis and suggesting modifications to the Business Investment and Risk Policy of the Company to the Board for its final approval;
- Reporting to the Board of Directors of the Company on periodic basis on the above matters;
- Reviewing and recommending to the Board the policies of the Company that may carry the legal risk, operational risk, compliance risk and reputational risk;
- All such acts and functions as may be delegated by the Board of Directors.

The Committee met six times during the year.

Date of Meeting		May 07, 2021	July 14, 2021	July 22, 2021	Sept 14, 2021	Oct 21, 2021	Jan 25, 2022
<b>Details of Directors<sup>a</sup></b>							
1	Mr. G. Narayanan <sup>#</sup>	✓	✓	✓	Refer Note		
2	Ms. Sonali Sinha <sup>@</sup>	✓	✓	✓	✓	✓	✓
3	Mr. R. Venkataramani	✓	✓	✓	✓	✓	✓
4	Mr. T.V. Rao	✓	✓	✓	✓	✓	✓

<sup>#</sup> Ceased to be Director & Committee member w.e.f August 7, 2021

<sup>@</sup> Ceased to be Director & Committee member w.e.f February 10, 2022

<sup>a</sup>The Risk Management Committee of the Board was duly re-constituted with effect from April 1, 2022, on appointment of an Independent Director.



## DIRECTORS' REPORT

### (iii) Nomination and Remuneration Committee

As on March 31, 2022, the Nomination and Remuneration Committee of the Board comprised of Mr. R Venkataramani and Mr. T. V. Rao. Ms. Sonali Sinha was also a Member of the Nomination and Remuneration Committee of the Board until February 09, 2022, post which she ceased to be a Director of the Company pursuant to completion of two consecutive terms as an Independent Director of the Company. The Nomination and Remuneration Committee has been duly re-constituted with effect from April 1, 2022, post the appointment of an Independent Director.

The Nomination and Remuneration Committee plays an active role in HR development, performance management and talent retention and reviews HR policies. The scope of the Nomination and Remuneration Committee includes the following:

- To identify 'Fit & Proper' persons who are qualified to become directors. To identify persons who are qualified to be appointed in senior management in accordance with the criteria laid down in the Nomination and Remuneration Policy and recommend to the Board their appointment and removal;
- To specify the manner for effective evaluation of performance of the Board, its Committees and individual Directors to be carried out either by the Board or by the Nomination and Remuneration Committee and review its implementation and compliance thereof;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy, relating to the remuneration for the Directors, key managerial personnel and Senior Management. While formulating the policy, the following shall be ensured;
- The remuneration is reasonable and sufficient to attract and retain Directors;
- Relationship of remuneration to performance is clear and transparent appropriate performance benchmarks for Senior Management and Key Management Personnel;
- remuneration to key managerial personnel and senior management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- To review HR Strategy, key initiatives and key HR metrics, compensation structure and policies with a view to retain and motivate the company's employees;
- Any other matters as specified under Section 178 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard.

The Committee met four times during the year.

Date of Meeting		May 07, 2021	July 13, 2021	Oct 22, 2021	Feb 02, 2022
<b>Details of Directors<sup>a</sup></b>					
1	Mr. G. Narayanan <sup>#</sup>	✓	✓	Refer Note	
2	Ms. Sonali Sinha <sup>@</sup>	✓	✓	✓	✓
3	Mr. R. Venkataramani	✓	✓	✓	✓
4	Mr. Pradeep Madhav <sup>§</sup>	✓	✓	Refer Note	
5	Mr. T.V. Rao <sup>*</sup>	Refer Note		✓	✓

<sup>#</sup> Ceased to be Director & Committee member w.e.f August 7, 2021

<sup>@</sup> Ceased to be Director & Committee member w.e.f February 10, 2022

<sup>§</sup> Ceased to be Director & Committee member w.e.f September 1, 2021

<sup>\*</sup> Inducted as Director w.e.f October 22, 2021

<sup>a</sup>The Nomination and Remuneration Committee was duly re-constituted with effect from April 1, 2022, on the appointment of an Independent Director.



## DIRECTORS' REPORT

### (iv) Corporate Social Responsibility (CSR) Committee

As on March 31, 2022, the Corporate Social Responsibility (CSR) Committee of the Board comprised of Mr. R. Venkataramani and Mr. Prasanna Patankar. Ms. Sonali Sinha was also a Member of the Corporate Social Responsibility (CSR) Committee of the Board until February 09, 2022, post which she ceased to be a Director of the Company pursuant to completion of two consecutive terms. as an Independent Director of the Company. The Corporate Social Responsibility (CSR) Committee of the Board has been duly re-constituted with effect from April 1, 2022, post the appointment of an Independent Director.

The CSR Committee of the Board shall recommend the guidelines for CSR activity to the Board of Directors for their approval. The projects/beneficiaries of the CSR initiatives of the Company are clearly laid down in the CSR policy of the Company and approved by the Board of Directors. The scope of Corporate Social Responsibility Committee includes the following: -

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken as specified in Schedule VII of the Companies Act,2013;
- recommend the amount of CSR expenditure to be incurred on the CSR activities referred to in above clause;
- monitor the utilization and implementation of the CSR projects or programs or activities undertaken by the Company;
- formulate and recommend to the Board, an annual action plan for a financial year, disclosing: -
  - (a) The list of CSR projects or programmes that are approved to be undertaken;
  - (b) The manner of execution of CSR projects or programmes;
  - (c) The modalities of utilization of funds and implementation schedules for the projects or programmes;
  - (d) Monitoring and reporting mechanism for the projects or programmes; and
  - (e) Details of need and impact assessment, if applicable, for the projects undertaken by the company.
- Review the CSR Policy of the Company on annual basis.

The Corporate Social Responsibility (CSR) Committee met two times during the year.

Date of Meeting		Oct 21, 2021	Jan 25, 2022
<b>Details of Directors<sup>α</sup></b>			
1	Ms. Sonali Sinha <sup>@</sup>	✓	✓
2	Mr. R. Venkataramani	✓	✓
3	Mr. Prasanna Patankar	✓	✓

<sup>@</sup> Ceased to be Director & Committee member w.e.f February 10, 2022

<sup>α</sup>The Corporate Social Responsibility (CSR) Committee of the Board was duly re-constituted with effect from April 1, 2022, on the appointment of an Independent Director.

### 8. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of unethical behavior.

The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The ICC is responsible for redressal of complaints related to sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.



## DIRECTORS' REPORT

The following is a summary of sexual harassment complaints received and disposed of during the year:

- (a) Number of complaints pending at the beginning of the year - NIL.
- (b) Number of complaints received during the year – NIL.
- (c) Number of complaints disposed of during the year – NIL.
- (d) Number of cases pending at the end of the year - NIL.

### 9. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013 and the rules framed thereto and any other provisions, if any, the Directors confirm: -

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) that they had selected such accounting policies and applied 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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) that they 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) that they had prepared the annual accounts on a going concern basis; and
- (e) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems have been adequate and operating effectively.

### 10. AUDITORS

M/s. Dassani & Associates, Chartered Accountants, bearing ICAI firm registration number 009096C, were appointed as the Statutory Auditors of the Company, by the Comptroller and Auditor General of India (C&AG) for the FY2021-22.

M/s. BNP & Associates, firm of Practicing Company Secretaries, were appointed as Secretarial Auditor of the Company for the FY2021-22.

### 11. DISCLOSURE OF PARTICULARS

The Company is a Standalone Primary Dealer as defined and regulated by the Reserve Bank of India and is not a manufacturing Company, hence the particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 and the rules framed thereto are not applicable to the Company.

The information required pursuant to Section 197(12) of the Act, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not applicable to the Company but available upon request. In terms of Section 136 of the Act, the report and accounts are being sent to members excluding the information on employee's particulars which is available for inspection by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing General Meeting. Interested members may write to the Company for the same.

The details of foreign exchange earnings, if any, as well as foreign exchange outgo, if any, are mentioned in the Notes to Accounts of the Audited Financial Statements for FY2021-22.

### 12. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business operations. All related party transactions are placed before the Audit Committee and the Board of Directors. There are no materially significant transactions made by the Company with Promoters, Directors, Key Managerial Personnel or any other related parties that may have a potential conflict with the interest of the Company at large. Accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. However, disclosure on related party transactions as per IND AS-24 has been provided in the Notes to Accounts of the Audited Financial Statements for FY2021-22. The details of contracts or arrangements with related parties along with justification for entering into transactions referred



## DIRECTORS' REPORT

to in sub-section (1) of section 188 are annexed to the Report as “Annexure I”. The Policy on Related Party Transaction is available on the Company’s website [www.stcipd.com](http://www.stcipd.com) and enclosed as “Annexure III”.

### 13. VIGIL MECHANISM POLICY

The Company has established a vigil mechanism through the Audit Committee, to address any complaint related to internal controls, auditing matters, or the reporting of all information to the shareholders, the regulators and/or the government and the financial markets. The vigil mechanism allows for disclosure by a whistle blower internally of such matters without fear of reprisal, discrimination or adverse employment consequences and addresses the disciplining of those responsible. The vigil mechanism provides adequate safeguards against victimization of whistle blower, and makes provision for direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the Company and its employees. The Company has formulated a Vigil Mechanism Policy in accordance with the requirements of Section 177 of the Companies Act, 2013 and the rules framed thereto. The Policy is available on the Company’s website [www.stcipd.com](http://www.stcipd.com).

### 14. FAIR PRACTICES CODE

The Company has adopted the Fair Practices Code prepared in accordance with the guidelines as prescribed by RBI as well as the publications/code/general market practice guidelines released by FIMMDA/PDAI. The Code is available on the Company’s website [www.stcipd.com](http://www.stcipd.com).

### 15. POLICY ON NOMINATION & REMUNERATION OF DIRECTORS

The Company has formulated a policy in accordance with the requirements of Section 178 of the Companies Act, 2013 and the rules framed thereto. The policy on Directors’ appointment and remuneration including criteria for determining qualifications, positive attributes and independence of a director is available on the Company’s website [www.stcipd.com](http://www.stcipd.com).

### 16. ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 and the Rules framed thereunder, the annual return as on March 31, 2022, shall be made available on the Company’s website [www.stcipd.com](http://www.stcipd.com) within the prescribed timelines.

### 17. FORMAL ANNUAL EVALUATION

The Company has adopted a framework on performance evaluation of the Board of Directors and that of its Committees and individual Directors. During the FY2021-22, the Company had undertaken the annual evaluation exercise which was carried out of the Board on collective basis, committees of the Board and individual director in the matter as stipulated under the Act.

### 18. SUBSEQUENT EVENTS

There are no material changes and commitments affecting the financial position of the company which have occurred between March 31, 2022, and the date of the report.

### 19. KEY MANAGERIAL PERSONNEL

During the FY2021-22, the Company had the following Key Managerial Personnel (KMP) in line with the requirements and as defined by the Companies Act, 2013 and the rules framed thereto;

- (i) Mr. Prasanna Patankar, Managing Director
- (ii) Mr. Kalpesh Mody, Company Secretary & Chief Financial Officer (CFO)

### 20. INSTANCES OF FRAUD, IF ANY, REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143 (12) of the Companies Act, 2013.

### 21. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY’S OPERATIONS IN FUTURE



## DIRECTORS' REPORT

There were no significant and/or material orders passed against the Company by the regulators or courts or tribunals impacting the going concern status of the Company and/or impacting the Company's operations in future.

### 22. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There are no adverse comments, qualifications or reservations made by the Secretarial Auditors, Statutory Auditors as well as Comptroller & Auditor General of India (C&AG).

### 23. SHARES

The Company is a wholly owned subsidiary of STCI Finance Limited and the shares are held by STCI Finance Limited through its nominee shareholders. There has been no change in shareholding pattern for the FY2021-22. The details of the transfer(s) of share(s), if any, has been mentioned in Annual Return, which is available on the Company's website [www.stcipd.com](http://www.stcipd.com).

### 24. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to the provisions of Section 186 (11) & (4) of the Companies Act, 2013, requiring disclosure in the financial statements of the particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security is not applicable to Non-Banking Financial Company registered under Chapter III of the Reserve Bank of India Act, 1934 and whose principal business is acquisition of securities.

### 25. REGISTRAR & SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited acts as the Registrar & Share Transfer Agent of the Company for FY2021-22.

### 26. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company, being a RBI regulated Primary Dealer, is prohibited to form any subsidiary. Hence, the Company does not have any Subsidiary, Joint venture, or Associate Company.

### 27. PUBLIC DEPOSITS

During the year ended March 31, 2022, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998 as well as within the meaning of Chapter V of the Companies Act 2013 and the rules framed thereto. The Company is registered as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) and regulated by the Reserve Bank of India (RBI).

### 28. BRANCH OFFICES

The Company has a total of three (3) branch offices viz. New Delhi, Kolkata and Bengaluru which has been driving the business development efforts on a pan-India basis and procuring business from PSUs, Commercial Banks, Co-operative Banks, Small Finance Banks, Corporates, MNCs, Provident Funds, Pension and Gratuity Funds, Insurance Companies, Mutual Funds etc. The activities of these offices are being regularly assessed, reviewed and monitored.

### 29. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)

The Company had subscribed to the Commercial Papers (CPs) issued by Infrastructure Leasing & Financial Services Limited (IL&FS) of face value of ₹ 100,00,00,000/- (Rupees One Hundred Crore Only) of which CP of face value of ₹ 50,00,00,000/- (Rupees Fifty Crore Only) were due to be repaid on September 17, 2018 and balance CP of face value of ₹ 50,00,00,000/- (Rupees Fifty Crore Only) was due to be repaid on March 05, 2019. IL&FS did not honour its repayment obligations towards the Company under both these CPs on the due dates.

The Company's claim as one of the "Financial Creditor" of IL&FS under the Insolvency & Bankruptcy Code, 2016 and the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 has been admitted. Further, the Company is part of the 'Committee of Creditors (CoC)' for the insolvency resolution plan of IL&FS.



## **DIRECTORS' REPORT**

Presently, the matter is subjudice and pending before the Hon'ble National Company Law Tribunal (NCLT), Mumbai and the Hon'ble National Company Law Appellate Tribunal (NCLAT), New Delhi. There is no further progress in the matter in FY2021-22, with respect to the receipt of outstanding claim.

### **30. ACKNOWLEDGEMENT**

Your Directors thank STCI Finance Limited (Holding Company), Reserve Bank of India, SEBI, CCIL, its Bankers, NSDL, Stock Exchange(s), other commercial and cooperative banks, financial institutions, mutual funds, insurance companies, corporates and other customers for their business support and continued patronage. The Directors would also like to place on record their appreciation of the dedicated performance by the officers and staff of the Company.

**On behalf of the Board of Directors  
For STCI Primary Dealer Limited**

**V. Narayanamurthy**  
**Director**  
**DIN: 00555704**  
**Date: September 02, 2022**  
**Place: Mumbai**

**Prasanna Patankar**  
**Managing Director**  
**DIN: 07658714**  
**Date: September 02, 2022**  
**Place: Mumbai**



## Annexure I

**Form No. AOC-2**  
**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies**  
**(Accounts) Rules, 2014)**

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

Sr. No	Particulars	Amount
1.	<b>Details of contracts or arrangements or transactions not at arm's length basis</b>	<b>Not Applicable</b>
	(a) Name(s) of the related party and nature of relationship	
	(b) Nature of contracts / arrangements / transactions	
	(c) Duration of the contracts / arrangements / transactions	
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
	(e) Justification for entering into such contracts or arrangements or transactions	
	(f) Date(s) of approval by the Board	
	(g) Amount paid as advances, if any:	
	(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2.	<b>Details of material contracts or arrangement or transactions at arm's length basis</b>	<b>Annexure A*</b>
	(a) Name(s) of the related party and nature of relationship	
	(b) Nature of contracts / arrangements / transactions	
	(c) Duration of the contracts / arrangements/transactions	
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	
	(e) Date(s) of approval by the Board, if any:	
	(f) Amount paid as advances, if any:	

\*The Company has not entered into any contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of Companies Act, 2013.

**On behalf of the Board of Directors**  
**For STCI Primary Dealer Limited**

**V. Narayanamurthy**  
**Director**  
**DIN: 00555704**  
**Date: September 02, 2022**  
**Place: Mumbai**

**Prasanna Patankar**  
**Managing Director**  
**DIN: 07658714**  
**Date: September 02, 2022**  
**Place: Mumbai**



## Details of material contracts or arrangement or transactions at arm's length basis &amp; in ordinary course of business

Sr. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/arrangements/transactions	Amount (INR in lakh)	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any
1	STCI Finance Limited	Holding Company	Purchase of Government Securities/ Bonds	6013.85				
2	STCI Finance Limited	Holding Company	CCIL Charges (Received)	0.26				
3	STCI Finance Limited	Holding Company	Reimbursement of Expenses (Payment)	9.84				
4	STCI Finance Limited	Holding Company	Reimbursement of Expenses (Received)	0.35				
5	STCI Finance Limited	Holding Company	Rent Paid for premises	4.39				
6	STCI Finance Limited	Holding Company	Sitting fees Paid	4.70				
7	STCI Finance Limited	Holding Company	Security Deposit for premises	3.25				
8	STCI Finance Limited	Holding Company	Other fee Income received	0.21				
9	Mr. Prasanna Patankar	Managing Director	Salaries <sup>#</sup> , allowances, perquisites, incentive pay and Company's contribution to PF	225.17				
10	Mr. Kalpesh Mody	Company Secretary & CFO		53.16				
	<b>TOTAL</b>			<b>6,315.18</b>				

**Not Applicable as transactions are at arms length and in the ordinary course of business**

\* Subject to applicable tax deductions.

# Excludes amount of tax paid by employer on behalf of employee.

**On behalf of the Board of Directors  
For STCI Primary Dealer Limited**

**V. Narayanamurthy**  
Director  
DIN: 00555704  
Date: September 02, 2022  
Place: Mumbai

**Prasanna Patankar**  
Managing Director  
DIN: 07658714  
Date: September 02, 2022  
Place: Mumbai



## ANNUAL REPORT ON CSR ACTIVITIES

### 1. Brief outline on the CSR policy of the Company:

The Corporate Social Responsibility (CSR) Policy assists the Company in its vision to contribute to the social and economic development of the communities at large. The CSR Policy serves as the basic guiding document on directing our effort towards building a better, sustainable way of life for the betterment of the society. The Company's CSR policy is intended to make a material, visible and lasting difference to the lives of the disadvantaged/underprivileged sections of society and a dedicated CSR budget would be set aside out of profits of the Company based on the specifications as per the required law for its various CSR initiatives.

### 2. Composition of the CSR Committee: As on March 31, 2022 the CSR Committee comprised of

Sl. No.	Name of Director <sup>Ω</sup>	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	Ms. Sonali Sinha*	Independent Director	2	2
2	Mr. R. Venkataramani	Non-Executive Director	2	2
3	Mr. Prasanna Patankar	Managing Director	2	2

\*ceased to be Director & Committee Member w.e.f February 10, 2022 on account of completion of two consecutive terms as an Independent Director.

<sup>Ω</sup>The Corporate Social Responsibility Committee has been duly re-constituted with effect from April 1, 2022, with Mr. Prakash Vartak, Independent Director and Mr. Pradeep Madhav, Non-Executive Director being inducted as member of the Committee.

### 3. Provide the web-link where Composition of CSR committee, approved by the board are disclosed on the website of the company:

Composition of the CSR committee, CSR Policy and CSR projects is available on the Company's website on [www.stcipc.com](http://www.stcipc.com)

### 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

### 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:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in lakh)	Amount required to be setoff for the financial year, if any (₹ in lakh)
1	FY2018-19	NIL	NIL
2	FY2019-20	NIL	NIL
3	FY2020-21	3.34	3.34
	<b>TOTAL</b>	<b>3.34</b>	<b>3.34</b>

### 6. Average net profit of the company as per section 135(5): ₹ 21,455.96 lakh

#### 7. (a) Two percent of average net profit of the company as per section 135(5):

The Company is required to spend ₹ 429.12 Lakh towards CSR.

(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: ₹ 3.34 Lakh

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 425.78 Lakh

#### 8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹ in lakh)	Amount Unspent				
	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 Fund	Amount	Date of Transfer
₹ 425.79		NA		NA	



(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

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

1	2	3	4	5		6	7	8	
Sr. No.	Name of the CSR 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 Lakh)	Mode of Implementation-Direct (Yes/No).	Mode of implementation - through implementing agency.	
				State	District			Name	CSR Registration Number
1	Project for financial assistance to cancer patients under the 'Adopt a Cancer Patient Project'	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	40.00	No	Cancer Patient Aid Association (CPAA)	CSR00000926
2	Project for financial assistance to young & pediatric cancer patients at Tata Memorial Hospital	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	40.00	No	ImPaCCT Foundation (Pediatric Foundation of Tata Memorial hospital)	CSR00001287
3	Project for financial assistance on procurement of Hemodialysis Machine, Ventilator and ophthalmic equipment named 'B Scan with UBM Probe' at Swami Sarvanand Hospital	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Thane	40.00	No	Sunder Shewak Sabha (Trust of Swami Sarvanand Hospital)	CSR00005294
4	Project for financial assistance towards initial diagnosis of cancer patients through ICS-Arun Kurkure Initiation and Treatment Fund	Clause(i) Promoting health care including preventive health care	PAN India	PAN India		40.00	No	Indian Cancer Society	CSR00000792



1 Sr. No.	2 Name of the CSR Project	3 Item from the list of activities in schedule VII to the Act	4 Local area (Yes/No)	5 Location of the project		6 Amount spent for the project (₹ in Lakh)	7 Mode of Implementation-Direct (Yes/No).	8 Mode of implementation - through implementing agency.	
				State	District			Name	CSR Registration Number
5	Project for financial assistance towards treatment of patients with vitreo retinal surgery at the Sadguru Netra Chikitsalaya	Clause(i) Promoting health care including preventive health care	No	Madhya Pradesh	Chitrakoot	25.00	No	Shri Sadguru Seva Sangh Trust (Trust of Sadguru Netra Chikitsalaya)	CSR00001860
6	Project for financial assistance to cancer patients for treatment of Breast & Prostate Cancer.	Clause(i) Promoting health care including preventive health care	No	Tamil Nadu	Adyar, Chennai	5.67	No	Cancer Institute (W.I.A)	CSR00007235
7	Project for financial assistance towards distribution of Family Happiness kits, as part of mid-day meal program.	Clause(i) Eradicating hunger, poverty & malnutrition	PAN India	PAN India		50.00	No	The Akshaya Patra Foundation	CSR00000286
8	Project for financial assistance towards procurement of medical equipment named 'C-Arm Equipment' at the hospital	Clause(i) Promoting health care including preventive health care	No	West Bengal	Belur Math	33.60	No	Ramakrishna Mission Seva Pratishthan	CSR00006101
9	Project for financial assistance towards procurement of ophthalmic microscope, refraction chair and non -contact tonometer at Sharada Netralaya hospital.	Clause(i) Promoting health care including preventive health care	No	Karnataka	Belagavi	22.69	No	Ramakrishna Mission Ashrama	CSR00006101



1 Sr. No.	2 Name of the CSR Project	3 Item from the list of activities in schedule VII to the Act	4 Local area (Yes/No)	5 Location of the project		6 Amount spent for the project (₹ in Lakh)	7 Mode of Implementation-Direct (Yes/No).	8 Mode of implementation - through implementing agency.	
				State	District			Name	CSR Registration Number
10	Prime Minister's National Relief Fund (PMNRF)	Clause(viii) socio economic development	Yes	PAN India		128.83	Yes	NA	NA
TOTAL						<b>425.79</b>			

(d) Amount spent in Administrative Overheads – Nil

(e) Amount spent on Impact Assessment, if applicable – NOT APPLICABLE

(f) Total amount spent for Financial Year (8b+8c+8d+8e) – ₹ 425.79 Lakh\*

\* excluding the excess spent amount of ₹ 3.34 lakhs in the FY2020-21 which has been set-off against the Total CSR Obligation of ₹ 429.12 Lakh for the FY2021-22

(g) Excess Amount for Set off, if any

Sl.No	Particular	Amount (₹ in Lakh)
(i)	Two percent of average net profit of the company as per section 135(5)	425.78
(ii)	Total amount spent for the Financial Year	425.79
(iii)	Excess amount spent for the financial year [(ii)-(i)]	<b>0.01</b>
(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)] *	<b>0.01*</b>

\* During the FY2021-22, the actual excess amount spent is ₹ 699/- which is available for set off against the CSR amount for next financial year FY2022-23. However, the Board & CSR Committee has decided not to set-off such excess amount spent, against the CSR amount for next financial year FY2022-23 and such excess amount shall form part of the Company's CSR contribution for FY2021-22 only.

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

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): – NOT APPLICABLE

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:

(a) Date of creation or acquisition of the capital asset(s) – NOT APPLICABLE

(b) Amount of CSR spent for creation or acquisition of capital asset – NIL

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – NOT APPLICABLE

(d) 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). – Not Applicable as the Company has spent the entire amount towards CSR that was required to be spent.

**On behalf of Corporate Social Responsibility Committee  
For STCI Primary Dealer Limited**

**On behalf of the Board of Directors  
For STCI Primary Dealer Limited**

**Prakash Vartak  
Director  
DIN: 09336265  
Date: September 02, 2022  
Place: Mumbai**

**V. Narayanamurthy  
Director  
DIN: 00555704  
Date: September 02, 2022  
Place: Mumbai**

**Prasanna Patankar  
Managing Director  
DIN: 07658714  
Date: September 02, 2022  
Place: Mumbai**



## RELATED PARTY TRANSACTIONS POLICY

This policy has been framed as required under the “**Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016**” issued by Reserve Bank of India, as updated from time to time.

The Policy intends to provide a framework to identify related parties, approve, monitor, regulate and report transactions between the Company and its Related Parties based on the provisions of the Companies Act, 2013 and the rules framed there under (the Act), as amended from time to time.

### 1. Definitions

- (i) “**Audit Committee**” or “**Committee**” means Committee of Board of Directors of the Company constituted as per Section 177 of the Act
- (ii) “**Board**” means Board of Directors of the Company
- (iii) “**Related Party Transaction**” or “**RPT**” means the following transactions /contracts /arrangements with related parties as laid down under clause (a) to (g) sub-section (1) of section 188 of the Act:
  - (a) sale, purchase or supply of any goods or materials;
  - (b) selling or otherwise disposing of, or buying, property of any kind;
  - (c) leasing of property of any kind;
  - (d) availing or rendering of any services;
  - (e) appointment of any agent for purchase or sale of goods, materials, services or property etc.
  - (f) such related party’s appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
  - (g) underwriting the subscription of any securities or derivatives thereof, of the Company.
- (iv) “**Material Related party Transactions**” mean related party transaction / transactions to be entered into individually or which taken together with previous transactions during a financial year, exceed the prescribed monetary limit given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.
- (v) “**Related Party**” means related party as defined under Section 2(76) of the Act as under;  
Sec 2 (76) “Related Party” with reference to a Company, means-
  - (i) A director or his relative
  - (ii) Key Managerial Personnel or his/ her relative
  - (iii) A firm, in which a director, manager or his relative is a partner
  - (iv) A private company in which a director or manager or his relatives is a member or director
  - (v) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
  - (vi) A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except such advice is given in a professional capacity.
  - (vii) Any other person on whose advice, directions or instructions a director or manager is accustomed to act  
Provided that nothing in sub-clause (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
  - (viii) Any company which is:



-A Holding, Subsidiary or an Associate company of such company or

-A Subsidiary of a Holding company to which it is also a Subsidiary

(ix) such other person as may be prescribed, i.e. as under: -

- A Director, other than an Independent Director, or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a Related Party.

(vi) **“Relative”** means relative as defined under Section 2(77) of the Act as under;

Section 2(77) “relative”, with reference to any person, means anyone who is related to another, if—

(i) they are members of a Hindu Undivided Family;

(ii) they are husband and wife; or

(iii) one person is related to the other in such manner as may be prescribed; i.e. as under

(a) Father (including step-father)

(b) Mother (including step-mother)

(c) Son (including step-son)

(d) Son’s wife

(e) Daughter

(f) Daughter’s husband

(g) Brother (including step-brother)

(h) Sister (including step-sister)

(vii) **“Key Managerial Personnel”** or **“KMP”** means key managerial personnel as defined under Section 2(51) of the Act as under: -

Section 2(51) “Key managerial personnel”, in relation to a Company, means—

(i) the Chief Executive Officer or the Managing Director or the Manager;

(ii) the Company Secretary;

(iii) the Whole-Time Director;

(iv) the Chief Financial Officer; and

(v) such other officer as may be prescribed

In addition to the above mentioned KMP, all such person(s), if any, as identified and designated by the Company may also be treated as KMP for the purpose of this policy.

(viii) **“Associate Company”** means as defined under Section 2(6) of the Act as under: -

Section 2(6) “Associate Company”, in relation to another Company means a Company in which that other Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.

For the purposes of this clause, “significant influence” means control of at least twenty per cent of the total share capital, or of business decisions under an agreement.

“Total Share Capital”, for the purposes of clause, means the aggregate of the –

(a) paid-up equity share capital; and

(b) convertible preference share capital;



- (ix) **“Arms length transactions”** means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (x) **“Ordinary Course of business”** means all transactions or activities that are necessary, normal and incidental to the business of the Company as permitted by the Object Clause in the Memorandum of Association of the Company or transactions that are considered while computing the business income / revenue / turnover of the Company and shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial/agreed upon transactions.
- (xi) **“Office or place of profit means any office or place of profit”:**
  - (i) where such office or place is held by a Director, if the Director holding it receives from the Company anything by way of remuneration, over and above the remuneration to which he is entitled as Director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
  - (ii) where such office or place is held by an individual other than a Director or by any firm, Private Company or other Body Corporate, if the individual, firm, Private Company or Body Corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- (xii) **“Policy”** means this Related Transaction Policy, as amended from time to time.

Words or expressions used but not defined herein and defined under the Companies Act, 1956 or Companies Act, 2013 or in the RBI Act shall have the same meaning as assigned to them in the respective act as the case may be.

## 2. Governing Provisions

The **Related Party Transactions Policy (“RPT Policy”)** of STCI Primary Dealer Limited (“the Company”) has been prepared in accordance with the provisions of the Companies Act, 2013 as amended from time to time.

All Transactions with Related Parties including any subsequent modifications thereto must be reported to the Audit Committee and approved/noted/referred for approval by the Committee in pursuance of this policy, as per the provisions of the Companies Act, 2013 as amended from time to time.

The Company is required to disclose this policy on dealing with Related Party Transactions on its website and in the Annual Report.

## 3. Identification

### 3.1. Identification of Related Parties

Every Director and Key Managerial Personnel shall at the beginning of every financial year disclose to the Company Secretary (CS) their related parties under section 2 (76) of the Act read with the rules framed there under, as amended from time to time and disclose any changes thereto during the financial year as immediately as practicable. Based on the disclosures, the list of related parties shall be identified.

### 3.2. Identification of Related Party Transactions

In case of any proposed transaction or arrangement with a Related Party, the concerned team/department in the Company shall furnish to the Company Secretary, relevant details of the proposed transaction which shall include the name of the related party, nature of relationship, nature of contract, duration and particulars of the contract/arrangement/transaction; reason for entering into the transaction, manner of determining price and other commercial terms, the draft contract/agreement and other supporting documents.

The Company shall, based on the details of transaction determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

## 4. Approvals process for related party transactions

The Company generally undertakes transactions with related parties, in its ordinary course of business and at arms’ length basis and such transaction do not require prior approval under the Act. However, such transactions would be placed for noting to the Audit Committee as well as the Board of Directors.



#### 4.1. Audit Committee review / approval

All related party transactions / arrangements or any modifications thereof, which are not in ordinary course of business and/or not on arms length basis, will be referred to the Audit Committee for review and approval with the details of related party, nature of transaction, reason for undertaking the transaction, particulars of the contract/arrangement, pricing terms, whether on arms length and in the ordinary course of business and other relevant information.

Any member of the Committee who has a potential interest in any reported Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

The Audit Committee, on the recommendation of the Management, may approve the transactions with related parties in accordance with provisions of the Companies Act read with the Rules made there under, as amended from time to time.

#### 4.2. Board Approval

Related Party Transactions as defined under Section 188 of the Act which are not in ordinary course of business and/or not on arms length basis or any subsequent modification thereto, shall be placed before the Board for its approval.

Where any director is interested in any transaction or contract or arrangement with a Related Party, such director shall abstain himself from discussion and voting on the approval of the related party transaction.

The Board may approve all Related Party Transactions which are not at arm's length and / or which are not in the ordinary course of business in accordance with provisions of the Companies Act read with the Rules made there under, as amended from time to time.

In addition to the above, contracts/ arrangements/ transactions which are in the ordinary course of business and at arms length and do not require approval of the Board under Section 188 of the Act may also be reviewed and noted by the Audit Committee and the Board of Directors.

#### 4.3. Approval of the Shareholders

The following Material Related Party Transactions which exceed the monetary limit prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (given below) and which are either not on arms length and/ or are not in the ordinary course of business, shall on recommendation of the Board be placed before the shareholders for its prior approval in accordance with the provisions of the Act and the Related Parties shall abstain from voting on such resolutions:

Sr. No.	Prescribed Related Party Transaction	Monetary limit
1	Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding ten percent of the annual turnover of the Company.
2	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	Exceeding ten percent of net worth of the Company
3	Leasing of property of any kind	Exceeding ten percent of the net worth or exceeding ten percent of turnover of the Company
4	Availing or rendering of any services directly or through appointment of agents	Exceeding ten percent of turnover of the Company
5	Appointment to any office or place of profit in the Company, its subsidiary company or associate Company	Monthly remuneration exceeding two and half lakh rupees
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	Exceeding one percent of the net worth

*Explanation:*

*Turnover or Net worth shall be computed based on the last Audited Balance Sheet of the Company.*



**4.4. Summary of Approval process**

<b>Sr. No.</b>	<b>Particulars / Criteria</b>	<b>Audit Committee Approval</b>	<b>Board Approval</b>	<b>Shareholders' Approval</b>
(i)	Transaction in the Ordinary Course of Business AND at arm's length basis	Quarterly Noting at Meeting*	Quarterly Noting at Meeting*	x
(ii)	Transaction within the threshold limit and either not in the Ordinary course of business OR not at arm's length basis	√ (prior approval)	√ (prior approval)	x
(iii)	Transaction exceeding the threshold limit and either not in the Ordinary course of business OR not at arm's length basis	√ (prior approval)	√ (prior approval)	√ (prior approval)

*\* usually identified transaction for which omnibus approval for related party transactions is taken as well as other transactions which are in the ordinary course of business and at arm's length basis.*

**4.5. Related party Transactions not requiring approval of Audit Committee/Board, etc**

Notwithstanding the foregoing, Related Party Transactions involving the providing of compensation to a director or Key Managerial Personnel (KMP) in connection with his or her duties to the Company including salary, reimbursement of business and travel expenses, halting allowance, entertainment expenses etc. incurred in the ordinary course of business, will not require the approval of the Audit Committee/Board/shareholders.

**4.6. Related Party Transactions not approved under this Policy**

Where any contract or arrangement not in ordinary course of business and/or not on arms length basis is entered into by a Director or any other employee without obtaining the approval of Board or approval of Shareholders by a resolution in the general meeting under Section 188(1) of the Act, it shall be put up for ratification by the Board or by the shareholders at a meeting within three (3) months from the date on which such contract or arrangement was entered into.

In the event the Company becomes aware of a transaction with a Related Party that has not been approved within three (3) months as stated above, the matter shall be reviewed by the Board. The Board shall consider all the relevant facts and circumstances of such Transaction/ arrangement and evaluate all options available to the Company, including ratification by the Board or shareholders, revision or termination of such transaction/arrangement and take any such action as it may deem appropriate.

**Reporting & Disclosures**

The particulars of contracts or arrangement with Related Parties referred to in section 188 shall be disclosed in the Board's report for each financial year in the prescribed format. The Company shall disclose this Policy on its website and in its annual report.

**4.7. Register of Contracts/Arrangements in which Directors are interested**

The Company shall maintain a Register of Contracts with Related Parties in accordance with the requirements of Section 189 of the Act to record particulars of all contracts /arrangements to which Section 184(2) and Section 188 of the Act applies and place such register before the next meeting of the Board and obtain signatures of all Directors present at that meeting.

The said register shall be authenticated by the Company Secretary, or such other person as may be authorized by the Board and shall be preserved permanently.

Such Register of Contracts shall be kept at the registered office of the Company or at such other place as the members of the Company may decide, and shall be open for inspection during business hours, except on Saturday.



A member of the Company shall be entitled to get the extracts of the said register, within 7 days of the date of the request and upon payment of such fees as may be specified.

#### **4.8. Related Party Transactions as per Ind AS- 24**

The Company shall report details of related party transactions as per Ind AS 24, on quarterly basis, to the Audit Committee and the Board of Directors.

The Company shall report and disclose of such related parties and transaction with related parties in its Financials Statement.

#### **5. Related Party Transactions with Holding Company**

The Company is a wholly owned subsidiary of STCI Finance Limited (Holding Company) and in accordance with the definition of related party under Section 2(76) of the Companies Act, 2013 shall be required to comply with the relevant provisions of the Companies Act, 2013.

An overview of the relevant provisions of the Companies Act, 2013 and reporting process of such transactions is detailed in Annex I.

#### **6. Interpretation of the Policy**

In the event of any provisions contained in this Policy are inconsistent with the provisions contained in Companies Act, 2013 or RBI regulations or Accounting Standards, etc. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.

#### **7. Amendments to the Policy**

The Board of Directors on its own and / or as per the recommendations of Audit Committee and/ or due to any regulatory requirement/amendment can amend this Policy, as and when deemed fit.

#### **8. Review of Policy**

The Related Party Transactions (RPT) Policy will be reviewed annually, or in the interim, should there be a change/amendment in regulations.



Annex I

**Related Party Transactions with Holding Company**

Considering the structure of the Company, transactions with STCI Finance Limited (Holding Company) are entered in the ordinary course of business and at arms' length and placed before the Audit Committee & Board for an omnibus approval thereon.

At the beginning of a financial year, a list of certain pre-determined transactions shall be identified and an omnibus approval for each financial year shall be obtained from the Audit Committee & Board of the Company.

Thereafter, a reporting of transactions with STCI Finance Limited (Holding Company) entered into during a quarter, in accordance with the Companies Act, 2013, shall be placed before the Audit Committee & Board for noting purpose. These related party transactions shall form part of the Board Report at the end of a financial year.

Applicability/interpretation of relevant provisions of the Companies Act, 2013, with respect to transactions with STCI Finance Limited (Holding Company) are provided hereunder:

- i. Section 188 (1) of the Companies Act, 2013 provides for the contract/arrangement/transactions which shall be triggered as a related party transaction only if it is not in ordinary course of business and not at arm's length transactions between related parties.

**Applicability:** The transactions with STCI Finance Limited are executed in the ordinary course of business and at arm's length basis.

- ii. Section 177(4)(iv) of the Companies Act, 2013 entrusts power to the Audit Committee to grant omnibus approval for related party transactions which are repetitive in nature (in past or future) along with disclosure of certain information forming part of the agenda in this regard.

**Applicability:** The transactions with STCI Finance Limited are identified & predetermined, executed in the ordinary course of business operations and at arm's length basis and such transactions are repetitive in nature. Hence, an omnibus approval is obtained from the Audit Committee & Board for each financial year. Further, no monetary limit is applicable for such related party transaction.

- iii. An exception has been prescribed to Section 177(4)(iv) of the Companies Act, 2013, that any transaction between a holding company and its wholly owned subsidiary company is exempted from the requirement of Audit Committee to grant omnibus approval if the transaction is in ordinary course of business and at arm's length.

**Applicability:** Though an exemption has been granted as per Section 177(4)(iv) of the Companies Act, 2013, from the requirement of Audit Committee granting omnibus approval for transactions in the ordinary course of business and at arm's length between a holding company and its wholly owned subsidiary, as a matter of good corporate governance practice, omnibus approval of both the Audit Committee & Board of the Company is obtained for each financial year, on all identified and predetermined transactions with STCI Finance Limited (holding company),

- iv. Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, specifies that only when nature/type of transaction are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees One (1) Crore per transaction. i.e., the limit of Rs. One (1) Crore per transaction is applicable only if the details or specification of the nature of transaction is not pre-determined/unforeseen.

**Applicability:** As the nature/type of transactions with STCI Finance Limited (holding company) are predetermined, identified, repetitive and fully known, the limit of Rs. One (1) Crore per transaction is not applicable to the omnibus approval.



Form No. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[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 of,  
**STCI PRIMARY DEALER LIMITED**  
REGD OFFICE:- A/B1 - 801 (A-WING), 8TH FLOOR,  
MARATHON INNOVA,  
MARATHON NEXTGEN COMPOUND,  
LOWER PAREL, MUMBAI - 400 013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **STCI PRIMARY DEALER LIMITED** having **CIN U67110MH2006PLC165306** (hereinafter called the 'Company') for the financial year ended on 31<sup>st</sup> March 2022 (the "audit period").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/ statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our verification of the Company's books, papers, minutes books, forms and returns filed, and other records maintained by the Company during the financial year ended March 31, 2022 as well as before the issue of this report;
- (ii) Our observations pursuant to visit to Registered office of the Company;
- (iii) Compliance certificates confirming compliance with all laws applicable to the Company given by the Key Managerial Personnel / Senior Managerial Personnel of the Company and taken on record by the Audit Committee / Board of Directors; and
- (iv) Representations made, documents shown and information provided by the Company, its officers, agents and authorized representatives during our conduct of Secretarial Audit

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March 2022, the Company has:

- (i) Complied with the statutory provisions listed hereunder; and
- (ii) Board processes and compliance mechanism in place

to the extent, in the manner and subject to the reporting made hereinafter

The members are requested to read this report along with our letter of even date annexed to this report as Annexure-A and Annexure-B.

**1 Compliance with specific statutory provisions**

We further report that:

1.1 We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company during the year according to the applicable provisions / clauses of:

- (i) The Companies Act, 2013 (the 'Act') and the Rules made thereunder,
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder,
- (iii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iv) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; and
- (v) Secretarial Standards issued by the Institute of Company Secretaries of India (Secretarial Standards).



1.2 During the period under review:

- (i) The Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Secretarial Standards as mentioned above.
- (ii) Generally complied with the applicable provisions / clauses of:
  - (a) The Act and Rules mentioned under paragraph 1.1 (i)
  - (b) The Secretarial Standards on meetings of Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1 (iv) above to the extent applicable to meetings of the Board & its committees held during the year and the 15<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> August 2021, at shorter notice, with consent of the members. The compliance of the provisions of the Rules made under the Act with regard to the meetings of the Board and its Committees held through video conferencing were verified based on the minutes of the meeting provided by the Company.

Due to COVID-19 pandemic and unprecedented lockdown, the meetings of the Board of Directors and its Committees and the General meeting were convened and conducted as per the relaxations/guidelines provided by the Ministry of Corporate Affairs through various circulars.

1.3 We are informed and have verified that, during the year, the Company was not required to initiate any compliance related action in respect of the following laws / rules / regulations / standards and was consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns thereunder:

- a. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investments, Overseas Direct Investment and External Commercial Borrowings.
- b. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
  - (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 (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - (iv) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (v) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
  - (vi) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - (vii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

1.4 We have also examined, on test-check basis, the relevant documents and records maintained by the Company, as per Annexure I, with respect to the following: -

- a) Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016,
- b) Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016; and
- c) RBI Directions, Guidelines, Operating guidelines, Notifications and Circulars, as applicable to Systemically Important Non-Deposit Taking NBFC and Standalone Primary Dealers from time to time.

**2. Board processes:**

We further report that:

2.1 The Board of Directors of the Company as on 31<sup>st</sup> March 2022 comprised of:

- (i) An Executive Director known as Managing Director



- (ii) Four Non-Executive Non-Independent Directors; and
- (iii) Two Non-Executive Independent Directors.

2.2 The processes relating to the following changes in the composition of the Board of Directors and Key Managerial Personnel during the year were carried out in compliance with the provisions of the Act:

- (i) Appointment of Mr. Raghvendra Kumar (DIN: - 08045355) by the Board of Directors of the Company as an Additional Director (Non- Executive) of the Company w.e.f. 07.05.2021 subject to the shareholders' approval. His appointment has been approved by the shareholders of the Company at the 15th Annual General Meeting held on 30.08.2021.
- (ii) Cessation of Mr. Gopalkrishnan Narayanan (DIN: 00210831), as an Independent Director of the Company w.e.f. 07.08.2021 pursuant to completion of two consecutive terms as Independent Director of the Company.
- (iii) Re-appointment of Mr. R. Venkataramani (DIN: 00829107) who was liable to retire by rotation, as Non-Executive Director at the 15<sup>th</sup> Annual General Meeting held on August 30, 2021.
- (iv) Cessation of Mr. Pradeep Madhav (DIN: 00267422), as Non-executive Director w.e.f. 01.09.2021 due to resignation under Section 168 of the Act.
- (v) Re- appointment of Mr. Prasanna Patankar as the Managing Director (DIN: 07658714) of the Company, by the Board of Directors at their meeting held on 22.10.2021 for a period of five years with effect from 24.01.2022 till 23.01.2027 subject to the approval of the shareholders of the Company.
- (vi) Appointment of Mr. Pradeep Madhav (DIN: 00267422), by the Board of Directors as an Additional Director (Non- Executive) of the Company w.e.f. 22.10.2021 subject to the approval of the shareholders of the Company.
- (vii) Appointment of Mr. Narayanmurthy Vishnubhotla (DIN: 00555704), by the Board of Directors as an Additional Director (Non- Executive) of the Company w.e.f. 22.10.2021 subject to the approval of the shareholders of the Company.
- (viii) Appointment of Mr. Prakash Kashinath Vartak (DIN: 09336265), by the Board of Directors as an Additional Director (Non- Executive Independent) of the Company w.e.f. 22.10.2021 subject to the approval of the shareholders of the Company.
- (ix) Cessation of Ms Sonali Sinha (DIN: 00152752), as an Independent Director of the company w.e.f. 10.02.2022 on completion of two consecutive terms as Independent Director of the Company.
- (x) Appointment of Ms. Varda Pendse (DIN: 00152752), by the Board of Directors at their meeting held on 25.03.2022 as an Additional Director (Non- Executive Independent) of the Company w.e.f. 01.04.2022 subject to the approval of the shareholders of the Company.

2.3 Adequate notices and Agenda and detailed notes on Agenda were given to all Directors to schedule the Meetings of the Board of Directors and its Committees, which were sent within the stipulated time lines as required under section 173(3) of the Act and SS-1 except for one meeting of Nomination and Remuneration committee which was held at shorter notice with due consent of all directors.

2.4 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.

2.5 We note from the minutes verified that, at the meetings of the Board held during the year:

- (i) Majority decisions were carried through; and
- (ii) No dissenting views were expressed by any member of the Board on any of the subject matters discussed, that were required to be captured and recoded as part of the minutes.

### 3. Compliance mechanism

There are reasonably adequate systems and processes in the Company, commensurate with the size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



**4. Specific events / actions**

- a) Pursuant to the Section 139(5) of the Companies Act, 2013, the Statutory Auditors of the Company have been appointed as per the directive of the Comptroller & Auditor General (C&AG) of India. At the 15<sup>th</sup> Annual General Meeting (AGM) held on 30<sup>th</sup> August 2021 at a shorter notice, the shareholders authorised the Board of Directors to consider appointment of the Statutory Auditors for the Financial Year 2021-2022 and fix their remuneration since the communication from C &AG in this regard was awaited.
- b) With the consent of the members of the Company at the 15<sup>th</sup> AGM held on 30<sup>th</sup> August 2021, there was approval for the revision in terms of remuneration payable to Mr. Prasanna Patankar (DIN: 07658714), Managing Director of the Company with effect from April 01, 2021 by the way of special resolution.
- c) The Board of Directors of the Company in their meeting held on 25<sup>th</sup> March 2022 passed the resolution to consider, approve and declare First Interim Dividend for the FY 2021-22 at a rate of 24% on the face value of Rs.10 per share of the Company i.e., Rs.2.40/- per share in respect of 15,00,00,000 outstanding equity shares of face value of Rs.10/- each aggregating to Rs.36,00,00,000/- (Rupees Thirty-Six Crore Only), subject to the applicable Tax Deduction at Source (TDS) which was duly paid out on March 29, 2022 and there are no unclaimed dividend amounts pending.
- d) The Board of Directors of the Company in their meeting held on 27<sup>th</sup> April 2022 passed the resolution to consider, approve and declare Second Interim Dividend for the FY 2021-22 at a rate of 14% on the face value of Rs.10 per share of the Company i.e., Rs.1.40/- per share in respect of 15,00,00,000 outstanding equity shares of face value of Rs.10/- each aggregating to Rs.21,00,00,000/- (Rupees Twenty-One Crore Only), subject to the applicable Tax Deduction at Source (TDS).
- e) The Company had invested in Commercial Papers (CP) issued by Infrastructure Leasing & Financial Services Ltd. (IL&FS) aggregating to a total of FV of Rs 100 Crores. The maturity of the said Commercial paper was on 17<sup>th</sup> September 2018 of FV Rs 50 crore and another of FV Rs 50 crore due on 5<sup>th</sup> March 2019. IL&FS defaulted in respect of commercial papers invested by the Company. Considering the default, the Board of Directors and Management of the Company has written-off its investment in the financial statements for Financial Year 2018-19. The Company has submitted a claim for the said amount. Out of the total claim of FV Rs.100 Crores, a claim of Rs. 98.47 Crores has been admitted by the Hon`ble National Company Law Tribunal (NCLT)/ National Company Law Appellate Tribunal (NCLAT) on the cut-off date 15<sup>th</sup> October 2018. However, till end of FY 2021-22, the matter is sub-judiced and pending with NCLT/NCLAT.

For **BNP & Associates**  
Company Secretaries  
Peer Review No-637/2019

**Venkataraman Krishnan**  
Associate Partner  
ACS No.: 8897  
C P No.:12459  
UDIN: A008897D000224961

Place: Mumbai  
Date: 27.04.2022

**Annexure A to the Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2022**

To,  
**The Members of,**  
STCI PRIMARY DEALER LIMITED

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates**  
Company Secretaries  
Peer Review No-637/2019

**Venkataraman Krishnan**  
Associate Partner  
ACS No.: 8897  
C P No.:12459

UDIN: A008897D000224961

Place: Mumbai  
Date: 27.04.2022



**Annexure B to the Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2022**

To,  
**The Members of,**  
STCI PRIMARY DEALER LIMITED

The following documents were verified, on test-check basis, during the course of audit: -

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the Financial year ended March 31, 2022;
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, IT Strategy Committee and Corporate Social Responsibility Committee held during the financial year in the review, along with the attendance registers;
4. Internal Compliance Checklist of the Company.
5. Minutes of the General Meeting held in the financial year under review;
6. Statutory registers viz.
  - Registers of directors and KMP and directors' shareholding
  - Register of loans guarantees and security and acquisition/s made by the company
  - Register of Charges
  - Register of Related Party Transactions-Transactions are in the ordinary course of business at Arms Length Basis
  - Register of Members
7. Agenda paper submitted to all the directors/members for the meetings of the Board and its Committees;
8. Declaration received from the Directors of the Company personal to the provisions of Section 184(1), Section 164(2), Section 149(3) and Section 149(7) of the Companies Act, 2013;
9. E-forms filed by the Company, from time to time, under applicable provisions of the Companies Act 2013, as amended from time to time along with the attachments thereof during the financial year under review.

For **BNP & Associates**  
Company Secretaries  
Peer Review No-637/2019

**Venkataraman Krishnan**  
Associate Partner  
ACS No.: 8897  
C P No.:12459  
UDIN: A008897D000224961

Place: Mumbai  
Date: 27.04.2022



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
STCI PRIMARY DEALER LIMITED

### Report on the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of **STCI PRIMARY DEALER LIMITED** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and profit, total comprehensive income, 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 sub section 10 of section 143 of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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 there under, 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p><b>Information Technology (IT)</b></p> <p>IT systems and controls</p> <p>The Company's key financial accounting and reporting processes are dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could impact the financial accounting and reporting significantly. The Company uses SAP system for its overall financial reporting.</p> <p>The Company's General Ledger system used in financial reporting is interfaced with other IT systems which process transactions of account relevant for financial reporting.</p>	<p>Our audit procedures to assess the IT systems and controls included the following:</p> <ul style="list-style-type: none"> <li>Understanding IT application controls for the audit period for significant accounts, testing interfaces, reports, reconciliations and system processing for significant accounts determined by us during our risk assessment. We tested the controls to determine that these controls remained unchanged during the audit period and in case of changes, were the changes followed the standard change management process.</li> <li>Understanding IT infrastructure records for the in-scope systems i.e., operating systems and databases. Based on procedures performed above, wherever required, we extended our audit procedures over other IT application controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing.</li> <li>Assessed and tested, the Company's IT systems and controls including IT infrastructure, which is duly supported by the opinion of Internal Auditors of the company, IFC auditors of the company and IT &amp; IS Auditors of the company.</li> </ul>



### **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Overview, Board's Report including Annexures to Board's Report, and Shareholder's Information but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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 Responsibility for the Standalone 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 standalone 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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 management 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 Responsibility 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 sub-section (3)(i) of section 143 of the Act, we are also responsible for



expressing our opinion on whether the company has adequate internal financial controls over financial reporting with reference to these standalone financial statements of the Company in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 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 sub-section (3) of Section 143 of the Act, based on our audit, 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 purpose 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.



- (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) In pursuance to the Notification No. G.S.R. 463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, sub-section 2 of section 164 of the Act pertaining to disqualification of directors not applicable to the Government Company. As informed to us by the Company the Board of Directors has taken on record written representations received from the directors as on March 31, 2022. As per written representation received, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of the sub-section 16 of Section 197 of the Act, as amended:

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.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 on its financial position in its standalone financial statements - Refer Note 49 to the standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 34 to the standalone financial statements; and
  - iii. As at March 31, 2022 there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. A. The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- B. The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person (or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- C. Based on such audit procedures we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (A) and (B) contain any material mis-statement.



- v. The dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.
3. As required by sub-section (5) of Section 143 of the Act and in terms of directions issued by the Comptroller and Auditor General of India during the course of audit of annual accounts of STCI Primary Dealer Limited, we give a report in the attached Annexure "C".

For **DASSANI & ASSOCIATES,**  
**Chartered Accountants**  
**Firm Registration No.: 009096C**

**CA. Aayush Mandhanya**  
**(Partner)**  
M. No. 435709

Place: Mumbai  
Date: 27/04/2022

UDIN: 22435709AHXBWE9872



## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of STCI Primary Dealer Limited of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - (B) The Company has maintained proper records showing full particulars of Intangible assets.
- (b) As explained to us, the Property, Plant and Equipment were physically verified during the year by the Management in accordance with a regular schedule of verification which, in our opinion, provides for physical verification of all the Property, Plant and Equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in Note 13 to the standalone financial statements, are held in the name of the Company.
- (d) According to the information and explanations given to us, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The Company's Investments ('stock') mainly consists of Treasury bills and Dated Government Securities which are held in the form of Subsidiary General Ledger (SGL) account maintained with the Reserve Bank of India and the said stock is verified with the confirmation certificate received from Clearing Corporation of India Limited ('CCIL') on a daily basis. The stock of other securities are held by the Company in de-materialized form with Axis Bank, and the same are verified with the confirmation certificates received from them at the year end. In our opinion, the coverage and procedure of such verification is reasonable and as explained to us, the Company is maintaining proper records of securities held as stock-in-trade and no material discrepancies were noticed on such verification as compared to the book records.
- (ii) (b) According to the information and explanation given to us, during any point of time of the year the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Thus, paragraph 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanation given to us, the Company has not made investments in, provided any guarantee or security or granted any loans, secured or unsecured to companies, firms, limited liability partnerships or any other parties. Thus, reporting under paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act are applicable to the Company. Thus, reporting under paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, in respect of deposits by the company or amounts which are deemed to be deposits, no amount has been accepted to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules made there under apply and hence, reporting under paragraph 3(v) of the Order is not applicable to the Company.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Companies Act. Thus, paragraph 3(vi) of the Order is not applicable to the Company.



- (vii) (a) According to the information and explanations given to us, and the records of the company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, goods and service tax, cess and other material statutory dues which were outstanding, at the year end, 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 disputed amounts payable in respect material statutory dues referred to in sub-clause (a) which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (viii) According to the information and explanations given to us, there are no transactions which are not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) In our opinion and according to the information and explanations given to us, the Company is not declared a willful defaulter by any bank or financial institution or other lender.
- (c) According to the information and explanations given to us, no term loan were obtained by the Company during the year. Thus, reporting under paragraph 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, the Company did not raise any fund on short term basis. Thus, reporting under paragraph 3(ix)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Thus, reporting under paragraph 3(ix)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Thus, reporting under paragraph 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us by the Management, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year under review. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (b) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us by the Management, the Company has not made preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the Management, we report that no material fraud by the Company and on the Company has been noticed or reported during the year.
- (b) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements, we report that no report under sub-section (12) of section 143 of the Companies Act has been filed by us in ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the Management, we report that no whistleblower complaints received during the year by the company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, reporting under paragraph 3 (xii) of the Order is not applicable to the Company.



- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, where applicable and the details have been disclosed in the note no. 37 to the standalone financial statements, as required by the applicable accounting standards
- (xiv) (a) In our opinion and according to the information and explanations given by the management, company has an internal audit system commensurate with the size and nature of its business.
- (b) Reports of the internal Auditors for the period under audit were considered by us.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Thus, reporting under paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) In our opinion and according to the information and explanations given to us, the Company is a NBF1/NBFC already registered under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and the registration certificate has been obtained.
- (b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act 1934.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) According to the information and explanations given to us, the Group does not have more than one CIC as part of the Group.
- (xvii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year.
- (xix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and on the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, in our opinion and according to the information and explanations given to us no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- (xx) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in respect of other than ongoing projects, the company has no unspent amount to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

**For DASSANI & ASSOCIATES,  
Chartered Accountants  
Firm Registration No.: 009096C**

**CA. Aayush Mandhanya  
(Partner)  
M. No. 435709  
Place: Mumbai  
Date: 27/04/2022**

**UDIN: 22435709AHXBWE9872**



## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of STCI Primary Dealer Limited of even date)

We have audited the internal financial controls over financial reporting of **STCI Primary Dealer Limited** (hereinafter referred to as "the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Management and Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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 Act.

### Auditor's Responsibility

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to



the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DASSANI & ASSOCIATES,  
Chartered Accountants  
Firm Registration No.: 009096C**

**CA. Aayush Mandhanya  
Partner  
M. No. 435709**

Place: Mumbai  
Date: 27/04/2022

**UDIN: 22435709AHXBWE9872**



## ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of STCI Primary Dealer Limited for the year 2021-22 issued by the Comptroller & Auditor General of India under Section 143 (5) of the Companies Act, 2013.

Sr. No.	Area Examined	Observations/Findings
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system of processing of accounting transactions partially through system with human intervention and partially by direct feeding manually.  Various calculations in accordance with the requirements of Ind AS such as Amortized cost using effective interest rate, calculation of lease liability etc. needs to be processed through IT System, any manual intervention can lead to passing of wrong entries in the system and would directly affect the financial statements. Presently, said working have been maintained manually and verified by us.
2.	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, lender is a Government company, then its direction is also applicable for statutory auditor of lender company).	There is no case of restructuring / waiver/ write off of debts / loans / interest reported by the management and / or observed during our audit of the year.
3.	Whether funds (grants/subsidy etc.) received / receivable for specific schemes from Central / State Government or its agencies were properly accounted for / utilized as per its terms and condition? List the cases of deviations.	There is no case of funds i.e., grants, subsidy etc. received / receivable for specific schemes from Central / State Government or its agencies reported by the management and / or observed during our audit of the year.

Additional Directions for Finance Companies u/s 143(5) of the Companies Act, 2013 for 2021-22

4.	RBI provided a window (vide circular dated 6 August 2020) under the prudential framework to implement a resolution plan to borrowers having stress on account of Covid 19, as per which existing loans can be restructured without downgrading the asset classification. Are there any cases of restructuring involving the new provision and if so, are they in compliance with the RBI Circular?	The company is registered as NBF1/NBFC. The company is a Standalone Primary Dealer and primary business of the company is dealing into Government Securities and T-Bills. The company does not have exposure to Loans (Assets). Thus, the company does not have existing loans which can be restructured without downgrading the asset classification and the RBI Circular on the same is not applicable to the company.
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**For DASSANI & ASSOCIATES,**  
Chartered Accountants  
Firm Registration No.: 009096C

**CA. Aayush Mandhanya**  
Partner  
M. No. 435709

Place: Mumbai  
Date: 27/04/2022

**UDIN: 22435709AHXBWE9872**



## INDEPENDENT AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF STCI PRIMARY DEALER LIMITED

Pursuant to the paragraphs 3 (A) and (C) of the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ("the Directions") issued by the Reserve Bank of India (RBI), we have examined the matters specified in the directions in respect of STCI Primary Dealer Limited (hereinafter referred to as "the Company"), for the year ended March 31, 2022.

#### Management's Responsibility

The Management is responsible for the design and implementation of internal procedures, systems, processes and controls to ensure compliance with the Directions on an ongoing basis.

The Management is also responsible for ensuring that the Company complies with the requirements of the Directions and for providing all relevant information to RBI.

#### Auditor's Responsibility

Pursuant to the requirements of the directions it is our responsibility to examine the books and other records of the Company and report on the matters as prescribed by the RBI.

We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Conclusion

Based on our examination of the books and records of the Company as produced for our examination, and the information and explanations given to us, we further report that:

1. (a) The Company is engaged in the business of non-banking financial institution and has obtained a Certificate of Registration No. N-13.01865 dated 23.05.2007, as provided in Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company is entitled to continue to hold Certificate of Registration in terms of its asset/income pattern as on March 31, 2022.
- (c) The Company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
2. (a) The Board of Directors has passed a resolution for the non-acceptance of any public deposits.
- (b) The Company has not accepted any public deposits during the relevant year.
- (c) The Company has complied with the prudential norms relating to income recognition, Indian accounting standards (IND AS), asset classification and provisioning for bad and doubtful debts as applicable to it.
- (d) The capital adequacy ratio as disclosed in the return submitted to the Reserve Bank of India in Form DNBS-03, has been correctly arrived at and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the Reserve Bank of India.
- (e) The Annual Statement of Capital Funds, risk assets / exposures and risk asset ratio in form DNBS-03 has been submitted within the stipulated period.



- (f) The Company is not NBFC Micro Finance Institutions (MFI) as defined in the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

For **DASSANI & ASSOCIATES**  
Chartered Accountants  
Firm Registration No.: 009096C

**CA. Aayush Mandhanya**  
Partner  
M. No. 435709  
UDIN: 22435709ALAVEF9527

Place: Indore  
Date: June 16, 2022



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF STCI PRIMARY DEALER LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of Financial statements of STCI Primary Dealer Limited for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 April 2022.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of STCI Primary Dealer Limited for the year ended 31 March 2022 under section 143(6)(a) of the Act.

For and on behalf of the  
Comptroller & Auditor General of India

**(P. V. Hari Krishna)**  
**Principal Director of Audit (Shipping), Mumbai**

Place : Mumbai  
Date : 29.06.2022



## BALANCE SHEET AS AT MARCH 31, 2022

(₹in Lakhs)

	Particulars	Note	As at March 31, 2022	As at March 31, 2021
	<b>ASSETS</b>			
<b>1</b>	<b>Financial Assets</b>			
(a)	Cash & cash equivalents	4	22.09	48.77
(b)	Bank balances other than (a) above	5	122.08	22.11
(c)	Derivative financial instruments	6	38,228.27	44,863.24
(d)	Receivables			
	(i) Trade Receivables	7	20.79	244.56
	(ii) Other Receivables	8	0.28	0.35
(e)	Investments	9	13,61,550.63	11,39,822.55
(f)	Other financial assets	10	3,627.42	1,665.40
<b>2</b>	<b>Non-financial Assets</b>			
(a)	Current tax assets(net)	11	545.31	105.28
(b)	Deferred tax asset (net)	12	-	64.18
(c)	Property, plant and equipment	13	1,492.38	1,523.84
(d)	Right of Use Asset	13	75.75	102.46
(e)	Intangible assets under development	13	-	0.64
(f)	Other intangible assets	13	5.35	9.36
(g)	Other non-financial assets	14	134.50	207.94
	<b>Total Assets</b>		<b>14,05,824.85</b>	<b>11,88,680.68</b>
	<b>LIABILITIES AND EQUITY</b>			
	<b>LIABILITIES</b>			
<b>1</b>	<b>Financial Liabilities</b>			
(a)	Derivative financial instruments	6	38,589.59	44,695.76
(b)	Payables			
	<b>(i) Trade Payables</b>	15		
	total outstanding dues of micro enterprises and small enterprises		-	2.92
	total outstanding dues of creditors other than micro enterprises and small enterprises		47.59	53.69
	<b>(ii) Other Payables</b>			
	total outstanding dues of micro enterprises and small enterprises		-	-
	total outstanding dues of creditors other than micro enterprises and small enterprises		38.18	38.25
(c)	Borrowings (other than debt securities)	16	12,69,123.61	10,50,298.35
(d)	Deposits	17	19,155.34	18,772.90

**BALANCE SHEET AS AT MARCH 31, 2022**

(₹in Lakhs)

	Particulars	Note	As at March 31, 2022	As at March 31, 2021
(e)	Lease Liability	18	67.59	89.08
(f)	Other Financial Liabilities	19	476.24	257.58
<b>2</b>	<b>Non-Financial Liabilities</b>			
(a)	Provisions	20	414.84	1,191.93
(b)	Deferred tax liabilities(net)	12	218.14	-
(c)	Other non-financial liabilities	21	23.60	118.00
<b>3</b>	<b>Equity</b>			
(a)	Equity share capital	22	15,000.00	15,000.00
(b)	Other equity	23	62,670.13	58,162.22
	<b>Total Liabilities and Equity</b>		<b>14,05,824.85</b>	<b>11,88,680.68</b>

Basis of Preparation and measurement 2

Significant accounting policies 3

The accompanying notes are an integral part of financial statements

**In terms of our report of even date**For **Dassani & Associates**Chartered Accountants  
Firm Registration No.- 009096C**CA Aayush Mandhanya**Partner  
Membership No.: 435709

Date : April 27, 2022

Place : Mumbai

**T. V. Rao**  
Director  
DIN : 05273533**Prasanna Patankar**  
Managing Director  
DIN : 07658714**R. Venkataramani**  
Director  
DIN : 00829107**Kalpesh Mody**  
Company Secretary and  
Chief Financial Officer**For and on behalf of the Board of Directors**  
**STCI Primary Dealer limited****V. Narayanamurthy**  
Director  
DIN : 00555704



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Lakhs)

Particulars	Note No.	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Revenue from operations :</b>			
(i) Interest income	24	60,025.48	44,922.48
(ii) Dividend income	25	16.34	3.70
(iii) Fees and commission income	26	633.75	617.35
(iv) Trading Profit/(Loss) on investments	27	2,742.77	17,342.55
(v) Net gain on fair value changes	28	(5,963.33)	(1,418.40)
(vi) Reclassification adjustment (Net gain on derecognition of financial instruments under FVOCI)		-	762.32
<b>(I) Total revenue from operations</b>		<b>57,455.01</b>	<b>62,230.00</b>
<b>(II) Other income</b>	29	486.78	798.16
<b>(III) Total income (I+II)</b>		<b>57,941.79</b>	<b>63,028.16</b>
<b>Expenses :</b>			
(i) Finance costs	30	41,480.39	29,375.28
(ii) Transaction and settlement charges	31	592.79	489.59
(iii) Employee benefit expenses	32	1,115.23	1,512.83
(iv) Depreciation, amortization and impairment	13	88.25	93.41
(v) Other expenses	33	950.19	752.68
<b>(IV) Total expenses</b>		<b>44,226.85</b>	<b>32,223.79</b>
<b>(V) Profit / (loss) before exceptional items and tax (III-IV)</b>		<b>13,714.94</b>	<b>30,804.37</b>
<b>(VI) Exceptional items</b>		-	-
<b>(VII) Profit/(loss) before tax (V - VI )</b>		<b>13,714.94</b>	<b>30,804.37</b>
<b>Tax expense:</b>			
Current Tax		3,377.06	8,377.90
Deferred Tax		281.72	(412.84)
<b>(VIII) Total tax expense:</b>		<b>3,658.78</b>	<b>7,965.06</b>
<b>(IX) Profit / (loss) for the year from continuing operations(VII-VIII)</b>		<b>10,056.16</b>	<b>22,839.31</b>
<b>(X) Profit/(loss) from discontinued operations</b>		-	-
<b>(XI) Tax Expense of discontinued operations</b>		-	-
<b>(XII) Profit/(loss) from discontinued operations (After Tax) (X-XI)</b>		-	-
<b>(XIII) Profit/(loss) for the year</b>		<b>10,056.16</b>	<b>22,839.31</b>
<b>(XIV) Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss		2.32	(3.07)
(ii) Income Tax relating to items that will not be reclassified to profit or loss		(0.58)	0.77
<b>Subtotal (A)</b>		1.74	(2.30)
(i) Items that will be reclassified to profit or loss		-	617.52
(ii) Income Tax relating to items that will be reclassified to profit or loss		-	36.45
(iii) Reclassification adjustment		-	(762.32)
<b>Subtotal (B)</b>		-	(108.35)
<b>Other Comprehensive Income (A + B)</b>		1.74	(110.65)

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022**

(₹ in Lakhs)

Particulars	Note No.	For the Year ended March 31, 2022	For the Year ended March 31, 2021
(XV) Total Comprehensive Income for the year		10,057.90	22,728.66
(XVI) Earnings per equity share (for continuing operations)			
Basic (₹)		6.70	15.23
Diluted (₹)		6.70	15.23
Basis of Preparation and measurement	2		
Significant accounting policies	3		

The accompanying notes are an integral part of financial statements

**In terms of our report of even date**For **Dassani & Associates**Chartered Accountants  
Firm Registration No.- 009096C**CA Aayush Mandhanya**Partner  
Membership No.: 435709

Date : April 27, 2022

Place : Mumbai

**T. V. Rao**  
Director  
DIN : 05273533**Prasanna Patankar**  
Managing Director  
DIN : 07658714**R. Venkataramani**  
Director  
DIN : 00829107**Kalpesh Mody**  
Company Secretary and  
Chief Financial Officer**For and on behalf of the Board of Directors**  
**STCI Primary Dealer limited****V. Narayanamurthy**  
Director  
DIN : 00555704



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022		For the Year ended March 31, 2021	
<b>A Cashflow from operating activities</b>				
<b><u>Net Profit before Taxation</u></b>		<b>13,714.94</b>		<b>30,804.37</b>
<b>Adjustments for Non Cash/ Non Operating Items:</b>				
Depreciation & amortisation		88.25		93.41
(Profit)/Loss on sale of Property, plant and equipment		(0.06)		(0.19)
Interest Income on Investments		(5,976.41)		(290.58)
Unrealised (gain)/loss on investment held in FVTPL		5,963.33		1,418.40
Interest on Lease Liabilities		4.19		4.96
Expense written back		(357.80)		(73.60)
Dividend received		-		(3.70)
<b>Operating Profit before working capital changes</b>		<b>13,436.44</b>		<b>31,953.07</b>
<b>Changes in Working Capital:</b>				
(Increase)/ Decrease in Receivable	223.84		(244.91)	
(Increase)/ Decrease in Investments at FVTPL (Trading portfolio)	(65,572.56)		(3,60,681.65)	
(Increase)/ Decrease in Derivatives	528.80		685.85	
(Increase)/ Decrease in Other financial assets	(1,962.02)		352.10	
(Increase)/ Decrease in Other non-financial assets	73.44		(17.11)	
Increase/ (Decrease) in Payable	(9.08)		(78.93)	
Increase/ (Decrease) in Other Financial Liability	218.66		-	
Increase/ (Decrease) in Provisions	(416.97)		251.92	
Increase/ (Decrease) in Accrued interest on Borrowings	21.92		(195.50)	
Increase/ (Decrease) in Other non-financial liabilities	(94.40)		73.26	
<b>Cash flow from/(used in) operating activities</b>		<b>(53,551.93)</b>		<b>(3,27,901.90)</b>
<b>Less: Taxes Paid</b>		<b>(3,817.06)</b>		<b>(8,960.32)</b>
<b>Net Cash flow from/(used in) Operating Activities</b>		<b>(57,368.99)</b>		<b>(3,36,862.22)</b>
<b>B <u>Investing activities</u></b>				
Purchase of Investments at Amortised cost		(1,60,513.97)		-
Sale of FVTOCI debt instrument		-		35,639.99
Purchase of fixed assets		(23.51)		(46.48)
Sales of fixed assets		0.06		0.19
Cost incurred for Intangible assets under development		-		(0.64)
Intangible assets under development transferred to Intangible assets		0.64		-
Investment in Right of use asset		0.00		19.94
Purchase of intangible assets		(2.56)		-
Dividend received		-		3.70
Fixed deposit with banks having original maturity over three months		0.03		(0.05)
(Payment) /Realisation of Margin money from bank		(100.00)		300.00
Interest received on Amortised Cost securities		4,371.52		



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Lakhs)

Particulars		For the Year ended March 31, 2022	For the Year ended March 31, 2021
	Interest received on FVTOCI debt securities	-	290.58
	<b>Net Cash Flow from/(used in) Investing Activities</b>	<b>(1,56,267.79)</b>	<b>36,207.23</b>
<b>C</b>	<b><u>Financing Activities</u></b>		
	Payment of dividend	(5,550.00)	(12,600.00)
	Borrowings and Deposits Taken / (Repayment)	2,19,185.77	3,13,270.26
	Payment of Lease liability	(25.67)	(29.28)
	<b>Net Cash Flow from Financing Activities</b>	<b>2,13,610.10</b>	<b>3,00,640.98</b>
	<b>Net increase/(decrease) in cash &amp; cash equivalent (A+B+C)</b>	<b>(26.68)</b>	<b>(14.01)</b>
	<b>Cash &amp; cash equivalent as at beginning of the year</b>	<b>48.77</b>	<b>62.78</b>
	<b>Cash &amp; cash equivalent as at end of the period</b>	<b>22.09</b>	<b>48.77</b>
	<b>Net change in cash and cash equivalents</b>	<b>(26.68)</b>	<b>(14.01)</b>
	<b>Operational cash flows from interest and dividends</b>		
	Interest paid	(41,454.19)	29,315.00
	Interest received	52,525.70	44,400.26
	Dividend received	16.34	-

**Note:**

(i) Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.

(ii) Refer note 36 for Change in liabilities arising from financing activities.

The accompanying notes are an integral part of financial statements

**In terms of our report of even date**

For **Dassani & Associates**

Chartered Accountants

Firm Registration No.- 009096C

**CA Aayush Mandhanya**

Partner

Membership No.: 435709

Date : April 27, 2022

Place : Mumbai

**T. V. Rao**

Director

DIN : 05273533

**Prasanna Patankar**

Managing Director

DIN : 07658714

**For and on behalf of the Board of Directors**

**STCI Primary Dealer limited**

**R. Venkataramani**

Director

DIN : 00829107

**Kalpesh Mody**

Company Secretary and

Chief Financial Officer

**V. Narayanamurthy**

Director

DIN : 00555704



## STATEMENT OF CHANGES IN EQUITY

### A. Equity Share Capital

(1) FY 2021-22

	(₹ in Lakhs)				
	Balance as at April 01, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2021	Changes in equity share capital during the current quarter	Balance as at March 31, 2022
	15,000.00	-	15,000.00	-	15,000.00

(2) FY 2020-21

	(₹ in Lakhs)				
	Balance as at April 01, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
	15,000.00	-	15,000.00	-	15,000.00

### B. Other Equity

(1) FY 2021-22

Particulars	(₹ in Lakhs)				Debt instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
	Capital Redemption Reserve	Statutory Reserve	Reserve & Surplus HTM - CGS A/c	General Reserve			
Balance as at April 01, 2021	5,000.00	20,080.15	2,126.63	105.94	30,863.15	(13.65)	58,162.22
Total Comprehensive Income for the year	-	-	-	-	10,056.17	1.74	10,057.91
Dividend Distributed	-	-	-	-	(5,550.00)	-	(5,550.00)
Transfer to/from retained earnings	-	2,011.58	-	-	(2,011.58)	-	-
Balance as at at March 31, 2022	5,000.00	22,091.73	2,126.63	105.94	33,357.74	(11.91)	62,670.13



(2) FY 2021-22

(₹ in Lakhs)

Particulars	Reserves & Surplus				Debt instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
	Capital Redemption Reserve	Statutory Reserve	Reserve & Surplus HTM - CGS A/c	General Reserve			
<b>Balance as at April 01, 2020</b>	5,000.00	15,534.42	2,126.63	105.94	108.35	(11.35)	48,033.56
Total Comprehensive Income for the year	-	-	-	-	(108.35)	(2.30)	22,728.66
Dividend Distributed	-	-	-	-	-	-	(12,600.00)
Transfer to/from retained earnings	-	4,545.73	-	-	-	-	-
<b>Balance as at at March 31, 2021</b>	<b>5,000.00</b>	<b>20,080.15</b>	<b>2,126.63</b>	<b>105.94</b>	<b>30,863.15</b>	<b>(13.65)</b>	<b>58,162.22</b>

The accompanying notes are an integral part of financial statements

**In terms of our report of even date**

For **Dassani & Associates**

Chartered Accountants

Firm Registration No.- 009096C

**CA Aayush Mandhanya**

Partner

Membership No.: 435709

Date : April 27, 2022

Place : Mumbai

For and on behalf of the Board of Directors  
STCI Primary Dealer limited

**T. V. Rao**

Director

DIN : 05273533

**R. Venkataramani**

Director

DIN : 00829107

**V. Narayanamurthy**

Director

DIN : 00555704

**Prasanna Patankar**

Managing Director

DIN : 07658714

**Kalpesh Mody**

Company Secretary and

Chief Financial Officer



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 1 Corporate Information

STCI Primary Dealer Ltd. ('the Company') is a Public limited company domiciled in India with its registered office at A/B1, 801, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G K Marg, Lower Parel (w) Mumbai – 400013. The company was incorporated under the provisions of the Companies Act, 1956 (as amended by the Companies Act, 2013) on October 31, 2006; vide CIN U67110MH2006PLC165306 issued by the Registrar of Companies Maharashtra, Mumbai. The Legal Entity identifier no is 335800QJFFJDBRUV9222. The Company is registered as a Non-Banking Financial Company and a Standalone Primary Dealer (PD) with Reserve Bank of India.

The Company is a wholly owned subsidiary of STCI Finance Limited and core activities of the Company comprises of underwriting, bidding, market making and trading in Government Securities, Treasury Bills and other fixed income securities. Apart from the above, the Company is an active participant in the money market. The Company plays an active role in all segments of the debt market i.e. in both the SLR and non-SLR segments and in the interest rate derivatives market. The Company runs a proprietary portfolio comprising of Government of India (GOI) dated securities (including Floating Rate Bonds, Inflation Indexed Bonds, etc.), GOI Special Bonds, State Development Loans, Treasury Bills, Corporate Bonds, Commercial Papers, Certificates of Deposits, etc. The Company also trades on proprietary account in equity instruments in both the cash & F&O segments and to a limited extent in the currency futures market.

#### Basis of Preparation and measurement

##### 2.1 Basis of Preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time, Reserve Bank of India directions to Non-Banking Finance Companies (NBFCs) and as applicable to Primary Dealers; and Division III to Schedule III of the Act as notified by the Ministry of Corporate Affairs through notification dated 11<sup>th</sup> October, 2018 and amendments thereto. The accounting policies are applied consistently to all the periods presented in the financial statements.

##### 2.2 Functional and presentation currency

The Company's presentation and functional currency is Indian Rupee (INR). All figures appearing in the financial statements are rounded off to two decimal places and have been presented in Lakhs, except per share amount and unless otherwise indicated.

##### 2.3 Basis of measurement

The Financial Statements have been prepared under historical cost convention on an accrual basis except for the following material items which have been measured at fair value as required by relevant Ind AS:

Items	Measurement Basis
Investments classified as fair value through profit or loss	Fair value
Investments classified as fair value through OCI	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

##### 2.4 Use of judgment and estimates

The preparation of the Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions in the application of accounting policies that affects the reported amount of assets, liabilities, and the accompanying disclosures along with contingent liabilities as on the date of financial statements and revenue & expenses for the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise i.e. prospectively. Estimates and underlying assumptions are reviewed on an on-going basis based



on the most recently available information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes.

- Fair value measurement of financial instruments
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Recognition of deferred tax assets/liabilities;
- Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected

**2.5. Fair value measurement**

The Company measures financial instruments, such as investments and derivatives at fair values on each reporting date.

‘Fair value’ is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price, then following is applied:

If the fair value is evidenced by a quoted price in active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets	the financial instrument is initially measured at fair value and the difference is recognised in the statement of profit and loss
If the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets	the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities. The Company measures the fair value of an instrument using the quoted price in an active market for that instrument, if the same is available. A market is regarded as active, if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 — If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates most of the factors that market participants would take into account in pricing a transaction.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The Company regularly reviews significant unobservable inputs and valuation adjustments. If the third-party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified



The fair value of financial assets which are measured at FVTOCI or FVTPL is determined as under:

CATEGORY	Quoted / Unquoted	Valuation Method
Central Government Securities	Quoted	FIMMDA valuation
State Government Securities	Quoted	FIMMDA valuation
Corporate bonds/debentures	Quoted	FIMMDA valuation
Equity shares	Quoted	Closing prices at Stock Exchange
Units of Mutual Fund	Quoted	Stock Exchange / AMFI
Units of Mutual Fund	Unquoted	AMFI
Derivative equity Instruments	Quoted	Stock Exchange
Derivative Debt Instruments	Quoted	FIMMDA Valuation

### 3. Significant Accounting Policies

#### 3.1 Presentation and disclosure of financial statements

All Assets and liabilities are presented in financial statements in order of liquidity in compliance with Division III of schedule III to the Companies Act, 2013.

#### 3.2 Property, Plant and Equipment

##### i. Recognition and measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of an asset comprises its purchase price and any costs (including non-refundable taxes) directly attributable to bringing the asset into the location and condition for its intended use, including relevant borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

The residual values and useful lives of Property, Plant and Equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

##### ii. Subsequent Measurement

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred.

##### iii. Depreciation and amortisation

Depreciation on property, plant and equipment and amortization of intangible assets is recognised based on the remaining useful life at the end of the year as estimated by the management which are in line with the useful lives indicated in Schedule II to the Companies Act, 2013.

Land is not depreciated. However, where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, based on the estimated useful life of the buildings.



Estimated useful lives of the Tangible Assets are as under:

Description of Asset	Estimated useful Life
Building	60 years
Computers	3 years
Air Conditioners	10 years
Vehicles	8 years
Electrical Installation	10 years
Furniture & Fixtures	5 years
Office Equipment	6 years

**3.3 Intangible Assets**

**i Recognition and measurement**

Intangible Assets include computer software /licences acquired by the Company and are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is recognized on a straight-line basis over the estimated useful lives of all the intangible assets. Estimated useful lives of the Intangible Assets are as under.

Description of Asset	Estimated useful Life
Computer Software	3 years
Value of License/Right to use infrastructure	3 years
Right of use Assets	Remaining contract period

**3.4 Impairment of Non-financial assets**

**Tangible and intangible assets**

The carrying value of assets on each balance sheet date is reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount in Statement of Profit and Loss. Recoverable amount is the higher of the net selling price and value in use.

If on the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

**3.5 Financial Instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**A. Financial Assets**

**i Initial Recognition and measurement**

**Initial recognition**

Financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition of financial assets for an item which is not measured at Fair Value through Profit or Loss is adjusted to the fair value on initial recognition. Purchase and sale of Financial Assets are recognised using settlement date accounting.



Under settlement date accounting, an asset is recognised on the date it is actually delivered to the Company and asset is derecognised and profit/loss is booked on the date it is actually delivered by the Company. In case of assets measured at fair value, the Company also accounts for any change in fair value of the asset to be received during the period between trade date and settlement date in the same way as it accounts for the already acquired asset in profit or loss or in other comprehensive income, as appropriate.

#### **Subsequent measurement**

Financial assets are subsequently classified as measured at

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

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

#### **ii. Classification of financial assets**

A Financial Asset is measured at amortised cost if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

#### **Debt Instruments at fair value through OCI**

A financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss and recognised separately in the profit and loss account. Interest income from these financial assets is included in interest income using the effective interest rate method (EIR).

#### **Debt Instruments at fair value through profit or loss**

A Financial Asset shall be classified and measured at Fair Value through Profit or Loss (FVTPL) unless it is measured at amortised cost or at fair value through OCI.

A gain or loss on a debt investment that is subsequently measured at Fair value through Profit or Loss and is not part of a hedging relationship is recognised in Statement of Profit or Loss in the period in which it arises. Interest income from these financial assets is included in interest income.

#### **Equity instruments**

Equity instruments which are held for trading are classified as at FVTPL with all changes recognised in Statement of Profit and Loss. For all other equity instruments, the Company decides to classify the same as



whether at FVTOCI or FVTPL. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

In case, where the equity instruments are classified as at FVTOCI then fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investments. However, the Company may transfer the cumulative gain or loss within equity. Dividends received on equity instruments classified as at FVTOCI are recognised in statement of Profit and Loss.

**iii. De-recognition of financial assets**

The Company de-recognises a financial asset only when rights to receive cash flows from the asset have expired or has transferred its rights to receive cash flows or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVTOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVTOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVTOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on derecognition.

**B. Financial liabilities and equity instruments issued by the Company**

**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 the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**ii. Financial liabilities**

**Initial recognition and measurement**

All Financial Liabilities are recognized at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

**Subsequent measurement**

**a) Financial Liabilities at Fair Value through Profit or Loss (FVTPL):**

A financial liability is classified as at Fair Value through Profit or Loss (FVTPL) if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of Profit and Loss.

**b) Financial liabilities at amortised cost:**

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate method.

Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Statement of Profit and Loss.

**De-recognition of financial liabilities**

The Company de-recognises financial liabilities when the obligations specified in the contract is discharged, cancelled or expired.



### C. Derivative financial instruments

The Company presently deals in interest rate swaps & futures, currency futures, Equity and index Futures and Options to earn trading profit.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. In case of Interest rate swaps, the current MTM value receivable over and above notional amount of the contract is recognised as fair value of asset and current MTM value payable over and above notional amount of the contract is recognised as fair value of liability.

Currency futures, interest rate futures (i.e. exchange traded derivatives) are marked to market using closing price of the relevant futures contract as published by the NSE.

Interest rate swaps are marked to market using yield curves as published by Financial Benchmark India Private Limited (FBIL).

Equity and Index Futures and Options are marked to market using the closing price of the relevant contract as published by the NSE.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

### D. Impairment of financial instruments

The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets measured at amortised cost or FVTOCI, except for investments in equity instruments. Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition.

**Stage 1 (Performing Assets)** - includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk on the reporting date. For these assets, 12-month ECL is recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date, if the credit risk has not significantly increased since initial recognition.

**Stage 2 (Underperforming Assets with significant increase in credit risk since initial recognition)** includes financial assets that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL is recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL is the expected credit losses that result from all possible default events over the expected life of the financial instrument.

**Stage 3 (Non-performing or Credit-impaired assets)** includes financial assets that have objective evidence of impairment at the reporting date.

#### Criteria used for determination of movement from Stage 1 (12 month ECL) to Stage 2 and Stage 3 (lifetime ECL).

Criteria used for classification of assets are detailed below:

<b>Stage 1 (12 month ECL)</b>	Investments	No downgrade in external rating
<b>Stage 2 (lifetime ECL)</b>	Investments	Significant downgrade in the external rating
<b>Stage 3 (lifetime ECL)</b>	Investments	Bonds with Default Rating

#### Measurement of Expected Credit Loss

Expected Credit Loss (ECL) on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low and incorporates all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. Methods of measuring expected credit losses are based on 3 main parameters.



**Probability of default (PD):** It is defined as the probability of whether borrowers will default on their obligations in future.

**Loss given default (LGD):** It is the magnitude of the likely loss if there is a default. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value.

**Exposure at default (EAD):** EAD represents the expected exposure in the event of a default, taking into account the repayment of principal and interest from the balance sheet date to the default event. Stage wise EAD computation is as under.

- (i) For Stage 1 and 3, Current outstanding is used as EAD.
- (ii) For Stage 2 accounts, the expected principals outstanding (as contracted) at the end of reporting period are used as EAD.

ECL is measured as the product of the PD, LGD and EAD. Expected credit loss is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which the Company is exposed to credit risk. The estimation of ECL also takes into account the time value of money. ECL is estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset.

Computation of ECL is summarized as under.

Classification	ECL	ECL computation
Stage 1	12 Month ECL	1-year PD*LGD*Outstanding on computation Date
Stage 2	Lifetime ECL	Sum of discounted value of each year's ECL (ECL for each year would be product of forecasted PD, LGD and forecasted EAD at the end of each year
Stage 3	Lifetime ECL	LGD*Outstanding on Computation Date

**Presentation of allowance for ECL in the balance sheet**

Loss allowances for ECL are deducted from the gross carrying amount of financial assets measured at amortized cost.

**E. Write off**

Debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**F. Offsetting**

Financial assets and financial liabilities are offset and the net amount is presented in the Balance Sheet when, and only when, the Company has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**G. Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and charges paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the 'interest income' line item.



## H. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and for financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Assets continue to be measured at fair value EIR is calculated based on the Fair value of the asset at the reclassification date.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

### 3.6 Income Tax

Income tax expense comprises of current tax and deferred tax.

#### A. Current tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of earlier years. The amount of current tax reflects the best estimate of the tax amount to be paid, measured in accordance with the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Income tax assets and liabilities are measured at the amount expected to be recovered from or payable to the tax authorities.

#### B. Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Any changes in the deferred taxes due to a change in tax rates are recognized in the statement of Profit and Loss in the period of enactment of the change.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority.

**C. Minimum Alternate Tax ('MAT') credit:**

The Company has opted for lower Income Tax Rate as applicable u/s. 115BAA of Income Tax Act and accordingly provisions of MAT are not applicable to the Company.

**3.7 Cash and Bank Balances**

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits with banks and other short-term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have original maturities of less than or equal to three months. These balances with banks are unrestricted for withdrawal and usage.

Other bank balances include balances and deposits with banks that are restricted for withdrawal and usage.

**Statement of Cash Flow**

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

**3.8 Provisions and Contingencies**

Provisions are recognised when Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account the risks and uncertainties surrounding the obligation as at the balance sheet date

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

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.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.



### 3.9 Revenue Recognition

#### A. Interest

For all financial instruments measured at amortised cost and interest-bearing financial assets classified at FVTOCI, interest income or expense is recognised using the effective interest rate method from the day asset is recognised in the books of accounts.

For financial instruments measured at FVTPL, interest income is recognised at coupon rate from the day asset is recognised in the books of accounts.

Interest income on tax refunds is recognised on receipt basis.

#### B. Dividend Income

Dividend income from investments is recognised when the shareholder's rights to receive income have been established

#### C. Income from Derivative instruments:

Derivative instruments such as Equity and Index Futures and Options, Interest Rate Swaps (IRS), Currency and Interest Rate Futures are considered as trading derivatives and hence the open positions are marked to market on daily basis and net gains/losses, are recognised to profit & loss account.

Income from derivative instruments represents the net profit or loss on settled/expired positions in equity index and stock futures and options after adjusting for brokerage and other transaction costs.

#### D. Treasury Bills, Commercial Papers, Certificate of Deposits, Zero-Coupon Bonds and STRIPS

The difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as income. The same is included in the carrying amount of these securities and the aggregate amount is regarded as cost for the purpose of valuation of investment.

In case of discounted instruments, discount income represents the income accrued from the date of acquisition to the date of sale/maturity. Profit/Loss on sale of discounted instruments is the difference between the sale price and its carrying cost and is part of the trading income.

#### E. Expenses/Income under Repo Transactions:

In line with the revised guidelines issued by the Reserve Bank of India (RBI), repo/reverse repo transactions are treated as borrowing and lending transactions. Further, in line with the RBI guidelines, the difference between the total consideration (clean price and the accrued interest) between the 1st and 2nd leg of the repo and reverse repo transactions is accounted as Repo Expenditure or Repo Income, as the case may be, over the period of the contract.

#### F. Triparty Repo (TREPS)

Transactions for borrowing and lending under TREPS are accounted for at their discounted values. The difference paid or received on redemption is treated as discount paid on TREPS in case of borrowing and discount earned on TREPS in case of lending. The difference between the discounted value on the borrowing date or the lending date, as the case may be, and the redemption value of the instrument, outstanding on the Balance Sheet date is apportioned on the time basis and recognized as expense or income respectively under the head "Interest/diskont income or expenses". The same is included in the carrying amount of the borrowing or lending.

#### G. Underwriting Commission/Fees

Underwriting commission/fee earned in respect of successful bids/devolvement towards fulfilment of underwriting commitments, to the extent apportionable to the cost, are reduced from the cost of securities devolved and the remaining amount is reckoned as income.

#### H. Cost of acquisition of securities includes brokerage and Securities Transaction Tax (STT), wherever applicable paid towards the transaction. At the time of sale of securities, brokerage and STT are reduced from consideration received.



- I Profit/Loss from trading in Equities and equity exchange traded derivatives is recognised on the basis of fair value on trade dates. Profit/Loss from trading in Government Securities, Corporate Bonds is recognised on the basis of fair value on settlement dates. Profit / (loss) is recorded on the trades entered into before reporting date and settled after reporting date.

### 3.10 Borrowing Cost

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds. Interest on borrowings is recognised in the Statement of Profit and Loss using effective interest rate method. Fee and commission expense that are integral to the effective interest rate on a financial liability are included in the effective interest rate.

Borrowings and debt securities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

### 3.11. Employee Benefits

#### A. Short-term employee benefits

Short-term employee benefits are recognised as an expense on accrual basis. All employee benefits payable wholly within 12 months of rendering the services are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The Company recognises the undiscounted amount of such short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expenses) after deducting any amount already paid.

#### B. Long-Term employee Benefits

Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Long-term employee benefit primarily consists of leave encashment benefits wherein employees are entitled to accumulate leave subject to certain limits for future encashment/availment. Long-term compensated absences are provided for on the basis of an actuarial valuation at the end of each financial year using Projected Unit Credit (PUC) Method. Actuarial gains/losses, if any, are recognised immediately in the statement of Profit and Loss.

Gains or losses on the curtailment or settlement of long-term employee benefits plan are recognised when the curtailment or settlement occurs.

#### Post-Employment and termination benefits

##### Defined Contribution Plan (Provident Fund):

Contributions as required under the statute made to the Provident Fund (Defined Contribution Plan) are recognised immediately in the Statement of Profit and Loss. There is no obligation other than the monthly contribution payable to the Regional Provident Fund Commissioner.

##### Defined Benefit Obligation (Gratuity)

Gratuity liability is a defined benefit obligation and is provided on the basis of an actuarial valuation performed by an independent actuary based on Projected Unit Credit (PUC) method, at the end of each financial year. The Company has created a trust for future payment of gratuities which is funded through Gratuity cum Life Assurance Scheme of LIC (Defined Benefit Plan).

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement



Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI), net of taxes. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss.

The Company's net obligation in respect of gratuity (defined benefit plan), is calculated by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is recognised as an asset to the extent of present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Gains or losses on the curtailment or settlement of defined benefits plan are recognised when the curtailment or settlement occurs.

### 3.12 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

Company assess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed (also known as modification).

#### As a Lessee

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116.

At the commencement date, Company recognises a right-of-use asset at cost and a lease liability at present value of the lease payments that are not paid at commencement date. The lease payments are discounted using appropriate interest rate on periodic basis.

Right of use asset is depreciated over lease term and lease liability is reduced as payments are made and an imputed finance cost on lease liability is recognised in statement of profit and loss.

If a lease, at the commencement date, has a lease term of 12 months or less, it is treated as short term lease.

Lease payments associated with short term leases are treated as an expense on systematic basis.

### 3.13 Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 3.14 Dividend Distribution to Equity share Holders of the Company

The Company recognises a liability to make distributions to equity share holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note- 4 : Cash and cash equivalents**

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Cash on hand	0.11	0.06
b) Balances with Bank	21.98	48.71
<b>Total (a+b)</b>	<b>22.09</b>	<b>48.77</b>

**Note- 5 : Bank Balances other than cash and cash equivalents**

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed deposit with bank* (includes interest accrued but not due)	22.08	22.11
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	100.00	-
<b>Total</b>	<b>122.08</b>	<b>22.11</b>

\*As at March 31, 2022, FDs have been lien marked in favour of stock exchanges for Base Minimum Capital requirement in Currency Derivatives Segment amounting to ₹ 21.75 Lacs (accrued interest of ₹ 0.33 Lacs).

**Note 6 : Derivative financial instruments**

(₹ in Lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional amounts*	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives	-	-	-	-	-	-
(ii) Interest rate derivatives						
Interest rate swaps	36,91,936.93	38,228.27	38,589.59	14,55,710.73	44,863.24	44,695.76
Options purchased	-	-	-	-	-	-
Options sold (written)	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Total</b>	<b>36,91,936.93</b>	<b>38,228.27</b>	<b>38,589.59</b>	<b>14,55,710.73</b>	<b>44,863.24</b>	<b>44,695.76</b>
<b>Total derivatives</b>	<b>36,91,936.93</b>	<b>38,228.27</b>	<b>38,589.59</b>	<b>14,55,710.73</b>	<b>44,863.24</b>	<b>44,695.76</b>

\* Notional amount for IRS represents both assets and liability

**Note 7: Trade Receivables**

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Receivable (refer note 53)	20.79	244.56
<b>Total</b>	<b>20.79</b>	<b>244.56</b>

**Note 8: Other Receivables**

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Others	0.28	0.35
<b>Total</b>	<b>0.28</b>	<b>0.35</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note 9: Investments\*

(₹ in Lakhs)

Particulars	As at March 31, 2022						As at March 31, 2021												
	At Fair Value			Total (7=1+5+6)	At Fair Value			Total (7=1+5+6)											
	Amortised cost	Through other comprehensive income	Through profit and loss account**		Designated at fair value through profit and loss account	Through profit and loss account**	Designated at fair value through profit and loss account		Subtotal (5=2+3+4)	Others									
1	2	3	4	5	6	7	8	9	10	11	12								
<b>Investments</b>																			
<b>Government securities (a)</b>	<b>1,62,118.86</b>		<b>11,33,729.24</b>		<b>11,33,729.24</b>		<b>12,95,848.10</b>		<b>11,30,480.26</b>		<b>11,30,480.26</b>								
Cost	1,60,513.97		11,30,433.78		11,30,433.78		12,90,947.75		11,27,795.73		11,27,795.73								
Accrued Interest	1,604.89		3,295.46		3,295.46		4,900.35		2,684.53		2,684.53								
<b>Other approved securities (b)</b>																			
Cost	-		-		-		-		-		-								
Accrued Interest	-		-		-		-		-		-								
<b>Debt securities (c)</b>			<b>65,702.53</b>		<b>65,702.53</b>		<b>65,702.53</b>		<b>9,342.29</b>		<b>9,342.29</b>								
Cost	-		64,558.45		64,558.45		64,558.45		9,110.65		9,110.65								
Accrued Interest	-		1,144.08		1,144.08		1,144.08		231.64		231.64								
<b>Equity instruments (d)</b>																			
- Quoted Equity Shares	-		-		-		-		-		-								
<b>A: Gross Investments (a+b+c+d)</b>	<b>1,62,118.86</b>		<b>11,99,431.77</b>		<b>11,99,431.77</b>		<b>13,61,550.63</b>		<b>11,39,822.55</b>		<b>11,39,822.55</b>								
(i) Overseas Investments	-		-		-		-		-		-								
(ii) Investments in India	1,62,118.86		11,99,431.77		11,99,431.77		13,61,550.63		11,39,822.55		11,39,822.55								
<b>B: Gross Investments</b>	<b>1,62,118.86</b>		<b>11,99,431.77</b>		<b>11,99,431.77</b>		<b>13,61,550.63</b>		<b>11,39,822.55</b>		<b>11,39,822.55</b>								
<b>Total Investment (A)=(B)</b>	<b>1,62,118.86</b>		<b>11,99,431.77</b>		<b>11,99,431.77</b>		<b>13,61,550.63</b>		<b>11,39,822.55</b>		<b>11,39,822.55</b>								
C: Less: Impairment loss allowance	-		-		-		-		-		-								
<b>D: Net Investments (A-C)</b>	<b>1,62,118.86</b>		<b>11,99,431.77</b>		<b>11,99,431.77</b>		<b>13,61,550.63</b>		<b>11,39,822.55</b>		<b>11,39,822.55</b>								

\* Including Accrued Interest

\*\* As per Business model of the company these investments are measured at FVTPL

Securities having FV of Rs. 12,45,032.00 Lakhs (PY Rs. 10,82,964.00 Lakhs) have been kept as collateral for various borrowings and settlement.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## Note 10: Other financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Security and other deposits	29.17	24.13
Others	-	13.02
a) Profit booked on account of trade date accounting	-	13.02
b) Margin money with CCIL	3,595.00	1,625.00
c) Margin money with others	3.25	3.25
<b>Total</b>	<b>3,627.42</b>	<b>1,665.40</b>

## Note 11 : Current Tax Assets / (Liabilities)

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Current Tax Assets (Net of Tax Provisions) / Liabilities (Net of Advance Tax and TDS)	545.31	105.28
<b>Total</b>	<b>545.31</b>	<b>105.28</b>

## Note 12 : Deferred Tax Assets / (Liabilities)

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred Tax Assets		
Provisions	76.09	199.32
Lease Liability	17.01	22.42
PLVP Payable	63.80	64.83
Investments	-	-
Interest income on investment	310.90	-
<b>Total (A)</b>	<b>467.80</b>	<b>286.57</b>
Deferred Tax Liabilities		
Investments	-	(3.28)
Property, Plant and Equipment & Intangible assets	(200.36)	(193.32)
Right of Use Asset	(19.07)	(25.79)
Amortization of premium on investment	(466.51)	-
<b>Total (B)</b>	<b>(685.94)</b>	<b>(222.39)</b>
<b>Net Deferred Tax Assets / (Liabilities) (A+B)</b>	<b>(218.14)</b>	<b>64.18</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note 13 : Property, plant & equipment and intangible assets  
As at March 31, 2022

Fixed Assets	Tangible Assets							Sub- total (I)	Right-of-Use Assets (II)	Intangible Assets Software and Licenses (III)	Intangible Assets under Development (IV)	Grand Total - (I+II+III+IV)
	Buildings	Computers	Office Equipments		Furniture & Fixtures	Vehicles						
			Air-Conditioners	Others								
<b>Cost</b>												
As at April 01, 2021	1,578.29	125.77	10.47	10.32	48.20	16.38	1,789.43	163.95	39.06	0.64	1,993.08	
Additions/adjustments during the period	-	15.54	5.24	1.94	0.79	-	23.51	-	2.56	-	26.07	
Deletions/retirements during the period	-	0.91	-	0.37	-	-	1.28	-	-	0.64	1.92	
<b>As at March 31, 2022</b>	<b>1,578.29</b>	<b>140.40</b>	<b>15.71</b>	<b>11.89</b>	<b>48.99</b>	<b>16.38</b>	<b>1,811.66</b>	<b>163.95</b>	<b>41.62</b>	<b>-</b>	<b>2,017.23</b>	
<b>Depreciation and Amortisation</b>												
As at April 01, 2021	118.27	84.13	8.56	3.94	41.87	8.81	265.58	61.49	29.70	-	356.77	
Depreciation charge for the period	29.55	20.10	1.05	1.70	0.67	1.91	54.98	26.71	6.57	-	88.26	
On Disposals	-	0.91	-	0.37	-	-	1.28	-	-	-	1.28	
<b>As at March 31, 2022</b>	<b>147.82</b>	<b>103.32</b>	<b>9.61</b>	<b>5.27</b>	<b>42.54</b>	<b>10.72</b>	<b>319.28</b>	<b>88.20</b>	<b>36.27</b>	<b>-</b>	<b>443.75</b>	
<b>Net Book Value</b>												
<b>Net Block As at March 31, 2022</b>	<b>1,430.47</b>	<b>37.08</b>	<b>6.10</b>	<b>6.62</b>	<b>6.45</b>	<b>5.66</b>	<b>1,492.38</b>	<b>75.75</b>	<b>5.35</b>	<b>-</b>	<b>1,573.48</b>	

a) Cost of building includes ₹ 0.05 lakhs being the cost of shares held for membership of the Co-operative society.

b) Right-of-Use Assets is derived as per the requirement of Ind AS 116.

c) Intangible Assets under Development has been transferred to Intangible Asset as the asset is developed during the year.

d) Title deeds of all immovable properties (except leased assets) are in the name of Company.

e) There is no adjustments in Property, Plant and Equipment related to revaluation or business combinations.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

**Note 13 : Property, plant & equipment and intangible assets**  
As at March 31, 2021

Fixed Assets	Tangible Assets						Sub- total (I)	Right-of- Use Assets (II)	Intangible Assets	Intangible Assets under Development (IV)	Grand Total - (I+II+III+IV)
	Buildings	Computers	Office Equipments		Furniture & Fixtures	Vehicles					
			Air- Conditioners	Others							
<b>Cost</b>											
As at April 01, 2020	1,578.29	105.66	10.25	3.72	44.06	16.38	157.90	26.62	-	1,942.88	
Additions/adjustments during the year	-	20.39	0.42	6.59	6.63	-	6.05	12.44	0.64	53.16	
Deletions/retirements during the year	-	0.28	0.20	-	2.50	-	-	-	-	2.98	
<b>As at March 31, 2021</b>	<b>1,578.29</b>	<b>125.77</b>	<b>10.47</b>	<b>10.31</b>	<b>48.19</b>	<b>16.38</b>	<b>163.95</b>	<b>39.06</b>	<b>0.64</b>	<b>1,993.06</b>	
<b>Depreciation and Amortisation</b>											
As at April 01, 2020	88.73	59.56	7.40	3.10	38.76	6.90	35.50	26.39	-	266.34	
Depreciation charge for the year	29.55	24.84	1.36	0.84	5.62	1.91	25.99	3.32	-	93.43	
On Disposals	-	0.28	0.20	-	2.50	-	-	-	-	2.98	
<b>As at March 31, 2021</b>	<b>118.28</b>	<b>84.12</b>	<b>8.56</b>	<b>3.94</b>	<b>41.88</b>	<b>8.81</b>	<b>61.49</b>	<b>29.71</b>	<b>-</b>	<b>356.77</b>	
<b>Net Book Value</b>											
<b>As at March 31, 2021</b>	<b>1,460.01</b>	<b>41.65</b>	<b>1.91</b>	<b>6.38</b>	<b>6.32</b>	<b>7.57</b>	<b>102.46</b>	<b>9.35</b>	<b>0.64</b>	<b>1,636.29</b>	

a) Cost of building includes ₹ 0.05 lakhs being the cost of shares held for membership of the Co-operative society.

b) Right-of-Use Assets is derived as per the requirement of Ind AS 116.

c) Title deeds of all Immovable properties (except leased assets) are in the name of Company.

d) There is no adjustments in Property, Plant and Equipment related to revaluation or business combinations.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note 14 : Other non-financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	56.25	59.64
Advance payment to supplier	27.86	19.36
GST Input tax credit	45.75	75.73
Others	4.64	53.21
<b>Total</b>	<b>134.50</b>	<b>207.94</b>

### Note 15 : Trade payables

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a) Trade payables (refer note 54)</b>		
(i) total outstanding dues of micro enterprises and small enterprises	-	2.92
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	47.59	53.69
<b>Subtotal (i+ii)</b>	<b>47.59</b>	<b>56.61</b>
<b>b) Other payables*</b>		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	38.18	38.25
<b>Subtotal (i+ii)</b>	<b>38.18</b>	<b>38.25</b>
<b>Total (a+b)</b>	<b>85.77</b>	<b>94.86</b>

\*The amount outstanding in other payables is unbilled.

### Note 16 : Borrowings at amortised cost (other than debt securities)

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Other loans</b>	<b>12,69,123.61</b>	<b>10,50,298.36</b>
<b>Secured</b>		
<b>i) Tri-Party Repo (TREPS) Segment</b>	<b>1,20,293.57</b>	<b>3,32,571.99</b>
Borrowing Amount	1,20,281.43	3,32,541.24
Interest Accrued	12.14	30.75
(March 31, 2022 : Carries interest rate between 2.80% to 4.01% and is repayable within 4 days)		
(March 31, 2021 : Carries interest rate between 3.33% to 3.42% and is repayable within 5 days)		
(Secured by Collateral of Govt. Securities & Treasury Bills)		
(of the above, ₹ Nil is guaranteed by directors and/or others)		



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
<b>ii) Borrowing under REPO</b>	<b>10,17,081.05</b>	<b>6,74,550.94</b>
Borrowing Amount	10,16,975.51	6,74,487.89
Interest Accrued	105.54	63.05
(March 31, 2022 : Carries interest rate between 3.70% to 4.10% and is repayable within 4 days)		
(March 31, 2021 : Carries interest rate between 3.35% to 3.50% and is repayable within 5 days)		
(Secured by Collateral of Govt. Securities & Treasury Bills)		
(of the above, ₹ Nil is guaranteed by directors and/or others)		
<b><u>Unsecured</u></b>		
<b>(i) Loans repayable on demand</b>	<b>1,31,748.99</b>	<b>43,175.42</b>
Borrowing Amount	1,31,725.00	43,170.00
Interest Accrued	23.99	5.42
from banks (repayable at call/short notice/term)		
(March 31, 2022:		
Call money Carries interest rate between 3.05 % to 3.85 % and is repayable within 4 days		
Notice money Carries interest rate between 3.45 % to 3.50% and is repayable within 5-14 days		
Term money Carries interest rate between 3.45 % to 3.50% and is repayable within 15-19 days)		
(March 31, 2021:		
Notice money carries interest rate between 3.05% to 3.45% and is repayable within 5 days)		
<b>Total (A)</b>	<b>12,69,123.61</b>	<b>10,50,298.36</b>
Borrowings in India*	12,69,123.61	10,50,298.36
Borrowings outside India*	-	-
<b>Total Borrowings (B)</b>	<b>12,69,123.61</b>	<b>10,50,298.36</b>
<b>Total (A) = (B)</b>	<b>12,69,123.61</b>	<b>10,50,298.36</b>

**Note :**

- 1) The debt coverage has been complied with.
- 2) All the borrowed funds have been utilised for the purpose for which it was taken.

\* Including interest accrued on borrowings.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note 17 : Deposits at amortised cost\*

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Deposits - Unsecured</b>		
(i) Public Deposits		
(ii) From Banks		
(iii) From others (Inter Corporate Deposits)	19,098.10	18,695.14
Interest Accrued	57.24	77.76
<b>Total</b>	<b>19,155.34</b>	<b>18,772.90</b>

(March 31, 2022 : Carries interest rate between 3.70% to 3.78% and is repayable within 33-91 Days)

(March 31, 2021 : carries interest rate between 3.70% to 3.74% and is repayable within 67-91 days)

(of the above, ₹ Nil is guaranteed by directors and/or others)

- The Company has not defaulted in repayment of deposit and interest during the year.

\* Includes interest accrued on deposits.

### Note 18 : Lease Liability

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease Liability	67.59	89.08
<b>Total</b>	<b>67.59</b>	<b>89.08</b>

### Note 19 : Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
PLVP*	393.59	257.58
Loss booked on account of trade date accounting	82.65	-
<b>Total</b>	<b>476.24</b>	<b>257.58</b>

\*Represents balance tranches of PLVP for FY 2019-20 and FY 2020-21 sanctioned for payment and payable over next 2 years.

### Note 20 : Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Provision for employee benefits		
Performance linked variable pay (refer note 34)	225.00	660.00
Gratuity & leave encashment	189.84	174.13
(b) Others		
- Provision for stamp duty	-	357.80
<b>Total (a+b)</b>	<b>414.84</b>	<b>1,191.93</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## Note 21 : Other non-financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	23.60	118.00
<b>Total</b>	<b>23.60</b>	<b>118.00</b>

## Note : 22 Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Authorised</b>		
30,00,00,000 Equity shares of Rs. 10/-each	30,000.00	30,000.00
	<b>30,000.00</b>	<b>30,000.00</b>
<b>Issued, subscribed, and fully paid up</b>		
<b>Equity Share Capital</b>		
15,00,00,000 Equity shares of Rs. 10/- each fully paid up	15,000.00	15,000.00
<b>Total</b>	<b>15,000.00</b>	<b>15,000.00</b>

## Note: 22.1 Reconciliation of the number of shares outstanding

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
Shares outstanding at the beginning of the period	15,00,00,000	15,000	15,00,00,000	15,000
Shares Issued during the period	-	-	-	-
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the period	15,00,00,000	15,000	15,00,00,000	15,000

## Note: 22.2 Details of aggregate shareholding by Holding Company, subsidiary of holding company or Associate of holding Company

Name of Shareholder	As at March 31, 2022	As at March 31, 2021
	No. of Shares	No. of Shares
STCI Finance Limited (Holding Company)*	15,00,00,000	15,00,00,000

\* Includes 6 shares held by nominees

## Note: 22.3 Terms and Rights attached to equity shares

Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of Rs. 10/- each. In the event of liquidation by the company, the shareholder of equity share will be entitled to receive remaining assets of the Company after distribution of all the preferential amount. Distribution will be in proportion number of equity shares held by each shareholder.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note: 22.4 Shareholders holding more than 5% of equity shares of the Company are as under**

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
STCI Finance Limited (Holding Company)*	15,00,00,000	100%	15,00,00,000	100%

\* Includes 6 shares held by nominees

**Note: 22.5 Shareholding of Promoters**

Shares held by promoters at the end of the year				
S. No	Promoter name	No. of Shares	% of total shares	% Change during the year
1	STCI Finance Limited (Holding Company)*	15,00,00,000	100%	NA
	<b>Total</b>	<b>15,00,00,000</b>		

\* Includes 6 shares held by nominees

**Note-23 : Other equity**

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
General Reserve	105.94	105.94
Retained Earnings	33,357.74	30,863.15
<b>Other comprehensive income :</b>		
Remeasurements of the net defined benefit plans	(11.91)	(13.65)
<b>Other reserves:</b>		
Statutory Reserve	22,091.73	20,080.15
Capital Redemption Reserve	5,000.00	5,000.00
Reserve & Surplus HTM - CGS	2,126.63	2,126.63
<b>Total</b>	<b>62,670.13</b>	<b>58,162.22</b>

**The Description of the nature and purpose of each reserve within equity is as follows:**

- i) General reserve : Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- ii) 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.
- iii) Statutory Reserve is created as per Section 45-IC of the RBI Act, 1934 by transferring therein a sum not less than 20% of its net profit every year and forms part of free reserves, Net owned funds and Tier I capital.
- iv) Capital Redemption Reserve is created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares in accordance with Section 69 of the Companies Act, 2013.
- v) Reserve & Surplus HTM - CGS represents profit transferred to such reserve as per RBI guidelines on disposal of instruments classified under HTM category.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## Note-24 : Interest income

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022				For the Year ended March 31, 2021			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total
Interest income on Loans	-	0.00	-	0.00	-	0.45	-	0.45
Interest income from investments	-	5,976.41	53,811.11	59,787.52	290.58	-	44,551.49	44,842.07
Interest on deposits with banks	-	180.25	-	180.25	-	70.83	-	70.83
Other interest income	-	57.71	-	57.71	-	9.13	-	9.13
<b>Total</b>	-	<b>6,214.37</b>	<b>53,811.11</b>	<b>60,025.48</b>	<b>290.58</b>	<b>80.41</b>	<b>44,551.49</b>	<b>44,922.48</b>

## Note-25 : Dividend Income

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Dividend received on Equity Shares	16.34	-
Dividend received on Mutual Fund	-	3.70
	<b>16.34</b>	<b>3.70</b>

## Note-26 : Fees and commission income

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Underwriting commission income	592.69	596.61
Arranger fee/ incentive income	40.67	20.58
Other fee income	0.39	0.16
<b>Total other income</b>	<b>633.75</b>	<b>617.35</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note 27 : Trading Profit/(Loss) on investments

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Government Securities	(843.66)	472.15
State Development Loans	1,448.46	12,969.38
GOI Special Securities	(16.50)	-
Corporate bonds	(242.97)	351.87
Equity Shares	1,794.01	662.94
Equity Futures & Options	(19.23)	(0.16)
Interest Rate Swaps	274.11	(34.59)
Interest Rate Futures	-	(0.06)
Currency Futures	-	1.38
Interest Rate Option	-	-
Treasury Bills	369.50	2,412.36
Certificate of Deposits	-	524.54
STRIPS	(20.95)	(17.25)
<b>Trading Profit/(Loss) on securities (Refer A below)</b>	<b>2,742.77</b>	<b>17,342.55</b>

### Revenue from Operations

(₹ in Lakhs)

A	Trading Profit/(Loss) on securities	For the Year ended March 31, 2022		For the Year ended March 31, 2021	
		(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(a)	<b>Government securities</b>		<b>(843.66)</b>		<b>472.15</b>
	Sales (net of brokerage)	48,79,336.04		76,72,034.26	
	Add : Stock on hand as at the end of the year	3,00,938.27		75,998.91	
	Less : (i) Purchases	(51,05,240.78)		(76,68,926.89)	
	(ii) Stock on hand as at the beginning of the year	(75,998.91)		(79,150.40)	
	Add/Less : Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(14.79)		503.37	
	Profit/ (Loss) on account of trade on reporting date accounting	(0.00)		12.90	
	Reversal of Fair Value (Gain) / Loss of Previous year	136.51			
(b)	<b>State Development Loans</b>		<b>1,448.46</b>		<b>12,969.39</b>
	Sales (net of brokerage)	34,71,209.84		39,07,144.77	
	Add : Stock on hand as at the end of the year	44,732.63		1,24,809.87	
	Less : (i) Purchases	(33,90,640.13)		(38,72,562.70)	
	(ii) Stock on hand as at the beginning of the year	(1,24,809.87)		(1,45,507.35)	
	Add/Less : Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	1.00		(915.32)	
	Profit/ (Loss) on account of trade on reporting date accounting	(86.70)		0.12	
	Reversal of Fair Value (Gain) / Loss of Previous year	1,041.69			


**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

A	Trading Profit/(Loss) on securities	For the Year ended March 31, 2022		For the Year ended March 31, 2021	
		(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(c)	<b>GOI Special Securities</b>		<b>(16.50)</b>		-
	Sales (net of brokerage)	1,023.45		-	
	Add : Stock on hand as at the end of the year	-		-	
	Less : (i) Purchases	(1,039.95)		-	
	(ii) Stock on hand as at the beginning of the year	-		-	
(d)	<b>Corporate Bond</b>		<b>(242.97)</b>		<b>351.87</b>
	Sales (net of brokerage)	1,43,970.95		1,23,844.97	
	Add : Stock on hand as at the end of the year	64,601.30		9,028.63	
	Less : (i) Purchases	(1,99,704.57)		(1,01,001.16)	
	(ii) Stock on hand as at the beginning of the year	(9,028.63)		(31,520.58)	
	Reversal of Fair Value (Gain) / Loss of Previous year	(82.02)			
(e)	<b>Equity Shares</b>		<b>1,794.01</b>		<b>662.94</b>
	Sales (net of brokerage)	11,168.07		2,125.16	
	Add : Stock on hand as at the end of the year	-		-	
	Less : (i) Purchases	(9,374.06)		(1,462.22)	
	(ii) Stock on hand as at the beginning of the year	-		-	
	(iii) Equity Cash MTM	-		-	
(f)	<b>Equity Futures &amp; Options</b>		<b>(19.23)</b>		<b>(0.16)</b>
	Profit & Loss including MTM on Equity F&O	(19.23)		(0.16)	
(g)	<b>Interest Rate Swap</b>		<b>274.11</b>		<b>(34.59)</b>
	Profit & Loss including MTM on IRS	274.11		(34.59)	
(h)	<b>Interest Rate Futures</b>		-		<b>(0.06)</b>
	Profit & Loss on Interest Rate Futures	-		(0.06)	
(i)	<b>Currency Futures</b>		-		<b>1.38</b>
	Profit & Loss on Currency Futures	-		1.38	
(j)	<b>Interest Rate Option</b>		-		-
	Profit & Loss on Interest Rate Option	-		-	
(k)	<b>Treasury Bills</b>		<b>369.50</b>		<b>2,412.36</b>
	Sales (net of brokerage)	58,91,611.68		56,40,399.59	
	Add : Stock on hand as at the end of the year	7,85,116.25		9,21,073.64	
	Less : (i) Purchases	(57,28,675.16)		(60,80,671.06)	
	(ii) Stock on hand as at the beginning of the year	(9,21,073.64)		(4,51,565.45)	
	(iii) Discount Income on Treasury bills	(26,965.22)		(24,959.74)	
	Add/Less : Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	26.54		(1,864.62)	
	Profit/ (Loss) on account of trade on reporting date accounting	4.05		-	
	Reversal of Fair Value (Gain) / Loss of Previous year	325.00			
(l)	<b>Certificate of Deposit</b>		-		<b>524.54</b>
	Sales (net of brokerage)	-		66,493.90	
	Add : Stock on hand as at the end of the year	-		-	
	Less : (i) Purchases	-		-	



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

A	Trading Profit/(Loss) on securities	For the Year ended March 31, 2022		For the Year ended March 31, 2021	
		(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
	(ii) Stock on hand as at the beginning of the year	-		(64,942.17)	
	(iii) Discount Income on Certificate of Deposit	-		(874.85)	
	Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	-		(152.35)	
(m)	<b>STRIPS</b>		<b>(20.95)</b>		<b>(17.25)</b>
	Sales (net of brokerage)	10,678.67		3,246.55	-
	Add : Stock on hand as at the end of the year	5,567.12		7,413.73	-
	Less : (i) Purchases	(8,467.65)		(7,562.35)	-
	(ii) Stock on hand as at the beginning of the year	(7,413.73)		(2,816.64)	-
	(iii) Discount Income on STRIPS	(356.79)		(281.30)	-
	Add/Less : Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	-		(17.25)	
	Reversal of Fair Value (Gain) / Loss of Previous year	(28.56)			
	<b>Total</b>		<b>2,742.77</b>		<b>17,342.57</b>

### Note-28 : Net gain/ (loss) on fair value changes

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Net gain/ (loss) on financial instruments at fair value through profit or loss		
<b>On trading portfolio</b>		
- Investments	(5,963.33)	(1,418.40)
- Derivatives	-	-
<b>Total Net gain/(loss) on fair value changes</b>	<b>(5,963.33)</b>	<b>(1,418.40)</b>
<b>Fair Value changes:</b>		
- Realised	-	-
- Unrealised	(5,963.33)	(1,418.40)
<b>Total Net gain/(loss) on fair value changes</b>	<b>(5,963.33)</b>	<b>(1,418.40)</b>

### Note-29 : Other Income

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Profit on sale of fixed assets	0.06	0.19
Expenses written back <sup>#</sup>	357.80	73.60
Other income <sup>*</sup>	128.92	724.37
<b>Total other income</b>	<b>486.78</b>	<b>798.16</b>

<sup>#</sup> Refer Note No. 34

<sup>\*</sup>Other income for the year ended March 31, 2022 includes compensation of ₹ 127.76 Lakhs received from merchant banker in respect of short allotment of shares in IPO.

Other income for the year ended March 31, 2021 includes ₹ 673.41 Lakhs reimbursement of Service tax/GST on underwriting commission income received from RBI for the period July 01, 2012 to March 31, 2020.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## Note-30 : Finance costs at amortised cost

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Interest on deposits	702.71	722.42
Interest on borrowings	40,619.02	28,423.42
Interest on debt securities	-	-
Intraday liquidity charges	154.38	168.95
Other interest expense	4.28	60.49
<b>Total</b>	<b>41,480.39</b>	<b>29,375.28</b>

## Note-31 : Transaction and settlement charges

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
CCIL charges	578.53	477.95
Transaction & custody charges	14.26	11.64
<b>Total</b>	<b>592.79</b>	<b>489.59</b>

## Note 32 : Employee Benefit Expenses

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Salaries and wages	1,037.39	1,441.25
Gratuity	8.16	9.07
Contribution to provident and other funds	41.33	39.80
Staff welfare expenses	28.35	22.71
<b>Total</b>	<b>1,115.23</b>	<b>1,512.83</b>

## Note 33 : Other expenses

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Electricity Charges	20.40	18.49
Rates and taxes	1.10	12.69
Repairs and maintenance	86.27	83.07
Communication cost	38.93	37.72
Printing and stationery	10.09	6.23
CSR expenditure	425.79	267.10
Director's sitting fee	45.67	38.48
Auditor's remuneration*	15.40	14.00
Legal, Professional and Consultancy charges	72.05	62.67
Insurance	52.30	35.83
Information services	105.87	114.83
Business development expenses	9.22	10.25
GST ITC (written off)	(0.33)	1.06



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Office and Other Admin expenses	57.65	44.03
Conveyance Expenses	9.78	6.23
<b>Total</b>	<b>950.19</b>	<b>752.68</b>

### \*Note : Auditors remuneration

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Statutory audit fee	8.00	7.00
Limited review fee	1.65	1.50
Tax audit fee	1.75	1.50
Certification and other services	3.75	3.75
Out of pocket expenses	0.25	0.25
<b>Total</b>	<b>15.40</b>	<b>14.00</b>

### Note : 34

#### Provisions, Contingent Liabilities and Contingent assets

##### Provisions

(₹ In Lakhs)

Particulars	Stamp Duty <sup>#</sup>		PLVP*	
	2021-22	2020-21	2021-22	2020-21
Carrying amount at the beginning of the year	357.80	357.30	660.00	695.80
Provision made during the year	-	0.50	225.00	660.00
Amount paid/ transfered during the year	-	-	(640.33)	(643.52)
Amount written back during the year	(357.80)	-	(19.67)	(52.28)
Carrying amount at the end of the year	-	357.80	225.00	660.00

\*Performance Linked Variable Pay – The Company pays PLVP to its employees on the basis of their performance. The provision made by the Company is approved by the Board of Directors in line with the Board approved PLVP Policy. In case the amount or portion thereof is unapproved, or the employee leaves the Company before the payment of the PLVP, then such amount is reversed in current year.

Amount paid/transfered during the year includes amount transferred to Other financial Liability of ₹ 276.09 Lakh in FY 2021-22 and ₹ 257.58 Lakh in FY 2020-21 as the maturity of amount is more than one year.

#The stamp duty provision was created in view of the deliberations which were held between Government of Maharashtra and various representative bodies of the market participants on the applicability of stamp duty on non-government securities' transactions. The said provision was created till June 30, 2020 as there was uncertainty over payment of stamp duty to Government of Maharashtra in respect of direct deals in Non-SLR securities. W.e.f. July 1, 2020, pursuant to amendment to the Indian Stamp Act, 1908 the stamp duty on such transactions is being collected by Clearing Corporation of India Limited (CCIL) as part of the settlement obligation and thus no provision has been created for the period from July 1, 2020 onwards.

For the current year, a provision of ₹ Nil (March 31, 2021 - ₹ 0.50 lakhs) has been created in respect of non-government securities' transactions. C&AG in its audit conducted for FY 2020-21 had suggested the Company to write back the amount as there was no demand in respect of the same. Consequently, based on legal opinion obtained in the matter, the provision of ₹ 357.80 Lakhs has been written back.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## Note: 35

## Maturity analysis of assets and liabilities

(₹ In Lakhs)

Particulars	March 31, 2022		
	Within 12 months	After 12 months	Total
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	22.09	-	22.09
Bank Balance other than (a) above	122.08	-	122.08
Derivative financial instruments	15,575.56	22,652.71	38,228.27
Receivables	21.07	-	21.07
Investments (including accrued interest)	12,01,036.66	1,60,513.97	13,61,550.63
Other financial assets	-	3,627.42	3,627.42
<b>Non-financial Assets</b>			
Current tax Assets (Net)	545.31	-	545.31
Property, Plant and Equipment	-	1,492.38	1,492.38
Right of use Asset	-	75.75	75.75
Intangible assets under development	-	-	-
Other Intangible assets	-	5.35	5.35
Other non-financial assets	134.50	-	134.50
<b>Total Assets (A)</b>	<b>12,17,457.27</b>	<b>1,88,367.58</b>	<b>14,05,824.85</b>
<b>Liabilities</b>			
<b>Financial Liabilities</b>			
Derivative financial instruments	15,315.22	23,274.37	38,589.59
<b>Payables</b>			
<b>(i) Trade Payables</b>			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	47.59	-	47.59
<b>(ii) Other Payables</b>			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	38.18	-	38.18
Borrowings (other than debt securities, including accrued interest)	12,69,123.61	-	12,69,123.61
Deposits (including accrued interest)	19,155.34	-	19,155.34
Lease Liability	25.51	42.08	67.59
Other Financial Liabilities	338.19	138.05	476.24
<b>Non-Financial Liabilities</b>			
Provisions	370.12	44.72	414.84
Deferred tax liabilities (Net)	-	218.14	218.14
Other non-financial liabilities	23.60	-	23.60
<b>Total liabilities (B)</b>	<b>13,04,437.36</b>	<b>23,717.36</b>	<b>13,28,154.72</b>
<b>Net (A-B)</b>	<b>(86,980.09)</b>	<b>1,64,650.22</b>	<b>77,670.13</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ In Lakhs)

Particulars	March 31, 2021		
	Within 12 months	After 12 months	Total
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	48.77	-	48.77
Bank Balance other than (a) above	22.11	-	22.11
Derivative financial instruments	2,366.49	42,496.75	44,863.24
Receivables	244.91	-	244.91
Investments	11,39,822.55	-	11,39,822.55
Other financial assets	13.02	1,652.38	1,665.41
<b>Non-financial Assets</b>			
Current tax Assets	105.28	-	105.28
Deferred tax Assets (Net)	-	64.18	64.18
Property, Plant and Equipment	-	1,523.84	1,523.84
Right of use Asset	-	102.46	102.46
Intangible assets under development	-	0.64	0.64
Other Intangible assets	-	9.36	9.36
Other non-financial assets	207.94	-	207.94
<b>Total Assets (A)</b>	<b>11,42,831.07</b>	<b>45,849.61</b>	<b>11,88,680.68</b>
<b>Liabilities</b>			
<b>Financial Liabilities</b>			
Derivative financial instruments	2,420.68	42,275.08	44,695.76
<b>Payables</b>			
<b>(i) Trade Payables</b>			
total outstanding dues of micro enterprises and small enterprises	2.92	-	2.92
total outstanding dues of creditors other than micro enterprises and small enterprises	53.69	-	53.69
<b>(ii) Other Payables</b>			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	38.25	-	38.25
Borrowings (other than debt securities)	10,50,298.35	-	10,50,298.35
Deposits	18,772.90	-	18,772.90
Lease Liability	24.45	64.63	89.08
Other Financial Liabilities	140.08	117.50	257.58
<b>Non-Financial Liabilities</b>			
Provisions	570.13	621.80	1,191.93
Deferred tax liabilities (Net)	-	-	-
Other non-financial liabilities	118.00	-	118.00
<b>Total liabilities (B)</b>	<b>10,72,439.44</b>	<b>43,079.01</b>	<b>11,15,518.45</b>
<b>Net (A-B)</b>	<b>70,391.62</b>	<b>2,770.60</b>	<b>73,162.22</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## Note : 36

## Change in liabilities arising from financing activities

(₹ In Lakhs)

Particulars	April 01, 2021	Cash flows*	Changes in fair values	Exchange differences	Other	March 31, 2022
Borrowings other than debt securities	10,50,298.35	2,18,825.25	-	-	-	12,69,123.60
Deposits	18,772.90	382.45	-	-	-	19,155.35
<b>Total liabilities from financing activities</b>	<b>10,69,071.25</b>	<b>2,19,207.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,88,278.95</b>

(₹ In Lakhs)

Particulars	April 01, 2020	Cash flows*	Changes in fair values	Exchange differences	Other	March 31, 2021
Borrowings other than debt securities	7,53,065.28	2,97,233.07	-	-	-	10,50,298.35
Deposits	2,931.21	15,841.69	-	-	-	18,772.89
<b>Total liabilities from financing activities</b>	<b>7,55,996.48</b>	<b>3,13,074.76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,69,071.24</b>

\*Cash flows also include interest accrued but not due on borrowings.

## Note : 37

## Related Party disclosures

## a. List of related parties:

- i. Enterprises that directly or indirectly through one or more intermediaries control or controlled by or are under common control with the reporting enterprise:

Name of the Related Party	Relation
STCI Finance Limited	Parent Company holding 100% of share capital in the Company
STCI Commodities Limited	Wholly owned Subsidiary of STCI Finance Limited
Bank of India	By virtue of its shareholding in Parent Company in excess of 20%
BOI Merchant Bankers Limited	Subsidiary of Bank of India

- ii. Key managerial personnel and relatives of such personnel

Mr. Prasanna Patankar	Managing Director
Mr. Kalpesh Mody	Chief Financial Officer and Company Secretary
Mr. G Narayanan	Director
Ms. Sonali Sinha	Director
Mr. R Venkataramani	Director
Mr. T V Rao	Director
Mr. Pradeep Madhav	Director
Mr. Prakash Vartak	Director



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### b. Details of Related party transactions during the year :

(₹ In Lakhs)

Related Party and Nature of Transaction	2021-22	2020-21
<b>1. STCI Finance Limited</b>		
Purchase of Government Securities/ Bonds	6,013.85	Nil
Sale of Government Securities/ Bonds	Nil	Nil
CCIL charges (Received)	0.26	Nil
Reimbursement of Expenses (Payment)	9.84	9.68
Reimbursement of Expenses (Received)	0.35	0.79
Rent paid	4.39	4.18
Sitting fees Paid	4.70	4.20
Dividend Paid	5,550.00	12,600.00
Other Fee Income received	0.21	Nil
<b>2. Bank of India</b>		
Purchase of Government Securities/ Bonds	Nil	25,268.04
Sale of Government Securities/ Bonds	15,109.11	38,643.12
Sitting fees Paid	4.00	2.90
IDL Charges Paid	40.00	40.00
IDL Borrowings (C.Y. 200 crores for 241 days P.Y. 200 crores for 242 days)	48,20,000.00	48,40,000.00
<b>3. BOI Merchant Bankers Limited</b>		
Arranger Fee received	9.00	6.12
<b>KMP (Directors)</b>		
Sitting Fee Paid*	33.20	28.20

\*Sitting Fee excludes sitting fee paid to STCI Finance Limited and Bank of India which has been shown separately  
There are no transactions with other group companies during the year.

### Key managerial personnel compensation

(₹ In Lakhs)

Particulars	Year ended March 31, 2022*	Year ended March 31, 2021*
Short-term employee benefits	278.33	210.63
Post-employment benefits	-	-
Other long-term benefits	-	-
Other	-	-
<b>Total</b>	<b>278.33</b>	<b>210.63</b>

\* Includes Performance Linked Variable Pay (PLVP) paid during the year.

Performance Linked Variable Pay (PLVP), if any, to be paid for the financial year is paid based on the Individual's performance and Company's performance and as per the Board approved PLVP policy.

All related party transactions were made on terms equivalent to those that would otherwise prevail in an arm's length transaction provided that such terms can be substantiated.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note : 38

## Earning Per Share

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit attributable to equity holders of the Company for basic and diluted earnings per equity share (₹ in Lakhs)	10,056.16	22,839.31
Issued ordinary shares (No's)	15,00,00,000	15,00,00,000
Weighted average number of shares at year end for basic and diluted EPS	15,00,00,000	15,00,00,000
<b>Basic and diluted earnings per share (₹)</b>	6.70	15.23

There has been no transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of finalisation of these financial statements which would require the restatement of EPS.

Note : 39

## Disclosure as per Ind AS 116 - Leases

## Leases as a Lessee

The leases entered into by the Company are primarily operating leases on payment of monthly rentals for its branch offices. The lease arrangements provide an option of renewal on expiry of the term and periodic escalations in the rentals.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts that were previously identified as lease under Ind AS 17 and existing as on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate on the date of transition and the right of use asset at its carrying amount.

- i) The following is the detailed breakup of Right-of-use assets (by class of underlying assets) included in Property, Plant and Equipment.

## Current year (₹ In Lakhs)

Particulars	Gross Block					Depreciation			Net Carrying Amount	
	As at April 01, 2021	Transitional Impact	Additions	Reclassifications / Deductions On Account Of Conclusion	As at March 31, 2022	As at April 01, 2021	For the Year	Reclassifications / Deductions On Account Of Conclusion	Up to March 31, 2022	As at March 31, 2022
Buildings	163.95	-	-	-	163.95	61.49	26.71	-	88.19	75.75
<b>Total</b>	<b>163.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163.95</b>	<b>61.49</b>	<b>26.71</b>	<b>-</b>	<b>88.19</b>	<b>75.75</b>

## Previous year (₹ In Lakhs)

Particulars	Gross Block					Depreciation			Net Carrying Amount	
	As at April 01, 2020	Transitional Impact	Additions	Reclassifications / Deductions On Account Of Conclusion	As at March 31, 2021	As at April 01, 2020	For the Year	Reclassifications / Deductions On Account Of Conclusion	Up to March 31, 2021	As at March 31, 2021
Buildings	157.90	-	6.05	-	163.95	35.50	25.99	-	61.49	102.46
<b>Total</b>	<b>157.90</b>	<b>-</b>	<b>6.05</b>	<b>-</b>	<b>163.95</b>	<b>35.50</b>	<b>25.99</b>	<b>-</b>	<b>61.49</b>	<b>102.46</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

ii) The following expenses have been charged to Statement of Profit and Loss during the year

(₹ In Lakhs)

Particulars	March 31, 2022	March 31, 2021
Interest on Lease Liabilities	4.19	4.96
Depreciation on ROU	26.71	25.98
Expenses relating to short term leases	-	-
Expenses relating to leases of low value items	-	-
Expenses relating to variable lease payments (not included in measurement of lease liabilities)	-	-
<b>Total</b>	<b>30.89</b>	<b>30.94</b>

iii) Total Cash outflow for leases during FY 2021-22 is ₹ 25.67 Lakhs (FY 2020-21 is ₹ 32.85 Lakhs)

iv) Income from Sub leasing of Right-of-use assets recognised in statement of profit and loss during FY 2021-22 is Nil (FY 2020-21 is Nil)

v) Maturity Analysis of Lease Liabilities is as per Ind AS 116 Leases

(₹ in Lakhs)

As at March 31, 2022	Contractual Cash Flows				Total
	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	
Cash outflows	12.76	12.76	42.08	-	67.59

(₹ In Lakhs)

As at March 31, 2021	Contractual Cash Flows				Total
	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	
Cash outflows	12.22	12.22	64.63	-	89.08

vi) The following is the movement in lease liabilities during the year:

(₹ In Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	89.08	113.40
Additions during the year	-	3.57
Finance cost charged during the year	4.19	4.96
Payment of lease liabilities	(25.67)	(32.85)
Balance at the end of the year	67.59	89.08

### Note : 40

#### Income Taxes

i) Amounts recognised in the Statement of Profit and Loss

(₹ in Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Income tax expense:</b>		
Current tax	3,311.04	8,457.18
Short/(excess) provision for tax for earlier years	66.02	(79.29)
Deferred tax - origination and reversal of temporary differences	281.72	(412.84)
<b>Total</b>	<b>3,658.78</b>	<b>7,965.06</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## ii) Reconciliation of effective tax rate:

The reconciliation between the provision for income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>Profit before income tax (A)</b>	<b>13,714.94</b>	<b>30,804.37</b>
Enacted income tax rate in India	25.168%	25.168%
<b>Computed expected tax expense</b>	<b>3,451.78</b>	<b>7,752.84</b>
<b>Effect of:</b>		
Difference in depreciation as per books and as per Income tax	(9.00)	(8.71)
Non-deductible expenses	117.82	88.97
Provisions recorded during the year (net)	70.26	185.21
Tax exempt income	-	-
Deduction	(164.21)	(115.18)
Effect of adjustment of Fair value as per Ind AS	-	554.06
Effect of adjustments as per ICDS	(155.61)	-
<b>Income Tax Payable</b>	<b>3,311.04</b>	<b>8,457.19</b>
Short/(Excess) provision for tax for earlier years	66.02	(79.29)
Deferred tax - origination and reversal of temporary differences	281.72	(412.84)
<b>Income Tax Expense(B)</b>	<b>3,658.78</b>	<b>7,965.06</b>
<b>Final Effective Income Tax Rate {(B/A)*100}</b>	<b>26.68%</b>	<b>25.86%</b>

## iii) Recognized deferred tax assets and liabilities

(₹ in Lakhs)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
	<b>Deferred Tax Asset :</b>		
1	Provisions	76.09	199.31
2	Lease Liability	17.01	22.42
3	PLVP Payable	63.80	64.83
	<b>Total Deferred Tax Asset</b>	<b>156.90</b>	<b>286.56</b>
	<b>Deferred Tax Liability:</b>		
1	Investments	155.61	3.28
2	Property, Plant and Equipment & Intangible assets	200.36	193.32
3	Right of Use Asset	19.07	25.79
	<b>Total Deferred Tax Liability</b>	<b>375.04</b>	<b>222.39</b>
	<b>Net Deferred Tax Asset/(Liability)</b>	<b>(218.14)</b>	<b>64.18</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### iv) Movement in temporary differences

(₹ in Lakhs)

Particulars	FY 2021-22	FY 2020-21
Net deferred tax asset/(Liability) at the beginning of the year (a)	64.18	(385.88)
Credit / (Charge) in the Statement of Profit and Loss during the year (b)		
Investments	(152.33)	461.35
Property, Plant and Equipment & Intangible assets	(7.04)	(10.14)
Provisions	(122.63)	(102.10)
PLVP Payable	(1.03)	64.83
Lease Liability	(5.41)	(6.12)
Right of Use Asset	6.72	5.01
<b>Total</b>	<b>(281.73)</b>	<b>412.83</b>
Credit / (Charge) in the other comprehensive income during the year (c)		
Provisions - employee benefits	(0.58)	0.77
Investment measured at fair value through other comprehensive income	-	36.45
<b>Total</b>	<b>(0.58)</b>	<b>37.21</b>
<b>MAT CREDIT (d)</b>	<b>-</b>	<b>-</b>
<b>Net deferred tax asset/(Liabilities) at the end of the year (e) = (a) + (b) + (c) + (d)</b>	<b>(218.14)</b>	<b>64.18</b>

### v) Other tax assets and current tax liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Current tax assets/ (liabilities)	545.31	105.28

Note : 41

#### Employee Benefits

##### Defined Contribution Plan

The Company makes contributions towards provident fund, in respect of qualifying employees

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Employer's Contribution to Provident Fund	39.18	37.86

(above figure does not include administrative charges of Rs. ₹ 1.99 lakhs (PY - ₹ 1.93 Lakhs)

##### Defined Benefit Plan

#### i) Gratuity:

The Company operates a post employment benefit plan that provides for gratuity benefit to the employees of the Company. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive gratuity as per applicable law at the time of retirement / exit. The gratuity contribution is paid to Life Insurance Corporation of India (LIC) under Group gratuity Scheme of LIC. The estimates of the future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The following table summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans :

(₹ in Lakhs)

Particulars		March 31, 2022	March 31, 2021
<b>I.</b>	<b>Assumption</b>		
	Mortality	IALM (2012-14) Ult	IALM (2012-14) Ult
	Interest / Discount rate	6.95%	6.41%
	Rate of increase in compensation	5.00%	5.00%
	Rate of return (expected) on plan assets	6.04%	5.81%
	Employee Attrition Rate	Service based: Upto 5 years - 20% 5 to 10 years - 15% 10 to 20 years - 5% Above 20 years - 0%	Service based: Upto 5 years - 20% 5 to 10 years - 15% 10 to 20 years - 5% Above 20 years - 0%
	Expected average remaining service (years)	8.64	8.65
<b>II.</b>	<b>Changes in present value of obligations</b>		
	PVO at beginning of year	93.51	88.18
	Interest cost	5.65	5.11
	Current Service Cost	8.38	9.81
	Past service cost –(vested benefits)	-	-
	Benefits Paid	(3.47)	(13.10)
	Actuarial (gain)/loss on obligation	(1.33)	3.51
	PVO at end of year	102.74	93.51
<b>III.</b>	<b>Changes in fair value of plan assets</b>		
	Fair Value of Plan Assets at beginning of year	96.99	89.95
	Adjustment to opening balance	-	-
	Return on plan assets excluding interest income	0.99	0.44
	Interest income	5.87	5.86
	Contributions by employer	10.43	13.84
	Benefit Paid	(3.47)	(13.10)
	Fair Value of Plan Assets at end of year	110.81	96.99
<b>IV.</b>	<b>Actuarial (Gain)/Loss on obligation</b>		
	Due to demographic assumption	-	-
	Due to financial assumption	(4.60)	0.77
	Due to experience	3.27	2.74
	Total Actuarial (Gain)/Loss	(1.33)	3.51
<b>V.</b>	<b>Amounts recognized in the balance sheet and statement of profit &amp; loss account</b>		
	PVO at end of year	102.74	93.51
	Fair Value of Plan Assets at end of year	110.81	96.99
	Funded Status	8.07	3.48
	Net Asset/(Liability) recognized in the balance sheet	8.07	3.48



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

<b>VI.</b>	<b>Expenses recognized in the statement of P &amp; L A/c</b>		
	Current Service Cost	8.38	9.81
	Net interest	(0.22)	(0.73)
	Past Service Cost –(vested benefits)	-	-
	Expenses recognized in the statement of P & L A/c	8.16	9.08
<b>VII.</b>	<b>Other comprehensive income (OCI)</b>		
	Actuarial (Gain)/Loss recognized for the year	(1.33)	3.51
	Return on plan assets excluding net interest	(0.99)	(0.44)
	Total Actuarial (Gain)/Loss recognized in OCI	(2.32)	3.07

### Experience Adjustment

(₹ In Lakhs)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Defined Benefit Obligation (DBO)	102.74	93.51	88.18	71.80	49.89
Plan Assets	110.81	96.99	89.95	80.88	49.39
Surplus / (Deficit)	8.07	3.48	1.77	9.08	(0.50)
Experience adjustment on plan assets	0.99	0.44	(0.44)	0.95	2.52

### Sensitivity analysis

Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 1% as at 31.03.2022 is as below:

(₹ In Lakhs)

Change in actuarial assumption	PVDBO	
	March 31, 2022	March 31, 2021
+ 1% change in rate of Discounting	95.05	86.27
- 1% change in rate of Discounting	111.54	101.83
+ 1% change in rate of Salary increase/ inflation	107.59	98.15
- 1% change in rate of Salary increase/ inflation	97.96	89.28

The expected future cash flows as at 31st March 2022 are as follows:

(₹ In Lakhs)

Estimated benefit payments from the fund during	Expected contribution	Expected contribution
	March 31, 2022	March 31, 2021
Expected Outgo in First year	9.85	10.68
Expected Outgo in Second year	8.95	7.53
Expected Outgo in Third year	8.14	6.84
Expected Outgo in Fourth year	10.73	6.23
Expected Outgo in Fifth year	6.15	8.90
Expected Outgo Six to Ten years	44.89	32.04
Expected Outgo above Ten years	44.12	48.65

**Leave Encashment:** The Company has additionally booked the provision of ₹ 46.01 lakhs (P.Y. ₹ 34.41 lakh) during the year ended March 31, 2022 for leave encashment on actuarial valuation basis.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note : 42

## Financial Instruments

i) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

## Financial assets and financial liabilities measured at fair value

(₹ In Lakhs)

As at March 31, 2022	Carrying amount*			Fair value hierarchy		
	FVTPL	FVOCI	Total	Level 1	Level 2	Total
<b>Financial Assets</b>						
Investment in Central Government dated securities	2,98,440.32	-	2,98,440.32	2,98,440.32	-	2,98,440.32
Investment in State Development loans	44,821.08	-	44,821.08	44,821.08	-	44,821.08
Investment in Government special securities	-	-	-	-	-	-
Investment in Treasury bills	7,84,889.01	-	7,84,889.01	2,54,503.71	5,30,385.30	7,84,889.01
Investment in STRIPS	5,578.83	-	5,578.83	5,578.83		5,578.83
Investment in Debentures or Bonds	65,702.53	-	65,702.53	53,673.86	12,028.67	65,702.53
<b>Derivative instrument</b>						
- Interest rate swap	38,228.27	-	38,228.27	-	38,228.27	38,228.27
<b>Total</b>	<b>12,37,660.04</b>	<b>-</b>	<b>12,37,660.04</b>	<b>6,57,017.80</b>	<b>5,80,642.24</b>	<b>12,37,660.04</b>
<b>Financial liabilities</b>						
<b>Derivative instrument</b>						-
- Interest rate swap	38,589.59	-	38,589.59	-	38,589.59	38,589.59
<b>Total</b>	<b>38,589.59</b>	<b>-</b>	<b>38,589.59</b>	<b>-</b>	<b>38,589.59</b>	<b>38,589.59</b>

\* Carrying amount include accrued interest

## Financial assets and financial liabilities measured at amortized cost (₹ In Lakhs)

As at March 31, 2022	Amount
<b>Financial Assets</b>	
Cash and cash equivalents	22.09
Bank Balances other than Cash and cash equivalents	122.08
Investments (including accrued interest)	1,62,118.86
Other Receivables	21.07
Other financial assets	3,627.42
<b>Total</b>	<b>1,65,911.52</b>
<b>Financial liabilities</b>	
Borrowings (including accrued interest)	12,69,123.61
Deposits (including accrued interest)	19,155.34
Trade and Other Payables	85.78
Lease Liability	67.59
Other Financial Liabilities	476.24
<b>Total</b>	<b>12,88,908.56</b>

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, borrowings, deposits, trade and other payables and other financial liabilities are considered to be same as fair value.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Financial assets and financial liabilities measured at fair value

(₹ In Lakhs)

As at March 31, 2021	Carrying amount*			Fair value hierarchy		
	FVTPL	FVOCI	Total	Level 1	Level 2	Total
<b>Financial Assets</b>						
Investment in Central Government Dated securities	76,889.95	-	76,889.95	76,889.95	-	76,889.95
Investment in State Development loans	1,25,425.92	-	1,25,425.92	1,25,425.92	-	1,25,425.92
Investment in Treasury bills	9,20,722.10	-	9,20,722.10	2,15,064.14	7,05,657.96	9,20,722.10
Investment in STRIPS	7,442.29	-	7,442.29	7,442.29	-	7,442.29
Investment in Debentures or Bonds	9,342.29	-	9,342.29	9,342.29	-	9,342.29
<b>Derivative instrument</b>						
- Interest rate swap	44,863.24	-	44,863.24	-	44,863.24	44,863.24
<b>Total</b>	<b>11,84,685.78</b>	<b>-</b>	<b>11,84,685.78</b>	<b>4,34,164.59</b>	<b>7,50,521.19</b>	<b>11,84,685.78</b>
<b>Financial liabilities</b>						
<b>Derivative instrument</b>						
- Interest rate swap	44,695.76	-	44,695.76	-	44,695.76	44,695.76
<b>Total</b>	<b>44,695.76</b>	<b>-</b>	<b>44,695.76</b>	<b>-</b>	<b>44,695.76</b>	<b>44,695.76</b>

\* Carrying amount include accrued interest

### Financial assets and financial liabilities measured at amortized cost

(₹ In Lakhs)

As at March 31, 2021	Amount
<b>Financial Assets</b>	
Cash and cash equivalents	48.77
Bank Balances other than Cash and cash equivalents	22.11
Other Receivables	244.91
Other financial assets	1,665.40
<b>Total</b>	<b>1,981.19</b>
<b>Financial liabilities</b>	
Borrowings	10,50,298.35
Deposits	18,772.90
Trade and Other Payables	94.85
Lease Liability	89.08
Other Financial Liabilities	257.58
<b>Total</b>	<b>10,69,512.76</b>

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, borrowings, deposits, trade and other payables and other financial liabilities are considered to be same as fair value.

#### i) Financial assets and financial liabilities measured at fair value

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, borrowings, deposits, trade and other payables and other financial liabilities are considered to be same as fair value.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### ii) Financial risk management

#### Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has adopted a Board approved Business Investment & Risk Policy which lays down risk parameters, processes and procedures for managing the risk arising from the Company's business operations. The Risk Management Committee of the Board oversees the Company's risk management framework, and its responsibilities include reviewing and recommending the Business Investment & Risk Policy to the Board for its approval and also reviewing compliance with the approved / statutory risk parameters, processes, procedures, etc by means of regular risk management reports.

The Risk Management Department of the Company is an independent unit under the Chief Risk Officer, reporting to the Managing Director and is responsible for measurement and monitoring of risk limits within the risk management framework of the Company. The Chief Risk Officer is responsible for identification, measurement and monitoring adherence to prudential limits laid down in the Business Investment & Risk Policy and RBI regulatory limits and meets to the Risk Management Committee directly without the presence of the Managing Director on a quarterly basis.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk and
- Settlement risk

#### A. Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables, cash and cash equivalents and other bank balances, derivatives and debt securities. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

##### a. Exposure in SLR securities

SLR securities consisting of G-Sec, SDL, SPL and T-Bills have zero credit risk as they are sovereign securities. Further all SLR securities trades are settled by the Clearing Corporation of India Ltd which provides novation and thus guaranteed settlement in respect of all these instruments.

##### b. Exposure in non- SLR securities

Various prudential guidelines are laid down in Business Investment and Risk Policy to manage and mitigate credit risk arising in respect of holding of non-SLR securities. External credit ratings form the basic qualifying criteria for investing in any individual reference credit. The debt issuers are classified based on their credit rating and exposure limits are also stipulated for each issuing company / entity. A credit scoring model is also used to analyse the credit quality of the individual reference credits which meet the threshold external rating. The Credit Evaluation Committee is responsible for evaluating credit quality of individual credit references in whose corporate debt securities the Company proposes to invest and approving the proposed investment. It is also responsible for monitoring the credit quality of existing corporate debt securities portfolio including rating migrations. Additionally, a defeasance / holding period has also been prescribed for corporate debt securities to mitigate risk arising from holding corporate debt securities.

##### c. Exposure in Interest Rate Swaps

Interest rate swaps which are not in the IRS Guaranteed Settlement segment of CCIL give rise to bilateral credit risk. However currently all the IRS deals are dealt in IRS Guaranteed Settlement segment of CCIL and thus the Company is not exposed to credit risk in respect of its transactions in Interest Rate Swaps.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### B. Liquidity risk

The Company has an Asset Liability Management Committee (ALCO) which monitors various issues related to liquidity risk on the basis of ALM statements and decides on the strategy to address the same. The Company uses duration gap analysis to monitor the ALM interest rate risk. As a PD, the Company has access to the RBI PDLs facility in case of tight liquidity conditions in the inter-bank money market.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

#### Maturity Analysis of Significant Financial Liabilities:

(₹ In Lakhs)

As at March 31 2022	Contractual cash flows				
	Total	Less than 6 months	6 months to 12 months	1 to 5 years	More than 5 years
Borrowings and Deposits	12,88,278.95	12,88,278.95	-	-	-
Trade and other payables	85.78	85.78	-	-	-
Lease Liability	67.59	12.76	12.76	42.08	-
Other Financial Liability	476.24	338.20	-	138.05	-

(₹ In Lakhs)

As at March 31 2021	Contractual cash flows				
	Total	Less Than 6 months	6 months to 12 months	1 to 5 years	More than 5 years
Borrowings and Deposits	10,69,071.25	10,69,071.25	-	-	-
Trade and other payables	94.85	94.85	-	-	-
Lease Liability	89.08	12.22	12.22	64.63	-
Other Financial Liability	257.58	140.08	-	117.50	-

### C. Market risk

The Company uses measures including Value-at-Risk (VaR), Modified Duration & PV01 to monitor interest rate risk of its fixed income portfolios. The Company calculates Value-at-Risk (VaR) to measure market risk on a daily basis for a 1 day holding period with 99% confidence level using the Historical Simulation methodology based on a data set of last 250 days. The Company also back tests the results of its VaR model for validating the model by comparing the VaR number with both the hypothetical portfolio MTM change as well as actual change. Based on the back-testing results, the Company scales up the applied multiplication factor to adequately compensate for any observed loss of accuracy. The Company also carries out interest rate sensitivity analysis based on an assumed adverse parallel shift of 25/50/100 basis points in the yield curve.

#### a. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, or in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

#### Exposure to interest rate risk

Company's interest rate risk arises primarily from Investments. The interest rate profile of the Company's interest-bearing financial instruments is as follows.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ In Lakhs)

Particulars	As at March 31 2022	As at March 31 2021
<b>Fixed-rate instruments</b>		
<b>Financial Assets - measured at amortised cost</b>		
Investment in debt instruments	1,62,118.86	-
<b>Financial Assets - measured at FVTPL or FVOCI</b>		
Investment in debt instruments	11,99,431.77	11,39,822.55
<b>Total of Fixed Rate Financial Assets</b>	<b>13,61,550.63</b>	<b>11,39,822.55</b>
<b>Financial liabilities - measured at amortised cost</b>		
Borrowings	12,69,123.61	10,50,298.35
Deposits (Inter corporate Deposit)	19,155.34	18,772.90
<b>Total of Fixed Rate Financial Liabilities</b>	<b>12,88,278.95</b>	<b>10,69,071.25</b>

**b. Fair value sensitivity analysis for fixed-rate instruments**

The Company has investments in fixed-rate financial assets such as investments in Government Securities, Commercial Paper, Corporate Deposit etc. Accordingly, a increase in 1 basis point in interest rates is likely to decrease the profit or loss (before tax) for the year ending March 31, 2022 by ₹ 148.78 Lakhs (March 31, 2021 ₹170.55 Lakhs) and an decrease in 1 basis point in interest rates is likely to increase the profit or loss (before tax) for the year ending March 31, 2022 by ₹ 148.78 Lakhs (March 31, 2021 ₹ 170.55 Lakhs).

**D. Settlement Risk**

The Company is a member of CCIL and enjoys the benefits of guaranteed settlement of trades put through CCIL. Accordingly, the Company does not face settlement risk arising from the GSec, SDL, SPL and T-Bill outright and repo transactions. The settlement of all non-SLR securities transactions is done on DVP-I basis through the clearing houses attached with the exchanges namely, NSCCL (NSE) and ICCL (BSE) and this reduces the counterparty and settlement risk. In case of IRS transactions, the settlement risk is mitigated by the interest exchanges taking place through the Clearing Corporation of India Ltd which carries out both guaranteed & non-guaranteed settlement of IRS transactions. In case of equity market & interest rate transactions, the settlement risk is mitigated as settlement is taking place through the clearing houses of the respective exchanges which act as CCP.

**Note : 43****Fair Value Measurement****i) Valuation Principles**

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. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note no. 44

**ii) Valuation Governance**

The Company's fair value methodology and the governance framework include a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The Company is required to follow valuation methodology for its assets and liabilities as prescribed by the RBI. All new products and their valuation methodologies are subject to approvals by the Risk Management Committee of the Board as well as the Board of Directors of the Company. The responsibility of on-going measurement resides with the Risk Management Department.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Once submitted, fair value estimates are also reviewed and independently verified by the Chief Risk Officer (CRO) and the independent price verification process for financial reporting is ultimately the responsibility of the CRO.

The Risk Management team works together with the Finance function's accounting policy team and is responsible for ensuring that the final reported fair value figures are in compliance with Ind AS and will propose adjustments as and when needed.

### iii) Asset and liabilities by fair value hierarchy:

All assets or liabilities are based on quoted (unadjusted) market prices/yields in active markets for identical assets or liabilities.

#### Note : 44

##### Valuation Techniques

**Government dated securities:** All Central Government dated securities are valued as per prices published by Financial Benchmarks India Private Limited (FBIL) as prescribed by RBI.

**State Development Loans:** All State Government securities are valued as per prices published by Financial Benchmarks India Private Limited (FBIL) as prescribed by RBI.

**Special Bonds:** All Special Bonds are valued as per prices published by Financial Benchmarks India Private Limited (FBIL) as prescribed by RBI.

**Treasury Bills:** T-Bills which are traded are valued at their last traded prices. T-Bills which are not traded are valued at market traded yields as per the T-Bill yield curve published by FBIL, as prescribed by RBI.

**Certificate of Deposits:** CDs which are traded valued at their last traded prices. CDs which are not traded are valued at market traded yields as per the CD curve published by FBIL.

**Equity (cash and futures):** Market value of equity shares is determined by the closing prices obtained from recognised stock exchange such as NSE/BSE.

**Corporate bonds:** Corporate Bonds which are traded are valued at their last traded prices. Corporate bonds which are not traded are valued based on the credit spreads published by FBIL over the last traded yields of Central Government Dated Securities as published by FBIL.

**STRIPS:** All STRIPS are valued as per prices published by Financial Benchmarks India Private Limited (FBIL) as prescribed by RBI.

**Interest rate Futures:** Interest Rate Futures contracts are valued at their respective closing settlement prices as published by recognized stock exchange such as NSE/BSE.

**Interest Rate Swaps:** Interest Rate Swaps are valued on the basis of traded swap yields as published by FBIL.

**Currency Futures:** Currency Futures contracts are valued at their respective closing settlement prices as published by recognized stock exchange such as NSE/BSE.

#### Note : 45

##### Valuation adjustments and other inputs and considerations

No valuation adjustments have been made to the prices/yields provided for valuation by FBIL or the recognized stock exchanges.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note : 46****Analysis of risk concentration**

The Company's business operations can be broadly classified into two major segments viz gilts and non-gilts. Gilts segment includes Government Dated Securities, State Development Loans, Special Bonds, Treasury Bills and STRIPS while non-gilt segment includes corporate bonds, CPs, CDs, Interest Rate Swaps and equities.

Reserve Bank of India (RBI) prescribes guidelines to prevent concentration of risk by Primary Dealers (PDs) by stipulating that 50% of total investments has to be in the gilt segment at all times. Further, in case of non-gilt investments, the RBI prescribes single and group borrower limits so as to prevent concentration of credit risk.

Additionally, the Business Investment & Risk Policy of the Company stipulates prudential limits on holding of each class of instrument. Concentration risk to a particular issuer is also limited by the internal prudential guidelines which stipulate counterparty exposure limits and maximum holding limits for each issuer (e.g. for each state government and individual reference credit) for debt securities, interest rate derivatives and equities.

The Company does not face any concentration risk arising from currency or geography as the Company operates only in the Indian Fixed Income market and it has a diversified pan-India presence through its Branches.

**Note : 47****Events after reporting date:**

No events took place after the reporting date that require disclosure in these financial statements.

**Note : 48****Capital Management**

The Company's objective is to maximize the shareholders' value by maintaining an optimum capital structure. The company maintains capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The adequacy of the company's capital is monitored using, among other measures, the regulation issued by RBI.

Capital to Risk Weighted Assets Ratio (CRAR) is a measurement of a company's available Capital expressed as a percentage of a Risk-weighted assets. The Capital includes Tier-I and II capital. Primary Dealers are required to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 15 percent on an ongoing basis.

S No.	Items	March 31, 2022	March 31, 2021
i	CRAR (%)	32.31	28.95
ii	CRAR - Tier I capital (%)	32.31	28.95
iii	CRAR - Tier II Capital (%)	-	-
iv	Amount of subordinated debt raised as Tier-II capital	-	-
v	Amount raised by issue of Perpetual Debt Instruments	-	-
vi	Risk Weighted Assets (RWA) (₹ in Lakhs)	2,40,414.00	2,52,427.00
vii	Net Owned Funds (NOF) (₹ in Lakhs)	77,664.78	73,088.04
viii	Tier- I Capital (₹ in Lakhs)	77,664.78	73,088.04
ix	Return on Average Net Owned Funds	13.34%	33.99%

**Note:**

- The net owned fund of the Company has been calculated in accordance with RBI circular No. RBI/2019-20/170 DOR (NBFC). CC.PD.No. 109/22.10.106/2019-20 dated March 13, 2020.
- Liquidity Coverage Ratio (LCR)- As per point 4(c) of RBI Liquidity Risk Management Framework dated November 04, 2019, Primary Dealers are exempt from applicability of LCR norms.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note : 49

#### Pending litigation

- a. The company had invested in CPs issued by IL&FS as below:

(₹ In Lakhs)

Name	Date of investment	Face Value
CP IL&FS Ltd due on 17-Sept-2018	09-Mar-18	5,000
CP IL&FS Ltd due on 05-Mar-2019	27-Mar-18	5,000

- b. An amount of ₹ 9,413.34 lakhs being the book value of the investment made in CP of IL&FS has been written off in F.Y. 2018-19 owing to the fact that the instrument being unsecured in nature and on account of the fact that IL&FS has been classified by the resolution consultant and Ministry of Corporate Affairs, Govt. of India as a “Red Entity” i.e. the entity that cannot meet its payment obligations towards even senior secured financial creditors, as and when such payment obligation become due.
- c. In the order dated February 4, 2019, the Hon’ble NCLAT, New Delhi, permitted the operational and financial creditors of the IL&FS & its group companies to file Intervention Applications. Accordingly, the Company has filed Intervention Application before the Hon’ble NCLAT, New Delhi. The Intervention Application no 9626 of 2019 filed by the Company has been admitted on February 11, 2019.
- d. Subsequent to the intervention application filed by the Company, the Company has been admitted to the Committee of Creditors (CoC), and the claim of ₹ 9,847.89 lakhs (including accrued discount income till cut off date i.e. 15-Oct-2018) has been admitted by NCLT/NCLAT in F.Y. 2019-20. There is no further progress in the matter in FY 2021-22 w.r.t. receipt of outstanding claim.

### Note : 50

#### Segment Reporting

Business Segment : The Company’s management has identified Gilt Segment and Non Gilt Segment as two reportable segment based on risk, return and the regulatory authorities for reporting. The Company does not have geographical segment in the context of the Indian Accounting Standard (Ind AS) 108 - “Operating Segments”. The detailed segmental information is as under.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ In Lakhs)

Segment Information	Gilt Income		Non Gilt Income		Unallocated		Total	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Interest and similar income	56,895.19	42,912.18	3,072.58	2,001.17	57.71	9.13	60,025.48	44,922.48
Interest and similar expense	40,547.00	28,272.62	929.11	1,042.16	4.28	60.49	41,480.39	29,375.27
<b>Net interest income (expense)</b>	<b>16,348.19</b>	<b>14,639.56</b>	<b>2,143.47</b>	<b>959.00</b>	<b>53.43</b>	<b>(51.35)</b>	<b>18,545.09</b>	<b>15,547.20</b>
Fee and commission income	633.75	617.35	-	-	-	-	633.75	617.35
Fee and commission expense	-	-	-	-	-	-	-	-
<b>Net fees and commission income</b>	<b>633.75</b>	<b>617.35</b>	-	-	-	-	<b>633.75</b>	<b>617.35</b>
Trading Profit/(Loss) on investments	936.85	15,836.65	1,805.92	1,505.90	-	-	2,742.77	17,342.55
Net gain on fair value changes	(5,920.48)	(1,500.41)	(42.85)	82.02	-	-	(5,963.33)	(1,418.40)
Reclassification adjustment (Net gain on derecognition of financial instruments under FVOCI)	-	762.32	-	-	-	-	-	762.32
impairment on financial instruments	-	-	-	-	-	-	-	-
Other income	-	-	16.34	-	486.78	801.86	503.12	801.86
Depreciation of property and equipment	-	-	-	-	81.69	90.09	81.69	90.09
Amortisation of intangible assets	-	-	-	-	6.57	3.32	6.57	3.32
Other operating expenses	592.79	488.04	-	1.55	2,065.42	2,265.51	2,658.21	2,755.10
Total operating expense	592.79	488.04	-	1.55	2,153.68	2,358.92	2,746.47	2,848.51
Segment profit (loss) before taxation	11,405.51	29,867.42	3,922.88	2,545.37	(1,613.47)	(1,608.41)	13,714.94	30,804.38
Income tax expense	-	-	-	-	-	-	3,658.78	7,965.06
Profit for the year for continuing operations	-	-	-	-	-	-	10,056.16	22,839.31
<b>Other Comprehensive Income</b>	-	-	-	-	-	-	-	-
(i) Items that will not be reclassified to profit or loss	-	-	-	-	2.32	(3.07)	2.32	(3.07)
(ii) Income Tax relating to items that will not be reclassified to profit or loss	-	-	-	-	(0.58)	0.77	(0.58)	0.77
(i) Items that will be reclassified to profit or loss	-	-	-	-	-	(144.80)	-	(144.80)
(ii) Income Tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	36.45	-	36.45
Additions to property plant and equipment	-	-	-	-	23.51	40.08	23.51	40.08
Additions to other intangible assets	-	-	-	-	2.56	12.44	2.56	12.44
Segment assets as at March 31, 2022	13,37,674.63	11,76,984.77	65,824.60	9,364.40	2,325.62	2,331.51	14,05,824.85	11,88,680.68
Segment Liabilities as at March 31, 2022	13,01,291.75	10,94,994.12	25,659.44	18,772.90	78,873.66	74,913.66	14,05,824.85	11,88,680.68



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note : 51

### Offsetting

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis. The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

#### Financial assets subject to offsetting, netting arrangements (₹ In Lakhs)

Particulars	Derivative assets	As at March 31, 2022	As at March 31, 2021
Offsetting recognised on the balance sheet	Gross assets before offset	38,228.27	44,863.24
	Offset with gross liabilities <sup>2</sup>	-	-
	Net assets recognised in the balance sheet	38,228.27	44,863.24
Netting potential not recognised on the balance sheet	Financial liabilities	38,589.59	44,695.76
	Collaterals received	-	-
	Assets/ (Liability) after consideration of netting potentials	(361.32)	167.47
Assets not subject to netting arrangements <sup>1</sup>	Assets recognised on the balance sheet	-	-
<b>Total assets</b>	Recognised in the balance sheet	38,228.27	44,863.24
<b>Maximum exposure to risk</b>	After consideration of netting potential	-	167.47

#### Financial liabilities subject to offsetting, netting arrangements (₹ In Lakhs)

Particulars	Derivative liabilities	As at March 31, 2022	As at March 31, 2021
Offsetting recognised on the balance sheet	Gross Liabilities before offset	38,589.59	44,695.76
	Offset with gross liabilities <sup>2</sup>	-	-
	Net Liabilities recognised on the balance sheet	38,589.59	44,695.76
Netting potential not recognised on the balance sheet	Financial assets	38,228.27	44,695.76
	Collaterals received	-	-
	Assets/ Liab after consideration of netting potential <sup>3</sup>	-	-
Assets not subject to netting arrangements <sup>1</sup>	Assets recognised on the balance sheet	-	-
<b>Total Liabilities</b>	Recognised in the balance sheet	38,589.59	44,695.76
<b>Maximum exposure to risk</b>	After consideration of netting potential	-	-

1. Represents items not subject to enforceable netting arrangements and other out-of-scope items
2. "Netting with gross liabilities" column represents amounts that can be offset under Ind AS 32. These numbers are the same amount as those presented in the "Netting with gross assets" column in the liabilities table.
3. Amounts have been capped by the relevant netting agreement so as not to exceed the net amount financial assets presented on the balance sheet; (i.e., over-collateralisation, where it exists, is not reflected in the table, given surplus collateral would not be recognisable in an event of default.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note: 52

## Corporate Social Responsibility (CSR) Disclosure

During the year, Company has spent ₹ 425.79 lakhs (March 31, 2021 ₹ 267.10 lakhs) towards CSR activities, as required to be spent in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules, 2014. Details of CSR expense for the year are as under:-

(₹ In Lakhs)

Sr. No.	Particulars	FY 2021-22	FY 2020-21
a)	Gross amount required to be spent during the year	429.12	263.76
b)	Amount of expenditure incurred and spent during the year on:		
	- Construction/acquisition of any asset - Capital Expenditure	-	-
	- Others (other than above)	425.79	267.10
	- Amount set off from the excess spent of last year*	3.33	-
	<b>Total</b>	<b>429.12</b>	<b>267.10</b>
c)	Amount spent during the year		
	Expenses paid	425.79	267.10
	Expenses yet to be paid for (Shortfall for the year)	-	-
d)	Total of previous years shortfall	-	-
e)	Reason for shortfall	NA	NA

(₹ In Lakhs)

Sr. No.	Particulars	Amount Spent	Pending to be Spent	Total
1	<b>Construction/acquisition of any asset</b>	-	-	-
2	<b>On purposes other than (i) above-</b>			
	a) Prime Minister's National Relief Fund	128.83	-	128.83
		(19.59)	-	(19.59)
	b) Cancer Patient Aid Association (CPAA)	40.00	-	40.00
		(30.00)	-	(30.00)
	c) ImPaCCT Foundation (Paediatric Foundation of Tata Memorial hospital)	40.00	-	40.00
		(25.00)	-	(25.00)
	d) National Association for the blind	-	-	-
		(9.90)	-	(9.90)
	e) HDFC Charity Fund for Cancer Cure ** (Dividend amount)	-	-	-
		(3.33)	-	(3.33)
	f) Sunder Shewak Sabha	40.00	-	40.00
		(28.00)	-	(28.00)
	g) Ramakrishna Mission	-	-	-
		(20.19)	-	(20.19)
	h) Ramakrishna Mission Seva Pratishthan, Kolkata	33.60	-	33.60
		-	-	-
	i) Ramakrishna Mission Ashrama, Belagavi (Belgaum), Karnataka	22.69	-	22.69
		-	-	-
	j) Friends of Tribal Society	-	-	-
		(20.00)	-	(20.00)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ In Lakhs)

Sr. No.	Particulars	Amount Spent	Pending to be Spent	Total
	k) Indian Cancer Society	40.00	-	40.00
		(35.00)	-	(35.00)
	l) Sadguru Seva Sangh Trust	25.00	-	25.00
		(17.50)	-	(17.50)
	m) Cancer Institute WIA	5.67	-	5.67
		(17.00)	-	(17.00)
	n) The Akshaya Patra Foundation	50.00	-	50.00
		(22.00)	-	(22.00)
	o) Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund	-	-	-
		(19.59)	-	(19.59)
<b>Total (Current Year)</b>		<b>425.79</b>	<b>-</b>	<b>425.79</b>
<b>Total (Previous Year)</b>		<b>(267.10)</b>	<b>-</b>	<b>(267.10)</b>

\* The actual CSR contribution for the current FY 2021-22 was ₹ 429.12 Lakh. There was an excess CSR spent of ₹ 3.33 Lakh in the previous Financial Year (FY 2020-21). The excess amount of ₹ 3.33 Lakh has been set off against current year's CSR contribution vide Board approval dated October 22, 2021.

\*\* The Company has made investment in HDFC Cancer Cure Fund. As per the scheme, any dividend declared in the said scheme was contributed directly to Indian Cancer Society and eligible towards Company's contribution for CSR commitment. The said scheme is a close ended scheme and matured on May 06, 2020.

**Note:** Figures in brackets denote figures for March 31, 2021

**Note : 53**

### Trade Receivable aging schedule

FY 2021-22 (₹ In Lakhs)

S. No.	Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total
				Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Undisputed Trade receivables – considered good	-	20.79	-	-	-	-	-	20.79
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

FY 2020-21 (₹ In Lakhs)

S. No.	Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total
				Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Undisputed Trade receivables – considered good	-	244.56	-	-	-	-	-	244.56
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables– considered good	-	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-

Note : 54

Intangible assets under development aging schedule

FY 2021-22

(₹ in Lakhs)

S. No.	Intangible assets under development	Amount in CWIP for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Projects in progress	-	-	-	-	-
(ii)	Projects temporarily suspended	-	-	-	-	-

FY 2020-21

(₹ in Lakhs)

S. No.	Intangible assets under development	Amount in CWIP for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Projects in progress	0.64	-	-	-	0.64
(ii)	Projects temporarily suspended	-	-	-	-	-

Note : 55

Trade Payable aging schedule

FY 2021-22 (₹ in Lakhs)

S. No.	Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
				Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	MSME	-	-	-	-	-	-	-
(ii)	Others	1.98	45.61	-	-	-	-	47.59
(iii)	Disputed dues – MSME	-	-	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

FY 2020-21 (₹ in Lakhs)

S. No.	Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
				Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	MSME	-	-	2.92	-	-	-	2.92
(ii)	Others	4.14	49.55	-	-	-	-	53.69
(iii)	Disputed dues – MSME	-	-	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-	-	-

### Regulatory Disclosures

Note : 56

#### Capital Commitment and Contractual Obligation

- a. Estimated amount of contracts remaining to be executed on capital account - Nil (PY Nil)
- b. Commitment and contractual obligations in respect of:
  - i. The purchases and sales of the securities effected on March 31, 2022, the transaction shall be accounted on April 04, 2022 i.e Settlement date. The face value of the securities purchased and sold on March 31, 2022 are as given in the table below;

(₹ In Lakhs)

S No.	Particulars	March 31, 2022	March 31, 2021
1	Purchase of securities	6,504.00	21,900.00
2	Sale of securities	40,954.00	35,303.40

**Note : 57** The Company is a member of Primary Dealers Association of India (PDAI) and Fixed Income Money Market and Derivatives Association of India (FIMMDA); which are Companies limited by guarantee and incorporated under the Companies Act, 1956. The amount guaranteed by the Company on this amounts to Rs. One Hundred only, for each Association.

**Note : 58** The Company is authorized by RBI to offer Constituent SGL Account facility in the nature of Subsidiary General Ledger (SGL) account maintained with RBI on behalf of its Constituents. The transactions undertaken include purchase and sale transactions on behalf of Constituents. As on March 31, 2022 the face value of the securities held by the Company on behalf of its Constituents is ₹ 45,50,325.60 Lakhs (March 31, 2021 – ₹35,00,979.00 Lakhs).

**Note : 59** In terms of the Reserve Bank of India guidelines, details of Repo and Reverse Repo transactions during the year are given here under:

(₹ In Lakhs)

Particulars for FY 2021-22	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	March 31, 2022
<b>Securities sold under repos</b>				
Government Securities	5,59,572.25 (1,78,898.00)	11,15,642.32 (6,86,178.00)	8,46,136.55 (4,83,925.00)	10,16,975.50 (6,74,487.88)
Corporate debt securities	- -	- -	- -	- -
<b>Securities purchased under reverse repos</b>				
Government Securities	- -	- (8,132.29)	- (22.28)	- -
Corporate debt securities	- -	- -	- -	- -

**Note:** Figures in brackets denote figures for FY 2020-21



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note : 60 other Disclosures - Schedule to the Balance Sheet as at March 31, 2022**

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ In Lakhs)

Sr. No.	Particulars	Amount Outstanding		Amount Overdue	
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
	<b>Liabilities Side</b>				
<b>1</b>	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	(a) Debenture				
	Secured	-	-	-	-
	Unsecured	-	-	-	-
	(other than falling within the meaning of Public deposit)				
	(b) Deferred Credit	-	-	-	-
	(c) Term Loans (includes term money)	6,504.10	-	-	-
	(d) Inter Corporate Loans and Borrowing	19,155.34	18,772.90	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Others Loans				
	(i) Call/Notice	1,25,244.89	43,175.42	-	-
	(ii) TREPS	1,20,293.57	3,32,571.99	-	-
	(iii) RBI LAF	-	-	-	-
	(iv) RBI Refinance	-	-	-	-
	(v) Loan Against Fixed Deposit	-	-	-	-
	(vi) REPO Borrowing	10,17,081.05	6,74,550.94	-	-
	<b>Assets Side</b>				
		<b>Amount Outstanding</b>	<b>Amount Outstanding</b>		
		<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>		
<b>2</b>	<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below):</b>				
	(a) Secured			-	-
	(b) Unsecured			-	-
<b>3</b>	<b>Break up Leased Assets and stock on hire and other assets counting towards AFC activities</b>				
	(i) Lease assets including lease rentals under sundry debtors				
	(a) Finance Lease			-	-
	(b) Operating Lease			-	-
	(ii) Stock on hire including hire charges under sundry debtor				
	(a) Assets on hire			-	-
	(b) Repossessed Assets			-	-
	(iii) Other loans counting towards AFC activities				
	(a) loans where assets have been repossessed			-	-
	(b) loans other than (a) above			-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Sr. No.	Particulars	Amount Outstanding		
		As at March 31, 2022	As at March 31, 2021	
<b>4</b>	<b>Break-up of Investments</b>			
	<b>Current Investment</b>			
	<b>1. Quoted</b>			
	(i) Shares : (a) Equity	-	-	
	(b) Preference	-	-	
	(ii) Debentures and Bonds	65,702.53	9,342.29	
	(iii) Units of mutual funds	-	-	
	(iv) Government Securities & T-bills	11,33,729.24	11,30,480.26	
	(v) others			
	<b>2. Unquoted</b>			
	(i) Shares : (a) Equity	-	-	
	(b) Preference	-	-	
	(ii) Debentures and Bonds	-	-	
	(iii) Units of mutual funds	-	-	
	(iv) Government Securities	-	-	
	(v) others : (a) Commercial papers	-	-	
	(b) Certificate of Deposits	-	-	
	<b>Long Term Investments</b>			
	<b>1. Quoted</b>			
	(i) Shares : (a) Equity	-	-	
	(b) Preference	-	-	
	(i) Debentures and Bonds	-	-	
	(ii) Units of mutual funds	-	-	
	(iv) Government Securities	-	-	
	(v) others	-	-	
	<b>2. Unquoted</b>			
	(i) Shares : (a) Equity	-	-	
	(b) Preference	-	-	
	(i) Debentures and Bonds	-	-	
	(ii) Units of mutual funds	-	-	
	(iv) Government Securities	1,62,118.86	-	
	(v) others	-	-	
<b>5</b>	<b>Borrower group-wise classification of assets financed as in (2) and (3) above</b>			
	<b>Category</b>	<b>Amount Net of Provisions</b>		
		<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) other related parties	-	-	-
	2. Other than related parties	-	-	-
	<b>Total</b>	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

6 Investor group-wise classification of all Investments (current & long-term) in shares and securities (quoted & unquoted)					
	Category	Market Value		Book Value	
		2021-22	2020-21	2021-22	2020-21
	1. Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) other related parties	-	-	-	-
	2. Other than related parties	13,61,550.63	11,39,822.55	13,61,550.63	11,39,822.55
	<b>Total</b>	<b>13,61,550.63</b>	<b>11,39,822.55</b>	<b>13,61,550.63</b>	<b>11,39,822.55</b>
Sr. No.	Particulars	2021-22		2020-21	
		(₹ in lakhs)		(₹ in lakhs)	
7	<b>Other Information</b>				
	Particulars				
(i)	Gross Non-Performing Assets				
	(a) Related parties	-	-	-	-
	(b) Other than related parties	-	-	-	-
(ii)	Net Non-Performing Assets				
	(a) Related parties	-	-	-	-
	(b) Other than related parties	-	-	-	-
(iii)	Assets acquired in satisfaction of Debts	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note : 61 Issuer composition of investments in non-Government securities as at March 31, 2022**

(Ref: RBI circular no. IDMD.PDRS.No.03/03.64.00/2003-04)

(₹ In Lakhs)						
Sr. No.	Issuer	Amount*	Extent of private placement**	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
1	2	3	4	5	6	7
1	PSUs	-	-	-	-	-
		(9,115.69)	(4,986.89)	-	-	-
2	FIs	14,938.08	-	-	-	-
		-	-	-	-	-
3	Banks	20,115.57	5,504.77	-	-	-
		-	-	-	-	-
4	Other PDs	-	-	-	-	-
		-	-	-	-	-
5	Private Corporate	29,504.80	17,476.13	-	-	-
		-	-	-	-	-
6	Subsidiaries/ Joint Ventures	-	-	-	-	-
		-	-	-	-	-
7	Others	-	-	-	-	-
		-	-	-	-	-
8	Provision held towards depreciation	-	-	-	-	-
		-	-	-	-	-
	<b>Total</b>	<b>64,558.45</b>	<b>22,980.90</b>	-	-	-
		<b>(9,115.69)</b>	<b>(4,986.89)</b>	-	-	-

Note: Figures in brackets pertains to March 31, 2021

All the investments in the above non government securities are rated and are above investment grade securities.

\* Represents amounts net of provision for depreciation, if any

\*\* Represents original issue.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

Note : 62 Disclosure pursuant to RBI circular No. RBI/2008-09/116 DNBS (PD). CC No.125/03.05.002/2008-2009 dated August 1, 2008, RBI/2015-16/12 DNBR (PD) CC.NO.053/03/10.119/2015-16 dated July 1, 2015 and RBI/DNBR/2016-17/42, Master Direction DNBR.PD.004/03.10.119/2016-17 dated August 23, 2016 as updated on October 05, 2021

**a. Capital to Risk Assets Ratio (CRAR)\***

Sr. No.	Items	March 31, 2022	March 31, 2021
i.	CRAR (%)	32.31	28.95
ii.	CRAR - Tier I capital (%)	32.31	28.95
iii.	CRAR - Tier II Capital (%)	-	-
iv.	Amount of subordinated debt raised as Tier-II capital	-	-
v	Amount raised by issue of Perpetual Debt Instruments	-	-

\*calculated as per RBI circular no.RBI/2006-2007/355 DNBS.PD/CC No.93/03.05.002/2006-07

**b. Exposures to Real Estate Sector**

(₹ In Lakhs)

Category		March 31, 2022	March 31, 2021
a.	Direct exposure		
	i. Residential Mortgages -	-	-
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
	ii. Commercial Real Estate -	-	-
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	-
	iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	-	-
	a. Residential,	-	-
	b. Commercial real Estate.	-	-
b.	Indirect Exposure		
	Fund based and non-fund based exposures on Housing Finance Companies (HFCs).	-	-
	Non-fund based – Notional Principal of IRS	-	-

**Exposures to Capital Market**

(₹ In Lakhs)

Particulars	March 31, 2022	March 31, 2021
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ In Lakhs)

Particulars	March 31, 2022	March 31, 2021
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	-	-
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
Loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
Bridge loans to companies against expected equity flows/ issues;	-	-
All exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	-	-

### c. Asset Liability Management - Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2022\*\*\*\*

(₹ In Lakhs)

Particulars	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Assets</b>									
Deposits	-	-	-	-	3,598.25	7.15	3.96	18.06	<b>3,627.42</b>
	-	-	-	-	(1,628.25)	(7.15)	(3.96)	(13.02)	<b>(1,652.38)</b>
Advances*	27.86	-	-	-	-	-	-	-	<b>27.86</b>
	(19.36)	-	-	-	-	-	-	-	<b>(19.36)</b>
Investments**	11,99,431.77	-	-	-	-	-	1,60,513.97	-	<b>13,59,945.74</b>
	(11,39,822.55)	-	-	-	-	-	-	-	<b>(11,39,822.55)</b>
<b>Liabilities</b>									
Borrowings from banks***	1,31,748.99	-	-	-	-	-	-	-	<b>1,31,748.99</b>
	(43,175.42)	-	-	-	-	-	-	-	<b>(43,175.42)</b>
Market Borrowings	11,40,134.17	16,395.78	-	-	-	-	-	-	<b>11,56,529.95</b>
	(10,12,989.51)	(9,713.40)	(3,192.93)	-	-	-	-	-	<b>(10,25,895.84)</b>

Note: Figures in brackets pertains to March 31, 2021

\* Advances represent advances given in the normal course of business and is not in nature of loans given.

\*\* Investments in the nature of 'Securities held as Stock in Trade' are classified in the "one month bucket" and those in the nature of 'Non Current Investments' are classified as per their residual maturity.

\*\*\* Borrowings in Call / Notice / Term represents borrowings from banks

\*\*\*\* The Company does not have any foreign currency assets and liabilities.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## d. Investments

(₹ In Lakhs)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
<b>1</b>	<b>Value of Investments :</b>		
	(i) Gross Value of Investments		
	(a) In India*	1,60,513.97	-
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India*	1,60,513.97	-
	(b) Outside India	-	-
<b>2</b>	<b>Movement of Provisions held towards depreciation on Investments :</b>		
	(i) Opening Balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less: Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

\* The above figures are investment classified as subsequently measured at amortised cost

- e. The Company has not exceeded Single Borrower Limit (SBL)/Group Borrower Limit (GBL) as prescribed by the regulator.
- f. Registration / license/authorisation obtained from financial sector regulators
- RBI – Certificate of Registration bearing No. 13.01865, dated May 23, 2007.
  - MCA – Certificate of Incorporation dated October 31, 2006 bearing Corporate Identity No. U67110MH2006PLC165306.
  - Primary Dealership Business authorisation granted by RBI has been renewed for the year 2019-22 and is valid upto June 30, 2022.
- g. Disclosure of Penalties imposed by RBI and other regulator: Nil (PY –Nil)
- h. Ratings assigned by credit rating agencies and migration of ratings during the year

Rating Agencies	Rating programme	Rating Assigned	Migration	Rating Amount (₹ in Lakhs)	
				March 31, 2022	March 31, 2021
CRISIL	Short Term	CRISIL A1+	-	20,000.00	20,000.00

- i. Information on all provisions and contingencies booked as expenditure in Profit and Loss Account:

(₹ In Lakhs)

Particulars	2021-22	2020-21
Provision for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision for Standard Assets	-	-
Provision made towards Income Tax (incl. deferred tax)	218.14	-
Other Provision and Contingencies (stamp duty and employee related)	414.84	1,449.51



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note : 63

### Derivatives

#### a. Interest Rate Swaps (₹ In Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
	<b>Notional Principal amount of IRS Contracts</b>		
a.	Hedging Contracts	-	-
b.	Trading Contracts	36,91,936.93	14,50,710.73
i.	Fair value of trading IRS	(361.32)	167.47
ii.	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii.	Likely impact of one percentage change in interest rate (100*PV01)	199.84	93.00
iv.	Collateral value made available towards Derivatives margin	-	-
v.	Credit Risk Concentration <sup>@</sup>	-	-

@ Credit risk concentration is measured as the highest net receivable under swap contracts from a particular group of counterparties.

#### b. Interest Rate Future Contracts

(₹ In Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
(i)	Notional principal amount of exchange traded Interest Rate derivatives undertaken during the year		
	IRF on Government Securities	-	81.98
(ii)	Notional principal amount of exchange traded IR derivatives outstanding (Interest Rate Futures)	-	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv)	Mark-to-Market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

#### c. Disclosures on Risk Exposure in Derivatives

##### Qualitative Disclosure

During the year, Company has entered into derivative transactions in equity and interest rate derivatives. The derivatives transactions entered into during the year are for the purpose of trading and market-making. The Business Investment and Risk policy of the Company lays down the risk management framework for derivatives trading. The Policy prescribes risk identification, measurement monitoring and risk mitigation. The compliance with the prudential limits for derivative transactions as laid down in the Risk Policy is done by the Risk Management Department which reports to the Chief Risk Officer. The Risk Management Committee of the Board oversees the risk management function of the Company. For accounting policy refer note 3.9 C of notes to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

## Quantitative Disclosure

The company has not entered into currency and interest rate futures transactions during the year. **The detail of outstanding position is mentioned hereunder:**

(₹ In Lakhs)

Sr. No.	Particular	Currency Derivatives	Interest Rate Futures
(i)	Derivatives (Notional Principal Amount)		
	For hedging	-	-
(ii)	Marked to Market Positions		
	a) Asset (+)	-	-
	b) Liability (-)	-	-
(iii)	Credit Exposure	-	-
(iv)	Un-hedged Exposure	-	-

## d. Disclosure relating to Securitisation :

- i) During the year Company has not securitized any of its assets and does not have any outstanding position in respect thereof as on March 31, 2022.
- ii) Company has not sold any of its financial assets to Securitization/Reconstruction Company for Asset Reconstruction.
- iii) Company has not undertaken any Assignment transactions during the year
- iv) Company has neither purchased nor sold any non-performing financial assets during the year and does not have any outstanding position in respect thereof as on March 31, 2022.

## Note : 64

Below are the dues payable to micro, small and medium enterprises in view of the nature of the business of the Company. The Company has received intimation from its suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006. The List of MSME suppliers are as follows :

Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), below are the amounts due to MSME as at March 31, 2022.

(₹ In Lakhs)

Sr. No.	Disclosure under MSMED Act , 2006, to the extent the Company has received intimation from the Suppliers regarding their status	As at March 31, 2022	As at March 31, 2021
i)	Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	2.92
ii)	Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
iii)	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 MSMED Act, 2006	-	-
iv)	Interest accrued and remaining unpaid at the end of each accounting year	-	-
v)	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	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note : 65

The following information is submitted as required by the Reserve Bank of India's guidelines to Primary Dealers regarding publication of their audited annual results:

Net borrowings in call : Average net call borrowing during the year ended March 31, 2022 was ₹ 746.24 crores and peak net call borrowing during the year ended March 31, 2022 was ₹ 1,978.00 crores.

Leverage ratio: Average during the year was 16.72 and peak during the year was 17.48.

Quarterly CRAR	FY 2021-22	FY 2020-21
Quarter 1	35.97%	25.51%
Quarter 2	34.48%	28.12%
Quarter 3	28.05%	30.06%
Quarter 4	32.31%	28.95%

\*RBI minimum stipulated CRAR is 15%

### Note : 66

Disclosure requirement pursuant to paragraph 2 of annexure to RBI circular no. RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020 - The Company does not have any assets under the class on which provision under IRAC norms or provision as per ECL is required, hence the disclosure is not applicable.

### Note : 67

To the best of our knowledge there is no transaction with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

### Note : 68

The Company has paid first interim dividend at 24% (₹ 2.40 per equity share of ₹ 10/- each) of ₹ 3,600 Lakh (subject to applicable TDS) for the FY 2021-22 on March 29, 2022. Further, The Board of Directors at its meeting held as on April 27, 2022 has declared second interim dividend of 14% (₹ 1.4/- per equity share of ₹ 10/- each) for the FY 2021-22. This will lead to an outflow of ₹ 2,100 Lakh (subject to applicable TDS).

### Note : 69

Figures of previous year have been regrouped / reclassified wherever necessary to conform to current year's classification.

The accompanying notes are an integral part of financial statements

**For and on behalf of the Board of Directors**  
**STCI Primary Dealer limited**

#### In terms of our report of even date

For **Dassani & Associates**  
Chartered Accountants  
Firm Registration No.- 009096C

**T. V. Rao**  
Director  
DIN : 05273533

**R. Venkataramani**  
Director  
DIN : 00829107

**V. Narayanamurthy**  
Director  
DIN : 00555704

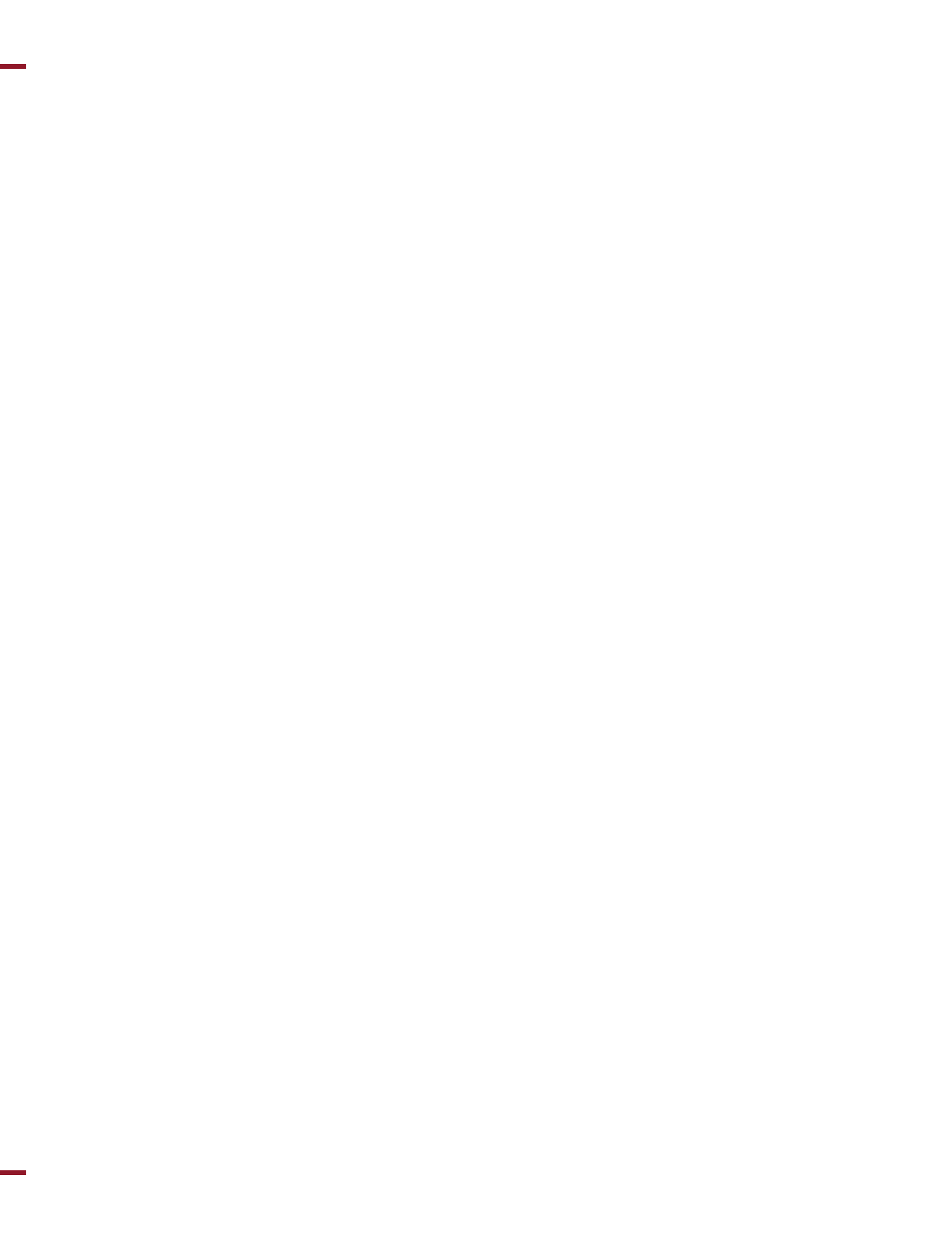
**CA Aayush Mandhanya**  
Partner  
Membership No.: 435709

**Prasanna Patankar**  
Managing Director  
DIN : 07658714

**Kalpesh Mody**  
Company Secretary and  
Chief Financial Officer

Date : April 27, 2022

Place : Mumbai



# **STCI FINANCE LIMITED**



# **STCI COMMODITIES LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31<sup>st</sup> MARCH, 2022**



**IV. STCI COMMODITIES LIMITED**

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## DIRECTORS' REPORT

### TO THE SHAREHOLDERS OF STCI COMMODITIES LIMITED (under Voluntary Liquidation)

The Directors take pleasure in presenting the Eighteenth Annual Report of the Company with the audited accounts for the year ended March 31, 2022.

#### FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Total Income	18.20	12.49
Total expenses	19.49	1.69
Profit/(Loss) before taxes	(1.29)	10.80
<b>Tax expenses</b>	(0.07)	2.13
Net Profit/(Loss) after tax	(1.22)	8.67
Other comprehensive income	—	—
Total comprehensive income	(1.22)	8.67

#### PERFORMANCE

Your Company reported a loss after tax of Rs. 1.22 lakh for the year ended March 31, 2022 as against a profit after tax of Rs. 8.67 lakh in the previous year.

Your Company discontinued its commodity broking operations with effect from September 20, 2011. Since then, the Company, has been paying off its clients dues, liquidating its assets and settling its legal cases. The Company has surrendered its membership with Multi Commodity Exchange and National Commodity and Derivative Exchange. The members of the Company at its Extraordinary General Meeting held on March 11, 2022, approved the proposal of (i) voluntary liquidation of the Company as per the provisions of Section 59 of the Insolvency and Bankruptcy Code, 2016 and the regulations framed thereunder and (ii) the appointment of Insolvency Professional, Mr. Anil Rajkotia as its Liquidator. Pursuant to the commencement of voluntary liquidation on March 11, 2022, all assets of the Company were liquidated, creditors paid off, not readily realisable assets assigned to the parent company and the liquidation proceeds of Rs. 1.88 crore transferred to the parent company as per the provisions of IBC 2016. Subsequently, an application was made to NCLT on June 25, 2022 for dissolution of the Company under the IBC 2016. On passing of dissolution order by NCLT, the Company shall stand dissolved.

#### DIVIDEND

The Board of Directors has not recommended any dividend for the financial year ended March 31, 2022, due to inadequate profits.

#### BOARD OF DIRECTORS

During the year under review, Shri V Narayanamurthy, was appointed as an Additional Director of the Company with effect from September 01, 2021 by the Board of Directors. Subsequently, at the 17<sup>th</sup> AGM held on September 24, 2021, Shri V Narayanamurthy was appointed a Director of the Company liable to retire by rotation.

In terms of the provisions of the Companies Act, 2013 and the Articles of Association, Mr. Rajiv Ranjan retires by rotation at this AGM and, being eligible, offers himself for re-appointment. The brief particulars of the Director to be appointed/re-appointed at the ensuing Annual General Meeting is furnished in Annexure to the Notice for the ensuing Annual General Meeting.

**Number of Board Meetings:** During the financial year 2021-22, four meetings of the Board of Directors were held on May 03, 2021, August 25, 2021, December 15, 2021 and February 28, 2022.

#### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, the Director confirms that:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed and that there are no material departures.
- Appropriate accounting policies have been selected and applied them consistently and made judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit of the company for that period.



## DIRECTORS' REPORT

- c. Proper and sufficient care has been taken to the best of their knowledge and the ability for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The Annual Accounts have not been prepared on a going concern basis.
- e. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

### AUDITORS

M/s. Mehta Singhvi & Associates, Chartered Accountants, Mumbai were re-appointed as the Statutory Auditors of the Company by the Comptroller and Auditor General (CAG) of India for the Financial Year 2021-22.

CAG vide its letter dated 30<sup>th</sup> June, 2022 have issued a report stating that it has decided not to conduct the supplementary audit of the Company's Financial statements for the year ended March 31, 2022 in terms of Section 143 (6)(a) of the Companies Act, 2013.

### ANNUAL RETURN

Pursuant to the provisions of Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 shall be made available at the Company's website at <https://www.stcionline.com/Background.aspx>

### RELATED PARTY TRANSACTIONS

All transactions entered into with the related parties referred to under the Companies Act, 2013 during the year are in the ordinary course of business and on arm's length basis. There are no materially significant related party transactions made by the Company with the Promoters or Directors or other related parties which may have a potential conflict with the interest of the Company at large. The details of transactions or contracts or arrangements entered into with related parties at an aggregate level for financial year 2021-22 is enclosed as [Annexure I](#).

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details regarding Loans, Guarantees or Investments made by the Company have been given in the notes to the Financial Statements.

### OTHER DISCLOSURES

No statement containing particulars of employees as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is being annexed to the Report as there is no employee drawing remuneration as prescribed under the aforesaid Rule.

The disclosures pertaining to Conservation of Energy and Technology Absorption are not applicable to your company, as your company is not a manufacturing company.

There was no out go of foreign exchange during the year.

### PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public during the financial year 2021-22.

### ACKNOWLEDGEMENT

The Board of Directors express their sincere appreciation to Company's Bankers and our parent company, STCI Finance Limited and other stakeholders for their support and guidance. The Board of Directors also places on record their appreciation of the dedicated performance by the employees.

On behalf of the Board of Directors

Place: Mumbai  
Date: 30.08.2022

Mr. Anil Rajkotia  
Liquidator

Prasanna Patankar  
Director  
DIN 07658714

V Narayanamurthy  
Director  
DIN 00555704



## FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

1. Details of contracts or arrangements or transactions not at arm's length basis- **NIL**
  - (a) Name(s) of the related party and nature of relationship - **N.A**
  - (b) Nature of contracts/arrangements/transactions - **N.A**
  - (c) Duration of the contracts/arrangements/transactions - **N.A**
  - (d) Salient terms of the contracts/arrangements/ transactions including value, if any - **N.A**
  - (e) Justification for entering into such contracts or arrangements or transactions- **N.A**
  - (f) date(s) of approval by the Board- **N.A**
  - (g) Amount paid as advances, if any:- **N.A**
  - (h) Date of passing special resolution in general meeting under section 188- **N.A**
2. Details of material contracts or arrangement or transactions at arm's length basis:

All transactions entered into by the Company with related parties during the year ended March 31, 2022 are in ordinary course of business and at arms length basis.

Details of \*Material transactions with related parties at an aggregate level for the financial year ended March 31, 2022:

S.N	Name(s) of the related party and nature of relationship	Nature of contract/ arrangement	Duration of contract/ arrangement/ transaction	Salient terms of the contract/ arrangements/ transactions including value, if any	Amount (in Rs Lakhs )	Date of Board approval, if any	Amount paid as advances, if any
1.	STCI Finance Limited –Holding Company	Sitting fees paid for attending Board Meetings	N.A	Sitting fees of Rs. 5000/- paid for each meeting of Board attended by Nominees of STCI Finance Limited.	0.55	N.A	-

\*The above disclosure of transactions/ arrangements with related parties has been made as a matter of abundant precaution in absence of definition of material contract/ arrangement/ transaction under Section 188 of the Companies Act, 2013.

On behalf of the Board of Directors

Place: Mumbai  
Date: 30.08.2022

Mr. Anil Rajkotia  
Liquidator

Prasanna Patankar  
Director  
DIN 07658714

V Narayanamurthy  
Director  
DIN 00555704



## INDEPENDENT AUDITOR'S REPORT

To the Members and Liquidator of STCI COMMODITIES LIMITED (Under Voluntary Liquidation)

Report on the Financial Statements (Company under Voluntary Liquidation)

### 1. Opinion

- 1.1 We have audited the accompanying standalone financial statements of STCI Commodities Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2022, the Statement of Profit and Loss (including other comprehensive income), the 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 Significant Accounting Policies and other explanatory information (herein after referred to as "standalone financial statements"). The financial statements have been prepared by management of the Company and approved by Liquidator.
- 1.2 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements have not been prepared on the assumption of going concern basis in view of its voluntary liquidation and the carrying values of all assets are presented at their estimated realizable values and all liabilities at their contracted amount or estimated settlement amount. The standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND AS") and other accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2022, the loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### 2. Basis for Opinion

- 2.1 We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under these Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with 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 standalone financial statements.

### 3. Management and Liquidator's Responsibility for the Standalone Financial Statements (Company under Voluntary Liquidation)

- 3.1 Shareholders of the Company in its EOGM held on 11<sup>th</sup> March, 2022 has approved the proposal to wind up the affairs of the Company by way of voluntary liquidation pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016 and the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 and pursuant to the provisions of the Companies Act, 2013 and also appointed Liquidator of the Company and empowered him to exercise powers to facilitate Voluntary Liquidation Process of the Company under IBC 2016. Accordingly, the Management and the Liquidator of the Company are responsible for the matters stated in section 134(5) of the Act) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- 3.2 In preparing the standalone financial statements, Management and Liquidator are responsible for overseeing the company's financial reporting process.



#### **4. Auditor's Responsibilities for the Audit of the Financial Statements**

- 4.1 Our objective is to obtain reasonable assurance about whether the standalone 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 standalone financial statements.
- 4.2 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 standalone 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 financial controls 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 control system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone 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.

#### **5. EMPHASIS OF MATTER**

We draw attention to note no. 16 to the financial statements, where the shareholders of the Company in Extra Ordinary General Meeting held on 11<sup>th</sup> March, 2022 has appointed a liquidator for the purpose of winding up the Company. Accordingly, the accounts have not been prepared on the assumption of going concern basis and the carrying values of all assets are presented at their estimated realizable values and all liabilities at their contracted amount or estimated settlement amount.

Our opinion is not modified in respect of the above matter.

#### **6. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

6.1 As required by the Companies (Auditor's Report) Order, 2020 ("the Order") as amended, 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.

6.2 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 account.



- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act,
  - e) The financial statements of the Company have not been prepared on the assumptions of going concern. The going concern matter has been described under the Emphasis of Matters above.
  - 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company has no pending litigations on its financial statements. However, two clients of the Company namely M/s. Mathura Franchisee viz. Mr. Goswami & Mr. Pratap Sharma against whom legal measures have been initiated by the Company for recovery of Rs. 62.41 lakhs plus interest. The matter is pending before the court. However, the same has been written off in the books of account during FY 2009-2010.
    - ii) The Company has no material foreseeable losses on long-term contracts including derivative contracts as required under the applicable law or accounting standards.
    - iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund (IEPF) by the Company.
    - iv)
      - (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - (b) The Management has represented, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
    - v) The Company has not declared or paid any dividend during the year.
7. As required by Section 143(5) of Companies Act, 2013, our comments in regard to the directions by the Comptroller and Auditor General of India is given in "Annexure-C".

**For Mehta Singhvi & Associates**

Chartered Accountants  
Firm Regn. No. 122217W

**Rajendra C. Singhvi**

Partner  
M. No. 016884  
UDIN: 22016884AHMRUW7575

Place: Mumbai  
Dated: April 20, 2022



## **Annexure “A” to the Independent Auditor's Report on the financial statement of STCI COMMODITIES LIMITED (Company under voluntary liquidation)**

Referred to in paragraph 6.1, under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the standalone financial statement of the Company for the year ended 31<sup>st</sup> March, 2022:

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

**i) In respect of its company's Property, Plant and Equipment and Intangible Assets:**

The Company do not have any Property, Plant and Equipment and Intangible Assets. Hence, the provision of clause (i) of the Order is not applicable to the Company.

**ii) In respect of inventories:**

(a) The Company does not have any Inventory. Hence, the provision of clause (ii) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause (ii) of the Order is not applicable.

iii) The Company has not made any investment except investment in bank FD's. Further, as per the information and explanation given by the management, the Company has not granted any loans or provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act and hence, reporting under clause (iii) of the Order is not applicable.

iv) The Company has complied with the provisions of Section 186 of the Companies Act, 2013 wherever applicable, with respect to investments made.

v) The Company has not accepted any deposits from the public. Hence, the provision of Clause (v) of the Order is not applicable to the Company.

vi) The maintenance of cost records has not been specified by the Central Government under sub section (1) of Section 148 of the Act in respect of the business of the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.

vii) a) The Company has been regular in depositing its undisputed statutory dues such as, income tax, GST and any other statutory dues whichever is applicable to the Company with the appropriate authorities during the year, no undisputed amounts payable in respect of income tax, GST, and any other statutory dues were in arrears as at 31<sup>st</sup> March, 2022 for a period of more than six months from the date they became payable.

b) no statutory dues are outstanding on account of dispute.

viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income tax Act, 1961 (43 of 1961).

ix) (a) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence, reporting under clause (ix) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans and accordingly clause (x) (a) to the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting under clause (x) (b) of the Order is not applicable.



- xi) (a) no fraud on or by the Company has been noticed or reported during the year.  
(b) The filing of report under sub-section (12) of section 143 of the Companies Act as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, clause (xii) of paragraph 3 of the Order is not applicable.
- xiii) In our opinion, Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) Internal audit system is not applicable to the Company in view of size of the Company and nature of its business.
- xv) the Company has not entered into non cash transactions with directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Order is not applicable.
- xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Hence, reporting under clause (xvi) (a), (b) and (c) of the Order is not applicable (b) In our opinion, there is no core investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause (xvi) (d) of the Order is not applicable
- xvii) The Company has incurred loss of Rs.1.22 Lakhs in the financial year under reference in view of provision made on account of fee payable to Liquidator and for the legal charges. However, there has been no cash loss in the immediately preceding financial year.
- xviii) There has been no resignation of the statutory auditors during the year.
- xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, we are of the opinion that no material uncertainty exists as on the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx) (a) This clause is not applicable to the Company as the Company is under voluntary liquidation and it does not have any unspent funds for other than any projects which needs to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.  
(b) This clause is not applicable to the Company as explained in para (a) above.
- xxi) This clause is not applicable as the Company does not have any subsidiary or associate Company, having beneficial interest to consolidate the accounts of such companies with the accounts of this Company.

**For Mehta Singhvi & Associates**

Chartered Accountants  
Firm Regn. No. 122217W

**Rajendra C. Singhvi**

Partner  
M. No. 016884  
UDIN: 22016884AHMRUW7575

Place: Mumbai  
Dated: April 20, 2022



## **Annexure "B" To the Independent Auditor's Report of even date on the Ind AS financial statement of, STCI COMMODITIES LIMITED**

(Referred to in paragraph 6.2(f) under report on other legal and regulatory requirements of our report of even date.)

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

We have audited the internal financial controls over financial reporting of **STCI COMMODITIES LTD** as of 31<sup>st</sup> March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **MANAGEMENT'S / LIQUIDATORS RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

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

#### **AUDITORS' RESPONSIBILITY**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the company's internal financial controls system over financial reporting.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with



generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

#### **OPINION**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **For Mehta Singhvi & Associates**

Chartered Accountants  
Firm Regn. No. 122217W

#### **Rajendra C. Singhvi**

Partner  
M. No. 016884  
UDIN: 22016884AHMRUW7575

Place : Mumbai  
Dated : April 20, 2022



## Annexure - "C" to the Auditors' Report

Directions and Sub Directions under Section 143(5) of the Companies Act, 2013. (Referred to in paragraph 7 in our report of even date.)

1. Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system in place to process the accounting transactions through IT system.
2. Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts /loans/ interest etc, made by a lender to the Company due to the company's inability to repay the loan? If yes, the financial impact may be stated.  Whether such case is properly accounted for? (In case, lender is a government Company, then its direction is also applicable for statutory auditor of lender Company).	There are no cases of restructuring of an existing loan or waiver/write off of debts/ loans/ interest etc, during the year under Consideration.
3. Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from central/ state Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	No funds received/ receivable for specific schemes from central/ state agencies.

**For Mehta Singhvi & Associates**

Chartered Accountants  
Firm Regn. No. 122217W

**Rajendra C. Singhvi**

Partner  
M. No. 016884  
UDIN: 22016884AHMRUW7575

Place : Mumbai  
Dated : April 20, 2022



## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF STCI COMMODITIES LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of financial statements of STCI Commodities Limited for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 April 2022.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of STCI Commodities Limited for the year ended 31 March 2022 under section 143(6)(a) of the Act.

For and on the behalf of  
the Comptroller and Auditor General of India

**(P. V. Hari Krishna)**  
Principal Director of Audit (Shipping), Mumbai

Place : Mumbai  
Dated : 30.06.2022

**BALANCE SHEET AS AT March 31, 2022**

(₹ in Lakhs)

	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
	<b>ASSETS</b>			
<b>1</b>	<b>Financial Assets</b>			
(a)	Cash & Cash equivalents	2a	17.35	5.99
(b)	Bank Balances other than (a) above	2b	190.83	197.93
<b>2</b>	<b>Non-financial Assets</b>			
	Tax assets(net)		1.82	0.19
	<b>Total Assets</b>		<b>210.00</b>	<b>204.11</b>
	<b>LIABILITIES AND EQUITY</b>			
<b>1</b>	<b>Financial Liabilities</b>			
	Payables	3 & 7		
(i)	Trade Payables			
	total outstanding dues of micro enterprises and small enterprises		-	-
	total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(ii)	Other Payables			
	total outstanding dues of micro enterprises and small enterprises		-	-
	total outstanding dues of creditors other than micro enterprises and small enterprises		13.97	7.84
<b>2</b>	<b>Non-Financial Liabilities</b>			
(a)	Provisions (For Exp.)		-	0.50
(b)	Other non-financial liabilities (statutory dues)		1.54	0.06
<b>3</b>	<b>Equity</b>			
(a)	Equity Share capital	4	450.00	450.00
(b)	Other Equity		(255.51)	(254.29)
	<b>Total Liabilities and Equity</b>		<b>210.00</b>	<b>204.11</b>
	Significant accounting policies, key accounting estimates and judgments	1		
The notes referred to above and other notes form an integral part of the financial statements.				

**As per our attached report of even date****For Mehta Singhvi & Associates**Chartered Accountants  
Firm Regn No.: 122217W**Rajendra C. Singhvi**Partner  
Membership No.: 016884  
UDIN: 22016884AHMRUW7575Place : Mumbai  
Date : April 20, 2022**For and on behalf of the Board****V. Narayanamurthy**  
Director  
DIN : 00555704**Prasanna Patankar**  
Director  
DIN : 07658714**Rajiv Ranjan**  
Director  
DIN : 09047276**Anil Rajkotia**  
LiquidatorPlace : Mumbai  
Date : April 20, 2022



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Lakhs)

	Particulars	Note No	For the year ended March 31, 2022	For the year ended March 31, 2021
(I)	Revenue from operations		-	-
(II)	Other Income	5	18.20	12.49
(III)	<b>Total Income (I+II)</b>		<b>18.20</b>	<b>12.49</b>
	<b>Expenses</b>			
	Other expenses	6	19.49	1.69
(IV)	<b>Total Expenses</b>		<b>19.49</b>	<b>1.69</b>
(V)	Profit / (loss) before exceptional items and tax (III-IV)		<b>(1.29)</b>	<b>10.80</b>
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V+VI )		<b>(1.29)</b>	<b>10.80</b>
(VIII)	<b>Tax Expense:</b>	12		
	(1) Current Tax		(0.07)	2.13
	(2) Deferred Tax		-	-
(IX)	<b>Profit/(loss) for the year (VII-VIII)</b>		<b>(1.22)</b>	<b>8.67</b>
(X)	<b>Other Comprehensive Income</b>			
	A (i) Items that will not be reclassified to profit or loss			
	(ii) Income Tax relating to items that will not be reclassified to profit or loss			
	<b>Subtotal (A)</b>		-	-
	B (i) Items that will be reclassified to profit or loss			
	(ii) Income Tax relating to items that will be reclassified to profit or loss			
	<b>Subtotal (B)</b>		-	-
	<b>Other Comprehensive Income (A + B)</b>		-	-
(XI)	<b>Total Comprehensive Income for the year (IX + X)</b>		<b>(1.22)</b>	<b>8.67</b>
(XII)	Earnings per equity share - Basic & Diluted (for continuing and discontinued operations)	11	(0.03)	0.19
	Significant accounting policies, key accounting estimates and judgments	1		
	The notes referred to above and other notes form an integral part of the financial statements.			

**As per our attached report of even date**

**For Mehta Singhvi & Associates**

Chartered Accountants  
Firm Regn No.: 122217W

**Rajendra C. Singhvi**

Partner  
Membership No.: 016884  
UDIN: 22016884AHMRUW7575

Place : Mumbai  
Date : April 20, 2022

**For and on behalf of the Board**

**V. Narayanamurthy**  
Director  
DIN : 00555704

**Prasanna Patankar**  
Director  
DIN : 07658714

**Rajiv Ranjan**  
Director  
DIN : 09047276

**Anil Rajkotia**  
Liquidator

Place : Mumbai  
Date : April 20, 2022

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Statement of Changes in Equity****A - Equity share capital**

(₹ in Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	45,00,000	450.00	45,00,000	450.00
Changes in the equity share capital during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>45,00,000</b>	<b>450.00</b>	<b>45,00,000</b>	<b>450.00</b>

**B. Other Equity**

(₹ in Lakhs)

Particulars	Reserves & Surplus - Retained Earnings	
	For the year ended March 31, 2022	For the Year ended March 31, 2021
Balance at the beginning of the year	(254.29)	(262.96)
Changes in accounting policy/prior period errors	-	-
Restated balance at the beginning of the year	<b>(254.29)</b>	<b>(262.96)</b>
Total Comprehensive Income for the year	(1.22)	8.67
Transfer to/from retained earnings	-	-
Any other change	-	-
<b>Balance as at the end of the year</b>	<b>(255.51)</b>	<b>(254.29)</b>

**As per our attached report of even date****For Mehta Singhvi & Associates**Chartered Accountants  
Firm Regn No.: 122217W**Rajendra C. Singhvi**Partner  
Membership No.: 016884  
UDIN: 22016884AHMRUW7575

Place : Mumbai

Date : April 20, 2022

**For and on behalf of the Board****V. Narayanamurthy**  
Director  
DIN : 00555704**Prasanna Patankar**  
Director  
DIN : 07658714**Rajiv Ranjan**  
Director  
DIN : 09047276**Anil Rajkotia**  
Liquidator

Place : Mumbai

Date : April 20, 2022



## Cash Flow Statement for the Year ended March 31, 2022

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (Loss) / Profit before tax and extraordinary items	(1.29)	10.80
<b>Adjustments for:</b>		
Interest income in respect of investing activity	(10.47)	(11.52)
Write Back of Other Payables & reversals	(7.68)	-
<b>Operating Profit / (loss) before working capital changes</b>	<b>(19.44)</b>	<b>(0.72)</b>
<b>Changes in Working Capital:</b>		
Increase/ (Decrease) in Payable	13.31	0.15
Increase/ (Decrease) Other non-Financial Liabilities	1.48	0.02
	<b>14.79</b>	<b>0.17</b>
<b>CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(4.65)</b>	<b>(0.55)</b>
Taxes Paid (Net)	(1.56)	(0.99)
<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(6.21)</b>	<b>(1.54)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Other Bank Balance (Deposit having original maturity over three months)	6.78	(8.29)
Interest received on investment activities	10.79	12.47
<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>17.57</b>	<b>4.18</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>	-	-
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>11.36</b>	<b>2.64</b>
<b>Cash and Cash Equivalents at beginning of year (Refer Note 2a)</b>	5.99	3.35
<b>Cash and Cash Equivalents at end of year (Refer Note 2a)</b>	17.35	5.99
Prepared as per "Indirect Method" as prescribed by Accounting Standard Ind AS 7 "Cash Flow Statements"		

**As per our attached report of even date**

**For Mehta Singhvi & Associates**

Chartered Accountants  
Firm Regn No.: 122217W

**Rajendra C. Singhvi**

Partner  
Membership No.: 016884  
UDIN: 22016884AHMRUW7575

Place : Mumbai  
Date : April 20, 2022

**For and on behalf of the Board**

**V. Narayanamurthy**  
Director  
DIN : 00555704

**Prasanna Patankar**  
Director  
DIN : 07658714

**Rajiv Ranjan**  
Director  
DIN : 09047276

**Anil Rajkotia**  
Liquidator

Place : Mumbai  
Date : April 20, 2022



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note- 1: Significant accounting policies, key accounting estimates and judgments

#### I. Corporate Information:

STCI Commodities Limited (“the Company”) is a Public limited company domiciled in India with its registered office at A/B 1-802, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G K Marg, Lower Parel (W), Mumbai – 400013. The Company was incorporated on September 20, 2004, vide certificate of incorporation no. U67120MH2004PLC148711 issued by the Registrar of Companies Maharashtra, Mumbai with the object of carrying on the business of trading and broking in commodities on the various Commodity Exchanges.

Company had discontinued the Broking operations (core business) since 20 September 2011 and also surrendered its MCX, NCDEX and NCDEX e-Markets Limited (formerly known as NCDEX Spot Exchange Ltd) membership. Since then, Company has settled almost all its clients outstanding accounts and was pursuing legal cases for recovery of its broking business dues.

Shareholders of the Company in its EGM held on 11th March, 2022 has approved the proposal to wind up the affairs of the Company by way of voluntary liquidation pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016 and the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 and pursuant to the provisions of the Companies Act, 2013, as may be applicable, and also appointed Mr. Anil Rajkotia, Insolvency Professional, (Registration number IBBI/IPA- 001/IP-P01045/2017-2018/11718), as Liquidator of the Company and empowered him to exercise powers to facilitate Voluntary Liquidation Process of the Company under IBC 2016.

Pursuant to the commencement of Liquidation, the management of the affairs of the Company is vested in the Liquidator and exercised by Liquidator pursuant to the provisions of IBC Code and Insolvency and Bankruptcy Board of India (Liquidation Process), Regulations 2016. However, the Liquidator has requested the Board of Directors of the Company to carry out the day-to-day activities and compliances under his supervision. Accordingly, these standalone financial statements of the company for the year ended March 2022 were approved and authorised for issue by Liquidator along with the Board of Directors of the Company.

#### II. Basis of Preparation:

##### a. Statement of Compliance:

The financial statements of the company have not been prepared on the assumption of going concern basis since the financial year 2011-12 after discontinuance of its broking operations (core business) during September 2011.

These financial statements have been prepared in accordance with the Indian Accounting Standards (‘Ind AS’) notified under section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

The Company has adopted Ind AS from April 1, 2018. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### b. Functional and presentation currency

The Company’s presentation and functional currency is Indian Rupees. All figures appearing in the financial statements are rounded to the nearest Lakhs, unless otherwise indicated.

##### c. Basis of preparation, presentation, and disclosure of financial statements:

The financial statements have been prepared under historical cost convention on accrual basis, modified to include the fair valuation of certain financial instruments, to the extent required or permitted under Ind AS as set out in the relevant accounting policies. All Assets and liabilities are presented in order of liquidity of line items on the face of financial statements. Further, Assets and liabilities are classified as per the normal operating cycle (determined at 12 months) and other criteria set out in Schedule III of the Act.

##### d. Fair Value Measurement

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

All financial instruments are initially recognised at fair value on the date of initial recognition. The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in statement of profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Valuation using quoted market price in active markets: The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price, without any deduction for transaction costs. A market is regarded as active, if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 — Valuation using observable inputs: If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates most of the factors that market participants would take into account in pricing a transaction.
- Level 3 — Valuation with significant unobservable inputs: The valuation technique is used only when fair value cannot be determined by using observable inputs. The Company regularly reviews significant unobservable inputs and valuation adjustments. Level 3 assets are typically very illiquid, and fair values can only be calculated using estimates.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### e. Use of judgment and Estimates

The preparation of the financial statements requires the management to make judgments, estimates and assumptions in the application of accounting policies that affects the reported amount of assets, liabilities and the accompanying disclosures along with contingent liabilities as at the date of financial statements and revenue & expenses for the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise i.e. prospectively.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### III. Significant Accounting Policies:

#### a. Financial Assets

Financial Assets are initially recognised at fair value. Transaction costs that are material and directly attributable to the acquisition of financial assets for the items which are not at Fair Value Through Profit or Loss are adjusted to the fair value on initial recognition. Other financial assets held at amortised cost are recognised on the settlement date.

Financial assets are subsequently classified as measured at:

- Amortised Cost
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit or Loss (FVTPL)

The classification of financial assets depends on the Company's business model for managing financial assets and contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except on change in the business model for managing financial assets.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The Company de-recognises a financial asset only when

- The contractual rights to receive the cash flows from the asset have expired; or
- The Company has transferred the financial asset and substantially all risks and rewards of ownership of the asset to another entity; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) is recognised in statement of profit and loss.

### b. Financial liabilities and equity instruments issued by the Company

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 a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

#### Financial liabilities

- All Financial Liabilities are initially recognized at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of profit and loss as finance cost. All Financial Liabilities are initially recognized at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of profit and loss as finance cost.
- After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost.

The Company de-recognises financial liabilities when the obligations specified in the contract is discharged, cancelled, or expires. The Company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS. Also, the Company has decided not to re-recognise the assets that have already been derecognised.

### c. Cash and Cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits with banks and other short-term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have original maturities of less than or equal to three months. These balances with banks are unrestricted for withdrawal and usage.

Other bank balances include balances and deposits with banks that are restricted for withdrawal and usage or have original maturities of more than three months.

#### Statement of Cash Flow

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

### d. Revenue Recognitions

- i. Interest Income is included in statement of Profit and Loss only when reasonably certain that the ultimate collection will be made.
- ii. Dividend is accounted on accrual basis when the right to receive the dividend is established.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- iii. Gains or losses on the sale of securities are recognised in Statement of profit and loss as the difference between fair value of the consideration received and carrying amount of the investment securities.

### e. Accounting for taxes on income

- i. Current tax comprises of the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of earlier years. The amount of current tax reflects the best estimate of the tax amount to be paid, measured in accordance with the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current tax items are recognised in correlation to the underlying transaction either in the statement of profit or loss or other comprehensive income.
- ii. Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets other than on unabsorbed tax losses and provision for doubtful debts are recognized only when there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax losses and provision for doubtful debts are recognized when there is virtual certainty of their realization. Deferred tax items are recognised in correlation to the underlying transaction either in the statement of profit and loss, other comprehensive income or directly in equity. Any change in the deferred taxes due to a change in tax rates is recognised in the statement of profit and loss in the period of enactment of the change.

### f. Provision and Contingencies

Provisions are recognised when Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account the risks and uncertainties surrounding the obligation as at the balance sheet date. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent assets are neither recognized nor disclosed.

### g. Impairment of Non-financial assets (Tangible and intangible assets)

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount in statement of profit and loss. Recoverable amount is the greater of the net selling price and value in use. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

### h. Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note-2a : Cash and Cash equivalents**

(₹ in Lakhs)

	Particulars	As at March 31, 2022	As at March 31, 2021
a)	Cash on hand	0.01	0.03
b)	Balance with Bank	17.34	5.96
	<b>Total (a+b)</b>	<b>17.35</b>	<b>5.99</b>

**Note-2b : Bank Balance other than Cash & Cash Equivalents (other than (a) above)**

(₹ in Lakhs)

	Particulars	As at March 31, 2022	As at March 31, 2021
	Fixed Deposit with Bank (includes Interest accrued but not due) Residual maturity of above fixed deposits is less than one year.	190.83	197.93
	<b>Total</b>	<b>190.83</b>	<b>197.93</b>

**Note-3 : Payables**

(₹ in Lakhs)

	Particulars	As at March 31, 2022	As at March 31, 2021
<b>a)</b>	<b>Trade Payables</b>		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
	<b>Subtotal (i+ii)</b>	<b>-</b>	<b>-</b>
<b>b)</b>	<b>Other Payables</b>		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13.97	7.84
	<b>Subtotal (i+ii)</b>	<b>13.97</b>	<b>7.84</b>
	<b>Total (a+b)</b>	<b>13.97</b>	<b>7.84</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Ageing Schedule for Trade & Other Payable

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	<1 year	1-2 years	2-3 years	>3 years	Unbilled dues	
<b>As on March 31, 2022</b>						
MSME	-	-	-	-	-	-
Others	0.11	-	-	-	13.86	13.97
Disputed dues – MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>0.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.86</b>	<b>13.97</b>
<b>As on March 31, 2021</b>						
MSME	-	-	-	-	-	-
Others	-	-	-	3.20	0.51	3.71
Disputed dues – MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	4.13	-	4.13
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.33</b>	<b>0.51</b>	<b>7.84</b>

Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), there are no amounts due to MSME as at March 31, 2022.

	Disclosure under MSMED Act, 2006, to the extent the Company has received intimation from the Suppliers regarding their status	As at March 31, 2022	As at March 31, 2021
i)	Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-
ii)	Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-
iii)	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 MSMED Act, 2006	-	-
iv)	Interest accrued and remaining unpaid at the end of each accounting year	-	-
v)	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,	-	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note-4 : Equity Share Capital**

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Authorised</b>		
50,00,000 (PY - 50,00,000) Equity shares of ₹10/-each	500.00	500.00
	<b>500.00</b>	<b>500.00</b>
<b>Issued, subscribed, and fully paid up</b>		
<b>Equity Share Capital</b>		
45,00,000 (PY - 45,00,000) Equity shares of ₹10/- each fully paid up	450.00	450.00
<b>Total</b>	<b>450.00</b>	<b>450.00</b>

**a) Details of Shareholding as at March 31, 2022**

- i) STCI Commodities Limited is a 100% wholly owned subsidiary company of STCI Finance Limited.
- ii) Shareholders holding more than 5% of equity shares of the company are as under.

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No of Shares	% of holding	No of Shares	% of holding
1. STCI Finance Ltd	44,70,000	99.34%	44,70,000	99.34%
2. STCI Finance Ltd jointly with Mr Rajiv Ranjan	5,000	0.11%	5,000	0.11%
3. STCI Finance Ltd jointly with Mr Kamlesh Rathi	5,000	0.11%	5,000	0.11%
4. STCI Finance Ltd jointly with Ms Suparna Sharma	5,000	0.11%	5,000	0.11%
5. STCI Finance Ltd jointly with Ms Sabita Bragenza	5,000	0.11%	5,000	0.11%
6. STCI Finance Ltd jointly with Mr Deepak Paharya	5,000	0.11%	5,000	0.11%
7. STCI Finance Ltd jointly with Ms Archana Bhide	5,000	0.11%	5,000	0.11%
	<b>45,00,000</b>	<b>100.00%</b>	<b>45,00,000</b>	<b>100.00%</b>

- b) Details of shares bought back during past five years : Nil.
- c) Aggregate number of shares allotted as fully paid up pursuant to contract without payment being received in cash or by way of Bonus Shares - Nil
- d) Reconciliation of the number of equity shares outstanding of ₹10/- each

Particulars	As at March 31, 2022	As at March 31, 2021
Number of shares at the beginning of year	45,00,000	45,00,000
Add: Shares issued	-	-
Less: Share bought back / forfeited	-	-
Number of shares at the end of year	<b>45,00,000</b>	<b>45,00,000</b>

- e) Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of Rs. 10/- each.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

f) Details of Shares held by Promoters :

### Shares held by promoters as at March 31, 2022

Promoter Name	No. of shares	% of total shares	% change during the year
STCI Finance Limited (Holding Company)	45,00,000 *	100%	Nil

\* including shares held jointly by company with its employees

### Note- 5 : Other Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income from Fixed Deposits	10.47	11.52
Interest on Income Tax Refund	0.05	0.97
Write Back of Other Payables & reversals (refer Note No.7)	7.68	-
<b>Total</b>	<b>18.20</b>	<b>12.49</b>

### Note- 6 : Other expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent, taxes and energy costs	0.16	0.07
Director's fees, allowances and expenses	0.65	0.65
Payment to Auditors		
- As Auditors	0.40	0.40
- For other services	-	-
Legal and Professional charges	7.88	0.46
Liquidation Fee	10.00	-
Other expenditure	0.40	0.11
<b>Total</b>	<b>19.49</b>	<b>1.69</b>

### Note- 7: Trade & Other Payables

Company had discontinued its broking operation since September 2011 and has since repaid almost all the client and exchange dues. However, in few cases, the repayment of client and franchisee credit balances could not be completed as the final settlement cheques issued to clients were either not deposited by clients or were returned back to the company. Accordingly, Other payables as on March 31, 2021, included Rs.7.28 Lakhs as payable to few such clients and franchisees.

In view of the voluntary liquidation of the Company, a final attempt was made on 1<sup>st</sup> February 2022, to pay to the undisputed client/franchisees outstanding balances aggregating to Rs.2.05 lakhs. However, most of the cheques issued were returned back to the company.

Subsequently, The Board of Directors in their meeting held on 28.02.2022, approved the write back of the remaining client and franchisee credit balances, subject to issuing a public notice in newspapers seeking claims in respect of pending client/franchisee and other vendor dues from Company. No Claim was received by the Company, in response to the public notice issued in this regard on March 1, 2022

Accordingly, client and franchisee credit balances of Rs 7.18 lakhs and expense provision of Rs 0.50 lakhs have been written back during the year and no amount is recognised as payable towards the client and franchisee credit balances as on March 31, 2022.

The other payables as on March 31, 2022, includes fees payable to liquidator of the company and the related legal and other professional fees.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note- 8: Related Party Disclosure****I. Parent / Associate Companies as identified by the Management are as under:**

Name of Related Party	Nature of Relationship
1. STCI Finance Limited	Holding Company
2. STCI Primary Dealer Ltd	Fellow Subsidiary
3. Bank of India	Associate of the Holding Company

**II. Transactions with Related Party**

(₹ in Lakhs)

Nature of Transaction	Name of Related Party	FY 2021-22	FY 2020-21
Sitting Fees Paid	STCI Finance Limited	0.55	0.55
Interest on Deposits	Bank of India	7.92	8.43
Fixed Deposits - made during the year	Bank of India	137.43	143.21
Fixed Deposits - matured during the year	Bank of India	143.21	134.92
Fixed Deposits Outstanding	Bank of India	137.43	143.21
Interest Receivable accrued but not due	Bank of India	4.58	4.85
Sitting Fee Payable	STCI Finance Limited	0.00	0.14

**Note- 9: Capital & Risk Management**

Company has discontinued its Broking operations (core business) since 20<sup>th</sup> September 2011. Since then, Company has settled almost all its clients outstanding dues and not started any new business operations. Company presently invests surplus capital into Bank Deposits and other liquid financial instruments and aims to maintain sufficient liquidity for the any claim, which may come for settlement.

**Note- 10: Accounting classification and fair values of financial assets**

(₹ in Lakhs)

Particulars	Carrying amount				Fair value hierarchy			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>As at March 31, 2022</b>								
<b>Financial Assets</b>								
Cash and cash equivalents	-	-	17.35	17.35	-	-	-	-
Bank Balances other than Cash and cash equivalents	-	-	190.83	190.83	-	-	-	-
<b>Total - Financial Assets</b>	-	-	<b>208.18</b>	<b>208.18</b>	-	-	-	-
<b>Financial liabilities - Trade and Other Payables</b>	-	-	<b>13.97</b>	<b>13.97</b>	-	-	-	-
<b>As at March 31, 2021</b>					-	-	-	-
<b>Financial Assets</b>								
Cash and cash equivalents	-	-	5.99	5.99	-	-	-	-
Bank Balances other than Cash and cash equivalents	-	-	197.93	197.93	-	-	-	-
<b>Total - Financial Assets</b>	-	-	<b>203.92</b>	<b>203.92</b>	-	-	-	-
<b>Financial liabilities - Trade and Other Payables</b>	-	-	<b>7.84</b>	<b>7.84</b>	-	-	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Note- 11: Earnings Per Share

In accordance with Ind AS-33 the basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year and diluted earnings per share is calculated by after making required adjustments for the effects of all dilutive potential equity shares.

Earnings Per Shares - Basic and diluted

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Profit after Tax	(1.22)	8.67
Weighted average number of shares (Face Value Rs 10)	4,500,000	4,500,000
Earnings Per Share for the year - Basic & Diluted	(0.03)	0.19

### Note- 12: Income Tax Expenses

Tax expenses haven recognized as per section 115 BAA of the Income Tax Act, 1961 @ effective rate of 25.17%. No Deferred Tax expenses has been recognized in view of Voluntary Liquidation of the company. Tax Expense recognized in the Statement of Profit and Loss:

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Income Tax Expense:</b>		
Current Tax	-	2.72
Tax Expense reversal of earlier years	(0.07)	(0.59)
<b>Total</b>	<b>(0.07)</b>	<b>2.13</b>

### Note-13: Maturity Analysis of Assets & Liabilities

(₹ in Lakhs)

	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 months	Total	Within 12 Months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash & Cash equivalents	17.35	-	<b>17.35</b>	5.99	-	<b>5.99</b>
Bank Balances other than above	190.83	-	<b>190.83</b>	197.93	-	<b>197.93</b>
<b>Non-financial Assets</b>	-	-	-	-	-	-
Tax assets(net)	-	1.82	<b>1.82</b>	-	0.19	<b>0.19</b>
<b>Total Assets</b>	<b>208.18</b>	<b>1.82</b>	<b>210.00</b>	<b>203.92</b>	<b>0.19</b>	<b>204.11</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Financial Liabilities</b>						
Payables :						
(i) Trade Payables	-	-	-	-	-	-
(ii) Other Payables	13.97	-	<b>13.97</b>	7.84	-	<b>7.84</b>
<b>Non-Financial Liabilities</b>	-	-	-	-	-	-
Provisions	-	-	-	0.50	-	<b>0.50</b>
Other Non-Financial Liabilities	1.54	-	<b>1.54</b>	0.06	-	<b>0.06</b>
<b>Total Liabilities</b>	<b>15.51</b>	-	<b>15.51</b>	<b>8.40</b>	-	<b>8.40</b>
<b>Net</b>	<b>192.67</b>	<b>1.82</b>	<b>194.49</b>	<b>195.52</b>	<b>0.19</b>	<b>195.71</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**Note- 14: Segment Reporting**

The company does not have any reportable segment during the financial year 2021-22.

**Note- 15:** The Company does not own any Immovable Properties as on March 31, 2022.

**Note- 16:**

The shareholders of the Company in Extra Ordinary General Meeting held on March 11, 2022 has appointed a liquidator for the purpose of winding up the company as provided in Section 59 read with section 35, section 37 of the Insolvency and Bankruptcy Code, 2016 and as per the provisions of section 270 (1) (b) of the Companies Act, 2013. As a result, the Company has not prepared its financial statements on the assumption of going concern basis and the carrying values of all assets are presented at their estimated realizable values and all liabilities at their contracted amount or estimated settlement amount.

**Note- 17:**

The Income Tax Assessments have been completed up to Assessment Year 2020-21. Company had made adequate provision for income tax for the pending assessments.

**Note- 18:**

Previous year's figures have been regrouped/rearranged wherever necessary. Figures are rounded off to the nearest lakh Rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

**As per our attached report of even date****For Mehta Singhvi & Associates**

Chartered Accountants  
Firm Regn No.: 122217W

**Rajendra C. Singhvi**

Partner  
Membership No.: 016884  
UDIN: 22016884AHMRUW7575

Place : Mumbai  
Date : April 20, 2022

**For and on behalf of the Board**

**V. Narayanamurthy**  
Director  
DIN : 00555704

**Prasanna Patankar**  
Director  
DIN : 07658714

**Rajiv Ranjan**  
Director  
DIN : 09047276

**Anil Rajkotia**  
Liquidator

Place : Mumbai  
Date : April 20, 2022