



# **STCI Finance Limited**

**23<sup>rd</sup> Annual Report  
2016-2017**



# **STCI FINANCE LIMITED**



**23<sup>rd</sup> ANNUAL REPORT  
FOR THE YEAR ENDED  
31<sup>st</sup> MARCH, 2017**





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# CORPORATE INFORMATION

<b>Board of Directors</b>	<p>: Mr. Melwyn Oswald Rego, Director (upto 04.05.2017)</p> <p>Mr. T. C. Venkat Subramanian, Director</p> <p>Mr. K. Narasimha Murthy, Director</p> <p>Mr. S. Ravi, Director</p> <p>Mr. T. V. Rao, Director</p> <p>Mrs. Thankom T Mathew, Director</p> <p>Mr. Yogesh Gaat, Managing Director &amp; CEO (upto 23.12.2016)</p> <p>Mr. Pradeep Madhav, Managing Director &amp; CEO (w.e.f. 24.01.2017)</p> <p>Mr. S. K. Behera, Deputy Managing Director</p>		
<b>Statutory Auditors</b>	<p>: A. J. Shah &amp; Co. Fort Chambers, C-Block, 65 Tamarind Lane, Fort, Mumbai-400023</p>		
<b>Bankers</b>	<table> <tr> <td style="vertical-align: top;"> <p>: HDFC Bank Ltd Bank of India Corporation Bank Union Bank</p> </td> <td style="vertical-align: top;"> <p>Andhra Bank Kotak Bank State Bank of India Axis Bank</p> </td> </tr> </table>	<p>: HDFC Bank Ltd Bank of India Corporation Bank Union Bank</p>	<p>Andhra Bank Kotak Bank State Bank of India Axis Bank</p>
<p>: HDFC Bank Ltd Bank of India Corporation Bank Union Bank</p>	<p>Andhra Bank Kotak Bank State Bank of India Axis Bank</p>		
<b>Debenture Trustee</b>	<p>: IDBI Trusteeship Services Limited Asian Building, Ground Floor 17, R. Kamani Road, Ballard Estate, Mumbai - 400 001 Tel: +91 22 4080 7014 Fax: +91 22 6631 1776</p>		
<b>Registered &amp; Corporate Office</b>	<p>: A/B1, 802, A-Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off. G. K. Marg, Lower Parel (West), Mumbai 400 013.</p> <p>CIN: U51900MH1994PLC078303</p> <p>Website :-www.stcionline.com</p>		



## BOARD OF DIRECTORS



**Mr. Melwyn Oswald Rego**  
Director  
upto 04.05.2017



**Mr. T. C. Venkat Subramanian**  
Director



**Mr. K. Narasimha Murthy**  
Director



**Mr. S. Ravi**  
Director



**Mr. T. V. Rao**  
Director



**Mrs. Thankom T Mathew**  
Director



**Mr. Yogesh Gaat**  
Managing Director & CEO  
Upto 23.12.2016



**Mr. Pradeep Madhav**  
Managing Director & CEO  
w.e.f. 24.01.2017



**Mr. S. K. Behera**  
Deputy Managing Director



## DIRECTORS' REPORT

### TO THE SHAREHOLDERS OF STCI FINANCE LIMITED

Your Directors have pleasure in presenting the Twenty Third Annual Report and the audited accounts of the Company for the year ended March 31, 2017.

#### 1. FINANCIAL RESULTS

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Total Income	421.96	454.65
Total Expenditure	326.36	334.48
<b>Profit before dividend, tax and exceptional items</b>	<b>95.60</b>	<b>120.17</b>
Dividend earned	76.61	1.67
<b>Profit before tax</b>	<b>172.21</b>	<b>121.84</b>
Less: Tax expenses	32.30	40.93
<b>Profit after Tax for the year</b>	<b>139.91</b>	<b>80.91</b>
Add: Balance brought forward from last year	255.90	191.18
<b>Amount available for appropriation</b>	<b>395.81</b>	<b>272.09</b>
Transfer to statutory reserves*	28.00	16.19
Interim Dividend	95.00	-
Tax on Interim Dividend	4.07	-
Balance carried to balance sheet	268.74	255.90
<b>Total</b>	<b>395.81</b>	<b>272.09</b>
Basic and diluted earning per share (₹)	36.82	21.29

\*Created pursuant to Section 45 I/c 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 financial performance of the Company during the financial year ended March 31, 2017 are as under:

- The total income for the year ended March 31, 2017 was at ₹ 498.57 Crore as compared to ₹ 456.32 during the previous year.
- The net interest income for the year ended March 31, 2017 was at ₹ 188.37 crore as against ₹ 195.47 crore during the previous year.
- The profit before tax for the year was ₹ 172.21 crore as against ₹ 121.84 crore in the previous year.
- The profit after tax for the year was ₹ 139.91 crore as against ₹ 80.91 crore in the previous year.
- The loan book was at ₹ 2999.43 crore (after write off of loans of ₹ 152 crore) as on March 31, 2017, as against ₹ 3329.36 crore as on March 31, 2016.
- The Gross NPA was brought down during the year to 2.39% from 5.14% in the previous year.
- The Net NPA was brought down during the year to 1.02% from 2.25% in the previous year.

The write off of individual loans where recovery was difficult in the near future, impacted the profitability of the Company during the year under review. However, the substantial dividend received from the subsidiary, STCI Primary Dealer Limited considerably improved the Profit before tax for the year.



## DIRECTORS' REPORT

### 3. TRANSFER TO RESERVES

Your company has transferred 20% of its Profit after tax amounting to ₹ 28.00 crore to Statutory Reserve as required under Section 45IC of the Reserve Bank of India Act, 1934.

### 4. DIVIDEND

The Board of Directors of at its meeting held on March 20, 2017 declared an interim dividend of 25% i.e ₹ 25 per equity share of ₹ 100/- each which was paid to the members whose name appears in the Register of members of the Company on March 22, 2017. Considering the need to retain profits for the future growth of the Company, the Board of Directors have not recommended any final dividend on the equity shares and the interim dividend declared is the dividend on equity shares of the Company for the financial year ended March 31, 2017. The interim dividend declared and paid on equity shares including dividend tax thereon aggregated to ₹ 99.07 crore.

### 5. MANAGEMENT DISCUSSION & ANALYSIS

#### I. **Macro economic Overview**

After years of sluggish growth, the global economy seems poised for a turnaround. Global economic activity and trade picked up modestly from the later part of 2016 and is projected to improve further in 2017. Notwithstanding concerns over rising protectionism, populism and emerging geopolitical conflicts, the IMF world economic outlook update for April 2017 has projected the world growth to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018.

Domestically, the macroeconomic conditions remained stable and the expectations of accelerated reforms, government's commitment to fiscal consolidation and political stability further reinforced the overall positive business sentiment. The year 2016-17 witnessed two major developments namely demonetization of specified bank notes and the passage of Goods and Services Tax(GST). Demonetization had short-term hardships, but is expected to generate long-term benefits. The GST will create a common Indian market, improve tax compliance and governance, and boost investment and growth.

As per the provisional estimates of CSO for 2016-17, the real gross value added (GVA) growth for India decelerated to 6.6 per cent in 2016-17 from 7.9 per cent in 2015-16. The slowdown in economic activity became pronounced in the second half of 2016-17 by the transient impact of demonetisation. While the agriculture sector demonstrated robust growth after two consecutive years of sub-one percent growth, the Industrial Sector and Services sector witnessed slow down. The slow down in the services sector was particularly in construction, trade, transport, financial, real estate and professional services. However, this slow down was buffered by robust consumption demand and increase in government expenditure.

The trajectory of Consumer price inflation (CPI) remained downward with a record low of 3.2% in January 2017, mainly due to large decline in food inflation, especially vegetables and pulses. On the monetary policy front, RBI reduced the repo rate by 25 basis points in April 2016 and October 2016 bringing the repo rate down to 6.25%. However, in December 2016 and February 2017, RBI decided to keep the repo rate unchanged, signalling a calibrated shift in the policy stance from accommodative to neutral. The surge in the low cost current and saving account deposits of banks post-demonetisation, led to stronger monetary policy transmission in the second half of FY 2017. Banks lowered the deposit rates, thereby resulting in reduction of 1 year median Marginal Cost of Funds based Lending Rate (MCLR) by a cumulative 70bps from November 2016 to February 2017. The current account deficit for FY 2017 remained within 1% of GDP due to contraction in trade deficit.

While pursuing the growth agenda of the country, the Government is sticking to its fiscal deficit target. After having comfortably met the fiscal deficit target of 3.5% of GDP for FY 2017, the Government targets to narrow the fiscal deficit to 3.2% of GDP for FY 2018.

Going forward, reforms in foreign direct investment, implementation of GST, revival of external demand and Government's focus on stepping up capital expenditure, boosting the rural economy and affordable housing are likely to stimulate to growth.



## DIRECTORS' REPORT

### II. NBFC Sector & Developments

#### Overview of NBFC sector

NBFCs are emerging as an integral part of Indian Financial System and are contributing towards inclusive growth in the country by meeting the diverse financial needs of bank excluded customers. NBFC sector has gained market share in the total credit in the last few years and account for about 15% of the total system's credit. 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 specialised services, quick turnaround time, ability to control risks and to adapt to changes. Under asset quality pressures, credit intermediation by banks has retrenched and that by NBFCs and mutual funds has increased significantly (RBI financial stability report dated June 30, 2017).

As per Financial Stability Report of RBI dated June 30, 2017, as on March 31, 2017 there were 11,517 non-banking financial companies (NBFCs) registered with Reserve Bank of India, of which 179 were deposit accepting (NBFCs-D), 11,118 were non-deposit accepting (NBFCs-ND) and 220 were Systemically Important Non-Deposit accepting NBFCs (NBFCs-NSDI). The aggregate balance sheet size of the NBFC sector grew by 14.5 per cent during FY 2017 as compared to 15.5 per cent in the previous year. The loan and advances of the NBFCs grew by 16.4 percent at the end of March 2017 vis-a-vis 16.6 percent at the end of March 2016. The net profit of the sector was down by 2.9% during FY 2017. Net profit as a percentage of total income came down from 18.3% percent in FY 2016 to 14% in FY 2017. The Return on Assets (ROA) and return on equity (ROE) declined during the same period. The Gross Non-performing assets (GNPAs) of the sector as a percentage of total advances declined from 4.6% at the end of March 2016 to 4.4% at the end of March 2017. Capital adequacy (CRAR) of the NBFC sector also declined from 24.3 percent at the end of March 2016 to 22 percent at the end of March 2017.

#### Challenges

The profitability of NBFCs could be under pressure due to the following Regulatory and other developments:

- Higher provisioning on account of migration of NBFCs to tighter NPA recognition norms as per RBI's revised regulatory framework for NBFCs could lead to higher incremental credit costs. The ongoing migration from 120+ days norm to 90+ days NPA recognition norm by FY 2018 would increase the credit costs and impact the profitability of NBFCs. India Ratings & Research (IR & R) expects higher NPA ratios in FY 2018 on account of slow recovery of delinquent loans as well as the transition to 90 days+ NPA recognition norm. The Agency expects the asset quality recovery for wholesale NBFCs to be more gradual as compared to Retail NBFCs.
- Competition continues to intensify from a broad range of financial service providers and new entrants in the lending space. Aggressive lending due to increase in competition would exert pressure on the lending rates.
- RBI has given 10 entities in-principle approval to operate as Small finance Banks and offer basic banking services and lending to un-served and underserved section. The emergence of Small finance Banks would intensify competition in segments not being served by other Banks, which have traditionally been the domain of NBFCs.
- Unfavourable economic conditions, unstable political environment and changes in Government policies / regulatory framework could impact the growth of the loan book, quality of assets and the ability to raise funds by NBFCs.

#### Opportunities

NBFCs are likely to benefit from the following opportunities and developments in the market:

- According to India Ratings & research, NBFCs would continue to expand in certain asset classes and small ticket loans where banks are clearly less efficient due to their high operating cost structures and processes. Also, wholesale and diversified NBFCs would continue to gain the credit market share being vacated by banks, especially mid-sized public sector banks, owing to either capital constraints, flight to safety or limited ability to price in the risk. India Ratings & research expects NBFCs to grow 21% in FY2018, which on the system-wide basis would be close to one third of the total system's incremental credit.



## DIRECTORS' REPORT

- Both the regulator and government have been maintaining a favourable stance towards the NBFC sector with the extension of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act 2002 to NBFCs (from September 2016) and the latest announcement where SME loans upto ₹ 2 crore by NBFCs will be covered under the Credit guarantee fund Trust for micro and small enterprises. These measures would strengthen the NBFCs' ability to lend and mitigate loss given default while speeding up recovery.
- The passage of the Insolvency and Bankruptcy Code, 2016, in May 2016, ensures time-bound settlements of insolvencies, enables faster turnaround-times for businesses and creates a database of serial defaulters. This along with proposed changes in debt recovery and enforcement laws, could go a long way towards resolving the twin balance sheet problem (a leveraged corporate sector alongside a stressed banking sector). This in turn could improve the investment climate in the country.
- The implementation of the Real Estate (Regulation and Development) Act, 2016 for which almost all States have notified rules coupled with phasing out of the Foreign Investment Promotion Board has lent transparency and increased the prospects of FDI in the real estate sector. This will boost investment in the real estate sector.
- Government initiatives like Make in India, Start up India, Digital India, Smart Cities, urbanisation and infrastructure development, focus on ease of doing business, financial inclusion, etc, will fuel the growth of credit off take for underserved segments.
- Budget 2016-17 announced that Systemically important NBFCs having a net worth of ₹ 500 crore and regulated by RBI, shall be categorised as QIBs and be eligible to participate in IPOs with specifically earmarked allocations at par with Banks and Insurance companies.

Looking ahead, the NBFC sector appears to be well-poised to take benefit of the changing business environment and grow.

### III. Business Review

STCI Finance Limited is a Systematically Important Non-Deposit taking Non-Banking Financial Company undertaking lending and investment activities since 2008. With the growth in the size of the loan book, STCI Finance Limited has been classified as a Loan company since year 2011 with Lending as its main business activity.

#### (i) Lending operations

The Company's loan book is classified into two categories viz. Loan against Securities (LAS) and Corporate & other loans. The Company provides customized financial solutions to a wide spectrum of customers ranging from Corporates, firms and High Net worth Individuals through its product offerings of Loan against securities/ Promoter Funding and Corporate & other loan products. 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. 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 loan, bridge finance, Loan against lease rentals, equipment finance, line of credit, special situation lending etc. Over the last few years, the Company has strategically shifted its focus to the Corporate & other loans segment to diversify its loan portfolio. As a result, there has been a steady increase in the proportion of the corporate & other loans segment. The Company operates from its Corporate office in Mumbai and representative office in Delhi.

As on March 31, 2017, the Company's loan book stood at ₹ 3000 crore as against ₹ 3329 crore on March 31, 2016. The marginal decline in the loan book is primarily attributable to selective LAS disbursements/ rollovers, large pre-payments of loans and loan write offs during the year. The Company consciously adopted a cautious approach towards lending in the LAS segment and increased its focus on the corporate & other loans segment. Consequently, the loan product mix of the Company improved with increase in proportion of the Corporate & other Loans segment to 39% of the total loan book on March 31, 2017 from 34% at the end of the previous year and decline in the proportion of LAS segment to 61% of the total loan book on March 31, 2016 from 66% at the end of the previous year.



## DIRECTORS' REPORT

Details of the outstanding loan book as on March 31, 2017 are as under:

Particulars	31.03.2017	31.03.2016
	(₹ in crore)	(₹ in crore)
Loan against shares/ Promoter Funding	1937.12(61%)	2190.09(66%)
Corporate & other loan products (Loan against property, Real estate Developer loans etc)	1214.31(39%)	1139.27(34%)
<b>Total Loan Book</b>	<b>3151.43 (100%)</b>	<b>3329.36 (100%)</b>
Less: Loans written off	152.00	0
<b>Outstanding Loan Book</b>	<b>2999.43</b>	<b>3329.36</b>

The interest income on the loan book decreased from ₹ 403.47 crore in the previous year to ₹ 383.12 crore in the year under review. The decrease was primarily on account of lower interest income of ₹ 220.70 crore from the LAS segment as against ₹ 255.68 crore in the previous year due to lower interest yield on the LAS portfolio. However, the higher interest income of ₹ 162.42 crore from the corporate & other loans segment as against ₹ 147.79 crore in the previous year had a positive impact on the interest income.

### Asset Quality

During the year under review, the Company has written off ₹ 152 crore in respect of individual loans for which recovery was difficult in the near future. After considering the existing provision held in respect of the loans, the net impact of the write off was ₹ 66.55 crore. The Company identified NPAs during the year and made required provisions on such NPAs. As a result, the Gross NPAs of the Company have decreased during the year to 2.39% of the loan book as on March 31, 2017 from 5.14% of the loan book as on March 31, 2016. The net NPAs also decreased to 1.02% of the loan book as on March 31, 2017 from 2.25% of the loan book as on March 31, 2016.

### (ii) Treasury operations

During the period under review, your Company generated income/revenue of ₹ 25.68 crore from the equity and fixed income securities segment as against ₹ 35.45 crore during the previous year.

### Segment wise performance of the Company

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

(Rs in crore)

Segment Information	Lending		Treasury	
	2016-17	2015-16	2016-17	2015-16
Total Revenue	391.82	414.92	25.68	35.45
Segment Result Profit/Loss	89.32	112.21	21.19	21.21

### (iii) Resource Mobilisation

During the year under review, your Company continued to use diverse sources of funding by issue of Commercial Papers, Non-Convertible Debentures(NCDs), Bank line of Credit, and CBLO borrowing towards adequate asset liability management. Your Company also augmented its long term sources of funds by availing secured term loans from Banks at competitive rates. Your company has received fresh sanctions of term loans amounting to ₹ 750 crore from various Banks out of which loans aggregating to ₹ 450 crore have been availed by the Company as on March 31, 2017.

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



## DIRECTORS' REPORT

### (iv) Credit rating

Your Company continues to enjoy the highest ratings of A1+ from rating agencies, CRISIL and ICRA, for its short term borrowing programme. During the year under review, the rating for the Company's Long Term Debt programme was revised from [ICRA]AA to [ICRA]AA- with stable outlook and from CARE AA to CARE AA-. ICRA has also revised the rating for the Company's long term Bank's Line of Credit from AA to AA-. The aforesaid rating revision primarily follows the multi notch revision from [ICRA]AAA(stable) to [ICRA]AA+ (stable) and further to [ICRA]AA (stable) in the long term ratings of its largest shareholder, Bank of India (BOI), which holds 29.9% stake in the company and also provides operational and managerial support. The rating also factors in experienced management, comfortable capital adequacy, comfortable gearing levels, moderate asset quality, deterioration in profitability parameters, relatively small scale of operations, high exposure to promoter funding and borrower concentration risk. Continued parent support, asset quality, profitability, capitalization and portfolio diversification are its key rating sensitivities.

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

The Company maintained CRAR well above the regulatory norms throughout the year. As on March 31, 2017, the CRAR was 31.10%. Although going forward, with growth in loan book, the CRAR is likely to slide, yet the same will remain well above the regulatory requirement.

### (vi) Risk Management

Your Company, being in the business of lending and treasury operations has to manage various risks. The key risks faced by the Company are credit risk, liquidity risk, interest rate risk and operational risk. The company has in place policies and procedures for addressing the various risks associated with the Company's lending business and treasury operations. The overall management of interest rate risk is carried out through the matching of the maturities of assets and liabilities, as a part of the Asset-Liability Management process. The Asset Liability Management Committee reviews and monitor these risks at periodic intervals. Any lending activity is exposed to credit risk arising from the risk of default by borrowers. The issuer has in place credit appraisal, credit risk monitoring and management systems. It undertakes a periodic review of its entire loan portfolio with a view to identify potential areas of action and devise appropriate strategies thereon. The operational risks of the Company are managed through internal control systems and procedures and key back up processes.

### (vii) 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.

### (viii) Regulatory Compliance

Your Company has complied with all the applicable guidelines prescribed by RBI for NBFCs regarding accounting standards, income recognition, valuation of securities, capital adequacy, corporate governance etc and the applicable Guidelines prescribed by SEBI and no penalties or restrictions were imposed by any regulatory authority during the period.

### (ix) HR Resources

The Company aims to recruit and retain talent in the organisation by providing a productive work place environment. 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 deposes its officers for appropriate training programmes, seminars and conferences. The Company's HR functions have been outsourced to M/s Cerebrus Consultants who provide HR support by way of review of



## DIRECTORS' REPORT

Company's HR policies, Performance Linked Variable Scheme, Key Hiring Plan, new Employee Selection and On Boarding, Skill and Capability building for employees and other regular HR management activities.

The staff strength on March 31, 2017 is 37.

### (x) Outlook for the current year

The domestic outlook remains positive with macroeconomic stability. Going forward, expectations of accelerated reforms and political stability reinforce the economic outlook.

Keeping in view the improving business environment, your Company expects steady growth in its lending business this year. The Company plans to re-balance and diversify its loan portfolio by increasing its focus on the corporate loan & other loans segment and adopting a cautious and selective approach towards lending in the Loan against securities (LAS) segment. The Company plans to expand its corporate & other loans segment by reaching out to a wider customer base and adding new loan products. In order to cater to a wider customer base, the Company will leverage its existing customer relationships and foray into new locations in a phased manner. The Company will remain focussed on maintaining a balance between growth and asset quality. The Company shall also continue with its efforts in establishing itself as a preferred partner with quick turnaround time and best practices.

The G-sec yields are expected to remain range bound with a slight tightening bias in the second half of the year. Even though the average CPI for the year is expected to remain below the RBI's target of 4%, the central bank's reluctance to further ease the interest rates citing unforeseen global uncertainties, will keep the bond yields in range.

With the effects of demonetization receding and the recent implementation of GST will help generate the growth momentum and earnings to catch up going into the 2<sup>nd</sup> half of the year. The consumption boost by way of the favorable monsoon and the 7<sup>th</sup> CPC coupled with the Government's focus on infrastructure spending bodes well with the equity markets. The equity desk will add more stocks to the equity portfolio that have earning visibility for next couple of years.

Overall the outlook for your Company's business is favourable and your Company is well poised to grow and capitalise on this opportunity.

## 6. SUBSIDIARY COMPANIES & THEIR PERFORMANCE

Your Company has the following subsidiaries:

STCI Primary Dealer Ltd (wholly owned subsidiary)

STCI Commodities Ltd (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 Ltd and STCI Commodities Ltd for the year ended 31st March 2017 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, 2017. 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 subsidiary engaged in Primary Dealership business, reported a profit after tax of Rs 178.12 crore for the financial year ended March 31, 2017 as against a profit after tax of ₹ 7.70 crore during the previous financial year. The substantial increase in the profit was primarily on account of huge trading profits made on the fixed income securities portfolio.

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, 2017 form part of this Annual Report.



## DIRECTORS' REPORT

### (ii) STCI Commodities Limited

STCI Commodities Limited, your Company's subsidiary has been liquidating its assets, paying off its clients dues, settling its pending legal cases and surrendering its membership with Multi Commodity Exchange and National Commodity and Derivative Exchange since discontinuance of its commodity broking operations in September 2011. As a result, STCI Commodities Limited reported a profit after tax of ₹ 8.86 lakh for the year ended March 31, 2017 as against a profit before tax of ₹ 8.19 lakh in the previous year.

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, 2017 form part of this Annual Report.

## 7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### ➤ Resignations

Mr. Yogesh Gaat, resigned as Managing Director & CEO from the Board of the Company on the close of business of December 23, 2016 and accordingly ceased to be a Key Management Personnel of the Company. The Board places on record appreciation for the services rendered by Mr. Yogesh Gaat as Managing Director & CEO of the Company and for his contributions in managing the affairs of the Company.

Subsequent to the year under review, Mr. Melwyn O Rego, nominated by Bank of India, resigned as Director from the Board of the Company with effect from May 05, 2017 consequent to his appointment as Managing Director & CEO of Syndicate Bank. The Board places on record its appreciation for the services rendered by Mr. Melwyn O Rego as Director of the Company and for his contributions at the Board Meetings.

### ➤ Appointment / Re-appointment

#### (a) Managing Director & CEO

The Board of Directors, upon the recommendation of the Nomination, Remuneration & HRD Committee, appointed Mr. Pradeep Madhav (DIN 00267422), as an Additional Director and as Managing Director & CEO and key managerial personnel of the Company with effect from January 24, 2017 for a term upto July 31, 2019.

In terms of Section 161 (1) of the Act read with Article 101 of the Company's Article of Association he holds office as an Additional Director upto the date of the ensuing AGM and is eligible for appointment. The Board recommends his appointment as a Director not liable to retire by rotation for the approval of members at the ensuing Annual General Meeting. Further, pursuant to the provisions of Section 203, 196, 197, 203 read with Schedule V of the Act, the requisite resolution in regard to appointment of Mr. Pradeep Madhav as Managing Director & CEO is included in the Notice of the ensuing AGM for the approval of the members.

The Company has received a notice in writing under Section 160 of the Act along with the requisite deposit proposing the appointment of Mr. Pradeep Madhav for the office of Director. The details of the aforesaid appointment and brief profile of the Director is furnished in the explanatory statement annexed to the Notice of the AGM.

#### (b) Independent Directors

The members at the 20<sup>th</sup> Annual General Meeting (AGM) of the Company held on September 11, 2014 appointed Shri K. Narasimha Murthy (DIN 00023046) as an Independent Director for a term of three years upto the conclusion of the 23<sup>rd</sup> AGM to be held in calendar year 2017. In terms of the provisions of Section 149 of the Companies Act, 2013 and based on the recommendation of the Nomination, Remuneration & HRD Committee, the Board of Directors have recommended for the approval of the members the re-appointment of Shri K. Narasimha Murthy as an Independent Director not liable to retire by rotation, for a second term of two consecutive years.

The members at the 20<sup>th</sup> AGM of the Company held on September 11, 2014 also appointed Shri S.Ravi (DIN 00009790) as an Independent Director for a term of three years upto the conclusion of the 23<sup>rd</sup> AGM to be held in calendar year 2017. Pursuant to provisions of Section 149 of the Companies Act, 2013 and based on the recommendation of the Nomination, Remuneration & HRD Committee, the Board of Directors have recommended for the approval of the members the re-appointment of Shri S.Ravi as an Independent Director not liable to retire by rotation, for a second term of two consecutive years.



## DIRECTORS' REPORT

The members at the 21<sup>st</sup> AGM of the Company held on September 23, 2015, appointed Shri T. V. Rao (DIN 05273533) as an Independent Director for a term of two years upto the conclusion of the 23<sup>rd</sup> AGM to be held in calendar year 2017. Pursuant to the provisions of Section 149 of the Companies Act, 2013 and based on the recommendation of the Nomination, Remuneration & HRD Committee, the Board of Directors have recommended for the approval of the members the re-appointment of Shri T.V Rao as an Independent Director not liable to retire by rotation for a second term of two consecutive years, for approval of the members at the ensuing AGM.

The Company has received separate notices under Section 160 of the Act along with the requisite deposit proposing the re-appointment of Mr. K. Narasimha Murthy, Mr. S. Ravi and Mr. T. V. Rao for the office of Independent Director. The requisite resolution in regard to their re-appointment is included in the Notice of the ensuing AGM for the approval of the members. The details of the proposed re-appointments and their brief profile are furnished in the explanatory statement annexed to the Notice of the ensuing AGM.

### (c) Deputy Managing Director

Pursuant to deputation of Mr. S.K Behera(DIN 07480667), DGM of Bank of India in the Company and his nomination by Bank of India as Director on the Board of the Company, Shri S.K Behera was appointed as a Whole Time Director, designated as Deputy Managing Director for a term of one year upto May 03, 2017. The Board of Directors at its meeting held on April 26, 2017, upon the recommendation of the Nomination, Remuneration & HRD Committee, re-appointed Mr. S.K Behera, as a Whole Time Director, designated as Deputy Managing Director with effect from May 04, 2017 for a term upto the date of his superannuation on March 31, 2018. Accordingly, he continued as a Key managerial personnel of the Company. In terms of Section 203, 196, 197, 203 read with Schedule V of the Act, the requisite resolution in regard to re-appointment of Mr. S. K. Behera as Deputy Managing Director is included in the Notice of the ensuing AGM for the approval of the members.

The details of the proposed appointments and brief profile of the aforesaid Directors are furnished in the explanatory statement annexed to the Notice of the Annual General Meeting.

### ➤ Retirement by rotation & re-appointment

Mr. T.C Venkat Subramanian retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment at the ensuing Annual General Meeting. His brief profile is given in the Explanatory Statement annexed to the Notice for the ensuing Annual General Meeting.

## 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.

## 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 the date of the Report, the Board comprises of seven Directors consisting of (i) five Non-Executive Directors out of which four are Independent viz. Mr. T. C. Venkat Subramanian (Non-Executive), Mr. K. Narasimha Murthy (Independent), Mr. S. Ravi (Independent), Mr. T. V. Rao (Independent) and Mrs. Thankom T. Mathew (Independent) and (ii) Two Executive Directors viz. Mr. Pradeep Madhav, Managing Director & CEO and Mr. S. K. Behera, Deputy Managing Director (nominee of Bank of India).



## DIRECTORS' REPORT

### Meetings held during the financial year:

During the financial year 2016-17, six Meetings of the Board were held on May 04, 2016, August 26, 2016, November 02, 2016, December 20, 2016, February 13, 2017 and March 20, 2017. 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
Mr. Melwyn Oswald Rego (DIN 00292670)	Non-Executive Director	6/6
Mr. T. C. Venkat Subramanian (DIN 00040526)	Independent Director	6/6
Mr. K. Narasimha Murthy (DIN 00023046)	Independent Director	5/6
Mr. S. Ravi (DIN 00009790)	Independent Director	6/6
Mr. T. V. Rao (DIN 05273533)	Independent Director	6/6
Mrs. Thankom T. Mathew (DIN 00025326)	Independent Director	5/6
Mr. Yogesh Gaat (DIN 07189252)	Managing Director & CEO (upto December 23, 2016)	4/4
Mr. Pradeep Madhav (DIN 00267422)	Managing Director & CEO (w.e.f January 24, 2017)	2/2
Mr. S. K. Behera (DIN 07480667)	Deputy Managing Director (w.e.f May 04, 2016)	6/6

### 10. COMMITTEES OF THE BOARD

On the date of Report, your Company has the following five Board Level Committees. The composition, scope and functions of these Committees, the number of meetings held during the financial year 2016-17 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.

#### (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

On the date of the Report, the Audit Committee of the Board comprises of four Non-Executive Directors out of which majority of Directors including the Chairman of the Committee are Independent. Mr. S. Ravi (Independent) is the Chairman of the Committee and other members of the Committee are Mr. T.C Venkat Subramanian (Non-Executive), Mr. T. V. Rao (Independent) and Ms. Thankom T. Mathew (Independent). All members of the Audit Committee have requisite financial and management expertise and have held or hold senior / top positions in reputed Institutions.



## DIRECTORS' REPORT

### 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,
- oversee the functioning of vigil mechanism established under the Act for directors and employees and take suitable action where required.
- 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

### Meetings held during the financial year

During the financial year 2016-17, five Audit Committee meetings were held on May 04, 2016, August 26, 2016, November 02, 2016, February 13, 2017 and March 20, 2017. 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. S.Ravi	Independent Director (Chairman of Committee)	5/5
Mr. T.C Venkat Subramanian	Non-Executive Director	5/5
Mr. T.V Rao	Independent Director	5/5
Ms. Thankom T Mathew	Independent Director	4/5

### (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 and also to review the Human Resources policy and procedure followed by the Company.

#### Composition:

Presently, the Nomination, Remuneration & HRD Committee comprises of four Non-Executive Directors out of which three Directors including the Chairman of the Committee are Independent. Mr. S.Ravi (Independent) is the Chairman of the Committee and the other members are Mr. T.C Venkat Subramanian (Non-Executive), Mr. T.V Rao, (Independent) and Ms. Thankom T Mathew (Independent).



## DIRECTORS' REPORT

### Scope and Functions

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

- 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 2016-17, four Meetings of the Nomination, Remuneration & HRD Committee were held on May 04, 2017, November 17, 2016, December 19, 2016, and March 20, 2017. 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
Mr. S.Ravi	Independent Director (Chairman of the Committee)	4/4
Mr. T.C Venkat Subramanian	Non-Executive Director	4/4
*Mr. K.Narasimha Murthy	Independent Director	1/1
**Mr. T.V Rao	Independent Director	3/3
Ms. Thankom T Mathew	Independent Director	4/4
***Mr. Yogesh Gaat	Managing Director & CEO (upto December 23, 2016)	1/1

\* Ceased to be a member of the Committee w.e.f November 02, 2016

\*\* Inducted as a member of the Committee w.e.f November 02, 2016

\*\*\* Ceased to be a member of the Committee w.e.f November 02, 2016

### (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

On the date of the Report, the CSR Committee comprises of five Directors out of which three Directors including the Chairman of the Committee are Independent. Mr. T. V. Rao, (Independent) is the Chairman of the Committee and the other members are Mr. K. Narasimha Murthy (Independent), Ms. Thankom T. Mathew (Independent), Mr. Pradeep Madhav (MD & CEO) and Mr. S. K. Behera (DMD).



## DIRECTORS' REPORT

### 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 2016-17, two Meetings of the CSR Committee of the Board were held on October 25, 2016 and March 20, 2017. The composition of the CSR 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 in the tenure of Director
Mr. T.V Rao	Independent Director (Chairman of the Committee)	2/2
Mr. K.Narasimha Murthy	Independent Director	1/2
*Ms. Thankom T Mathew	Non-Executive Director	1/1
**Mr. Yogesh Gaat	Managing Director & CEO (upto December 23, 2016)	1/1
*** Mr. Pradeep Madhav	Managing Director & CEO (w.e.f January 24, 2017)	1/1
Mr. S.K Behera	Deputy Managing Director	2/2

\* Inducted as a member of the Committee w.e.f November 02, 2016

\*\*Ceased to be a member w.e.f December 24, 2016

\*\*\* Inducted as a member of the Committee w.e.f February 03, 2017

### (iv) CREDIT AND INVESTMENT COMMITTEE (CIC)

#### Composition

The Credit and Investment Committee of the Board presently comprises of five Directors consisting of two Executive Directors and three Non-Executive Directors including the Chairman of the Committee. Mr. T. C. Venkat Subramanian is the Chairman of the Committee (Non-Executive) and the other members are Mr. K. Narasimha Murthy (Independent), Mr. T.V Rao (independent), Mr. Pradeep Madhav (MD & CEO) and Mr. S.K Behera (DMD).

#### 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.



## DIRECTORS' REPORT

### Meetings during the financial year

During the financial year 2016-17, nine meetings of Credit and Investment Committee were held on July 12, 2016, July 27, 2016, August 12, 2016, September 15, 2016, October 25, 2016, November 24, 2016, February 09, 2017, February 13, 2017 and March 20, 2017. The composition of the Committee and attendance of the members at the Committee meetings held during the financial year 2016-17 are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Directors
Mr. T.C Venkat Subramanian	Non-Executive Director (Chairman of the Committee)	9/9
Mr. K.Narasimha Murthy	Independent Director	7/9
Mr. T.V Rao	Independent Director	9/9
*Mr. Yogesh Gaat	Managing Director & CEO (upto December 23, 2016)	6/6
**Mr. Pradeep Madhav	Managing Director & CEO (w.e.f January 24, 2017)	3/3
Mr. S.K Behera	Deputy Managing Director	9/9

\*Ceased to be a member of the Committee w.e.f December 24, 2016.

\*\* Appointed as a member of the Committee w.e.f February 03, 2017

### (v) Risk Management Committee of the Board

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

On the date of the Report, the Risk Management Committee comprises of four Directors out of which two Directors including the Chairman of the Committee are Non-Executive. Mr. T. C. Venkat Subramanian (Non-Executive) is the Chairman of the Committee and the other members are Mr. T. V. Rao (Independent), Mr. Pradeep Madhav (MD & CEO) and Mr. S. K. Behera (DMD)

#### 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.



## DIRECTORS' REPORT

### Meetings during the financial year

During the financial year 2016-17, two meetings of the Risk Management Committee were held on November 24, 2016 and March 20, 2017. The composition of the Committee and attendance of the members at the Committee meetings held during the financial year 2016-17 are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Directors
Mr. T.C Venkat Subramanian	Non-Executive Director (Chairman of the Committee)	2/2
Mr. T.V Rao, Member	Independent Director	2/2
*Mr. K. Narasimha Murthy	Independent Director	0/0
**Mr. Yogesh Gaat	Managing Director & CEO (upto December 23, 2016)	1/1
*** Mr. Pradeep Madhav	Managing Director & CEO (w.e.f January 24, 2017)	1/1
Mr. S.K Behera	Deputy Managing Director	2/2

\*Ceased to be a member of the Committee w.e.f November 02, 2016

\*\*Ceased to be a member of the Committee w.e.f December 24, 2017.

\*\*\* Inducted as a member of the Committee w.e.f February 03, 2017

### 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 senior executives as nominated by Managing Director from time to time.

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

The Credit Committee of Executives (CCE) considers and sanctions loans within the powers delegated to it by the Board. For sanctioning credit proposals, the Credit Committee of Executives (CCE) has been constituted at 2 levels viz. CCE-Level I & CCE-Level 2. CCE-level 1 comprises of the Managing Director & CEO, Deputy Managing Director, DGM (Credit) and AGM (legal) as its members. CCE-level 2 comprises of Deputy Managing Director, DGM (Credit) and AGM (legal) as its members. DGM (Risk) is an invitee to CCE-level 1 and CCE-level 2 for giving his independent views on the credit proposals from the risk perspective.

#### (iii) **Investment Committee**

Investment Committee takes investment / divestment decisions and manages and supervises the long term investment portfolio in accordance with the prudential limits and long term investment guidelines approved by the Board. The Committee comprises of the Managing Director & CEO, Deputy Managing Director/General Manager, Assistant General Manager and Assistant General Manager (Accounts) as its members.



## DIRECTORS' REPORT

### (iv) CSR Committee of Executives

The CSR Committee of Executives implements and monitors the CSR activities of the Company within the Policy Framework under the overall supervision of the CSR Committee of the Board. The Committee comprises of Managing Director & CEO, Deputy Managing Director and senior executives nominated by the Managing Director & CEO.

### (v) Grievances Redressal Committee

The Grievances Redressal Committee reviews the complaints and grievances of staff and that of Customers/clients. The Committee comprises of the Managing Director, Deputy Managing Director/General Manager and senior executives nominated by the Managing Director under his delegated powers.

## 12. EXTRACT OF ANNUAL RETURN

The extract of annual return in the prescribed form MGT-9 as provided under section 92(3) of the Companies Act, 2013 is annexed to this Report as **Annexure I**.

## 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 II**.

## 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 on 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, flow of information to the Board, Strategic guidance, mentoring the management 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, independent opinion/ judgment in decision making, 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, fulfillment of the role & responsibilities as delegated by the Board from time to time etc.

As per the laid down evaluation process, the Independent Directors at their separate meeting held during the year discussed and rated their feedback on the evaluation of the Non-Independent Directors 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 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

All transactions entered into with the related parties referred to under section 188(1) of 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. All transactions with related parties under the Act are placed before the Audit Committee and the Board periodically. As per the RBI Guidelines as applicable to NBFCs, the Board of Directors based on the recommendation of the Audit Committee, have reviewed 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 III**. The particulars of contracts or arrangements entered into with related parties referred to under Section 188(1) in Form AOC-2 is annexed to this Report as **Annexure IV**.



## DIRECTORS' REPORT

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

Pursuant to Section 186(11) of the Companies Act, 2013 (the Act), 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 Act. 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 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 policy on Corporate Social Responsibility 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. During the year under review, the Board of Directors, on the recommendation of the CSR Committee, approved a CSR Budget of ₹ 293.73 Lacs for FY 2016-17 based on 2% of the average net profits made during the last 3 financial years highlighting the focus areas in which the CSR activities / projects would be undertaken during the year in pursuance of the CSR Policy. In line with requirements of the Companies Act, 2013, the Company has spent ₹ 293.73 lacs towards various CSR activities/ projects during FY 2016-17. 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 2016-17 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 V**.

### 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 [www.stcionline.com](http://www.stcionline.com)

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

In terms of Section 197(12) of the Companies Act, 2013 (the Act) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the ratio of the remuneration of each director to the median employees' remuneration and such other details as prescribed is annexed to this Report as **Annexure VI**.

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 an annexure 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. 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 AJ Shah & Co, Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company by the Comptroller & Auditor General of India (C&AG) for the year ended March 31, 2017.

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



## DIRECTORS' REPORT

### 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 Nilesh Shah & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for FY2016-17. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2016-17 is appended to this Report as **Annexure VII**.

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

### Comments of C & AG

C&AG vide its letter No. GA/C-I/STCI F/Accounts/2016-17/20 dated June 20, 2017 have issued a report stating that it has decided not to conduct the supplementary audit of the Company's Standalone and Consolidated Financial Statements for the year ended March 31, 2017 in terms of Section 143 (6)(b) of the Companies Act, 2013. The said report of C & AG forms part of this Annual report.

### Internal & Concurrent Auditors

M/s Borkar & Muzumdar, Chartered Accountants, Mumbai were appointed as the Company's Internal & Concurrent Auditors for the financial year 2016-17. The scope of their 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 Internal Audit is conducted at regular intervals and the Internal Audit Reports are reviewed by the Audit Committee of the Board periodically.

### 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.

### 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 2016-17, 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. During the period under review, no complaints have been reported under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.



## DIRECTORS' REPORT

### 27. CHANGE IN REGISTRAR & SHARE TRANSFER AGENT

Pursuant to the SEBI Order dated March 22, 2016, restraining, Sharepro Services (India) Pvt. Limited ("Sharepro") from dealing /associating with securities market, the Company appointed M/s Link Intime India Pvt. Ltd as the Company's R & T Agent in place of Sharepro in FY 2016-17 for providing electronic connectivity services through, NSDL & CDSL, for the Company's issuance of equity shares, Non-Convertible Debentures, Commercial papers and other debt securities.

### 28. 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.

### 29. 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) Extract of Annual Return in Form MGT-9-**Annexure I**.
- (ii) Policy on Directors appointment and remuneration for Directors/ KMP/senior management personnel / other employees-**Annexure II**
- (iii) Policy on Related party transactions-**Annexure III**
- (iv) Related party transactions under Section 188(1) in Form AOC-2-**Annexure IV**
- (v) Annual report on CSR activities-**Annexure V**
- (vi) Ratio of remuneration to median employees remuneration as per Section 197 (12) of Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014-**Annexure VI**
- (vii) Secretarial Audit Report for financial year 2016-17-**Annexure VII**

### 30. 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 demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and other incidental factors.



## **DIRECTORS' REPORT**

### **31. ACKNOWLEDGEMENT**

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, 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**

**August 23, 2017  
Mumbai**

**Pradeep Madhav  
Managing Director & CEO  
(DIN 0267422)**

**T. C. Venkat Subramanian  
Director  
(DIN 00040526)**



## ANNEXURE I TO THE DIRECTORS REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

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

### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U51900MH1994PLC078303
ii)	Registration Date	10/05/1994
iii)	Name of the Company	STCI Finance Limited
iv)	Category / Sub-Category of the Company	Public Company limited by shares/NBFC
v)	Address of the Registered office and contact details	A/B 1-802, A-Wing, 8TH Floor, Marathon Innova, Marathon Nextgen Compound, Off. Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013. Tel: +91-22-6142 5115/100 Fax: +91-22 24991092 E-mail id: suparna@stcionline.com.
vi)	Whether listed company	Yes. The Company is a listed company within the meaning of Section 2(52) of the Companies Act, 2013 as the Non-Convertible Debentures of the Company issued on private placement basis are listed on the wholesale debt market segment of NSE.
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any.	Link Intime India Pvt Ltd C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000 Fax: +91 22 49186060. E-mail id: rnt.helpdesk@linkintime.co.in

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Lending Activity	64920 - Other credit granting	78.59 %

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	STCI Primary Dealer Limited A/B 1-801, A-Wing, Marathon Innova, Marathon Nextgen Compound, Off. Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013.	U67110MH2006PLC165306	Subsidiary	100%	2(87)
2	STCI Commodities Limited A/B 1-802, A-Wing, Marathon Innova, Marathon Nextgen Compound, Off. Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013.	U67120MH2004PLC148711	Subsidiary	100%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
a) NRI's- Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding Promoter (A) = (A)(1) + (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	34907662	-	34907662	91.86	34907662	-	34907662	91.86	-
c) Central Govt.	-	-	-	-	-	-	-	-	-



d) State Govt. (s)		-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	2516250	-	2516250	6.62	2516250	-	2516250	6.62	-
g) FIs	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	576088	-	576088	1.52	576088	-	576088	1.52	-
<b>Sub-total (B)(1):</b>	<b>38000000</b>	<b>-</b>	<b>38000000</b>	<b>100</b>	<b>38000000</b>	<b>-</b>	<b>38000000</b>	<b>100</b>	<b>-</b>
<b>2. Non-Institutions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lac	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):</b>	<b>38000000</b>	<b>-</b>	<b>38000000</b>	<b>-</b>	<b>38000000</b>	<b>-</b>	<b>38000000</b>	<b>-</b>	<b>-</b>
<b>Total Public Shareholding (B) = (B)(1)+ (B)(2)</b>	<b>38000000</b>	<b>-</b>	<b>38000000</b>	<b>-</b>	<b>38000000</b>	<b>-</b>	<b>38000000</b>	<b>-</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>38000000</b>	<b>-</b>	<b>38000000</b>	<b>-</b>	<b>38000000</b>	<b>-</b>	<b>38000000</b>	<b>-</b>	<b>-</b>

ii) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons:	-	-	-	-
3	At the end of the year	-	-	-	-

**iv) Shareholding Pattern of top ten Shareholders:**

(other than Directors, Promoters and Holders of GDRs and ADRs):

S. N	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>1.</b>	<b>Bank of India</b>				
	At the beginning of the year	11383781	29.96	11383781	29.96
	Date wise increase/ decrease in share-holding during the year along with reasons	No change during the year			
	At the end of the year	11383781	29.96	11383781	29.96
<b>2.</b>	<b>IDFC Bank Limited</b>				
	At the beginning of the year	3530136	9.29	3530136	9.29
	Date wise increase/ decrease in share-holding during the year along with reasons	No change during the year			
	At the end of the year	3530136	9.29	3530136	9.29
<b>3.</b>	<b>State Bank of India</b>				
	At the beginning of the year	2812415	7.40	2812415	7.40
	Date wise increase/ decrease in share-holding during the year along with reasons	No change during the year			
	At the end of the year	2812415	7.40	2812415	7.40
<b>4.</b>	<b>IDBI Bank Ltd</b>				
	At the beginning of the year	2507610	6.60	2507610	6.60
	Date wise increase/ decrease in share-holding during the year along with reasons	No change during the year			
	At the end of the year	2507610	6.60	2507610	6.60
<b>5.</b>	<b>Punjab National bank</b>				
	At the beginning of the year	1877564	4.94	1877564	4.94
	Date wise increase/ decrease in share-holding during the year along with reasons	No change during the year			
	At the end of the year	1877564	4.94	1877564	4.94



<b>6.</b>	<b>Life Insurance Corporation of India</b>				
	At the beginning of the year	1505400	3.96	1505400	3.96
	Date wise increase/ decrease in share-holding during the year along with reasons	No change during the year			
	At the end of the year	1505400	3.96	1505400	3.96
<b>7.</b>	<b>Canara Bank</b>				
	At the beginning of the year	1426298	3.75	1426298	3.75
	Date wise increase/ decrease in share-holding during the year along with reasons	No change during the year			
	At the end of the year	1426298	3.75	1426298	3.75
<b>8.</b>	<b>ICICI Bank Ltd</b>				
	At the beginning of the year	1400528	3.69	1400528	3.69
	Date wise increase/ decrease in share-holding during the year along with reasons	No change during the year			
	At the end of the year	1400528	3.69	1400528	3.69
<b>9.</b>	<b>Bank of Baroda</b>				
	At the beginning of the year	1253544	3.30	1253544	3.30
	Date wise increase/ decrease in share-holding during the year along with reasons	No change during the year			
	At the end of the year	1253544	3.30	1253544	3.30
<b>10.</b>	<b>Central Bank of India</b>				
	At the beginning of the year	1150100	3.03	1150100	3.03
	Date wise increase/ decrease in share-holding during the year along with reasons	No change during the year			
	At the end of the year	1150100	3.03	1150100	3.03

**v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Form each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	None of the Directors and Key Managerial Personnel hold any shares in the Company.			
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year				

**V) INDEBTEDNESS**

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

(₹ In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	98400.00	223934.58	-	322334.58
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4677.73	43.12	-	4720.85
<b>Total (i+ii+iii)</b>	<b>103077.73</b>	<b>223977.70</b>	<b>-</b>	<b>327055.43</b>
<b>Change in Indebtedness during the financial year</b>				
i) Addition (Bank loans)	45000.00		-	45000.00
ii) Reduction	(27356.66)	(89187.01)	-	(116543.67)
<b>Net Change</b>	<b>17643.34</b>	<b>(89187.01)</b>	<b>-</b>	<b>(71543.67)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	116200.00	134780.02	-	250980.02
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4521.07	10.67	-	4531.74
<b>Total (i+ii+iii)</b>	<b>120721.07</b>	<b>134790.69</b>	<b>-</b>	<b>255511.76</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Pradeep Madhav Managing Director & CEO (w.e.f 24.01.2017)	Mr. Yogesh Gaat, Managing Director & CEO (upto 23.12.2016)	Mr.S.K Behera, Deputy Managing Director (w.e.f 4.05.2016)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.84	84.31	44.02	<b>144.17</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.05	0.00	1.17	<b>1.22</b>
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00	<b>0.00</b>
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify...				
5	Others, please specify	0.72	3.67	2.18	<b>6.57</b>
	<b>Total (A)</b>	<b>16.61</b>	<b>87.98</b>	<b>47.37</b>	<b>151.96</b>
	#Ceiling as per the Act				<b>1737.28</b>

# In terms of Section 197 and Schedule V of the Act, the remuneration payable to more than one Managing Director or Whole time Director or Manager shall not exceed 10% of the net profits of the Company for all such directors taken together.



**B. Remuneration to other directors**

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Mr. K.Narasimha Murthy	Mr. S.Ravi	Mr. T.V Rao	Mrs. Thankom T.Mathew	
	(a) Fee for attending board /committee meetings	3.00	3.20	5.60	3.00	14.80
	(b) Commission	-	-	-		
	(c) Others, please specify	-	-	-		
	Total (1)	<b>3.00</b>	<b>3.20</b>	<b>5.60</b>	<b>3.00</b>	<b>14.80</b>
2	Other Non-Executive Directors	Mr. Melwyn O. Rego	Mr. T.C Venkat Subramanian			
	(a) Fee for attending board committee meetings	*1.20	5.20			6.40
	(b) Commission					
	(c) Others, please specify	-	-	-	-	-
	Total (2)					<b>6.40</b>
	Total (B)=(1+2)					<b>21.20</b>
	Total Managerial Remuneration (A) + (B)					<b>173.16</b>
	Overall Ceiling as per the Act -For (A) –Remuneration payable to MD/ Whole time Director all taken together  -For (B)- Remuneration payable to other Directors by way of sitting fees for attending each meeting of Board or Committee					<b>1737.28</b>  ( 10% of net profits of the Company) <b>106.00</b> (₹ 1 lakh for each meeting of Board or Committee thereof attended by each director)

\* Sitting fees is remitted to the nominating institution, Bank of India.



Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29.36	30.46	59.82
	(b) (b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.57	0.00	0.57
	(c) (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- Others, specify.....			
5	Others, please specify (Contribution to Provident Fund)	1.13	1.26	2.39
	<b>Total</b>	<b>31.06</b>	<b>31.72</b>	<b>62.78</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

For and on behalf of the Board of Directors

August 23, 2017  
MumbaiPradeep Madhav  
Managing Director & CEO  
(DIN 0267422)T. C. VenkatSubramanian  
Director  
(DIN 00040526)



## ANNEXURE II 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 Committee shall consider the ethical standards of 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.
- b) The person to be appointed as Director shall not be disqualified under the Companies Act, 2013 and rules made there under, RBI guidelines as applicable to NBFCs or any other enactment for the time being in force.
- c) The 'fit and proper' criteria shall be ascertained for the proposed / existing directors at the time of their appointment/ re-appointment as per the applicable RBI guidelines for NBFCs or other enactment/ regulations in force based upon requisite declarations/ information obtained from the proposed/ existing Directors under the applicable RBI Guidelines or other applicable enactment/ regulations.
- d) In case the person considered for appointment is an Independent Director, it should be ensured that he/she possess the qualifications stipulated for Independent Directors under the Companies Act 2013 and rules framed there under.
- e) 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.
- f) The Term / Tenure for Directors shall be subject to the provisions of the Companies Act, 2013 and rules made there under as amended from time to time or any other applicable enactment/Regulations.
- g) Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director subject to the provisions of the Companies Act, 2013 and other applicable Act, rules and regulations.

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

##### i. General

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

- 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 Personnel and Key Managerial Personnel 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 Committee deems appropriate including but not limited to the Individual persons duties & responsibilities, level of skill, knowledge, experience and performance, core performance requirements, market trend, cost of living, industry practice and the prevailing laws and Regulations.

##### ii. Remuneration structure

The remuneration to the Managing Director (MD), Key Managerial Personnel(KMP), Senior Management Personal and other employees shall comprise of fixed pay and performance linked variable pay (PLVP). PLVP is based on the Individual performance and Company's performance as per the PLVP policy approved by the Board from time to time.



**iii. Remuneration to Managing Director/Whole time Director**

- a) The remuneration to be paid to the Managing Director/ Whole Time Directors (WTD) shall be determined by the Committee in accordance with the percentage / slabs / conditions laid down under the provisions of the Companies Act, 2013 and the rules framed there under or any other enactment for the time being in force.
- b) The remuneration of Managing Director/ Whole Time Director as determined by the 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 as per the provisions of the Companies Act, 2013.

**iv. Remuneration to the Non-Executive & Independent Directors**

The Non-Executive and Independent Directors shall be paid sitting fees for attending Board/ 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 Board from time to time subject to ceiling/ limits as provided under Companies Act, 2013 read with the rules made there under, as amended from time to time.

**v. Remuneration to Senior management Personnel, KMPs (other than MD, WTD) and other employees**

The remuneration to Senior Management Personnel, KMPs (other than MD, WTD), and other employees will be determined based on the experience, expertise, qualification and skills as per the Company's HR Policy Manual amended from time to time.

**vi. Increments**

- (a) Increments/ revision of remuneration of Managing Director/Whole time Director shall be subject to the conditions and the applicable provisions of the Companies Act, 2013.
- (b) Annual Increments in the existing remuneration structure in relation to KMPs (Other than MD/WTD), senior management personnel and other employees of the Company as recommended by the Managing Director will be scrutinized by the Committee based on the performance ratings, market conditions and other relevant factors and recommended to the Board for approval.

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

**August 23, 2017  
Mumbai**

**Pradeep Madhav  
Managing Director & CEO  
(DIN 0267422)**

**T. C. Venkat Subramanian  
Director  
(DIN 00040526)**



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

##### 2. Purpose

This policy has been framed as required under 'Revised Regulatory Framework for NBFC' issued by Reserve Bank of India vide its circular no. RBI/2014-15/299 DNBS (PD) CC.No.002/03.10.001/2014-15 on November 10, 2014. The Company is required to disclose the policy on dealing with Related Party Transactions on its website and in the Annual Report, with effect from March 31, 2015.

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).

##### 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) **"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 under Section 2(76) of the Act as provided below:
  - (b) A director or his relative
  - (c) Key Managerial Personnel or his/ her relative
  - (d) A firm, in which a director, manager or his relative is a partner
  - (e) A private company in which a director or manager or his relatives is a member or director
  - (f) 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
  - (g) 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.



- (h) Any person on whose advice, directions or instructions a director or manager is accustomed to act, except such advice is given in a professional capacity
  - (i) 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
  - (i) 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”** 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-
- (a) they are members of a Hindu Undivided Family;
  - (b) they are husband and wife; or
  - (c) one person is related to the other person as-
    - (i) Father (including step-father)
    - (ii) Mother (including step-mother)
    - (iii) Son (including step-son)
    - (iv) Son’s wife
    - (v) Daughter
    - (vi) Daughter’s husband
    - (vii) Brother (including step-brother)
    - (viii) Sister (including step-sister).
- (vii) **“Key Managerial Personnel”** means key managerial personnel as defined under Section 2(51) of the Companies Act, 2013 and includes (i) Managing Director (ii) a whole time director (iii) Chief Executive Officer (iii) Company Secretary; and (iv) Chief Financial Officer and (iv) such other officer prescribed under the Act.
- (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) **“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:** 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 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 Related Transaction Policy



#### 4. Policy

All Transactions with related parties including any subsequent modifications thereto must be reported to the Audit Committee and approved or 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.

##### 4.1 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 will be identified and updated from time to time.

##### 4.2 Identification of related Party Transactions:

In case of any proposed transaction or arrangement with a Related Party, the concerned functional Department in the Company shall furnish to the CS function, 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.

##### 4.3 Approvals/ process for related party transactions

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

All related party transactions / arrangements or any modifications thereof, 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).

The Audit Committee may grant omnibus approval to the transactions proposed to be entered into with related parties 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, 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, other information relevant to Audit Committee
5	Periodic Review of Related Party Transaction entered into by the company pursuant to each omnibus approval made	Atleast half yearly intervals or as determined by Audit Committee from time to time
6	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	Transactions in respect of selling or disposing of the 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 ₹ 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, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

**(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 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 referred by the Audit Committee to the Board for its review as a matter of abundant caution.

**(iii) 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:

S.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 or ₹ 100 crore, whichever is lower
2.	selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	exceeding ten percent of net worth or ₹ 100 crore, of the Company whichever is lower
3.	leasing of property of any kind	exceeding ten percent of the net worth or exceeding ten percent of turnover or ₹ 100 crore of the Company, whichever is lower
4	Availing or rendering of any services directly or through appointment of agents	Exceeding ten percent of annual turnover or ₹ 50 crore of the Company, whichever is lower
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.

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.



**(iv) 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 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.

**5. 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 special 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 Board or shareholders, revision or termination of such transaction/ arrangement and take any such action as it may deem appropriate.

**6. Disclosures**

The particulars of contracts or arrangement with Related Parties referred to in section 188 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.

**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. 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.

**8. 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. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.

**9. Amendments to the Policy**

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit.

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

**August 23, 2017  
Mumbai**

**Pradeep Madhav  
Managing Director & CEO  
(DIN 0267422)**

**T. C. Venkat Subramanian  
Director  
(DIN 00040526)**

**ANNEXURE IV 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, 2017 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, 2017 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.	STCI Primary Dealer Ltd- wholly owned subsidiary	Dividend received on equity shares		Dividend @ 50% received on equity shares held in STCI PD	7500.00	N.A	-
2.	STCI Primary Dealer Ltd- wholly owned subsidiary	Reimbursement made for electricity charges		Reimbursement made for sharing of Electricity charges at Delhi Office, proportionate to the office space shared.	1.74	N.A	-



3.	STCI Primary Dealer Ltd- wholly owned subsidiary	Reimbursement made for property tax		Reimbursement made for property tax paid on the Company's office premises at Mumbai	6.30	N.A	-
4	STCI Primary Dealer Ltd- wholly owned subsidiary	Reimbursement made towards Security Deposit		Reimbursement made towards Security Deposit paid with respect to car maintained by the Company at Delhi office.	0.05	N.A	-
5.	STCI Primary Dealer Ltd- wholly owned subsidiary	Reimbursement of expenses received		Reimbursement received for House Rent recovered from staff of STCI PD occupying the Company's Residential quarters at Mumbai.	7.18	N.A	-
6.	STCI Primary Dealer Ltd- wholly owned subsidiary	Sitting fees received		Sitting fees received for each meeting of the Board attended by its Nominee.	0.20	-N,A	-
7.	STCI Commodities Ltd- wholly owned subsidiary	Sitting fees received		Sitting fees received for each meeting of Board attended by its Nominee.	0.40	-	-

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.

For and on behalf of the Board of Directors

August 23, 2017  
Mumbai

Pradeep Madhav  
Managing Director & CEO  
(DIN 0267422)

T. C. Venkat Subramanian  
Director  
(DIN 00040526)



## ANNEXURE V 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, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

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 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. The CSR Committee of Executives (CSRCE) comprising of Managing Director, Deputy Managing Director and senior executives nominated by the Managing Director implements and monitors the CSR activities of the Company within the Policy Framework under the overall supervision of the CSR Committee of the Board, reports to the CSR Committee the progress of the CSR activities/ programs from time to time and assists in achieving the objectives and purpose of CSR Policy.

**Weblink to the CSR Policy and projects or programs**

<http://www.stcionline.com/Page.aspx?Sel=16&Pid=2&expandable=0>

**2. The Composition of the CSR Committee:**

The present composition of the CSR Committee is as follows:

- (a) Shri T.V Rao, Chairman
- (b) Shri K.Narasimha Murthy, member
- (c) Ms. Thankom T Mathew, member
- (d) Shri Pradeep Madhav, member
- (e) Shri S.K Behera, member

**3. Average net profit of the company for last three financial years:**

The Average net profit of the Company is ₹ 14686.48 Lakh

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):**

The prescribed CSR expenditure based on 2% of average net profits made during the last 3 financial years is ₹ 293.73 Lakh

**5. Details of CSR spent during the financial year:**

- (a) Total amount to be spent for the financial year : ₹ 293.73 Lakh;
- (b) Amount unspent, if any: Nil



## (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.N	CSR project or activity identified	Sector in which Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects Sub – heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency*
1.	Contribution to Prime Minister's National Relief Fund for socio economic development and relief and welfare	Socio economic development and relief and welfare	Contribution to the Prime Minister's National Relief Fund for socio economic development and relief and welfare	240.93	(i) Direct expenditure: 240.93 (ii) Overhead: Nil	240.93	Direct
2.	Project for patient care towards medical treatment of deserving poor patients (80 children suffering blood cancer & 80 women suffering from breast cancer) at Tata Memorial hospital.	Promoting health care including preventive health care	Parel Mumbai, Maharashtra	8.40	(i) Direct Expenditure: 8.24 (ii) Overhead: 0.16	8.40	Through -Vasantha Memorial Trust
3.	Project for Cancer awareness & screening.	Promoting health care including preventive health care	In and around Mumbai, far off suburbs and outside Mumbai in the interiors of Maharashtra	2.60	(i) Direct Expenditure: 2,60,000 (ii) Overheads: Nil	2.60	Through -Vasantha Memorial Trust
4	Independent earners project (activity based education) for 15 children living in the slums of Borivali & Dahisar	Promoting education, including special education among children	Borivali & Dahisar, Mumbai-Maharashtra	3.02	i) Direct expenditure :2.93 (ii) Overheads: 0.09	3.02	Though Touching Lives Welfare Trust



5.	Education to tribal children at 50 Ekal Vidyalayas (One teacher schools) in Ghoti- Nashik	Promotion of Education & enhancing vocational skills especially among children	Ghoti-Nasik	10.00	(i) Direct Expenditure: 9.63 (ii) Overhead: 0.37	10.00	Through -Friends of Tribals Society
6.	Project for ration support to 50 indigent senior citizens (26 single persons & 12 couples) for a period of one year	Old age homes, day care centers & such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups etc	Mumbai, Maharashtra	5.00	(i) Direct Expenditure : 4.95 (ii) Overheads: 0.05	5.00	Through -Dignity Foundation
7.	Repair & refurbishing work of existing rooms and facilities at Old Age Home "Ashriya" at Nerul	Setting up old age homes, day care centers and such other facilities for senior citizens	Nerul, Navi Mumbai	10.00	(i) Direct expenditure 10.00  (ii) Overheads- Nil	10.00	Through B.S.K.B. Association
8.	Holistic Community project for mother & child health care towards medical treatment of 120 patients (very poor mothers & children)	Promoting Health care including preventive health care	In and around Kolkata and the rural areas of Bengal	10.98	(i) Direct expenditure :10.50  (ii) Overheads :0.48	10.98	Though Ramakrishna Sarda Mission Matri Bhavan
9.	Sponsor the cost of education of 20 under privileged children at RTE Schools India at S.S Marg, Goregaon west, Mumbai	Promoting education, including special education especially among children-	Goregaon west, Mumbai	2.80	(i) Direct expenditure -:2.80 (ii) Overheads -:Nil	2.80	Through Desh Seva Samiti (DSS)
	<b>Total</b>			<b>293.73</b>	<b>293.73</b>	<b>293.73</b>	-

\*Give details of implementing agency.



6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report : Not applicable
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

We hereby state that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**August 23, 2017**  
**Mumbai**

**Pradeep Madhav**  
**Managing Director & CEO**  
**(DIN 0267422)**

**T. V. Rao**  
**Chairman of CSR Committee**  
**(DIN 05273533)**

**T. C. Venkat Subramanian**  
**Director**  
**(DIN 00040526)**

**ANNEXURE VI TO THE DIRECTORS' REPORT****DISCLOSURES PURSUANT TO SECTION 197(12) OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.**

- i. **The ratio of the remuneration of each director to the median remuneration of employees of the company for the financial year 2016-17.**

Name of Director (refer Note 1)	Designation	Total remuneration paid in FY 2016-17 (refer note 2) (₹ in Lakhs)	Ratio of remuneration of director to median remuneration of employees (Refer Note 3 & 4)
Mr. Yogesh Gaat	Managing Director (upto 23.12.2016)	87.98	9.90
Mr. Pradeep Madhav	Managing Director & CEO (w.e.f 24.01.2017)	16.61	8.21
Mr. Surendra Behera	Deputy Managing Director (w.e.f 4.05.2016)	47.37	4.70

- ii. **The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2016-17:**

Name of Director & KMPs	Designation	Total Remuneration paid (₹ In Lakhs)		% increase (Refer note 5)
		FY 2016-17	FY 2015-16	
Mr Pradeep Madhav	Managing Director & CEO (w.e.f 24.01.2017)	16.61	0.00	* Not applicable
Mr. S.K Behera	Deputy Managing Director (w.e.f 4.05.2016)	47.37	0.00	* Not applicable
Mr. Yogesh Gaat	Managing Director & CEO (upto 23.12.2016)	87.98	64.51	47.49%
Mr. Yogesh Gaat	Chief Executive Officer (upto 18.05.2015)	0.00	16.25	*Not applicable
Mr. Kamlesh Rathi	Chief Financial Officer	31.72	32.41	(2.13)
Ms. Suparna Sharma	Company Secretary	31.06	33.52	(7.33)

\*Percentage increase in remuneration is not given as they were not holding directorship/ position of KMP in the Company in both FY 2016-17 & FY 2015-16.

- iii. **The percentage increase in the median remuneration of employees in the financial year ended March 31, 2017:**

Median Remuneration of employees is Rs 11.03 lakhs and Rs 13.32 lakhs for FY 16-17 & FY 15-16 respectively. The percentage increase in the median remuneration of employees in the financial year 2016-17 is -17%.

- iv. **The number of permanent employees on the rolls of company:**

The number of employees on the permanent payrolls of the Company as on March 31, 2017 is 37.

- v. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average increase in the salaries of employees other than the Key Managerial Personnel for FY2016-17 is around 2.06% while the average increase in the remuneration of the Key Managerial Personnel is 12.67%.

- vi. **Affirmation that the remuneration is as per the remuneration policy of the company**

Yes

**Notes:**

1. The Non-Executive Directors including Independent Directors are only entitled to payment of sitting fees of ₹ 20,000/- per meeting for each meeting of the Board or Committee thereof attended by them, details of which are provided in the Extract of Annual Return in Form MGT-09 annexed to this Directors report. The Non-Executive Directors are, therefore, not considered for the purpose of (i) & (ii) above i.e Ratio of remuneration of director to the median remuneration of employees & percentage increase in remuneration for each director.
2. Total remuneration includes salary, perquisites, profits in lieu of salary defined under section 17 of the Income Tax Act, 1961 and Company's contribution to Provident Fund.
3. The median remuneration of employees does not include Managing Director's and Deputy Managing Director's remuneration.
4. The ratio of remuneration of director to the median remuneration of employees is determined based on their annualised remuneration.
5. The percentage increase in remuneration of director & KMPs and the average increase in remuneration for employees and the Key Managerial personnel is determined based on their annualised remuneration.

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

**August 23, 2017  
Mumbai**

**Pradeep Madhav  
Managing Director & CEO  
(DIN 0267422)**

**T. C. Venkat Subramanian  
Director  
(DIN 00040526)**



## ANNEXURE VII TO THE DIRECTORS' REPORT

### FORM NO. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

[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 400 013.

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governanace 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, 2017, 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, minute 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, minutes 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, 2017, 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 there under;
- (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
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (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 (in addition to the above mentioned Laws applicable to the Company). 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 compliance applicable to the Company and found the same satisfactory.

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

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013
- (b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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:

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (to the extent applicable);
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Buy Back of Securities Regulations, 1998;
- (e) 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 - The same was not applicable to the Company, during the year under review;

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 Boards Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (unless agreed by members of Board), 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 was no specific events / action taken place which have a major bearing on the Company's affairs and statutory compliance in pursuance of the above referred laws, rules, regulations, guidelines etc.

Date: April 26, 2017  
Place: Mumbai

Name: Nilesh Shah  
For: **Nilesh Shah & Associates**  
**FCS : 4554**  
**C.P. : 2631**

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 400 013.

1. 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.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (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.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and occurrence of events.
5. 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.
6. 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.

Date: April 26, 2017  
Place: Mumbai

Name: Nilesh Shah  
For: **Nilesh Shah & Associates**  
**FCS : 4554**  
**C.P. : 2631**



# INDEPENDENT AUDITOR'S REPORT

## THE MEMBERS STCI FINANCE LIMITED

(Formerly known as Securities Trading Corporation of India Limited)

### Report on 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 March 31, 2017, the Statement of Profit and Loss, and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision 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.

### Auditor's Responsibility

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

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

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

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

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

### Opinion

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 accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its profits and its cash flows for the year ended on that date.



## **INDEPENDENT AUDITOR'S REPORT THE MEMBERS STCI FINANCE LIMITED**

(Formerly known as Securities Trading Corporation of India Limited)

### **Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act 2013, we give in the Annexure I 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 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, Statement of Profit and Loss and 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 II.
  - 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 disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 6.1 to the financial statements
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2017.
    - iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 28 to the standalone financial statements.



## **INDEPENDENT AUDITOR'S REPORT THE MEMBERS STCI FINANCE LIMITED**

**(Formerly known as Securities Trading Corporation of India Limited)**

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, we report that:
- i. According to the information and explanations given to us, and based on our examinations of the records of the Company, the Company does not own any freehold or leasehold land.
  - ii. According to the information and explanations given to us, there are no cases of write off of debts/interest etc. during the financial year 2016-17. The details of write off of loans and waiver of interest during the financial year 2016-17 along with the reasons are given in Annexure III.
  - iii. According to the information & explanation given to us, the Company does not have any inventories lying with third parties. The Company has not received any gifts/grant(s) from the Government or other authority.

For and on behalf of  
**A. J. Shah & Co.**  
**Chartered Accountants**  
Firm Registration No. 109477W

**Rajesh V. Shah**  
**Partner**  
**Membership No. 031475**

Mumbai  
April 26, 2017

**ANNEXURE – I 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 The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b As explained to us, the Company has decided to carry out physical verification of fixed assets once in every three years and accordingly physical verification was carried out during the financial year 2015-16. 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.
- 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 are held in the name of the Company.
- ii. 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.
- iii. As per the information and explanation given to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of clause 3(iii)(a), (b) and (c) are not applicable to the Company.
- 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 subsidiary 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, except for stamp duty on transaction of Non Government securities, (Refer Note 19) the Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. Amount relating to above and remaining outstanding as at the year end for a period of more than six months from the date it became payable is stamp duty on Non- Government securities aggregating to ₹ 62.64 lakhs.
- 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 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:

Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax deducted at source	3.54	Financial Year 2008 – 09	Assistant Commissioner of Income tax – TDS – 3(2)
Income Tax Act, 1961	Tax deducted at source	2.94	Financial Year 2009 – 10	Assistant Commissioner of Income tax – TDS – 3(2)
Income Tax Act, 1961	Tax deducted at source	10.72	Financial Year 2010 – 11	Assistant Commissioner of Income tax – TDS – 3(2)



## ANNEXURE – I 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

Income Tax Act, 1961	Income tax	52.61	Financial Year 2011-12	CIT (Appeal)
Income Tax Act, 1961	Income tax	5.24	Financial Year 2012-13	CIT (Appeal)

- viii. According to the information and explanations provided to us and based on the records examined by us, the Company has not defaulted in repayment of dues to banks and debenture holders during the year. The Company has not raised any funds from financial institutions or the Government.
- ix. According to information and explanation given to us and based on the records examined by us, the Company has utilized the monies raised by way of term loans for the purpose for which the loan was obtained. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- x. 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.
- xi. According to information and explanation provided to us and based on the records examined by us, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act to be read with Schedule V to the Act.
- 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 standalone financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable.
- 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. 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.

For and on behalf of

**A. J. Shah & Co.**

**Chartered Accountants**

Firm Registration No. 109477W

**Rajesh V. Shah**

**Partner**

**Membership No. 031475**

Mumbai

April 26, 2017



## **ANNEXURE – II 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, 2017 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 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.



## ANNEXURE 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

#### 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, 2017, 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

**A. J. Shah & Co.**

**Chartered Accountants**

Firm Registration No. 109477W

**Rajesh V. Shah**

**Partner**

**Membership No. 031475**

Mumbai

April 26, 2017

**ANNEXURE – III TO THE INDEPENDENT AUDITOR’S REPORT****REFERRED TO IN PARAGRAPH 3 UNDER “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE****Cases of waivers and write-offs**

Sr. No.	Number of cases of waiver/write-offs	Total Amount Waived/ write-off (₹ In Lakhs)	Reasons for waiver as given by the company
<b>Cases of waiver of interest</b>			
1	3	99.18	Considering business exigencies and to maintain business relations, the penal interest for delayed payments and breach of loan covenants was waived.
<b>Cases of write-off of loans</b>			
2	6	15,200	Loans and advances of ₹ 15,200.00 lakhs were written off as bad debts, after evaluation of the existing status, security available and the likelihood of recovery.

For and on behalf of

**A. J. Shah & Co.****Chartered Accountants**

Firm Registration No. 109477W

**Rajesh V. Shah****Partner****Membership No. 031475**

Mumbai

April 26, 2017



## AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF STCI FINANCE LIMITED

(Formerly Securities Trading Corporation of India Limited)

A/B 1-802 "A" Wing,  
8th 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 Auditor's Report (Reserve Bank) Directions, 2016- (Master Direction DNBS.PPD.03/66.15.001/2016-17 dated September 29, 2016).
- 2) We have audited the accompanying financial statements of STCI Finance Limited (Formerly Securities Trading Corporation of India Limited) (hereinafter referred to as the "Company") comprising Balance Sheet as at March 31, 2017 and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, on which we have issued our report dated April 26, 2017.

#### Management's Responsibility for the Financial Statements

- 3) 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 standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 the Reserve Bank of India (hereinafter RBI or Bank) Act, 1934 and other 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. 008/03.10.119/2016-17 (the "Directions"), it is our responsibility to examine the audited books and records of the company for the year ended March 31, 2017 and report on the matters specified in the Directions to the extent applicable to 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, 2017 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 dated December 16, 1997) under section 45IA of Reserve Bank of India Act, 1934 (2 of 1934) from the 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, 2017.



- 7.3 As laid down in Master Direction - Non-Banking Financial Company - Systemically 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 May 04, 2016 for non-acceptance of public deposits.
- 7.5 The company has not accepted any public deposits during the year ended March 31, 2017.
- 7.6 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 in terms of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- 7.7 The annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) has been furnished to the Bank on April 14, 2017 within the stipulated period based on the unaudited books of account. The Company has correctly disclosed capital adequacy ratio in form NBS – 7 in the return submitted to the bank. It is in compliance with the minimum CRAR prescribed by the bank.

#### **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 the 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 is 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. A. J. Shah & 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  
**A. J. Shah & Co**  
**Chartered Accountants**  
Firm Registration No. 109477W

**Rajesh V Shah**  
**Partner**  
Membership No. 031475

Mumbai  
May 03, 2017



## **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 2017**

The preparation of Financial Statements of STCI Finance Limited for the year ended 31 March 2017 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 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 26 April 2017.

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 Finance Limited for the year ended 31 March 2017 under section 143(6)(a) of the Act.

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

**(Roop Rashi)**

Principal Director of Commercial Audit and  
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai

Date : June 20, 2017

**BALANCE SHEET AS AT MARCH 31, 2017**

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital	1.1	38,000.00	38,000.00
(b) Reserves and surplus	1.2	75,688.81	71,604.69
Sub-Total - (1)		<b>113,688.81</b>	<b>109,604.69</b>
<b>2 Non Current Liabilities</b>			
(a) Long term borrowings	2.1	103,333.33	65,000.00
(b) Long term provisions	2.2	672.49	839.84
Sub-Total - (2)		<b>104,005.82</b>	<b>65,839.84</b>
<b>3 Current Liabilities</b>			
(a) Short term borrowings	3.1	140,980.02	237,334.58
(b) Trade payables	3.2		
- Total outstanding dues of micro enterprises and small enterprises		0.00	0.00
- Total outstanding dues of creditors other than micro enterprises and small enterprises		34.30	30.02
(c) Other current liabilities	3.3	11,800.14	26,811.47
(d) Short term provisions	3.4	1,262.98	1,179.70
Sub-Total - (3)		<b>154,077.44</b>	<b>265,355.77</b>
<b>TOTAL (1+2+3)</b>		<b>371,772.07</b>	<b>440,800.30</b>
<b>II ASSETS</b>			
<b>1 Non-current Assets</b>			
(a) Property, plant and equipment	4.1	2,223.04	2,331.02
(b) Intangible assets	4.1	13.99	21.00
(c) Non current investments	4.2	26,625.21	47,822.78
(d) Deferred tax assets (net)	4.3	1,283.23	3,112.84
(e) Long term loans and advances	4.4	90,760.37	133,274.52
(f) Other non current assets	4.5	77.27	94.02
Sub-Total - (1)		<b>120,983.11</b>	<b>186,656.18</b>



## BALANCE SHEET AS AT MARCH 31, 2017

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>2 Current Assets</b>			
(a) Current investments	5.1	0.00	15,182.36
(b) Inventories	5.2	35,240.18	39,403.08
(c) Trade receivables	5.3	0.91	311.40
(d) Cash and bank balances	5.4	2,919.79	2,957.02
(e) Short term loans and advances	5.5	211,309.92	191,612.40
(f) Other current assets	5.6	1,318.16	4,677.86
Sub-Total - (2)		<b>250,788.96</b>	<b>254,144.12</b>
<b>TOTAL</b>	<b>(1+2)</b>	<b>371,772.07</b>	<b>440,800.30</b>

The accompanying notes from 1 to 29 form an integral part of these financial statements.

As per our report of even date

For and on behalf of

For A. J. Shah & Co.

Chartered Accountants

Firm Regn No.: 109477W

For and on behalf of the Board of Directors

**S. Ravi**

Director

DIN: 00009790

**T. C. Venkat Subramanian**

Director

DIN: 00040526

**Mrs. Thankom T. Mathew**

Director

DIN: 00025326

**Rajesh V. Shah**

Partner

Membership No. 031475

**T. V. Rao**

Director

DIN: 05273533

**Pradeep Madhav**

Managing Director & CEO

DIN: 00267422

**Surendra K. Behera**

Deputy Managing Director

DIN: 07480667

**Kamlesh Rathi**

Chief Financial Officer

**Suparna Sharma**

Company Secretary

Mumbai

April 26, 2017

Mumbai

April 26, 2017

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>I Revenue from Operations</b>			
a) Interest income	7.1	40,048.56	43,554.99
b) Other financial services	7.2	870.67	1,144.68
c) Profit/(Loss) on sale of securities	7.3	541.88	340.51
		<b>41,461.11</b>	<b>45,040.18</b>
<b>II Other Income</b>	8	8,395.85	591.83
<b>III Total Revenue (I+II)</b>		<b>49,856.96</b>	<b>45,632.01</b>
<b>IV Expenses</b>			
a) Employee benefit expenses	9	853.39	736.93
b) Finance costs	10	21,347.57	24,174.72
c) Depreciation and amortisation expenses	4.1	148.26	155.53
d) Other expenses	11	851.18	907.24
e) Loan Provision and Write off	12	9,435.68	7,473.59
<b>Total Expenses</b>		<b>32,636.08</b>	<b>33,448.01</b>
<b>V Profit before exceptional and extraordinary items and tax (III - IV)</b>		17,220.88	12,184.00
VI Exceptional items		0.00	0.00
<b>VII Profit before tax (V+VI)</b>		17,220.88	12,184.00
<b>VIII Tax expenses</b>			
i) Current tax		1,400.00	6,730.00
ii) Deferred tax		1,829.61	(2,639.65)
iii) Short / (Excess) provision for tax of earlier year(s)		0.00	2.89
<b>IX Profit for the year (VII-VIII)</b>		<b>13,991.27</b>	<b>8,090.76</b>
<b>X Earning per equity share of par value of ₹ 100/- each</b>			
i) Basic earnings per share (EPS) in ₹	18	36.82	21.29
ii) Diluted earnings per share (EPS) in ₹	18	36.82	21.29

The accompanying notes from 1 to 29 form an integral part of these financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For and on behalf of

For **A. J. Shah & Co.**

Chartered Accountants

Firm Regn No.: 109477W

**S. Ravi**  
Director  
DIN: 00009790

**T. C. Venkat Subramanian**  
Director  
DIN: 00040526

**Mrs. Thankom T. Mathew**  
Director  
DIN: 00025326

**Rajesh V. Shah**  
Partner  
Membership No. 031475

**T. V. Rao**  
Director  
DIN: 05273533

**Pradeep Madhav**  
Managing Director & CEO  
DIN: 00267422

**Surendra K. Behera**  
Deputy Managing Director  
DIN: 07480667

**Kamlesh Rathi**  
Chief Financial Officer

**Suparna Sharma**  
Company Secretary

Mumbai  
April 26, 2017

Mumbai  
April 26, 2017



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (Loss) / Profit before tax and extraordinary items	<b>17,220.88</b>	<b>12,184.00</b>
Adjustments for:		
Depreciation	148.26	155.53
(Profit) / Loss on sale of Property, plant and equipment	(0.13)	(0.13)
(Profit) / Loss on sale of Investments	(554.31)	(235.12)
Interest and other income on investments	(1,604.84)	(3,017.87)
Dividend on investments	(7,658.34)	(163.60)
Amortisation of premium on investments	(95.50)	27.59
Provision against loans and advances	(5,764.32)	7,473.59
Write-off of Bad debts	15,200.00	0.00
	(329.18)	4,239.99
<b>Operating Profit / (loss) before working capital changes</b>	<b>16,891.70</b>	<b>16,423.99</b>
<b>Changes in Working Capital:</b>		
Increase / (Decrease) in trade payable	4.28	(29.31)
Increase / (Decrease) in long term provisions	87.28	43.53
Increase / (Decrease) in short term provisions	16.46	(57.96)
Increase / (Decrease) in other current liabilities	(1,678.00)	702.27
(Increase) / Decrease in long term loan and advances	37,871.85	(2,663.84)
(Increase) / Decrease in other non current assets	16.75	19.52
(Increase) / Decrease in short term loan and advances	(19,697.52)	34,820.35
(Increase) / Decrease in trade receivables	310.49	(290.77)
(Increase) / Decrease in inventories	4,162.90	(39,244.38)
(Increase) / Decrease in other current assets	3,359.70	2,928.58
	<b>24,454.19</b>	<b>(3,772.01)</b>
<b>CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>41,345.89</b>	<b>12,651.98</b>
Less: Taxes Paid	<b>(6,285.69)</b>	<b>(6,975.81)</b>
<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>35,060.20</b>	<b>5,676.17</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible / intangible assets	(33.72)	(37.64)
Sale of tangible / intangible assets	0.58	0.20
Purchase of investments	(2,616.71)	(33,288.89)
Sale of investments	39,550.95	15,483.22
Dividend received	7,658.34	163.60
Interest received	1,604.84	3,017.87
<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>46,164.28</b>	<b>(14,661.64)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of Dividend (including interim dividend & DDT)	(9,907.15)	(3,658.88)
Funds borrowed	(71,354.56)	13,706.89
<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>(81,261.71)</b>	<b>10,048.01</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(37.23)</b>	<b>1,062.54</b>
Cash and Cash Equivalents at beginning of period (Refer Note 5.4)	2,057.02	994.48
Cash and Cash Equivalents at end of period (Refer Note 5.4)	2,019.79	2,057.02
Other Bank balances (FD's with residual maturity of less than 12 months)	900.00	900.00
<b>Cash and bank balances at end of period (Refer Note 5.4)</b>	<b>2,919.79</b>	<b>2,957.02</b>

Prepared as per "Indirect Method" as prescribed by Accounting Standard -3 (revised) "Cash Flow Statements"

**As per our report of even date****For and on behalf of the Board of Directors**

For and on behalf of

**For A. J. Shah & Co.****Chartered Accountants**

Firm Regn No.: 109477W

**S. Ravi**  
Director  
DIN: 00009790

**T. C. Venkat Subramanian**  
Director  
DIN: 00040526

**Mrs. Thankom T. Mathew**  
Director  
DIN: 00025326

**Rajesh V. Shah**  
Partner  
Membership No. 031475

**T. V. Rao**  
Director  
DIN: 05273533

**Pradeep Madhav**  
Managing Director & CEO  
DIN: 00267422

**Surendra K. Behera**  
Deputy Managing Director  
DIN: 07480667

**Kamlesh Rathi**  
Chief Financial Officer

**Suparna Sharma**  
Company Secretary

Mumbai  
April 26, 2017

Mumbai  
April 26, 2017



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### NOTE NO. 1.1: SHARE CAPITAL

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Authorised</b>		
5,000,000 (PY:5,000,000) Equity shares of ₹ 100/- each	50,000,000	50,000,000
	50,000,000	50,000,000
<b>Issued, Subscribed &amp; Fully paid up</b>		
<b>Equity Share Capital</b>		
38,000,000 (PY - 38,000,000) Equity shares of ₹ 100/- each fully paid up	38,000.00	38,000.00
<b>Total</b>	<b>38,000.00</b>	<b>38,000.00</b>

\*PY stands for Previous Year throughout the financial statements

#### a) Details of Shareholding as at March 31, 2017

- i) 11,383,781 number of equity shares of ₹ 100/- 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, 2017		As at March 31, 2016	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	11,383,781	29.96%	11,383,781	29.96%
IDFC Bank Limited	3,530,136	9.29%	3,530,136	9.29%
State Bank of India	2,812,415	7.40%	2,812,415	7.40%
IDBI Bank Limited	2,507,610	6.60%	2,507,610	6.60%

b) **Details of shares bought back during past five years :** There has been no buy back of shares during past five years

#### c) Reconciliation of the number of equity shares outstanding of ₹ 100/- each

Particulars	As at March 31, 2017	As at March 31, 2016
Number of shares at the beginning of year	38,000,000	38,000,000
Add: Shares issued	0	0
Less: Share bought back / forfeited	0	0
Number of shares at the end of year	38,000,000	38,000,000

d) Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of ₹ 100/- each.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**NOTE NO. 1.2: RESERVES AND SURPLUS**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Reserve created pursuant to Section 45 I C of RBI Act, 1934<sup>1</sup></b>		
Balance at the beginning of the year	34,015.00	32,396.00
Add :- Amount transferred from surplus in statement of profit and loss	2,800.00	1,619.00
Balance at the end of the year (I)	<b>36,815.00</b>	<b>34,015.00</b>
<sup>1</sup> Forms part of free reserves, Net owned funds and Tier I capital		
<b>Capital Redemption Reserve</b>		
Balance at the beginning of the year	12,000.00	12,000.00
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance at the end of the year (II)	<b>12,000.00</b>	<b>12,000.00</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	25,589.69	19,117.93
Add :- Profit for the year (after tax)	13,991.27	8,090.76
Profit available for appropriation	<b>39,580.96</b>	<b>27,208.69</b>
<b>Less : Appropriations</b>		
Statutory Reserve (as per Section 45IC of the RBI Act, 1934)	2,800.00	1,619.00
Interim dividend on equity shares, DPS* ₹ 25/- (March 31, 2016, DPS ₹ Nil)	9,500.00	0.00
Tax on interim dividend	407.15	0.00
Net surplus in statement of profit and loss (III)	<b>26,873.81</b>	<b>25,589.69</b>
<b>*DPS = Dividend Per Share</b>		
<b>Total (I+II+III)</b>	<b>75,688.81</b>	<b>71,604.69</b>

**NOTE NO. 2.1: LONG TERM BORROWINGS**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>a) Secured</b>		
- Redeemable Non Convertible Debentures (NCD's) (Non-Current portion)	65,000.00	65,000.00
- Long term loan from Banks (Non-Current portion)	38,333.33	0.00
<b>b) Unsecured</b>	0.00	0.00
<b>Total</b>	<b>103,333.33</b>	<b>65,000.00</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

i) Details of outstanding Secured Redeemable Non Convertible Debenture (NCD's) of ₹ 10 lakhs each (privately placed)

Particulars	Maturity Date	As at March 31, 2017		As at March 31, 2016	
		Current Maturities	Non Current portion	Current Maturities	Non Current portion
10.15% NCDs Nil (PY - 2000)	January 17, 2017	0.00	0.00	20,000.00	0.00
9.40% NCDs 600 (PY - 600)	October 1, 2018	0.00	6,000.00	0.00	6,000.00
9.67% NCDs 3,000 (PY - 3,000)	June 25, 2019	0.00	30,000.00	0.00	30,000.00
9.89% NCDs 2,000 (PY - 2,000)	July 30, 2019	0.00	20,000.00	0.00	20,000.00
9.40% NCDs 900 (PY - 900)	October 1, 2020	0.00	9,000.00	0.00	9,000.00
		<b>0.00</b>	<b>65,000.00</b>	<b>20,000.00</b>	<b>65,000.00</b>

Above NCDs are redeemable at par and secured by way of first charge on specific receivables and registered mortgage of the Company's immovable properties with an overall asset cover of 125%. (Refer Note No 22)

ii) Details of Secured Long term loan from Banks

Name of the lending Bank	Rate of Interest	Repayment details	As at March 31, 2017		As at March 31, 2016	
			Current Maturities	Non Current portion	Current Maturities	Non Current portion
State Bank of India	8.60%	18 Qtrly Installments beginning from 30.07.17	6,666.67	33,333.33	0.00	0.00
HDFC Bank Ltd	8.80%	8 Qtrly Installments beginning from 07.04.18	0.00	5,000.00	0.00	0.00
			<b>6,666.67</b>	<b>38,333.33</b>	<b>0.00</b>	<b>0.00</b>

Above Term Loans are secured by way of first charge on specific receivables with an overall asset cover of 120%. (Refer Note No 22)

### NOTE NO. 2.2: LONG TERM PROVISIONS

Particulars	As at March 31, 2017	As at March 31, 2016
For employee benefits (as per actuarial valuation)	223.99	136.71
Contingent provision against standard assets	326.45	499.13
For amortisation of premium on debt investments	33.04	114.99
For Stamp Duty on securities transactions (Refer Note No 19)	62.64	62.64
Others	26.37	26.37
<b>Total</b>	<b>672.49</b>	<b>839.84</b>

### NOTE NO. 3.1: SHORT TERM BORROWINGS

Particulars	As at March 31, 2017	As at March 31, 2016
<b>I. Secured Borrowings</b>		
a. Loan repayable on demand		
- from banks	0.00	0.00
- from other parties	0.00	0.00
b. Other loans and advances (CBLO borrowings)	6,200.00	13,400.00
<b>Total of Secured Borrowings - (I)</b>	<b>6,200.00</b>	<b>13,400.00</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

<b>II. Unsecured Borrowings</b>		
a. Loan repayable on demand		
- from banks <sup>2</sup>	55,280.02	58,934.58
- from other parties	0.00	0.00
b. Other loans and advances (Commercial Papers)	79,500.00	165,000.00
<b>Total of Unsecured Borrowings - (II)</b>	<b>134,780.02</b>	<b>223,934.58</b>
<b>Total (I + II)</b>	<b>140,980.02</b>	<b>237,334.58</b>

<sup>2</sup>Includes loan of ₹ 24,818.01 lakhs (PY ₹ 9,975.56 lakhs) from related party "Bank of India"

**Additional information to secured/unsecured borrowings:****i) Secured short term CBLO borrowings**

Company has borrowed ₹ 6,200.00 lakhs (PY - ₹ 13,400.00 lakhs) under CBLO (maturing on April 03, 2017) at weighted average cost of 6.01% (PY 8.00%). Government securities having face value of ₹ 7,000.00 lakhs (PY - ₹ 25,000.00 lakhs) has been kept as collateral with Clearing Corporation of India Limited for CBLO borrowings. Company has also placed ₹ 200.00 lakhs (PY - ₹ 200.00 lakhs) as Cash margin and ₹ 10.00 Lakhs (PY - ₹ Nil) towards Default Fund with Clearing Corporation of India Limited for CBLO segment.

**ii) Unsecured short term bank borrowings**

Bank credit lines, Short term loans and overdraft facilities have been utilised from various banks for financing activities, working capital requirement and asset liability management. These credit facilities are repayable as per terms of sanction or on demand and subject to annual review. Break up of the unsecured bank borrowings along with rate of interest as on March 31, 2017 are as under.

Name of the lending Bank	Rate of Interest	Sanctioned Limit	Outstanding as at March 31, 2017	Maturity Date
<b>Bank Of India</b>	1Year MCLR* - 9.30%	5,000.00	4,818.01	On Demand
i) Overdraft	(Base Rate+25 bps - 9.95%)	(20,000.00)	(9,975.56)	(On Demand)
ii) Cash Credit / Short term loan	1 month MCLR* - 8.15%	20,000.00	10,000.00	24-Apr-17
	(-)	(30,000.00)	(Nil)	29-Apr-17
<b>Corporation Bank - Overdraft</b>	1Year MCLR* + 25 bps - 9.00%	20,000.00	19,469.50	On Demand
	(Base Rate + 20 bps - 9.85%)	(20,000.00)	(19,981.83)	(On Demand)
<b>Union Bank of India - Overdraft</b>	1Year MCLR* - 8.50%	10,000.00	9,977.61	On Demand
	(Base Rate + 20 bps - 9.85%)	(10,000.00)	(9975.39)	On Demand
<b>Andhra Bank - Overdraft</b>	1Year MCLR* - 9.45%	10,000.00	1,014.90	On Demand
	(Base Rate +15 bps - 9.90%)	(10,000.00)	(9,001.80)	(On Demand)
<b>HDFC Bank - Short term loan</b>	To be decided at the time of availment	10,000.00	0.00	-
	(Base Rate - 9.30%)	(10,000.00)	(10,000.00)	(23-Sept-2016)

\*Marginal cost of fund based lending rate(MCLR) applicable at the time of sanction /renewal for overdraft and on the date of availment in case of short term loans

Details given in the brackets indicate previous year data.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### iii) Commercial Paper borrowings

Company raises unsecured short term funds by issuing Commercial Papers. The outstanding CP borrowings as on March 31, 2017 carries interest rates ranging from 7.30% to 7.90% (PY 9.40% to 9.75%). Maturity details of all CP borrowings outstanding as on March 31, 2017 is as under.

Particulars	Outstanding as at March 31, 2017		Outstanding as at March 31, 2016	
	Date of Maturity	Maturity Amount	Date of Maturity	Maturity Amount
Commercial Paper (issued on 16-Feb-2017)	15-May-17	10,000.00		
Commercial Paper (issued on 10-Mar-2017)	29-May-17	30,000.00		
Commercial Paper (issued on 28-Feb-2017)	30-May-17	7,500.00		
Commercial Paper (issued on 01-Mar-2017)	30-May-17	4,000.00		
Commercial Paper (issued on 14-Mar-2017)	02-Jun-17	13,000.00		
Commercial Paper (issued on 27-Jan-2017)	23-Jun-17	15,000.00		
Commercial Paper (issued on 28-Jan-2016)			26-Apr-16	10,000.00
Commercial Paper (issued on 29-Jan-2016)			28-Apr-16	2,500.00
Commercial Paper (issued on 29-Jan-2016)			28-Apr-16	10,000.00
Commercial Paper (issued on 05-Feb-2016)			05-May-16	10,000.00
Commercial Paper (issued on 05-Feb-2016)			05-May-16	2,500.00
Commercial Paper (issued on 09-Feb-2016)			06-May-16	15,000.00
Commercial Paper (issued on 08-Feb-2016)			09-May-16	22,500.00
Commercial Paper (issued on 18-Feb-2016)			17-May-16	10,000.00
Commercial Paper (issued on 01-Mar-2016)			30-May-16	10,000.00
Commercial Paper (issued on 11-Mar-2016)			06-Jun-16	20,000.00
Commercial Paper (issued on 08-Mar-2016)			07-Jun-16	15,000.00
Commercial Paper (issued on 23-Mar-2016)			22-Jun-16	10,000.00
Commercial Paper (issued on 23-Mar-2016)			21-Sep-16	10,000.00
Commercial Paper (issued on 23-Mar-2016)			21-Sep-16	5,000.00
Commercial Paper (issued on 23-Mar-2016)			14-Mar-17	12,500.00

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

Particulars	Outstanding as at March 31, 2017		Outstanding as at March 31, 2016	
	Date of Maturity	Maturity Amount	Date of Maturity	Maturity Amount
<b>Total Maturity Amount</b>		<b>79,500.00</b>		<b>165,000.00</b>

iv) During the year, Company has not defaulted either on principal or interest payment for any of the borrowings.

**NOTE NO. 3.2: TRADE PAYABLES**

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Payable		
- Due to micro enterprises and small enterprises (Refer Note No. 16)	0.00	0.00
- Other than micro enterprises and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	33.75	29.47
Others		
- Due to micro enterprises and small enterprises (Refer Note No. 16)	0.00	0.00
- Other than micro enterprises and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	0.55	0.55
<b>Total</b>	<b>34.30</b>	<b>30.02</b>

**NOTE NO. 3.3: OTHER CURRENT LIABILITIES**

Particulars	As at March 31, 2017	As at March 31, 2016
Secured Redeemable Non Convertible Debentures (NCD's) (Current portion) (Refer Note No. 22)	0.00	20,000.00
Secured Long term loan from Banks (Current portion) (Refer Note No. 22)	6,666.67	0.00
Interest accrued but not due on borrowings (including related party amount of ₹ 10.68 lakhs, PY - ₹ 16.35 lakhs)	4,531.75	4,720.85
Statutory dues	2.09	1.34
Margin money and other deposits	599.63	2,089.04
Others (unamortised discount on CBLO lending)	0.00	0.24
<b>Total</b>	<b>11,800.14</b>	<b>26,811.47</b>

**NOTE NO. 3.4: SHORT TERM PROVISIONS**

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits (as per actuarial valuation)	68.30	51.92
Provision for performance linked variable pay	150.00	150.00
Contingent provision against standard assets (Refer Note No. 21)	1,044.60	964.23
Provision for amortisation of premium on debt investments	0.00	13.55
<b>Total</b>	<b>1,262.98</b>	<b>1,179.70</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

## NOTE NO. 4.1: PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

(₹ in lakhs)

PARTICULARS	Tangible Assets								Intangible Assets		Total Assets	
	Air-Conditioners	Buildings <sup>3</sup>	Computers	Electrical Installations	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software and Licenses			
<b>Gross Block</b>												
As at March 31, 2015	24.59	3,237.27	67.15	38.01	119.48	41.19	25.56	3,553.25	30.40		3,583.65	
Additions	0.93	0.00	6.89	0.00	0.58	1.41	0.00	9.81	27.83		37.64	
Deletions	0.01	0.00	11.47	0.00	0.17	3.31	0.00	14.96	0.00		14.96	
As at March 31, 2016	<b>25.51</b>	<b>3,237.27</b>	<b>62.57</b>	<b>38.01</b>	<b>119.89</b>	<b>39.29</b>	<b>25.56</b>	<b>3,548.10</b>	<b>58.23</b>		<b>3,606.33</b>	
Additions	0.00	0.00	13.53	0.00	1.60	0.88	15.25	31.26	2.46		33.72	
Deletions	0.00	0.00	11.84	0.00	0.00	1.54	0.00	13.38	0.00		13.38	
As at March 31, 2017	<b>25.51</b>	<b>3,237.27</b>	<b>64.26</b>	<b>38.01</b>	<b>121.49</b>	<b>38.63</b>	<b>40.81</b>	<b>3,565.98</b>	<b>60.69</b>		<b>3,626.67</b>	
<b>Depreciation</b>												
As at March 31, 2015	11.03	880.29	59.87	17.76	73.50	31.36	9.80	1,083.61	30.07		1,113.68	
Additions	2.54	118.17	6.08	3.70	9.20	5.40	3.28	148.37	7.16		155.53	
Deletions	0.01	0.00	11.47	0.00	0.11	3.31	0.00	14.90	0.00		14.90	
As at March 31, 2016	<b>13.56</b>	<b>998.46</b>	<b>54.48</b>	<b>21.46</b>	<b>82.59</b>	<b>33.45</b>	<b>13.08</b>	<b>1,217.08</b>	<b>37.23</b>		<b>1,254.31</b>	
Additions	2.51	111.94	5.76	3.69	9.29	2.27	3.33	138.79	9.47		148.26	
Deletions	0.00	0.00	11.61	0.00	0.00	1.32	0.00	12.93	0.00		12.93	
As at March 31, 2017	<b>16.07</b>	<b>1,110.40</b>	<b>48.63</b>	<b>25.15</b>	<b>91.88</b>	<b>34.40</b>	<b>16.41</b>	<b>1,342.94</b>	<b>46.70</b>		<b>1,389.64</b>	
<b>Net Block</b>												
As at March 31, 2016	11.95	2,238.81	8.09	16.55	37.30	5.84	12.48	2,331.02	21.00		2,352.02	
As at March 31, 2017	<b>9.44</b>	<b>2,126.87</b>	<b>15.63</b>	<b>12.86</b>	<b>29.61</b>	<b>4.23</b>	<b>24.40</b>	<b>2,223.04</b>	<b>13.99</b>		<b>2,237.03</b>	

<sup>3</sup> a) Cost of building includes ₹ 0.05 lakhs being the cost of shares held for membership of the Co-operative society.

b) Includes immovable property with original cost of ₹ 83.01 lakhs against which a charge has been created in favour of Debenture Trustees for secured NCD borrowings.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**NOTE NO. 4.2: NON CURRENT INVESTMENTS**

Particulars	Face Value	Quantity	As at March 31, 2017	As at March 31, 2016
<b>I. Trade Investments</b>				
<b>a) Investment in Equity Shares (Unquoted and fully paid)</b>				
Clearing Corporation of India Limited (PY 5,000,000)	₹ 10/-	5,000,000	500.00	500.00
			<b>500.00</b>	<b>500.00</b>
<b>b) Investment in Equity Shares of Subsidiaries (Unquoted and fully paid)</b>				
STCI Primary Dealer Limited (Wholly owned subsidiary company) (PY: 15,00,00,000)	₹ 10/-	150,000,000	15,000.00	15,000.00
STCI Commodities Limited <sup>4</sup> (Wholly owned subsidiary company) (PY: 4,500,000)	₹ 10/-	4,500,000	126.15	126.15
			<b>15,126.15</b>	<b>15,126.15</b>
<sup>4</sup> Net of provision for permanent diminution in value of ₹ 260.79 lakhs (PY ₹ 260.79 lakh). STCI Commodities Limited has discontinued business operations with effect from September 2011. It is in the process of liquidating its assets and settle all liabilities. The investment amount reflects the estimated minimum net realisable amount.				
<b>Total Trade Investments</b>	<b>(I)</b>		<b>15,626.15</b>	<b>15,626.15</b>
<b>II. Non-Trade Investments</b>				
<b>a) Investment in Equity Shares (Quoted and fully paid)</b>				
Asian Paints India Limited (PY - Nil)	₹ 1/-	10,000	91.82	0.00
Bajaj Auto Limited (PY - Nil)	₹ 10/-	7,500	208.83	0.00
HDFC Bank Limited (PY - Nil)	₹ 2/-	10,000	120.03	0.00
Larsen & Toubro Limited (PY - Nil)	₹ 2/-	15,000	218.73	0.00
State Bank of India (PY - Nil)	₹ 1/-	75,000	182.58	0.00
Ashoka Buildcon Limited (PY - 15,000)	₹ 5/-	-	0.00	26.08
Ambuja Cements Limited (PY - 55,000)	₹ 2/-	-	0.00	117.88
Bata India Limited (PY - 4,000)	₹ 5/-	-	0.00	20.13
Bharat Heavy Electricals Limited (PY - 138,180)	₹ 2/-	-	0.00	428.20
Crompton Greaves Consumer Electricals Limited (PY - 40,000)	₹ 2/-	-	0.00	0.00
Crompton Greaves Limited (PY - 40,000)	₹ 2/-	-	0.00	77.93



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	Face Value	Quantity	As at March 31, 2017	As at March 31, 2016
Future Retail Limited(ex-Pantaloon Retail) (PY - 45,000)	₹ 2/-	-	0.00	82.41
ITC Limited (PY - 35,000)	₹ 1/-	-	0.00	120.60
Indian Oil Corporation (PY - 20,000)	₹ 10/-	-	0.00	81.99
Kotak Mahindra Bank Limited (PY - 15,000)	₹ 5/-	-	0.00	99.82
NTPC Limited (PY - 150,000)	₹ 10/-	-	0.00	227.01
Tata Motors Limited (PY - 37,500)	₹ 2/-	-	0.00	127.35
<b>Sub Total (a)</b>			<b>821.99</b>	<b>1,409.40</b>
<b>b) Investment in Government Securities (Quoted)<sup>5</sup></b>				
8.15% GS 2022 (PY Face Value - ₹ 5,500 lakhs)	-		0.00	5,608.84
7.72% GS 2025 (PY Face Value - ₹ 4,000 lakhs)	-		0.00	3,978.95
8.26% GS 2027 (PY Face Value - ₹ 4,000 lakhs)	₹ 1,000 lakhs		1,010.50	4,174.50
7.88% GS 2030 (PY Face Value - ₹ 500 lakhs)	₹ 500 lakhs		498.25	498.25
8.28% GS 2032 (PY Face Value - ₹ 4,000 lakhs)	₹ 2,000 lakhs		2,119.00	4,222.50
8.33% GS 2032 (PY Face Value - ₹ 1,500 lakhs)	₹ 1,500 lakhs		1,542.00	1,542.00
7.73% GS 2034 (PY Face Value - ₹ 1,500 lakhs)	-		0.00	1,449.20
8.30% GS 2042 (PY Face Value - ₹ 3,000 lakhs)	-		0.00	3,097.15
8.17% GS 2044 (PY Face Value - ₹ 3,000 lakhs)	₹ 2,000 lakhs		2,010.25	3,023.92
<b>Sub Total (b)</b>			<b>7,180.00</b>	<b>27,595.31</b>
<sup>5</sup> Kept as collateral with CCIL for CBLO borrowing having face value of ₹ 7,000.00 lakhs (PY - ₹ 25,000.00 lakhs).				
<b>c) Investment in State Government Loan (SDL) (Quoted)</b>				
8.36% Maharashtra SDL 2026 (PY Face Value - ₹ 500 lakhs)	-		0.00	500.65
8.38% Tamil Nadu SDL 2026 (PY Face Value - ₹ 500 lakhs)	₹ 500 lakhs		500.35	500.35
<b>Sub Total (c)</b>			<b>500.35</b>	<b>1,001.00</b>
<b>d) Investment in Mutual Fund (Quoted)</b>				
HDFC Charity Fund for Cancer Cure - Arbitrage Plan - Direct Option (100% Dividend Donation option)	₹ 10/-	5,000,000	500.00	0.00
<b>Sub Total (d)</b>			<b>500.00</b>	<b>0.00</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

Particulars	Face Value	Quantity	As at March 31, 2017	As at March 31, 2016
<b>e) Investment in Venture Capital Funds (Unquoted and partly paid)</b>				
Tata Venture Capital Funds-class A units (PY: 25,00,00,000)	₹ 1	250,000,000	1,996.72	2,190.92
Net Amount paid per unit - ₹ 0.7987 (PY ₹ 0.8764) after considering redemption of ₹ 0.09218 per unit				
Balance committed Capital contribution ₹ 272.82 lakhs (PY ₹ 309.08 lakhs)				
<b>Sub Total (e)</b>			<b>1,996.72</b>	<b>2,190.92</b>
<b>Total Non Trade Investments (II)=(a+b+c+d+e)</b>			<b>10,999.06</b>	<b>32,196.63</b>
<b>Total Non Current Investments (I + II)</b>			<b>26,625.21</b>	<b>47,822.78</b>
Aggregate book value of quoted investments			9,002.34	30,005.71
Aggregate market value of quoted investments			9,458.42	29,687.73
Aggregate amount of unquoted investments (net of provision for diminution)			17,622.87	17,817.07
Aggregate provision for diminution in value of unquoted investments			260.79	260.79

**NOTE NO. 4.3: DEFERRED TAX ASSETS /(LIABILITIES) (NET)**

Company has accounted for the deferred tax assets and liabilities in respect of the timing differences through the statement of profit and loss. The components of the Deferred Tax (Asset) / Liability are as under.

Particulars	As at March 31, 2017	Charged during the year	As at March 31, 2016
<b>Deferred Tax Asset</b>			
Provision for leave encashment & gratuity	101.18	35.90	65.28
Provision for payment of stamp duty	21.68	0.00	21.68
Other provisions – PLVP/Amortisation	63.35	(33.05)	96.40
Provision for non-performing assets (NPA)	1,357.75	(1,823.94)	3,181.69
<b>Total Deferred Tax Assets</b>	<b>1,543.96</b>	<b>(1,821.09)</b>	<b>3,365.05</b>
<b>Deferred Tax Liability</b>			
Depreciation on Property, plant and equipment	211.09	11.95	199.14
Amortisation of Borrowing cost	49.64	(3.43)	53.07
<b>Total Deferred Tax Liability</b>	<b>260.73</b>	<b>8.52</b>	<b>252.21</b>
<b>Deferred Tax Assets (Net)</b>	<b>1,283.23</b>	<b>(1,829.61)</b>	<b>3,112.84</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### NOTE NO. 4.4: LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2017	As at March 31, 2016
<b>I. Secured, Considered Good</b> (Refer Note No. 22)		
a. Loan against shares	8,554.33	61,265.09
b. Corporate and other loans	79,654.03	70,222.76
<b>Gross long term loans and advances<sup>6</sup></b>	<b>88,208.36</b>	<b>131,487.85</b>
Less:- Provision for non performing assets <sup>7</sup>	4,155.01	9,827.02
<b>Net long term loans and advances</b>	<b>84,053.35</b>	<b>121,660.83</b>
<sup>6</sup> All non performing loans and advances have been treated as non current assets.		
<sup>7</sup> Includes provision for unsecured loans and advances		
<b>II. Unsecured, Considered Good</b>		
a. Loan against shares	585.14	2,772.57
b. Corporate and other loans	0.00	7,617.76
c. Capital advances	0.00	1.05
d. Advance income and wealth tax payments (Net)	5,873.78	988.09
e. Security deposits	247.10	233.85
f. Others	1.00	0.37
	<b>6,707.02</b>	<b>11,613.69</b>
<b>Total (I + II)</b>	<b>90,760.37</b>	<b>133,274.52</b>

### NOTE NO. 4.5: OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2017	As at March 31, 2016
Unamortized Borrowing Cost	77.27	94.02
<b>Total</b>	<b>77.27</b>	<b>94.02</b>

### NOTE NO. 5.1 : CURRENT INVESTMENTS

Particulars	Face Value per unit	Quantity	As at March 31, 2017	As at March 31, 2016
<b>Investment in Commercial Paper (Unquoted)</b>				
Dewan Housing Fin. Corp Ltd - Maturing 02.05.2016 (PY - 1,000)	₹ 5 lakh	-	0.00	4,960.50
Tata Capital Ltd - Maturing 11.08.2016 (PY - 1,000)	₹ 5 lakh	-	0.00	4,858.19
Reliance Home Finance Ltd -Maturing 16.08.2016 (PY - 1,000)	₹ 5 lakh	-	0.00	4,849.47
			<u>0.00</u>	<u>14,668.16</u>
<b>Investment in Corporate Bonds (Quoted)</b>				
SBI Bonds (maturing 27.06.2016) (PY - 50)	₹ 10 lakhs	-	0.00	514.20
<b>Total</b>			<b>0.00</b>	<b>15,182.36</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

Aggregate book value of quoted investments	0.00	514.20
Aggregate market value of quoted investments	0.00	501.46
Aggregate amount of unquoted investments	0.00	14,668.16
Aggregate provision for diminution in value of investments	0.00	0.00

**NOTE NO. 5.2 : INVENTORIES (STOCK-IN-TRADE)**

Particulars	As at March 31, 2017	As at March 31, 2016
Government Securities-(Quoted)	40.49	1,812.73
Equity Shares-(Quoted)	274.69	90.35
Mutual Fund Units-(Unquoted)	34,925.00	37,500.00
<b>Total</b>	<b>35,240.18</b>	<b>39,403.08</b>

- i) The cost for each security under the relevant category is calculated on weighted average basis. Inventory/Current Investment in each category is valued scrip-wise, at cost or market value whichever is lower. Net Depreciation in each category is provided for/charged to the Profit and Loss account. Net appreciation, in the category, if any, is ignored. Depreciation in one category is not set off against appreciation in another category. The net depreciation in value of securities held as inventory (stock-in-trade) as on March 31, 2017 is Nil (PY ₹ Nil).
- ii) Quantitative details of stock, purchases and sales of securities during the year ended March 31, 2017 is as under.

Security -Category	Op. Balance	Purchase	Sales/Transfer	Cl. Balance
Government Securities	1,810,500	2,500,000	4,270,000	40,500
Mutual Fund Units	10,419,660	151,404,567	152,161,036	9,663,191
Equity Shares	14,500	2,519,693	2,498,215	35,978
<b>Total</b>	<b>12,244,660</b>	<b>156,424,260</b>	<b>158,929,251</b>	<b>9,739,669</b>

For the year ended March 31, 2016

Security -Category	Op. Balance	Purchase	Sales/Transfer	Cl. Balance
Government Securities	40,500	15,270,000	13,500,000	1,810,500
FI & Other Bonds	150,000	0	150,000	0
Mutual Fund Units	0	211,928,251	201,508,591	10,419,660
Equity Shares	5,000	2,164,141	2,154,641	14,500
<b>Total</b>	<b>195,500</b>	<b>229,362,392</b>	<b>217,313,232</b>	<b>12,244,660</b>

- iii) Stock-in-Trade

Nomenclature	As at March 31, 2017		As at March 31, 2016	
	Face Value	Book Value	Face Value	Book Value
<b>Government Securities - (Quoted)</b>	0.05	0.05	0.05	0.05
7.46% GOI 2017	40.40	40.40	40.40	40.40
8.49% Andhara SDL 2020	0.00	0.00	770.00	771.54
8.33% Andhara SDL 2025	0.00	0.00	1,000.00	1,000.70
8.31% Andhara SDL 2025	0.05	0.04	0.05	0.04
6.13% GOI 2028		40.49		1,812.73
Less:- Net depreciation in value of securities		0.00		0.00
<b>Sub Total (a)</b>		<b>40.49</b>		<b>1,812.73</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Nomenclature	Face Value in ₹	As at March 31, 2017		As at March 31, 2016	
		Quantity	Book Value	Quantity	Book Value
<b>Equity Shares- (Quoted)</b>			Book Value	Quantity	Book Value
Avenue Supermarts Limited	10/-	18,478	55.25	0	0.00
Cipla Limited	2/-	0	0.00	2,000	10.74
Grasim Industries Limited	2/-	2,500	27.43	0	0.00
Infosys Limited	5/-	5,000	51.34	0	0.00
Larsen & Toubro Limited	2/-	5,000	77.53	0	0.00
Reliance Industries Ltd	10/-	5,000	63.14	0	0.00
SKS Microfinance Limited	10/-	0	0.00	7,500	39.41
Sun Pharmaceuticals Industries Limited	1/-	0	0.00	5,000	40.20
			274.69		90.35
Less:- Net depreciation in value of securities			0.00		0.00
<b>Sub Total (b)</b>			<b>274.69</b>		<b>90.35</b>

Nomenclature	As at March 31, 2017		As at March 31, 2016	
	Units	Book Value	Units	Book Value
<b>Mutual Funds - (Unquoted)</b>				
Axis Liquid Fund - Direct Growth( CF-DG)	138,704.44	2,500.00	149,051.35	2,500.00
Baroda Pioneer Liquid Fund - Plan B Growth	133,728.81	2,500.00	115,184.29	2,000.00
Birla Sun Life Cash Plus - Growth Direct Plan	0.00	0.00	1,029,214.04	2,500.00
Canara Robeco Liquid - Direct Growth	0.00	0.00	136,147.25	2,500.00
DSP Blackrock Liquidity Fund - Direct Plan - Growth	61,298.24	1,425.00	115,472.49	2,500.00
HDFC Cash Management Fund - Savings Plan-Dir- Growth Option	73,653.36	2,500.00	0.00	0.00
HDFC Liquid Fund - Direct Plan - Growth Option	0.00	0.00	16,735.51	500.00
ICICI Prudential Money Market Fund Option - Direct Plan - Growth	1,111,313.12	2,500.00	0.00	0.00
IDFC Cash Fund -Direct Plan -Growth	126,567.95	2,500.00	0.00	0.00
Invesco India Liquid Fund - Direct Plan Growth	111,723.02	2,500.00	120,020.60	2,500.00
Kotak Liquid Scheme - Plan A - Direct Plan Growth	75,853.73	2,500.00	81,412.84	2,500.00
LIC MF Liquid Fund - Growth Plan	84,796.30	2,500.00	91,114.95	2,500.00
Peerless Liquid Fund - Direct Plan Growth	55,860.99	1,000.00	150,290.34	2,500.00
Principal Cash Management Fund-Direct Plan Growth	157,905.99	2,500.00	169,649.10	2,500.00
Reliance Liquid Fund-Treasury Plan-Direct Growth Plan -Growth Option	63,045.64	2,500.00	67,769.07	2,500.00
SBI Premier Liquid Fund - Direct Plan - Growth	0.00	0.00	105,200.66	2,500.00
Sundaram Money Fund - Direct Plan - Growth	7,291,457.04	2,500.00	7,835,467.72	2,500.00
Tata Liquid Fund - Direct Plan - Growth	83,368.70	2,500.00	89,545.85	2,500.00
UTI- Liquid Fund-Cash Plan-Inst Direct Plan Growth	93,913.57	2,500.00	0.00	0.00
UTI Money Market Fund -Institutional Plan-Direct Plan-Growth	0.00	0.00	147,384.27	2,500.00
		34,925.00		37,500.00
Less:- Net depreciation in value of securities		0.00		0.00
<b>Sub Total (c)</b>		<b>34,925.00</b>		<b>37,500.00</b>
<b>Total-(a+b+c)</b>		<b>35,240.18</b>		<b>39,403.08</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**NOTE NO. 5.3 : TRADE RECEIVABLES**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, Considered good</b>		
- Outstanding for a period exceeding six months from the date they are due for payment	0.00	0.00
- Others	0.91	311.40
<b>Total</b>	<b>0.91</b>	<b>311.40</b>

**NOTE NO. 5.4: CASH AND BANK BALANCES**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>I. Cash and Cash Equivalents</b>		
- Cash on hand	0.06	0.20
- Balance with banks	2,019.73	2,056.82
<b>II. Other Bank Balances (held as Margin Money)<sup>8</sup></b>		
- Fixed deposits with original maturity of more than 3 months but less than or equal to 12 months	0.00	750.00
- Fixed deposits with original maturity of more than 12 months	900.00	150.00
<b>Total</b>	<b>2,919.79</b>	<b>2,957.02</b>

i) <sup>8</sup>Fixed deposit includes (a) ₹ Nil (PY - ₹ 150.00 lakhs) in the name of National Securities Clearing Corporation Limited towards margin requirements for Equity Futures & Options segment, and (b) ₹ 250.00 (PY - ₹ 250.00 lakhs) with custodian - HDFC Bank for meeting margin requirements for equity segment.

ii) Fixed deposit of ₹ 500.00 lakhs (PY - ₹ 500.00 lakhs) is kept with HDFC bank as margin money for settlement of G-sec trades.

iii) Residual maturity of above fixed deposits is less than one year.

**NOTE NO. 5.5: SHORT TERM LOANS AND ADVANCES**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>I. Secured, Considered Good (Refer Note No. 22)</b>		
a. Loan against shares	172,072.52	154,971.03
b. Corporate and other loans	39,077.12	36,086.31
c. Lending under CBLO	0.00	500.00
	<b>211,149.64</b>	<b>191,557.34</b>
<b>II. Unsecured, Considered Good</b>		
a. Margin Money / Deposits <sup>9</sup>	117.00	0.00
b. Other loans and advances	43.28	55.06
<sup>9</sup> Kept as Margin Money for equity derivatives	<b>160.28</b>	<b>55.06</b>
<b>Total (I+II)</b>	<b>211,309.92</b>	<b>191,612.40</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

<b>NOTE NO. 5.6: OTHER CURRENT ASSETS</b>		
<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Accrued interest	116.15	1,063.38
Others	1,202.01	3,614.48
<b>Total</b>	<b>1,318.16</b>	<b>4,677.86</b>

### NOTE NO. 6.1: CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

#### 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 ₹ 780.48 lakhs (PY - ₹ 928.24 lakhs).

<b>Disputed /Appeal Filed by</b>	<b>Disputed tax liability</b>	<b>Period to which dispute relates</b>	<b>Forum where dispute is pending</b>
Income Tax Department	₹ 76.39 lakhs	F.Y.1999-00	Bombay High Court
Income Tax Department	₹ 100.82 lakhs	F.Y. 2000-01	Bombay High Court
Income Tax Department	₹ 248.08 lakhs	F.Y. 2002-03	Bombay High Court
Company	₹ 0.08 lakhs	F.Y. 2007-08	Assessing Officer
Company	₹ 3.54 lakhs	F.Y. 2008-09	ACIT - TDS - 3 (2)
Company	₹ 2.94 lakhs	F.Y. 2009-10	ACIT - TDS - 3 (2)
Income Tax Department/Company	₹ 30.11 lakhs	F.Y. 2009-10	ITAT
Company	₹ 10.72 lakhs	F.Y. 2010-11	ACIT - TDS - 3 (2)
Company	₹ 249.95 lakhs	F.Y. 2010-11	ITAT
Company	₹ 52.61 lakhs	F.Y. 2011-12	ITAT
Company	₹ 5.24 lakhs	F.Y. 2012-13	CIT (Appeal)

- c) No provision has been made for stamp duty on non-government securities transactions for the period up to 31<sup>st</sup> March 2006. (Refer Note No. 19)

### NOTE NO. 6.2: CAPITAL AND OTHER COMMITMENTS:

- a) Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances) is Nil (PY - ₹ 0.35 lakhs).
- b) Balance committed capital contribution to Tata Venture Capital Fund as on March 31, 2017 is ₹ 272.82 lakhs (PY - ₹ 309.08 lakhs)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**NOTE NO. 7.1: INTEREST INCOME**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Interest on Loans</b>		
- Loan against shares	22,069.86	25,568.33
- Corporate and other loans	16,241.75	14,778.74
<b>Interest / Discount on Investments</b>		
- Government securities <sup>10</sup>	1,170.61	2,337.22
- Corporate bonds <sup>11</sup>	11.87	145.93
- Other money market instruments and CBLO <sup>12</sup>	340.66	595.88
<b>Others</b>	213.81	128.89
<b>Total</b>	<b>40,048.56</b>	<b>43,554.99</b>

<sup>10</sup> Interest income from government securities includes ₹ 1,122.34 lakhs (PY - ₹ 2,179.18 lakhs) on long term investments in government securities.

<sup>11</sup> Interest income from corporate bonds includes ₹ 11.87 lakhs (PY - ₹ 145.91 lakhs) on long term investments in corporate bonds.

<sup>12</sup> includes ₹ 331.84.00 lakhs (PY - ₹ 576.00 lakhs) from investments in commercial papers.

**NOTE NO. 7.2: OTHER FINANCIAL SERVICES**

Upfront / Processing fees	752.27	788.24
Other fee based income	118.40	356.44
<b>Total</b>	<b>870.67</b>	<b>1,144.68</b>

**NOTE NO. 7.3: PROFIT/(LOSS) ON SALE OF SECURITIES**

a) Government securities (including SDL)	68.96	18.31
b) Equity shares	229.35	43.13
c) Corporate Bonds	0.00	0.21
d) Mutual fund units	275.77	255.33
e) Derivatives	(32.20)	23.53
<b>Total</b>	<b>541.88</b>	<b>340.51</b>
<b>a) Government Securities (including SDL)</b>		
Sales (net of brokerage)	4,362.48	13,548.60
Add : Stock at the end of the year	40.49	1,812.73
Less : (i) Purchases	2,521.28	15,302.53
(ii) Stock at the beginning of the year	1,812.73	40.49
Profit/(Loss) on sale of Government Securities	68.96	18.31
<b>b) Equity Shares</b>		
Sales (net of brokerage and STT)	10,607.08	9,635.24
Add : Stock at the end of the year	274.69	90.35
Less : (i) Purchases	10,562.07	9,583.00
(ii) Stock at the beginning of the year	90.35	99.46
Profit/(Loss) on sale of Equity Shares	229.35	43.13



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>c) Corporate Bonds</b>		
Sales (net of brokerage)	0.00	18.96
Add : Stock at the end of the year	0.00	0.00
Less : (i) Purchases	0.00	0.00
(ii) Stock at the beginning of the year	0.00	18.75
Profit/(Loss) on sale of Corporate Bonds	0.00	0.21
<b>d) Mutual Fund Units</b>		
Sales (net of exit load and STT)	473,865.77	609,883.33
Add : Stock at the end of the year	34,925.00	37,500.00
Less : (i) Purchases	471,015.00	647,128.00
(ii) Stock at the beginning of the year	37,500.00	0.00
Profit/(Loss) on sale of Mutual Fund Units	275.77	255.33

### NOTE NO. 8: OTHER INCOME

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income on tax refunds	0.00	63.73
Dividend income <sup>13</sup>	7,661.06	167.05
Income from Venture Capital Fund (Net of Taxes)	138.79	116.78
Net gain/(loss) on sale of investments	554.31	235.12
Provisions no longer required written back	30.84	0.00
Miscellaneous income	10.85	9.15
<b>Total</b>	<b>8,395.85</b>	<b>591.83</b>

<sup>13</sup> Dividend income includes ₹ 158.34 lakhs (PY - ₹ 163.60 lakhs) being dividend received on investments (other than subsidiary). Dividend received from subsidiary ₹ 7,500.00 (PY - ₹ Nil)

### NOTE NO. 9: EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages, allowances, etc.	780.44	667.43
Contribution to provident and other funds	42.68	39.42
Staff welfare expenses	30.27	30.08
<b>Total</b>	<b>853.39</b>	<b>736.93</b>

### NOTE NO. 10: FINANCE COSTS

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>a) Interest expenses</b>		
On bank credit line / overdraft	2,174.92	1,656.46
On CP issuance	10,606.20	10,843.32
On CBLO borrowing	533.63	1,378.32
On NCD issuance	7,897.46	10,130.33

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	<b>21,212.21</b>	<b>24,008.43</b>
<b>b) Other borrowing cost</b>	135.36	166.29
<b>Total (I+II)</b>	<b>21,347.57</b>	<b>24,174.72</b>

**NOTE NO. 11: OTHER EXPENSES**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Advertising expenses	0.36	0.00
Transaction and settlement charges	12.55	19.46
CSR Expenditure (Refer Note No. 26)	293.73	280.35
Electricity charges	26.09	24.69
Information services	52.03	56.36
Insurance charges	15.53	22.10
Miscellaneous expenses	1.43	2.11
Office expenses	67.14	47.66
Payment to Auditors :		
- As audit fees (including audit fees for consolidated accounts)	7.50	7.00
- For taxation matters (Tax Audit fees)	1.50	1.25
- For other services	3.00	2.75
- For reimbursement of expenses	0.15	0.15
Postage, telephone and telegrams	18.74	17.60
Printing and stationery expenses	7.99	8.35
Professional fees	243.11	226.81
Rates and taxes	71.80	36.91
Rent	18.58	18.58
Repairs and maintenance - building	26.40	30.87
Repairs and maintenance - others	21.89	22.61
Sitting fees to directors	22.84	19.45
Travelling, conveyance and car expenses	34.32	34.59
Amortisation of premium on debt investments	(95.50)	27.59
<b>Total</b>	<b>851.18</b>	<b>907.24</b>

**NOTE NO. 12: LOAN PROVISION AND WRITE OFFS**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Contingent provision against standard assets (Refer Note No. 21)	(92.31)	(130.65)
Provision against non performing assets	(5,672.01)	7,604.24
Bad Debts Written off	15,200.00	0.00
<b>Total</b>	<b>9,435.68</b>	<b>7,473.59</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### NOTE NO. 13: SIGNIFICANT ACCOUNTING POLICIES

#### 13.1 Basis of Preparation of Accounts

The financial statements have been prepared under historical cost convention on accrual basis to comply in all material aspects with applicable accounting principles in India, the Accounting Standards (AS) specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Companies Act, 2013 (to the extent notified) and Reserve Bank of India directions to Non Banking Finance Companies (NBFCs). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. All assets and liabilities have been classified as current and non-current as per company's normal operating cycle and other criteria set out in the schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current /non-current classification of assets and liabilities.

#### 13.2 Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires the management to make estimate and assumptions that affects the reported amount of assets, liabilities and disclosure of contingent liabilities as at the date of financial statements and revenue & expenses for the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 13.3 Revenue Recognition and Related Disclosures

##### (i) Treasury Bills, Commercial Papers, Certificate of Deposits and Zero Coupon Bonds

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.

##### (ii) Government Securities and Corporate Bonds

Income from Fixed Income securities is taken into account on accrual basis, provided that interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears. The amounts paid and received towards accrued interest on the purchases and sales of Government securities and Corporate Bonds are netted off at the year-end and are recognised as income under "Interest on Government Securities" and "Interest on Corporate Bonds" respectively.

Accordingly, in respect of the transactions in government securities and corporate bonds dealt with on outright basis, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively.

##### (iii) Collateralized Borrowing and Lending Obligation (CBLO) Transactions

Transactions for borrowing and lending under CBLO are recorded at maturity value. The difference paid or received on redemption is treated as discount paid on CBLO in case of borrowing and discount earned on CBLO in case of lending. The difference between the discounted value on borrowing date or 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. The unamortised discount on CBLO borrowing and lending is disclosed under other current assets and other current liabilities respectively.

##### (iv) Pass Through Certificates (PTCs)

The difference between the acquisition cost (as reduced by the proportionate amount of inflows) and the redemption value is apportioned on time basis (using the IRR at the time of acquisition) and recognised as accrued income. This accrued income is added to the acquisition cost (as reduced by the proportionate amount of inflows) of the respective Pass Through Certificates (PTCs) and the sum is regarded as cost (book value) for the purpose of valuation of stock-in-trade. Any income received on prepayments is added to the income.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****(v) Equity Futures and Options**

- (a) The initial margin and the additional margin paid for entering into equity futures and options are disclosed under the head Short Loans and Advances in the Balance Sheet or under the head Cash and Bank Balances, if given in form of fixed deposits.
- (b) "Equity Option Premium Account" represents the premium paid or received for buying or selling the options, respectively. The net premium paid or received for buying or selling the option, as the case may be, is recognised as profit or loss for all settled/expired contracts. Similarly, on the expiry of the contracts and on exercising the options, the difference between the final settlement price and the strike price is recognised as profit or loss. Gains or losses on stock / index futures and option contracts are recognized on squaring up of positions or on expiry of contracts.
- (c) The open positions are marked to market on the balance sheet date and net losses, if any, are provided for while net gains, if any, are not recognized.
- (d) The daily mark-to-market margin paid to/ received in respect of equity futures trades is debited or credited to the daily mark-to-market equity futures account and the same is disclosed under trade receivable or trade payable, as the case may be.
- (e) "Income on Equity Futures and Options" represents the net profit or loss on settled/expired positions in equity index and stock futures and options after adjusting brokerage and other transaction costs.

**(vi) Commodity Futures**

- (a) The initial margin and the additional margin paid on open positions of commodity futures are disclosed under the head Loans and Advances in the Balance Sheet.
- (b) The daily mark-to-market margin paid to/ received from in respect of commodity futures trades is debited or credited to the daily mark-to-market margin commodity futures account and the same is disclosed under the head trade receivable or trade payable in the Balance Sheet, as the case may be. The balance in this account represents net unrealised gains or losses on open positions.
- (c) The open positions are marked to market on the balance sheet date and net losses, if any, are provided for while net gains, if any, are not recognized.
- (d) "Income on Commodity Futures" represents the net profit or loss on settled/expired positions in commodity futures after adjusting brokerage and other transaction costs.

**(vii)** The brokerage, Securities Transaction Tax (STT) and other cost incurred in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of brokerage and STT.

**(viii)** Dividend income is recognised when the right to receive the same is established.

**(ix)** Profit/Loss from trading in equities is recognised on the basis of weighted average cost on trade dates. Profit/Loss from trading in government securities, corporate bonds, mutual fund units and other securities are recognised on the basis of weighted average cost on settlement dates.

**(x)** Interest income from loan transactions is recognised on accrual basis by applying the interest rate implicit in such contracts except in the case of income on Non Performing Assets (NPAs) which is recognised on realisation, in terms of RBI Guidelines. Processing fees on loans is recognised as income on accrual basis. Fees and additional interest income on delayed payments are recognized on accrual basis except in case where the same has been waived off by the competent authorities.

**(xi)** In case of securities transferred from Stock-in-Trade to Investment Account, the same is reckoned as sale at market price. Resultant gains or losses are recognised in the profit and loss account on the date of transfer.

**(xii)** Repo/Reverse Repo transactions for corporate bonds are treated as borrowing and lending transactions. The difference between the 1<sup>st</sup> leg and 2<sup>nd</sup> leg of repo and reverse repo transaction is accounted as interest expense/income on corporate bonds repo, as the case may be, over the period of contract.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### (xiii) Interest Rate Swaps

Gains or losses on Interest Rate Swaps (IRS) are accounted for on settlement dates as per the terms of the contract. The net interest income/expense in respect of the contracts outstanding as at the year end is accounted on accrual basis in respect of contracts entered into for hedging purposes.

(xiv) Interest income on tax refunds is recognised on receipt of assessment order.

### 13.4 Investments

In terms of Non Banking Financial Companies Prudential Norms Direction issued by RBI, long term investments are valued at cost comprising acquisition cost and incidental expenses less permanent diminution in value, if any. Provision for diminution in the value of long term investments is made to recognise a decline other than temporary in the value of investments. In the case of debt instruments where the cost of acquisition is more than the redemption value, the difference is amortized over the period till maturity and charged to the Profit and Loss account.

Investments other than long-term investments are classified as current investments and valued at cost or market value whichever is less.

### 13.5 Classification and Valuation of Stock-in-Trade/Current Investments

Company provides net depreciation category-wise for securities held as stock-in-trade/current investments.

All the securities acquired with the intention of trading are considered as stock-in-trade and shown under current assets.

(i) All quoted securities (stock-in-trade) are grouped into the following categories.

Equity Shares

Preference Shares

Debenture and Bonds

Govt. Securities (including T Bills)

Mutual Fund Units

Others

(ii) Stock/current investment in each category is valued scrip-wise, at cost or market value whichever is lower.

The cost is calculated on weighted average basis. Market value for fixed income securities is determined by the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA). Market value for equity shares is determined by the prices obtained from the recognised stock exchanges.

However, in line with the RBI & FIMMDA guidelines, Certificates of Deposit (CDs) and Commercial Papers (CPs) of less than one year tenor are valued at cost. Similarly, Treasury Bills held as stock-in-trade are valued at carrying cost (as explained at Note. No. 13.3 (i) above).

(iii) Unquoted units of Mutual Fund are valued at Net Asset Value (NAV) or cost whichever is lower.

(iv) Net depreciation in each category is provided for/charged to the Profit & Loss account. Net appreciation, in the category, if any, is ignored.

(v) Depreciation in one category is not set off against appreciation in another category.

### 13.6 Property, Plant & Equipment and Intangible Assets

Property, Plant & Equipment and Intangible Assets are initially recognised at cost and are stated at original cost less accumulated depreciation and impairment, if any. Cost includes all direct costs attributable to acquisition, installation and commissioning.

Depreciation on Property, Plant & Equipment and Intangible Assets (other than buildings and improvement to leasehold property) is provided on the straight line method based on the estimated useful lives of the assets. Buildings are depreciated

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

on written down value method at the applicable rates based on estimated useful life. Depreciation on improvements to leasehold property is provided on straight line method at the rates arrived at on the basis of the primary lease period.

Property, Plant & Equipment and Intangible Assets costing less than ₹ 0.05 lakh, are provided with 100% depreciation in the year of purchase. Depreciation is provided on pro rata basis for assets purchased and sold during the year. Depreciation methods, useful lives and residual values are reviewed periodically.

Effective April 1, 2014, estimated useful life of Property, Plant & Equipment and Intangible Assets has been realigned as per Schedule II of the Companies Act, 2013. The details of estimated useful life assets (aligned with Schedule II to the Companies Act, 2013) are as under.

Description of Asset	Type of Asset	Estimated useful Life of Asset wef 01.04.2014
Building	Tangible	60 years
Furniture and Fixtures	Tangible	10 years
Computers - End User Devices	Tangible	3 years
Computers – Servers & Network	Tangible	6 Years
Electrical Installations	Tangible	10 years
Air Conditioners	Tangible	10 years
Vehicles	Tangible	8 years
Office Equipments	Tangible	5 years
Computer Software	Intangible	3 years

**13.7 Taxes on Income**

Provision for income tax comprises the current tax provisions and the net change in the deferred tax asset or liability for the year. Current tax is determined as the amount of tax payable in respect of the taxable income for the year. Deferred tax asset or liability reflects the impact of current year timing differences between taxable income and the accounting income for the year and the reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent there is a reasonable certainty of sufficient future taxable income being available for its realisation. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Statement of Profit and Loss in the period of enactment of the change.

**13.8 Securities Accepted as Pledge and Margin Money**

Securities or non-cash collateral accepted from a borrower are not recognised as an asset. Margin money received against margin call is shown under Other Current Liabilities.

**13.9 Operating Lease**

The monthly rent payments made for the premises acquired on lease are charged to statement of profit and loss on accrual basis.

**13.10 Employee Benefits****(i) Provident Fund**

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

**(ii) Gratuity**

The liability of future gratuity benefits is based on the actuarial valuation obtained at year end. 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).



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### (iii) Other Benefits

Other long term employee benefits comprise leave encashment and are provided for based on the actuarial valuation. Short term compensated absences are provided on undiscounted basis.

The Projected Unit Credit method has been used to determine the liability on account of gratuity as well as leave encashment. The actuarial gain or loss is immediately recognised in the Profit and Loss Account.

### 13.11 Borrowing Cost

Borrowing costs are interest and ancillary expenditure incurred by the Company in connection with the borrowing of funds. Interest is charged to the Profit and Loss Account on accrual basis. Ancillary expenditure incurred in connection with the arrangement of borrowing is amortised over the tenure of the respective borrowings.

### 13.12 Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to the Profit and Loss Account to the extent carrying amount of assets exceeds their recoverable amount in the year in which an asset is identified as impaired.

### 13.13 Earning Per Share (E.P.S.)

The basic earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the reporting period. Diluted earnings per equity share is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the reporting period.

### 13.14 Provisions and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the obligation. A disclosure of contingent liability is made when there is: (a) a possible obligation (obligation is a possible obligation if, based on the evidence available, its existence at the balance sheet date is considered not probable) that arises from past events and 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 enterprise (b) a present obligation that arises from past events but is not recognised because (i) it is not probable that an outflow embodying economic benefits will be required to settle the obligation; or (ii) a reliable estimate of the amount of the obligation cannot be made.

### 13.15 Advances and Provision for Non Performing Assets (NPA) and Standard Assets (SA)

Advances are classified as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms into "Performing" (Standard Assets - SA) and "Non-Performing Advances" (NPAs) and further into sub-standard, doubtful and loss assets based on the period for which the repayment instalment or interest has remained in arrears. Provision is made in respect of NPA and SA, subject to the minimum provision required as per NBFC Prudential Norms, or where additional specific risks are identified by the management, based on such identification.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 14. Related Party Transactions as per AS 18

#### 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) by virtue of its shareholding in the Company being in excess of 20 per cent.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

## iii) Key Management Personnel:-

- a) Mr. Pradeep Madhav – Managing Director & CEO (w.e.f. 24.01.2017)
- b) Mr. Yogesh Gaat – Managing Director & CEO (upto 23.12.2016)
- c) Mr. Surendra K Behera – Deputy Managing Director (w.e.f. 04.05.2016)
- d) Mr. Kamlesh Rathi – Chief Financial Officer
- e) 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.

Nature of transaction	For the year ended March 31, 2017		For the year ended March 31, 2016	
	BOI	Subsidiaries	BOI	Subsidiaries
<b>Transactions during the year</b>				
Purchase of Govt. Securities	-	-	-	2,887.05
Loans availed <sup>14</sup>	139,534.93	-	268,277.45	-
Repayment of Loan availed <sup>14</sup>	124,692.48	-	307,893.73	-
Maximum Loan (availed) Outstanding During the Year	24,883.24	-	49,998.00	-
Interest Provided	202.92	-	995.66	-
Dividend Paid (including interim)	2,845.95	-	910.70	-
Dividend Received (including interim)	-	7,500.00	-	-
Other financial payments	16.10	-	6.87	-
Non-financial payments	0.52	-	-	-
Reimbursement of deposit	-	0.05	-	-
Reimbursement of expense (payment)	-	8.04	3.64	1.85
Reimbursement of expenses (receipt)	-	7.18	-	8.04
Sitting fees received	-	0.60	-	0.55
Sitting fees paid	1.20	-	1.20	-
<b>Outstanding at the end of the year</b>				
Loan availed	24,818.01	-	9,975.56	-
Interest accrued but not due	10.68	-	16.35	-
Balance in current account	4.77	-	3.02	-

<sup>14</sup> Includes amounts availed and repaid from overdraft and short term loan accounts.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### Remuneration to Key Management Personnel:

(₹ in lakhs)

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(i)	Mr Pradeep Madhav (Managing Director & CEO w.e.f. 24.01.2017)	16.61	0.00
(ii)	Mr. Surendra K Behera (Dy Managing Director w.e.f 04.05.2016)	47.37	0.00
(iii)	Mr Yogesh Gaat (Managing Director & CEO upto 23.12.2016)	87.98	64.51
	Mr Yogesh Gaat (CEO upto 18.05.2015)	0.00	16.25
(iv)	Mr. Kamlesh Rathi	31.72	32.41
(v)	Ms. Suparna Sharma	31.06	33.52

Remuneration includes salary, perquisite and profits in lieu of salary as defined under Section 17 of the Income Tax Act, 1961 and company's contribution to Provident fund.

### 15. Assets taken on Lease as per AS 19

The office premise at Delhi has been acquired under operating lease on payment of monthly rentals.

Future minimum lease rental relating to non-cancellable operating lease period are as under.

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Not later than 1 year	21.77	18.58
Later than 1 year but not later than 5 years	47.70	2.60
Later than 5 years	Nil	Nil

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Payment made during the year (excluding taxes)	18.58	18.58

Lease rental charges (including cancellable lease) are recognised in the statement of profit and loss.

16. The Company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable has not been given.

### 17. Expenditure in Foreign Currency

(₹ in lakhs)

Sr. No.	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
1	On Travel	Nil	Nil
2	On Interest	Nil	Nil
3	On Others	Nil	Nil

Earnings in Foreign Currency : Nil (PY – Nil)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****18. Earning Per Share (E.P.S.) : The EPS calculation as per AS-20 is as under:**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit after Tax (₹ in lakhs)	13,991.27	8,090.76
Weighted average number of shares (Face Value ₹ 100 )	38,000,000	38,000,000
Earnings Per Share for the year - Basic & Diluted (in ₹)	36.82	21.29

**19.** No stamp duty has been paid on non-government securities transactions in view of the on-going deliberations between Government of Maharashtra and various representative bodies of the participant's viz. IBA, FIMMDA, PDAI and AMFI, on the applicability of stamp duty on non-government securities' transactions. The Company has so far not received any claim for stamp duty from the Stamp Office in respect of non-government securities transactions. In the light of an assurance given by the Government of Maharashtra to the Indian Banks' Association, the liability on non-government securities transactions for the period up to 31<sup>st</sup> March 2006 has not been provided.

The provision as on March 31, 2017 for stamp duty on non-government securities transactions stands at ₹ 62.64 lakhs (PY ₹ 62.64 lakhs) which is for the period commencing 1<sup>st</sup> April 2006 onwards. The amount of provision as on March 31, 2017 is included under the head "Long term provisions" in the balance sheet.

**20.** The details of provisions as per AS 29 – Provisions, Contingent Liabilities and Contingent Assets is as under.

Particulars	Stamp Duty	PLVP*
Opening Balance as at April 01, 2016	62.64	150.00
Additions	0.00	150.00
Utilisation	0.00	119.16
Reversal	0.00	30.84
Closing Balance as at March 31, 2017	62.64	150.00

\* Performance Linked Variable Pay

Provision for stamp duty was made in respect of stamp duty payable under Maharashtra Stamp Act, (erstwhile Bombay Stamp Act, 1958) in respect of direct deals for Non SLR transactions. Provision of ₹ 150.00 lakhs (PY ₹ 150.00 lakhs) is made during the year for payment of performance linked variable and incentives.

**21.** Provision for Standard assets is maintained @ 0.4% of the outstanding standard assets and accordingly standard asset provision of ₹ 92.31 lakhs (PY reversal of ₹ 130.65 lakhs) has been reversed during the year. The additional standard asset provision continues to be maintained at ₹ 200.00 lakhs (PY ₹ 200.00 lakhs).

**22.** Standard Loans and Advances of ₹ 142,717.54 lakhs (PY ₹ 111,782.33 lakhs) have been charged in favour of Debenture Trustee and Banks for outstanding Secured Redeemable Non-Convertible Debentures (NCD's) of ₹ 65,000.00 lakhs (PY ₹ 85,000.00 lakhs) and Secured Long Term Bank Loan of ₹ 45,000.00 lakhs (PY - Nil ).

**23.** The open interest in respect of derivatives (equity futures & options) contracts on the balance sheet date is as follows:

Derivative contract details	Long / Short	Series	Book Price (in ₹)	No.of units	Settlement Price in (₹) on 31.03.17
Ambuja Cements (Futures)	Long	27/04/2017	235.94	12,500	236.80
ICICI Bank (Futures)	Long	27/04/2017	278.55	12,500	278.45



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### 24. Segment Reporting

#### (a) 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.

#### (b) Segment Revenues and Expenses :

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.

#### (c) Segment Assets and Liabilities :

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.

#### (d) Geographical Segment:

The Company does not have geographical segment in the context of the Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

The detailed segmental information is as under.

(₹ in lakhs)

Segment Information	Treasury		Lending		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>REVENUES</b>								
External Sources/Clients	2,568.43	3,545.26	39,182.27	41,491.75	8,106.26	595.00	49,856.96	45,632.01
Inter-segment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<b>2,568.43</b>	<b>3,545.26</b>	<b>39,182.27</b>	<b>41,491.75</b>	<b>8,106.26</b>	<b>595.00</b>	<b>49,856.96</b>	<b>45,632.01</b>
<b>Segment Result Profit/(Loss)</b>	<b>2,118.87</b>	<b>2,121.01</b>	<b>8,931.53</b>	<b>11,220.65</b>			<b>11,050.40</b>	<b>13,341.66</b>
Unallocated income net of expenses							6,318.74	(1,002.13)
Operating Profit/(Loss)							17,369.14	12,339.53
Depreciation							(148.26)	(155.53)
<b>Profit before Tax &amp; exceptional item</b>							<b>17,220.88</b>	<b>12,184.00</b>
Exceptional items							0.00	0.00
Profit after exceptional items before tax							<b>17,220.88</b>	<b>12,184.00</b>
Provision/(Write-back) for Direct Taxes including Deferred Tax							3,229.61	4,093.24
<b>Profit/(Loss) after Tax</b>							<b>13,991.27</b>	<b>8,090.76</b>
<b>OTHER INFORMATION</b>								
Segment Assets	10,162.71	49,642.34	296,915.38	327,089.71	64,693.98	64,068.25	371,772.07	440,800.30
Segment Liabilities	6,295.69	13,528.79	216,357.44	279,707.82	35,430.13	37,959.00	258,083.26	331,195.61

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

25. The gratuity liability of the Company's employees is covered by a Group Gratuity Scheme of the Life Insurance Corporation of India. The disclosure as required by Accounting Standard -15 "Employee Benefits" issued by the Institute of Chartered Accountants of India is as under.

Assumptions	2016-17	2015-16
Mortality rate	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / Discount Rate	6.69%	7.50%
Rate of return of Plan Assets	7.00%	8.00%
Salary Escalation	10.00%	10.00%

(₹ in lakhs)

Particulars	2016-17		2015-16	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>Changes in present value of obligation</b>				
Opening Defined Benefit Obligation	67.04	148.53	56.78	106.42
Interest Cost	5.40	10.51	4.30	8.01
Current Service Cost	7.29	51.60	7.08	39.72
Transfer in of liability	10.00	0.00	0.00	0.00
Actuarial (Gains) / Losses	5.09	43.88	5.04	6.83
Benefits Paid	0.00	(16.70)	(6.16)	(12.45)
<b>Closing Defined Benefit Obligation</b>	<b>94.82</b>	<b>237.82</b>	<b>67.04</b>	<b>148.53</b>
<b>Changes in the fair value of plan assets</b>				
Fair value of plan assets at the beginning of year	54.22	0.00	42.08	0.00
Transfer In of Funds	10.00	0.00	0.00	0.00
Expected return on plan assets	4.75	0.00	3.70	0.00
Contributions	7.36	16.70	14.50	12.45
Benefits paid	0.00	(16.70)	(6.16)	(12.45)
Actuarial Gains/ (Losses)	(0.02)	0.00	0.10	0.00
<b>Fair value of plan assets at the end of year</b>	<b>76.31</b>	<b>0.00</b>	<b>54.22</b>	<b>0.00</b>
<b>Fair value of plan assets at the beginning of year</b>	<b>54.22</b>	<b>0.00</b>	<b>42.08</b>	<b>0.00</b>
Transfer In of Funds	10.00	0.00	0.00	0.00
Actual return on plan assets	4.73	0.00	3.80	0.00
Contributions	7.36	16.70	14.50	12.45
Benefits paid	0.00	(16.70)	(6.16)	(12.45)
Fair value of plan assets at the end of year	76.31	0.00	54.22	0.00



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	2016-17		2015-16	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>Funded status</b>	<b>(18.51)</b>	<b>(237.82)</b>	<b>(12.82)</b>	<b>(148.53)</b>
Excess of Actual over estimate return on assets	(0.02)	0.00	0.10	0.00
<b>Experience History</b>				
(Gain)/Loss on obligation due to change in assumption	7.72	1.53	2.92	7.96
Experience (Gain)/ Loss on obligation	(2.63)	42.35	2.12	(1.13)
Actuarial Gain / (Loss) on plan assets	(0.02)	0.00	0.10	0.00
<b>Actuarial Gain/ (loss) recognised</b>				
Actuarial Gain/ (Loss) for the year - obligation	(5.09)	(43.88)	(5.04)	(6.83)
Actuarial Gain/ (Loss) for the year - plan assets	(0.02)	0.00	0.10	0.00
<b>Net Actuarial Gain/ (Loss) recognised for the year</b>	<b>(5.11)</b>	<b>(43.88)</b>	<b>(4.94)</b>	<b>(6.83)</b>
<b>Amount to be recognised in Balance Sheet</b>				
Present value of obligation as at the end of year	94.82	237.82	67.04	148.53
Fair value of plan assets as at the end of year	76.31	0.00	54.22	0.00
Funded status	(18.51)	(237.82)	(12.82)	(148.53)
<b>Net Asset recognised - Prepaid / (provisions)</b>	<b>(18.51)</b>	<b>(237.82)</b>	<b>(12.82)</b>	<b>(148.53)</b>
<b>Expenses Recognised in Profit and Loss account</b>				
Current Service Cost	7.29	51.60	7.08	39.72
Interest Cost	5.40	10.51	4.30	8.01
Net Actuarial loss/ (gain) recognised in the year	5.11	43.88	4.94	6.83
Expected return on plan assets	(4.75)	0.00	(3.70)	0.00
<b>Expenses recognised in Profit and Loss Account</b>	<b>13.05</b>	<b>105.99</b>	<b>12.62</b>	<b>54.56</b>
<b>Movement in Liability recognised in Balance Sheet</b>				
Opening Net Liability	12.82	148.53	14.70	106.42
Expenses as above	13.05	105.99	12.62	54.56
Contribution paid	(7.36)	(16.70)	(14.50)	(12.45)
<b>Closing Net Liability</b>	<b>18.51</b>	<b>237.82</b>	<b>12.82</b>	<b>148.53</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**Experience Adjustment – Gratuity**

Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Defined Benefit Obligation	94.82	67.04	56.78	50.14	45.78
Plan assets	76.31	54.22	42.08	39.72	33.81
Surplus/(Deficit)	(18.51)	(12.82)	(14.70)	(10.42)	(11.97)
Experience adj. on plan liabilities	(2.63)	2.12	2.53	4.85	(5.34)
Experience adj. on plan assets	(0.02)	0.10	0.46	0.28	0.48

Provision of ₹ 8.75 lakhs (Previous year ₹ 3.06 lakhs) has been made for undiscounted liability on account of short term compensated absences. Total provision as on March 31, 2017 for short term compensated absences is of ₹ 36.04 lakhs (Previous year ₹ 27.29 lakhs).

**26. CSR Expenses**

During the year, Company has spent ₹ 293.73 lakhs (PY ₹ 280.35 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 expenses for the year are as under. (₹ in lakhs)

No.	Particulars	2016-17	2015-16
1	Construction/acquisition of any asset	Nil	Nil
2	Contribution to Prime Ministers Relief Fund	240.93	262.11
3	Contribution to other charitable organisations eligible for CSR purpose	52.80	18.24
	<b>Total CSR Expenses</b>	<b>293.73</b>	<b>280.35</b>

**27. Disclosures in terms of the provisions of Non-Banking Financial Companies, Prudential Norms :****a) Capital to Risk Weighted Asset Ratio**

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
1	CRAR (%)	31.10%	25.22%
2	CRAR – Tier I Capital (%)	30.71%	24.85%
3	CRAR – Tier II Capital (%)	0.39%	0.37%
4	Amount of subordinated debt raised as Tier-II capital	Nil	Nil
5	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

**b) Investments**

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
<b>1</b>	<b>Value of Investments :</b>		
	(i) Gross Value of Investments		
	(a) In India	62,126.18	102,669.01
	(b) Outside India	Nil	Nil
	(ii) Provisions for Depreciation		
	(a) In India	260.79	260.79
	(b) Outside India	Nil	Nil



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
(iii)	Net Value of Investments		
	(a) In India	61,865.39	102,408.22
	(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	0.00	0.00
(iii)	Less: Write-off / write-back of excess provisions during the year	0.00	0.00
(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, 2017.

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
(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, 2017.

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
(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 and hedging cash equity portfolio.

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

down the risk management framework for derivatives trading. The policy also prescribes Risk Identification, its measurement, monitoring and risk mitigants.

**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, 2017.

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, 2017.
- 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, 2017.

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

	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, 2017</b>									
<b>Assets</b>									
Deposits	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Advances	4,255.21	7,102.13	31,751.31	84,090.16	83,950.83	67,749.21	18,647.21	2,397.08	<b>299,943.14</b>
Investments	35,240.18	Nil	Nil	Nil	Nil	821.99	500.00	25,303.22	<b>61,865.39</b>
<b>Liabilities</b>									
Bank Borrowings	20,000.00	Nil	Nil	2,222.22	39,724.46	22,777.78	15,555.56	Nil	<b>100,280.02</b>
Market borrowings	6,200.00	51,500.00	28,000.00	Nil	Nil	56,000.00	9,000.00	Nil	<b>150,700.00</b>
<b>Foreign Currency :</b>									
Foreign Currency Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Currency Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

As at March 31, 2016									
<b>Assets</b>									
Deposits	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Advances	15,397.25	2,661.70	26,284.80	79,142.16	67,571.43	109,232.77	17,306.66	15,338.75	<b>332,935.52</b>
Investments	39,403.08	4,960.50	514.20	9,707.66	Nil	1,409.40	Nil	46,413.38	<b>102,408.22</b>
<b>Liabilities</b>									
Bank Borrowings	Nil	Nil	Nil	10,000.00	48,934.58	Nil	Nil	Nil	<b>58,934.58</b>
Market borrowings	35,900.00	70,000.00	45,000.00	15,000.00	32,500.00	6,000.00	59,000.00	0.00	<b>263,400.00</b>
<b>Foreign Currency :</b>									
Foreign Currency Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Currency Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### f) Exposures

#### i) Exposure to Real Estate Sector :

(₹ in lakhs)

Category		As at March 31, 2017	As at March 31, 2016
<b>Direct Exposure*</b>			
<b>1</b>	<b>Residential Mortgages</b>		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	5,946.29	10,687.23
<b>2</b>	<b>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	89,494.99	89,123.21
<b>3</b>	<b>Investments in Mortgage Backed Securities (MBS) and other securitised exposures</b>		
a	Residential		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).	Nil	9,809.98

\*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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**ii) Exposure to Capital Market**

Particulars		As at March 31, 2017	As at March 31, 2016
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:	17,222.82	17,125.90
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:	6,204.33	5,500.24
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	175,007.66	213,508.46
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	1,539.78
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)	1,996.72	2,190.92
<b>Total Exposure to Capital Market</b>		<b>200,431.53</b>	<b>239,865.30</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 - ₹ 585.14 lakhs

**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) During the year, Credit Rating Agencies, ICRA and CARE have revised the credit rating for long term borrowings of the company to "AA-" from "AA". Details of Company's Credit Rating are as under.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Rating Agencies	Rating programme	31.03.2017		31.03.2016	
		Rating Assigned	Rating Amount	Rating Assigned	Rating Amount
CRISIL	Short Term	Crisil A1+	200,000.00	Crisil A1+	200,000.00
ICRA	Short Term	Crisil A1+	150,000.00	Crisil A1+	150,000.00
ICRA	Long Term Bank Lines	ICRA AA-	20,000.00	ICRA AA	20,000.00
ICRA	Long Term Debt (NCD)	ICRA AA-	120,000.00 <sup>15</sup>	ICRA AA	150,000.00 <sup>15</sup>
CARE	Long Term Debt (NCD)	CARE AA-	120,000.00 <sup>15</sup>	CARE AA	120,000.00

<sup>15</sup>Includes rating of ₹ 20,000.00 lakhs (PY - ₹ 30,000.00 lakhs) for NCD's matured.

- 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 a branch office in New Delhi. 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	2016-17	2015-16
Provision for depreciation on Investment/stock-in-trade	0.00	0.00
Provision for amortisation on Investment	(95.50)	27.59
Provision towards NPA	(5,672.01)	7,604.24
Provision for Standard Assets	(92.31)	(130.65)
Provision made towards Income Tax (incl. deferred tax)	3,229.61	4,093.24
Other Provision (employee related)	150.00	150.00

- ii) Draw Down from Reserves – Nil

- iii) Concentration of Advances, Exposures and NPAs

- a) Concentration of Advances/Exposures

(₹ in lakhs)

Particulars	2016-17	2015-16
Total Advances/exposure to twenty largest borrowers/customers	163,063.06	166,692.71
% of Advances/exposure to twenty largest borrowers to total advances/exp.	54.36%	50.07%

- b) Concentration of NPAs

(₹ in lakhs)

Particulars	2016-17	2015-16
Total Exposure to top four NPA accounts	5,904.33	14,000.00

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**c) Sector-wise NPAs**

Sr No.	Sector	Percentage of NPAs to Total Advances in that sector	
		2016-17	2015-16
1	Agriculture & Allied activities	-	-
2	MSME	-	-
3	Corporate borrowers (includes LLP and partnership firms/Trusts)	1.02%	4.47%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-
8	Others (Individual Borrowers)	55.26%	24.57%

**iv) Movement of NPAs**

No.	Particulars	2016-17	2015-16
(i)	<b>Net NPAs to Net Advances (%)</b>	<b>1.02%</b>	<b>2.25%</b>
(ii)	<b>Movement of NPAs (Gross)</b>		
	(a) Opening balance	17,097.08	17,097.08
	(b) Additions during the year	5,506.78	0.00
	(c) Reductions during the year (including write off)	15,421.64	0.00
	(d) Closing balance	<b>7,182.22</b>	<b>17,097.08</b>
(iii)	<b>Movement of NPAs (Net)</b>		
	(a) Opening balance	7,270.06	14,874.30
	(b) Additions during the year	2,633.45	(7,604.24)
	(c) Reductions during the year (including write off)	6,876.30	0.00
	(d) Closing balance	<b>3,027.21</b>	<b>7,270.06</b>
(iv)	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
	(a) Opening balance	9,827.02	2,222.78
	(b) provisions during the year	2,873.33	7,604.24
	(c) Write-off / write-back of excess provisions	8,545.34	0.00
	(d) Closing balance	<b>4,155.01</b>	<b>9,827.02</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	2016-17	2015-16
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	1	1
(c)	No. of complaints redressed during the year	1	1
(d)	No. of complaints pending at the end of the year	Nil	Nil



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### j) Disclosure of Restructured Accounts

Sr	Type of Restructuring	Asset Classification	Others				Total
			Standard	Sub-Standard	Doubtful	Loss	
	Details						
1	Restructured Loan Account as on 01/04/2016	No. of borrowers	Nil	Nil	Nil	Nil	Nil
		Amount outstanding	Nil	Nil	Nil	Nil	Nil
		Provisions	Nil	Nil	Nil	Nil	Nil
2	Fresh restructuring during the year	No. of borrowers	Nil	1 <sup>16</sup>	Nil	Nil	1
		Amount outstanding	Nil	3,000.00	Nil	Nil	3,000.00
		Provisions held	Nil	1,350.00	Nil	Nil	1,350.00
3	Upgradation to restructured standard category during the year	No. of borrowers	Nil	Nil	Nil	Nil	Nil
		Amount outstanding	Nil	Nil	Nil	Nil	Nil
		Provisions	Nil	Nil	Nil	Nil	Nil
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	Nil	Nil	Nil	Nil	Nil
		Amount outstanding	Nil	Nil	Nil	Nil	Nil
		Provisions	Nil	Nil	Nil	Nil	Nil
5	Downgradations of restructured accounts during the year	No. of borrowers	Nil	Nil	Nil	Nil	Nil
		Amount outstanding	Nil	Nil	Nil	Nil	Nil
		Provisions	Nil	Nil	Nil	Nil	Nil
6	Write – offs of restructured accounts during the year	No. of borrowers	Nil	Nil	Nil	Nil	Nil
		Amount outstanding	Nil	Nil	Nil	Nil	Nil
		Provisions	Nil	Nil	Nil	Nil	Nil
7	Restructured Loan Account as on 31/03/2017	No. of borrowers	Nil	1 <sup>16</sup>	Nil	Nil	1
		Amount outstanding	Nil	3,000.00	Nil	Nil	3,000.00
		Provisions held	Nil	1,350.00	Nil	Nil	1,350.00

**Note:** Since the disclosure of restructured advance account pertains to section “Others”, the first two sections, namely, “Under CDR Mechanism” and “Under SME Debt Restructuring Mechanism” as per format prescribed in the guidelines are not included above.

<sup>16</sup>downgraded to sub-standard after restructuring.

### k) Other Disclosure :

Sr No.	Particulars	Amount Outstanding		Amount Overdue	
		As at 31.3.2017	As at 31.3.2016	As at 31.3.2017	As at 31.3.2016
	<b>Liabilities Side</b>				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	(a) Debenture				
	Secured	69,256.19	89,677.73	Nil	Nil
	Unsecured	Nil	Nil	Nil	Nil

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

	(other than falling within the meaning of Public deposit)				
(b)	Deferred Credit	Nil	Nil	Nil	Nil
(c)	Term Loans	65,273.81	10,010.19	Nil	Nil
(d)	Inter Corporate Loans and Borrowing	Nil	Nil	Nil	Nil
(e)	Commercial Paper	79,500.00	165,000.00	Nil	Nil
(f)	Others Loans (Working Capital Demand Loan/CBLO)	41,481.76	62,367.51	Nil	Nil

	<b>Assets Side</b>	<b>Amount Outstanding 2016-17 (₹ in lakhs)</b>	<b>Amount Outstanding 2015-16 (₹ in lakhs)</b>
2	<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below): (for financing business of the company)</b>		
	(a) Secured (Gross)	299,358.00	322,545.19
	(b) Unsecured	585.14	10,390.33
3	<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	Nil	Nil
	(b) Operating Lease	Nil	Nil
	(ii) Stock on hire including hire charges under sundry debtor		
	(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>		
	<u>Current Investment</u>		
	1. Quoted		
	(i) Shares : (a) Equity	274.69	90.35
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	0.00	514.20
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	40.49	1,812.73
	(v) others	Nil	Nil
	2. Unquoted		
	(i) Shares : (a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

(iii)	Units of mutual funds	34,925.00	37,500.00
(iv)	Government Securities	Nil	Nil
(v)	others (Commercial papers)	Nil	14,668.16
<b>Long Term Investments</b>			
<b>1. Quoted</b>			
(i)	Shares : (a) Equity	821.99	1,409.40
	(b) Preference	Nil	Nil
(ii)	Debentures and Bonds	Nil	Nil
(iii)	Units of mutual funds	500.00	Nil
(iv)	Government Securities	7,680.35	28,596.31
(v)	others (Please specify)	Nil	Nil
<b>2. Unquoted</b>			
(i)	Shares : (a) Equity	15,626.15	15,626.15
	(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)	1,996.72	2,190.92
		61,865.39	102,408.22

5 Borrower group-wise classification of assets financed as in (2) and (3) above			
Category	Amount Net of Provisions		
	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	295,788.13	Nil	295,788.13
<b>Total</b>	<b>295,788.13</b>	<b>Nil</b>	<b>295,788.13</b>

6 Investor group-wise classification of all Investments (current & long-term) in shares and securities (quoted & unquoted)				
Category	Market Value		Book Value	
	2016-17	2015-16	2016-17	2015-16
1. Related Parties				
(a) Subsidiaries	15,126.15	15,126.15	15,126.15	15,126.15
(b) Companies in the same group	Nil	Nil	Nil	Nil
(c) other related parties	Nil	Nil	Nil	Nil
2. Other than related parties	47,275.79	87,057.86	46,739.24	87,282.07
<b>Total</b>	<b>62,401.94</b>	<b>102,184.01</b>	<b>61,865.39</b>	<b>102,408.22</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

Sl.	Particulars	2016-17 (₹ in lakhs)	2015-16 (₹ in lakhs)
<b>7</b>	<b>Other Information</b>		
	<b>Particulars</b>		
<b>(i)</b>	<b>Gross Non Performing Assets</b>		
	<b>(a) Related parties</b>	<b>Nil</b>	<b>Nil</b>
	<b>(b) Other than related parties</b>	<b>7,182.22</b>	<b>17,097.08</b>
<b>(ii)</b>	<b>Net Non-Performing Assets</b>		
	<b>(a) Related parties</b>	<b>Nil</b>	<b>Nil</b>
	<b>(b) Other than related parties</b>	<b>3,027.21</b>	<b>7,270.06</b>
<b>(iii)</b>	<b>Assets acquired in satisfaction of Debts</b>	<b>Nil</b>	<b>Nil</b>

28. In terms of Ministry of Corporate Affairs notification G.S.R. 308(E) dated 30.03.2017, details of Specified Bank Notes (SBNs) held and transacted during the period 08.11.2016 to 30.12.2016 is provided as under:

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.00	0.08	0.08
Add : Permitted receipts	0.00	1.37	1.37
Less : Permitted payments	0.00	1.35	1.35
Less : Amount deposited in Banks	0.00	0.00	0.00
Closing cash in hand as on 30.12.2016	0.00	0.10	0.10

29. 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 report of even date**

For and on behalf of

**For A. J. Shah & Co.****Chartered Accountants**

Firm Regn No.: 109477W

**For and on behalf of the Board of Directors****Rajesh V. Shah**  
**Partner**

Membership No. 031475

**S. Ravi**  
Director  
DIN: 00009790**T. V. Rao**  
Director  
DIN: 05273533**Kamlesh Rathi**  
Chief Financial Officer**T. C. Venkat Subramanian**  
Director  
DIN: 00040526**Pradeep Madhav**  
Managing Director & CEO  
DIN: 00267422Mumbai  
April 26, 2017**Mrs. Thankom T. Mathew**  
Director  
DIN: 00025326**Surendra K. Behera**  
Deputy Managing Director  
DIN: 07480667**Suparna Sharma**  
Company SecretaryMumbai  
April 26, 2017



## 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/2006	10/Mar/2008
Reporting period for the subsidiary	31/Mar/2017	31/Mar/2017
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	30,554.19	(296.98)
Total Assets	548,457.41	163.47
Total Liabilities	502,903.22	10.45
Investments	519,719.81	7.50
Turnover / Revenue	60,265.53	10.92
Profit before taxation	27,368.51	8.85
Provision for taxation	9,556.51	0.00
Profit after taxation	17,812.00	8.85
Proposed Dividend	Nil	Nil
% 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

## Part "B": Associates and Joint Ventures - Not Applicable

As per our report of even date

For and on behalf of the Board of Directors

For and on behalf of

For A. J. Shah &amp; Co.

Chartered Accountants

Firm Regn No.: 109477W

**S. Ravi**  
Director  
DIN: 00009790

**T. C. Venkat Subramanian**  
Director  
DIN: 00040526

**Mrs. Thankom T. Mathew**  
Director  
DIN: 00025326

**Rajesh V. Shah**  
Partner  
Membership No. 031475

**T. V. Rao**  
Director  
DIN: 05273533

**Pradeep Madhav**  
Managing Director & CEO  
DIN: 00267422

**Surendra K. Behera**  
Deputy Managing Director  
DIN: 07480667

**Kamlesh Rathi**  
Chief Financial Officer

**Suparna Sharma**  
Company Secretary

Mumbai  
April 26, 2017

Mumbai  
April 26, 2017

**LIST OF SHAREHOLDERS AND SHAREHOLDING PATTERN AS ON 31.03.2017**

<b>Sr. No.</b>	<b>Names of the Shareholders</b>	<b>No. of Shares Held</b>	<b>% Held</b>
1	BANK OF INDIA	11383781	29.96
2	IDFC BANK LIMITED	3530136	9.29
3	STATE BANK OF INDIA	2812415	7.40
4	IDBI BANK LTD.	2507610	6.60
5	PUNJAB NATIONAL BANK	1877564	4.94
6	LIFE INSURANCE CORPORATION OF INDIA	1505400	3.96
7	CANARA BANK-MUMBAI	1426298	3.75
8	ICICI BANK LTD	1400528	3.69
9	BANK OF BARODA	1253544	3.30
10	CENTRAL BANK OF INDIA	1150100	3.03
11	INDIAN BANK	1102378	2.90
12	DENA BANK	646947	1.70
13	ALLAHABAD BANK	622134	1.64
14	SYNDICATE BANK	582160	1.53
15	UNION BANK OF INDIA	581248	1.53
16	ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA-UNIT SCHEME 1964	494043	1.30
17	ORIENTAL BANK OF COMMERCE	474277	1.25
18	UCO BANK	464892	1.22
19	GENERAL INSURANCE CORPORATION OF INDIA	432875	1.14
20	UNITED BANK OF INDIA	378256	0.99
21	THE NEW INDIA ASSURANCE COMPANY LIMITED	368175	0.97
22	IFCI LTD	337400	0.89
23	ANDHRA BANK	313196	0.82
24	STATE BANK OF HYDERABAD	268052	0.71
25	BANK OF MAHARASHTRA	265032	0.70
26	INDIAN OVERSEAS BANK	254078	0.67
27	STATE BANK OF TRAVANCORE	248519	0.65
28	PUNJAB AND SIND BANK	225500	0.59
29	STATE BANK OF BIKANER AND JAIPUR	223896	0.59
30	CORPORATION BANK	209461	0.55
31	STATE BANK OF PATIALA	200616	0.53
32	STATE BANK OF MYSORE	167644	0.44
33	THE ORIENTAL INSURANCE COMPANY LIMITED	137290	0.36
34	SIDBI VENTURE CAPITAL LIMITED	82045	0.22
35	NATIONAL INSURANCE COMPANY LTD	72510	0.19
	<b>TOTAL</b>	<b>38000000</b>	<b>100.00</b>

# **STCI FINANCE LIMITED**



## **CONSOLIDATED ACCOUNTS**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH, 2017**





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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 (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 of the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the 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 the consolidated financial statements.

### **Opinion**

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 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 consolidated state of affairs of the Company, as at 31<sup>st</sup> March 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STCI FINANCE LIMITED (Formerly known as Securities Trading Corporation of India Limited)

### Other Matter

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of ₹ 5,48,486.00 Lakhs as at 31st March 2017, the total revenue of ₹ 60,276.45 Lakhs and net cash inflows amounting to ₹ 4,997.38 Lakhs for the year then ended. These financial statements and other 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-sections (3) and (5) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion above 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 sub-section 3 of Section 143 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, and the consolidated cash flow statement 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 the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March 2017 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 is disqualified as on 31<sup>st</sup> March 2017 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"; and
  - 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 6.1 to the consolidated financial statements;
    - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31st March, 2017 by the Group.
    - iv. The Group has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Group. Refer Note 30 to the consolidated financial statements.



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF STCI FINANCE LIMITED**  
(Formerly known as Securities Trading Corporation of India Limited)

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, 2017, we report that:
- i. According to the information and explanations given to us and based on the other auditor's reports issued in accordance with section 143(5), the Group does not own any freehold or leasehold land.
  - ii. According to the information and explanations given to us and based on the other auditor's reports issued in accordance with section 143(5), there are no cases of write off of debts/interest etc. during the financial year 2016-17. The details of write off of loans and waiver of interest during the financial year 2016-17 along with the reasons are given in Annexure II.
  - iii. According to the information & explanation given to us and based on the other auditor's reports issued in accordance with section 143(5), the Group does not have any inventories lying with third parties except in case of a subsidiary company where the securities are kept as collateral with the RBI/CCIL for availing secured borrowings and with IL&FS/HDFC bank for trading purposes/margin requirements, for which proper records have been maintained by the subsidiary company. The Group has not received any gifts/grant(s) from the Government or other authority.

For and on behalf of  
**A. J. Shah & Co.**  
**Chartered Accountants**  
Firm Registration No. 109477W

**Rajesh V. Shah**  
**Partner**  
**Membership No. 031475**

Mumbai  
April 26, 2017



## ANNEXURE - I TO THE 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 2017, we have audited the internal financial controls over financial reporting of STCI Finance Limited ("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 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 the 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by 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, 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 and the audit evidence obtained by the 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 the Company's internal financial controls system over financial reporting.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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



## **ANNEXURE - I TO THE AUDITOR'S REPORT**

### **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, 2017, 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 ICAI

### **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 insofar 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  
**A. J. Shah & Co.**  
**Chartered Accountants**  
Firm Registration No. 109477W

**Rajesh V. Shah**  
**Partner**  
**Membership No. 031475**

Mumbai  
April 26, 2017



## ANNEXURE – II TO THE INDEPENDENT AUDITOR’S REPORT

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

### Cases of waiver of interest

Sr. No.	Number of cases of waiver of interest	Total Interest Waived (₹ In Lakhs)	Reasons for waiver as given by the company
<b>Holding Company – STCI Finance Limited</b>			
1	3	99.18	Considering business exigencies and to maintain business relations, the penal interest for delayed payments and breach of loan covenants was waived.
<b>Cases of write-off of loans</b>			
2	6	15,200	Loans and advances of ₹ 15,200.00 lakhs were written off as bad debts, after evaluation of the existing status, security available and the likelihood of recovery.

For and on behalf of  
**A. J. Shah & Co.**  
**Chartered Accountants**  
 Firm Registration No. 109477W

**Rajesh V. Shah**  
**Partner**  
**Membership No. 031475**

Mumbai  
 April 26, 2017



## **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 2017**

The preparation of Financial Statements of STCI Finance Limited for the year ended 31 March 2017 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 the section 129(4) of the Act is responsible for expressing opinion on the Financial Statements under section 143 read with section 129(b) of the Act based on independent audit in accordance with 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 26 April 2017.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the Consolidated Financial Statements of STCI Finance Limited for the year ended 31 March 2017 under section 143(6)(a) read with section 129(4) of the Act.

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

**(Roop Rashi)**

Principal Director of Commercial Audit and  
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai

Date : June 20, 2017



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital	1.1	38,000.00	38,000.00
(b) Reserves and surplus	1.2	106,269.87	93,391.73
Sub-Total - (1)		<b>144,269.87</b>	<b>131,391.73</b>
<b>2 Non Current Liabilities</b>			
(a) Long term borrowings	2.1	103,333.33	65,000.00
(b) Long term provisions	2.2	1,637.50	1,283.97
Sub-Total - (2)		<b>104,970.83</b>	<b>66,283.97</b>
<b>3 Current Liabilities</b>			
(a) Short term borrowings	3.1	629,486.40	776,226.89
(b) Trade payables	3.2		
- Total outstanding dues of micro enterprises and small enterprises		0.00	0.00
- Total outstanding dues of creditors other than micro enterprises and small enterprises		103.33	125.74
(c) Other current liabilities	3.3	24,814.81	39,422.53
(d) Short term provisions	3.4	1,621.55	1,182.37
Sub-Total - (3)		<b>656,026.09</b>	<b>816,957.53</b>
<b>TOTAL (1+2+3)</b>		<b>905,266.79</b>	<b>1,014,633.23</b>
<b>II ASSETS</b>			
<b>1 Non-current Assets</b>			
(a) Property, Plant and Equipment	4.1	3,934.37	4,069.15
(b) Intangible assets	4.1	37.93	73.35
(c) Non current investments	4.2	47,347.11	68,186.46
(d) Deferred tax assets (net)	4.3	1,304.44	3,105.56
(e) Long term loans and advances	4.4	90,807.97	133,741.23
(f) Other non current assets	4.5	77.27	94.02
Sub-Total - (1)		<b>143,509.09</b>	<b>209,269.77</b>
<b>2 Current Assets</b>			
(a) Current investments	5.1	7.50	15,187.64
(b) Inventories	5.2	519,111.93	570,310.47
(c) Trade receivables	5.3	0.91	320.48

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017**

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
(d) Cash and Bank Balances	5.4	8,097.71	3,130.89
(e) Short term loans and advances	5.5	213,879.33	192,837.06
(f) Other current assets	5.6	20,660.32	23,576.92
Sub-Total - (2)		<b>761,757.70</b>	<b>805,363.46</b>
<b>TOTAL (1+2)</b>		<b>905,266.79</b>	<b>1,014,633.23</b>

The accompanying notes from 1 to 31 form an integral part of these financial statements.

**As per our report of even date**

For and on behalf of

**For A. J. Shah & Co.**

**Chartered Accountants**

Firm Regn No.: 109477W

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

**S. Ravi**

Director

DIN: 00009790

**T. C. Venkat Subramanian**

Director

DIN: 00040526

**Mrs. Thankom T. Mathew**

Director

DIN: 00025326

**Rajesh V. Shah**

**Partner**

Membership No. 031475

**T. V. Rao**

Director

DIN: 05273533

**Pradeep Madhav**

Managing Director & CEO

DIN: 00267422

**Surendra K. Behera**

Deputy Managing Director

DIN: 07480667

**Kamlesh Rathi**

Chief Financial Officer

**Suparna Sharma**

Company Secretary

Mumbai

April 26, 2017

Mumbai

April 26, 2017



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>I Revenue from Operations</b>			
a) Interest income	7.1	76,002.19	79,131.28
b) Other financial services	7.2	968.02	1,381.12
c) Profit/(Loss) on sale of securities	7.3	24,670.16	(1,079.50)
		<b>101,640.37</b>	<b>79,432.90</b>
<b>II Other Income</b>	8	982.62	603.12
<b>III Total Revenue (I+II)</b>		<b>102,622.99</b>	<b>80,036.02</b>
<b>IV Expenses</b>			
a) Employee benefit expenses	9	2,036.61	1,402.58
b) Finance costs	10	50,755.66	54,844.86
c) Depreciation and amortisation expenses	4.1	245.99	268.29
d) Other expenses	11	3,059.66	2,529.50
e) Loan Provision and Write offs	12	9,435.68	7,473.59
<b>Total Expenses</b>		<b>65,533.60</b>	<b>66,518.82</b>
<b>V Profit before exceptional and extraordinary items and tax (III - IV)</b>		37,089.39	13,517.20
<b>VI Exceptional items</b>		0.00	0.00
<b>VII Profit before tax (V+VI)</b>		<b>37,089.39</b>	<b>13,517.20</b>
<b>VIII Tax expenses</b>			
i) Current tax		10,985.00	7,160.00
ii) Deferred tax		1,801.12	(2,505.97)
iii) Short / (Excess) provision for tax of earlier year(s)		0.00	2.89
<b>IX Profit and loss from continuing operations (VII-VIII)</b>		<b>24,303.27</b>	<b>8,860.28</b>
<b>X Profit/(loss) from discontinuing operations (net of taxes)</b>		8.85	8.19
<b>XI Profit and loss from operations (after tax) ( IX +X)</b>		<b>24,312.12</b>	<b>8,868.47</b>

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>XII Earning per equity share of par value of ₹ 100/- each</b>			
i) Basic Earning Per Share (EPS) in ₹	18	63.98	23.34
ii) Diluted Earning Per Share (EPS) in ₹	18	63.98	23.34

The accompanying notes from 1 to 31 form an integral part of these financial statements.

**As per our report of even date**

For and on behalf of

**For A. J. Shah & Co.****Chartered Accountants**

Firm Regn No.: 109477W

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

**S. Ravi**  
Director  
DIN: 00009790

**T. C. Venkat Subramanian**  
Director  
DIN: 00040526

**Mrs. Thankom T. Mathew**  
Director  
DIN: 00025326

**Rajesh V. Shah**  
Partner  
Membership No. 031475

**T. V. Rao**  
Director  
DIN: 05273533

**Pradeep Madhav**  
Managing Director & CEO  
DIN: 00267422

**Surendra K. Behera**  
Deputy Managing Director  
DIN: 07480667

**Kamlesh Rathi**  
Chief Financial Officer

**Suparna Sharma**  
Company Secretary

Mumbai  
April 26, 2017

Mumbai  
April 26, 2017



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (Loss) / Profit before tax and extraordinary items	<b>37,098.24</b>	<b>13,525.39</b>
Adjustments for:		
Depreciation	245.99	268.29
(Profit) / Loss on sale of Property, plant and equipment	(0.79)	0.83
(Profit) / Loss on sale of Investments	(555.40)	(235.30)
Interest and other income on investments	(3,425.65)	(6,107.68)
Dividend on investments	(158.34)	(163.60)
Amortisation of premium on investments	(17.35)	37.00
Provision against loans and advances	(5,764.32)	7,473.59
Write-off of Bad debts	15,200.00	0.00
	<b>5,524.14</b>	<b>1,273.13</b>
Operating Profit / (loss) before working capital changes	<b>42,622.38</b>	<b>14,798.52</b>
<b>Changes in Working Capital:</b>		
Increase / (Decrease) in trade payable	(22.41)	(19.84)
Increase / (Decrease) in long term provisions	576.00	(14.20)
Increase / (Decrease) in short term provisions	150.81	(55.54)
Increase / (Decrease) in other current liabilities	(1,274.39)	12,309.39
Decrease / (Increase) in long term loan and advances	37,866.44	(2,631.09)
(Increase) / Decrease in other non current assets	16.75	19.52
Decrease / (Increase) in short term loan and advances	(21,042.27)	33,990.14
Decrease / (Increase) in trade receivables	319.57	(299.75)
Decrease / (Increase) in inventories	51,198.54	(224,098.93)
Decrease / (Increase) in other current assets	2,916.60	(12,001.14)
	<b>70,705.64</b>	<b>(192,801.44)</b>
<b>CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>113,328.02</b>	<b>(178,002.92)</b>
Less: Taxes Paid	(15,224.61)	(7,634.36)
<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>98,103.41</b>	<b>(185,637.28)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed deposit with banks having original maturity over three months	(6.66)	33,955.88
Purchase of tangible / intangible assets	(76.25)	(121.62)
Sale of tangible / intangible assets	1.25	0.70
Purchase of Investments	(109,722.13)	(37,397.17)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of Investments	146,251.02	15,483.41
Dividend received	158.34	163.60
Interest and other income on investments	3,425.65	6,107.68
<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>40,031.22</b>	<b>18,192.48</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of dividend (including DDT)	(11,433.98)	(3,658.88)
Funds borrowed	(121,740.49)	172,160.26
<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>(133,174.47)</b>	<b>168,501.38</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>4,960.16</b>	<b>1,056.58</b>
<b>Cash and Cash equivalents at beginning of period</b>	<b>2,089.50</b>	<b>1,032.92</b>
<b>Cash and Cash equivalents at end of period</b>	<b>7,049.66</b>	<b>2,089.50</b>
Other Bank balances (FD's with residual maturity of less than 12 months)	1,048.05	1,041.39
<b>Cash and bank balances at end of period</b>	<b>8,097.71</b>	<b>3,130.89</b>

Prepared as per "Indirect Method" as prescribed by Accounting Standard -3 (revised) "Cash Flow Statements"

**As per our report of even date****On behalf of the Board of Directors**

For and on behalf of

**For A. J. Shah & Co.****Chartered Accountants**

Firm Regn No.: 109477W

**S. Ravi**  
Director  
DIN: 00009790

**T. C. Venkat Subramanian**  
Director  
DIN: 00040526

**Mrs. Thankom T. Mathew**  
Director  
DIN: 00025326

**Rajesh V. Shah**  
**Partner**  
Membership No. 031475

**T. V. Rao**  
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DIN: 05273533

**Pradeep Madhav**  
Managing Director & CEO  
DIN: 00267422

**Surendra K. Behera**  
Deputy Managing Director  
DIN: 07480667

**Kamlesh Rathi**  
Chief Financial Officer

**Suparna Sharma**  
Company Secretary

Mumbai  
April 26, 2017

Mumbai  
April 26, 2017



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### NOTE NO. 1.1: SHARE CAPITAL

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Authorised</b>		
50,000,000 Equity shares of ₹ 100/-each	50,000.00	50,000.00
	<b>50,000.00</b>	<b>50,000.00</b>
<b>Equity Share Capital</b>		
<b>Issued, Subscribed &amp; Fully paid up</b>	38,000.00	38,000.00
38,000,000 (PY - 38,000,000) Equity shares of ₹ 100/- each fully paid up		
<b>TOTAL</b>	<b>38,000.00</b>	<b>38,000.00</b>

\*PY stands for Previous Year throughout the financial statements

#### a) Details of Shareholding as at March 31, 2017

- 11,383,781 number of equity shares of ₹ 100/- each, held by Bank of India, the largest shareholder of the company.
- Shareholders holding more than 5% of Equity Shares of the Company are as under:

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	11,383,781	29.96%	11,383,781	29.96%
IDFC Bank Limited	3,530,136	9.29%	3,530,136	9.29%
State Bank of India	2,812,415	7.40%	2,812,415	7.40%
IDBI Bank Limited	2,507,610	6.60%	2,507,610	6.60%

b) **Details of shares bought back during past five years:** There has been no buy back of shares during past five years

#### c) Reconciliation of the number of equity shares outstanding of ₹ 100/- each

Particulars	As at March 31, 2017	As at March 31, 2016
Number of shares at the beginning of year	38,000,000	38,000,000
Add: Shares Issued	0	0
Less: Share bought back / forfeited	0	0
Number of shares at the end of year	38,000,000	38,000,000

d) Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of ₹ 100/- each.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**NOTE NO. 1.2: RESERVES AND SURPLUS**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>a) Reserve created pursuant to Section 45 I C of RBI Act, 1934</b>		
Balance as at the beginning of the year	39,782.10	38,009.20
Add :- Amount transferred from surplus in statement of profit and loss	6,362.40	1,772.90
Balance as at the end of the year (a)	<b>46,144.50</b>	<b>39,782.10</b>
<b>b) Capital Redemption Reserve</b>		
Balance as at the beginning of the year	17,000.00	17,000.00
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance as at the end of the year (b)	<b>17,000.00</b>	<b>17,000.00</b>
<b>c) Capital Reserve</b>		
Balance as at the beginning of the year	27.53	27.53
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance as at the end of the year (c)	<b>27.53</b>	<b>27.53</b>
<b>d) Held to Maturity (HTM) Reserve<sup>1</sup></b>		
Balance as at the beginning of the year	2,126.63	2,126.63
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance as at the end of the year (d)	<b>2,126.63</b>	<b>2,126.63</b>
<sup>1</sup> Created pursuant to RBI Circular IDMD.PDRD No. 1050/03.64.00/2009-10 dated August 31, 2009		
<b>e) General Reserve</b>		
Balance as at the beginning of the year	319.22	319.22
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance as at the end of the year (e)	<b>319.22</b>	<b>319.22</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	34,136.25	27,040.68
Add :- Profit for the year available for appropriation	24,312.12	8,868.47
Total Profit available for appropriation	<b>58,448.37</b>	<b>35,909.15</b>
<b>Less : Appropriations</b>		
Statutory Reserve (as per Section 45IC of the RBI Act, 1934)	6,362.40	1,772.90
Interim dividend on equity shares, DPS* ₹ 25/- (March 31, 2016, DPS ₹ Nil)	9,500.00	0.00



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Tax on proposed dividend	1,933.98	0.00
Net surplus in statement of profit and loss (f)	<b>40,651.99</b>	<b>34,136.25</b>
<b>*DPS = Dividend Per Share</b>		
<b>Total (a+b+c+d+e+f)</b>	<b>106,269.87</b>	<b>93,391.73</b>

### NOTE NO. 2.1: LONG TERM BORROWINGS

Particulars	As at March 31, 2017	As at March 31, 2016
<b>a) Secured</b>		
- Redeemable Non Convertible Debentures (NCD's) (Non-Current portion)	65,000.00	65,000.00
- Long term loan from Banks (Non-Current portion)	38,333.33	0.00
<b>b) Others</b>	0.00	0.00
<b>Total (a+b)</b>	<b>103,333.33</b>	<b>65,000.00</b>

i) Details of outstanding Secured Redeemable Non Convertible Debenture (NCD's) of ₹ 10 lakhs each (privately placed)

Particulars	Maturity Date	As at March 31, 2017		As at March 31, 2016	
		Current Maturities	Non Current portion	Current Maturities	Non Current portion
10.15% NCDs Nil (PY-2000)	January 17, 2017	0.00	0.00	20,000.00	0.00
9.40% NCDs 600 (PY-600)	October 1, 2018	0.00	6,000.00	0.00	6,000.00
9.67% NCDs 3,000 (PY-3,000)	June 25, 2019	0.00	30,000.00	0.00	30,000.00
9.89% NCDs 2,000 (PY-2,000)	July 30, 2019	0.00	20,000.00	0.00	20,000.00
9.40% NCDs 900 (PY-900)	October 1, 2020	0.00	9,000.00	0.00	9,000.00
<b>Total</b>		<b>0.00</b>	<b>65,000.00</b>	<b>20,000.00</b>	<b>65,000.00</b>

Above NCDs are redeemable at par. Above NCDs are Secured by way of first charge on specific receivables and registered mortgage of the Company's immovable properties with an overall asset cover of 125%. (Refer Note No 25)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

## ii) Details of Secured Long term loan from Banks

Name of the lending Bank	Rate of Interest	Repayment details	As at March 31, 2017		As at March 31, 2016	
			Current Maturities	Non Current portion	Current Maturities	Non Current portion
State Bank of India	8.60%	18 Qtrly Installments beginning from 30.07.17	6,666.67	33,333.33	0.00	0.00
HDFC Bank Ltd	8.80%	8 Qtrly Installments beginning from 07.04.18	0.00	5,000.00	0.00	0.00
			<b>6,666.67</b>	<b>38,333.33</b>	<b>0.00</b>	<b>0.00</b>

Above Term Loans are secured by way of first charge on specific receivables with an overall asset cover of 120%. (Refer Note No 25)

**NOTE NO. 2.2: LONG TERM PROVISIONS**

Particulars	As at March 31, 2017	As at March 31, 2016
For employee benefits	289.45	198.13
Contingent provision against standard assets	326.45	499.12
For amortisation of premium on debt investments	74.60	124.40
Provision for performance linked variable pay	535.00	74.35
Provision for stamp duty on securities transactions (Refer Note No. 21)	385.63	361.60
Others	26.37	26.37
<b>Total</b>	<b>1,637.50</b>	<b>1,283.97</b>

**NOTE NO. 3.1: SHORT TERM BORROWINGS**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>I. Secured Borrowings</b>		
a. Loan repayable on demand		
- from banks	0.00	0.00
- from other parties	0.00	0.00
b. Other loans and advances		
CBLO borrowings	109,565.00	75,205.00
Borrowing under Repo	146,267.94	71,765.69
Borrowing Under LAF / Refinance from RBI	16,000.00	216,900.00
<b>Total of Secured Borrowings - (I)</b>	<b>271,832.94</b>	<b>363,870.69</b>
<b>II Unsecured Borrowings</b>		
a. Loan repayable on demand		
- from banks <sup>2</sup>	273,127.02	242,447.58



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
- from other parties (Inter-corporate Deposit)	5,026.44	4,908.62
b. Other loans and advances		
- Commercial Papers	79,500.00	165,000.00
<b>Total of Unsecured Borrowings - (II)</b>	<b>357,653.46</b>	<b>412,356.20</b>
<b>Total (I + II)</b>	<b>629,486.40</b>	<b>776,226.89</b>

<sup>2</sup>Includes loan of ₹ 24,818.01 lakhs (PY ₹ 9,975.56 lakhs) from related party "Bank of India"

### Additional information to secured / unsecured borrowings:

#### i) Secured short term borrowings

- CBLO borrowing of ₹ 109,565.00 lakhs (PY - ₹ 75,205.00 lakhs) is repayable in 3-18 days (PY- 4 days) and carries interest rates ranging from 5.45% to 6.15% (PY- 6.1% to 8%). Government securities having face value of ₹ 115,300.00 lakhs (PY - ₹ 91,100.00 lakhs) has been kept as collateral with Clearing Corporation of India Limited for CBLO borrowings. Company has also placed ₹ 763.00 lakhs (PY - ₹ 808.00 lakhs) as Cash margin and ₹ 10.00 Lakhs (PY - ₹ Nil) & Government securities having face value of ₹ 13,810.00 lakhs (PY - ₹ Nil) towards Default Fund/SGF with Clearing Corporation of India Limited for CBLO.
- Secured borrowing under outstanding Repo amounting to ₹ 146,267.94 lakhs (PY - ₹ 71,765.69 lakhs) is secured by collateral of government securities and treasury bills having face value of ₹ 144,597.00 lakhs (PY - ₹ 70,755.00 lakhs) and will mature on April 03, 2017 (PY - April 04, 2016) and carries interest rate between 2.5% to 6.30% (PY - 7% to 8.25%).
- Secured borrowing under LAF / Refinance from RBI outstanding as on March 31, 2017 is ₹ 16,000.00 lakhs (PY - ₹ 216,900.00 lakhs). The borrowing is secured by collateral of government securities & treasury bills of face value of ₹ 16,178.30 lakhs (PY - ₹ 227,700.00 lakhs). The borrowings will be maturing on various dates within next 3 days (PY- 90 days) and carries interest rates of 6.25% ( PY - 6.75% to 6.97%).

#### ii) Unsecured short term bank borrowings

- Bank credit lines, Short term loans and overdraft facilities have been utilised from various banks for financing activities, working capital requirement and asset liability management. These credit facilities are repayable as per terms of sanction or on demand and subject to annual review. These borrowings carry interest rates between 8.15% to 9.45% (PY - 9.30% to 9.95%).
- Unsecured bank loan also includes ₹ 217,847.00 lakhs (PY - ₹ 183,513.00 lakhs) raised from various banks (through at call / short notice / term) and is repayable between 3 days to 80 days (PY - 4 days to 70 days) and carries interest rate between 5.90% to 6.50% (PY -6.1% to 8.42%).

#### iii) Inter-corporate deposit

Outstanding inter corporate deposits as on March 31, 2017 of ₹ 5,026.44 lakhs (PY - ₹ 4,908.62 lakhs) carries interest rates between 6.01% to 7.37% (PY- 6.53% to 7.04%) and repayable between 3 days to 84 days (PY - 73 days to 91 days).

#### iv) Commercial paper borrowing

Company raises unsecured short term funds by issuing Commercial Papers. The face value of the outstanding borrowing as on March 31, 2017 is ₹ 79,500.00 lakhs (PY - ₹ 165,000.00 lakhs). These are repayable over next year on based on contracted maturity and carries interest rates ranging between 7.30% to 7.90% (PY - 9.40% to 9.75%).

- During the year, there has been no default either on principal or interest payment for any of the borrowings .

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**NOTE NO. 3.2: TRADE PAYABLE**

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Payable		
- Due to micro and small enterprises	0.00	0.00
- Other than micro and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	102.78	125.19
Others		
- Due to micro and small enterprises	0.00	0.00
- Other than micro and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	0.55	0.55
<b>Total</b>	<b>103.33</b>	<b>125.74</b>

**NOTE NO. 3.3: OTHER CURRENT LIABILITIES**

Particulars	As at March 31, 2017	As at March 31, 2016
Secured Redeemable Non Convertible Debentures (NCD's) - Current portion (Refer Note No. 25)	0.00	20,000.00
Secured Long term loan from Banks - Current portion (Refer Note No. 25)	6,666.67	0.00
Leave Encashment / PLVP	106.56	147.26
Interest accrued but not due on borrowings (including related party amount of ₹ 10.68 lakhs, (PY - ₹ 16.35 lakhs)	4,970.14	6,001.60
Statutory dues	8.35	6.33
MTM Payable on Interest Rate Swaps & Futures	12,435.30	11,168.17
Margin money, Other deposits & payables	627.79	2,099.17
<b>Total</b>	<b>24,814.81</b>	<b>39,422.53</b>

**NOTE NO. 3.4: SHORT TERM PROVISIONS**

Particulars	As at March 31, 2017	As at March 31, 2016
For employee benefits	70.40	54.59
For performance linked variable pay	150.00	150.00
For taxation	356.55	0.00
Contingent provision against standard assets	1,044.60	964.23
Provision for amortisation of premium on debt investments	0.00	13.55
<b>Total</b>	<b>1,621.55</b>	<b>1,182.37</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### NOTE NO. : 4.1 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

(₹ in lakhs)

PARTICULARS	Tangible Assets							Intangible Assets		Total Assets
	Air-Conditioners	Buildings <sup>3</sup>	Computers	Electrical Installations	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software and Licenses	
<b>Gross Block</b>										
As at March 31, 2015	60.49	5,268.01	224.99	71.84	224.13	67.01	41.02	5,957.49	232.23	6,189.72
Additions	0.93	0.01	52.54	0.00	0.58	3.04	0.00	57.10	64.52	121.62
Deletions	6.50	0.00	11.96	1.23	1.10	3.53	0.00	24.32	0.00	24.32
As at March 31, 2016	<b>54.92</b>	<b>5,268.02</b>	<b>265.57</b>	<b>70.61</b>	<b>223.61</b>	<b>66.52</b>	<b>41.02</b>	<b>5,990.27</b>	<b>296.75</b>	<b>6,287.02</b>
Additions	0.00	0.00	37.03	0.00	1.60	0.93	30.51	70.07	6.18	76.25
Deletions	0.00	0.00	20.51	0.00	0.00	8.03	0.00	28.54	0.00	28.54
As at March 31, 2017	<b>54.92</b>	<b>5,268.02</b>	<b>282.09</b>	<b>70.61</b>	<b>225.21</b>	<b>59.42</b>	<b>71.53</b>	<b>6,031.80</b>	<b>302.93</b>	<b>6,334.73</b>
Depreciation										
As at March 31, 2015	29.24	1,273.56	186.33	33.93	124.90	50.52	17.65	1,716.13	182.89	1,899.02
Additions	5.61	147.80	33.60	6.97	19.37	9.21	5.22	227.78	40.51	268.29
Deletions	5.03	0.00	11.96	1.23	1.04	3.53	0.00	22.79	0.00	22.79
As at March 31, 2016	<b>29.82</b>	<b>1,421.36</b>	<b>207.97</b>	<b>39.67</b>	<b>143.23</b>	<b>56.20</b>	<b>22.87</b>	<b>1,921.12</b>	<b>223.40</b>	<b>2,144.52</b>
Additions	5.41	141.49	22.01	6.95	19.43	3.78	5.32	204.39	41.60	245.99
Deletions	0.00	0.00	20.28	0.00	0.00	7.80	0.00	28.08	0.00	28.08
As at March 31, 2017	<b>35.23</b>	<b>1,562.85</b>	<b>209.70</b>	<b>46.62</b>	<b>162.66</b>	<b>52.18</b>	<b>28.19</b>	<b>2,097.43</b>	<b>265.00</b>	<b>2,362.43</b>
<b>Net Block</b>										
As at March 31, 2016	25.10	3,846.66	57.60	30.94	80.38	10.32	18.15	4,069.15	73.35	4,142.50
As at March 31, 2017	<b>19.69</b>	<b>3,705.17</b>	<b>72.39</b>	<b>23.99</b>	<b>62.55</b>	<b>7.24</b>	<b>43.34</b>	<b>3,934.37</b>	<b>37.93</b>	<b>3,972.30</b>

<sup>3</sup> a) Cost of building includes ₹ 0.06 lakhs being the cost of shares held for membership of the Co-operative society.

b) Includes immovable property with original cost of ₹ 83.01 lakhs against which a charge has been created in favour of Debenture Trustees for secured NCD borrowings.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**NOTE NO. 4.2: NON CURRENT INVESTMENTS**

Particulars	Face Value	Quantity	As at March 31, 2017	As at March 31, 2016
<b>I. Trade Investments</b>				
<b>a) Investment in Equity Shares (Unquoted and fully paid)</b>				
Clearing Corporation of India Limited (PY 5,000,000)	₹ 10	5,000,000	500.00	500.00
<b>Total Trade Investments</b>	(I)		<b>500.00</b>	<b>500.00</b>
<b>II. Other Investments (Non Trade)</b>				
<b>a) Investment in Equity Shares (Quoted and fully paid)</b>				
Asian Paints India Limited (PY - Nil)	₹ 1/-	10,000	91.82	0.00
Bajaj Auto Limited (PY - Nil)	₹ 10/-	7,500	208.83	0.00
HDFC Bank Limited (PY - Nil)	₹ 2/-	10,000	120.03	0.00
Larsen & Toubro Limited (PY - Nil)	₹ 2/-	15,000	218.73	0.00
State Bank of India (PY - Nil)	₹ 1/-	75,000	182.58	0.00
Ashoka Buildcon Limited (PY - 15,000)	₹ 5/-	-	0.00	26.08
Ambuja Cements Limited (PY - 55,000)	₹ 2/-	-	0.00	117.88
Bata India Limited (PY - 4,000)	₹ 5/-	-	0.00	20.13
Bharat Heavy Electricals Limited (PY - 138,180)	₹ 2/-	-	0.00	428.20
Crompton Greaves Consumer Electricals Limited (PY - 40,000)	₹ 2/-	-	0.00	0.00
Crompton Greaves Limited (PY - 40,000)	₹ 2/-	-	0.00	77.93
Future Retail Limited(ex-Pantaloon Retail) (PY -45,000)	₹ 2/-	-	0.00	82.41
ITC Limited (PY- 35,000)	₹ 1/-	-	0.00	120.60
Indian Oil Corporation (PY- 20,000)	₹ 10/-	-	0.00	81.99
Kotak Mahindra Bank Limited (PY- 15,000)	₹ 5/-	-	0.00	99.82
NTPC Limited (PY - 150,000)	₹10/-	-	0.00	227.01
Tata Motors Limited (PY- 37,500)	₹ 2/-	-	0.00	127.35
<b>Sub Total (a)</b>			<b>821.99</b>	<b>1,409.40</b>
<b>b) Investment in Government Securities (Quoted) <sup>4</sup></b>				
8.15% GS 2022 (PY Face Value - ₹ 5,500 lakhs)	-		0.00	5,608.84
7.72% GS 2025 (PY Face Value - ₹ 4,000 lakhs)	-		0.00	3,978.95
6.97% GS 2026 (PY Face Value - Nil)	₹ 34,500 lakhs		35,848.05	0.00
8.15% GS 2026 (PY Face Value - Nil)	-		0.00	4,109.20
8.26% GS 2027 (PY Face Value - ₹ 4,000 lakhs)	₹ 1,000 lakhs		1,010.50	4,174.50



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	Face Value	Quantity	As at March 31, 2017	As at March 31, 2016
8.60% GS 2028 (PY Face Value - ₹ 17,500 lakhs)	-		0.00	17,361.05
7.88% GS 2030 (PY Face Value - Nil)	₹ 500 lakhs		498.25	498.25
8.28% GS 2032 (PY Face Value - ₹ 4,000 lakhs)	₹ 2,000 lakhs		2,119.00	4,222.50
8.33% GS 2032 (PY Face Value - ₹ 1,500 lakhs)	₹ 1,500 lakhs		1,542.00	1,542.00
7.73% GS 2034 (PY Face Value - ₹ 1,500 lakhs)	-		0.00	1,449.20
8.30% GS 2042 (PY Face Value - ₹ 3,000 lakhs)	-		0.00	3,097.15
8.17% GS 2044 (PY Face Value - ₹ 17,000 lakhs)	₹ 2,000 lakhs		2,010.25	17,043.50
<sup>4</sup> a) Securities having face value of ₹ 41,500.00 lakhs (PY ₹ 60,500.00 lakhs) has been kept as collateral for various borrowings and settlement.				
b) Securities having book value of ₹ 35,806.49 lakhs (PY ₹ 35,480.42 lakhs) held in HTM portfolio				
<b>Sub Total (b)</b>			<b>43,028.05</b>	<b>63,085.14</b>
<b>c) Investment in State Government Loan (SDL) (Quoted)</b>				
8.36% Maharashtra SDL 2026 (PY Face Value - ₹ 500 lakhs)	-		0.00	500.65
8.38% Tamil Nadu SDL 2026 (PY Face Value - ₹ 500 lakhs)	₹ 500 lakhs		500.35	500.35
<b>Sub Total (c)</b>			<b>500.35</b>	<b>1,001.00</b>
<b>d) Investment in Mutual Fund (Quoted)</b>				
HDFC Charity Fund for Cancer Cure - Arbitrage Plan Direct Option - 100% Dividend Donation option - (PY -Nil)	₹ 10/-	5,000,000	500.00	0.00
<b>Sub Total (d)</b>			<b>500.00</b>	<b>0.00</b>
<b>e) Investment in Venture Capital Funds (Unquoted and partly paid)</b>				
Tata Venture Capital Funds-class A units (PY: 25,00,00,000) Net Amount paid per unit - ₹ 0.7987 (PY ₹ 0.8764) after considering redemption of ₹ 0.09218 per unit Balance committed Capital contribution ₹ 272.82 lakhs (PY ₹ 309.08 lakhs)	₹ 1	250,000,000	1,996.72	2,190.92
<b>Sub Total (e)</b>			<b>1,996.72</b>	<b>2,190.92</b>
<b>Total Non Trade Investments (II)=(a+b+c+d+e)</b>			<b>46,847.11</b>	<b>67,686.46</b>
<b>Total (I + II)</b>			<b>47,347.11</b>	<b>68,186.46</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

Particulars	Face Value	Quantity	As at March 31, 2017	As at March 31, 2016
Aggregate book value of quoted investments			44,850.39	65,495.54
Aggregate market value of quoted investments			44,700.17	66,691.18
Aggregate amount of unquoted investments			2,496.72	2,690.92
All the above investments are carried at cost.				

**NOTE NO. 4.3 : DEFERRED TAX ASSETS (NET)**

Company has accounted for the deferred tax assets and liabilities in respect of the timing differences through the statement of profit and loss. The components of the deferred tax asset /liability are as under .

Particulars	As at March 31, 2017	Charge during the year	As at March 31, 2016
<b>Deferred Tax Asset :</b>			
Provision for leave encashment & gratuity	134.99	(31.45)	103.54
Provision for payment of stamp duty	133.46	(8.32)	125.14
Other provisions – PLVP/Amortisation	144.67	(14.32)	130.35
Provision for non-performing assets (NPA)	1,357.75	1,823.94	3,181.69
<b>Total deferred tax assets</b>	<b>1,770.87</b>	<b>1,769.85</b>	<b>3,540.72</b>
<b>Deferred Tax Liability</b>			
Depreciation on Property, plant and equipment	416.79	(34.70)	382.09
Amortisation of NCD Issue Expenses	49.64	3.43	53.07
	<b>466.43</b>	<b>(31.27)</b>	<b>435.16</b>
<b>Net Deferred Tax Asset / (Liability)</b>	<b>1,304.44</b>	<b>1,801.12</b>	<b>3,105.56</b>

**NOTE NO. 4.4: LONG TERM LOANS AND ADVANCES**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>I. Secured, Considered Good</b>		
a. Loan against shares	8,554.33	61,265.10
b. Corporate and other loans	79,654.03	70,222.76
<b>Gross long term loans and advances <sup>5</sup></b>	<b>88,208.36</b>	<b>131,487.86</b>
Less:- Provision for non performing assets <sup>6</sup>	4,155.01	9,827.02
<b>Net long term loans and advances</b>	<b>84,053.35</b>	<b>121,660.84</b>
<sup>5</sup> All non performing loans and advances have been treated as non current assets.		
<sup>6</sup> Includes provision for unsecured loans & advances		
<b>II. Unsecured, Considered Good</b>		
a. Loan against shares	585.14	2,772.57
b. Corporate and other loans	0.00	7,617.76



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
c. Capital advances	0.00	1.05
d. Advance income and wealth tax payments	5,883.72	1,422.56
e. Security deposits	284.76	266.08
f. Others	1.00	0.37
	<b>6,754.62</b>	<b>12,080.39</b>
<b>Total (I + II)</b>	<b>90,807.97</b>	<b>133,741.23</b>

### NOTE NO. 4.5 : OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2017	As at March 31, 2016
Unamortized Borrowing cost	77.27	94.02
<b>Total</b>	<b>77.27</b>	<b>94.02</b>

### NOTE NO. 5.1 : CURRENT INVESTMENTS

Particulars	Face Value	Quantity	As at March 31, 2017	As at March 31, 2016
<b>Non Trade Investments</b>				
<b>i) Investment in Commercial paper (Unquoted)</b>	₹ 5 lakhs	-	0.00	4,960.50
Dewan Housing Fin. Corp - Maturing 2.5.2016 (PY - 1,000)	₹ 5 lakhs	-	0.00	4,858.19
Tata Capital Ltd - Maturing 11.08.2016 (PY - 1,000)	₹ 5 lakhs	-	0.00	4,849.47
Reliance Home Finance Ltd -Maturing 16.08.2016 (PY - 1,000)				
			0.00	14,668.16
<b>ii) Investment in Corporate Bonds (Quoted)</b>				
SBI Bonds (maturing 27.06.2016) (PY - 50)	₹ 10 lakhs	-	0.00	514.20
<b>iii) Investment in Mutual Fund Units (Unquoted)</b>				
LIC Nomura MF Saving Plus Fund - Growth Plan (PY units: 1544.89)	₹ 10	-	0.00	0.28
LIC Savings Plus Fund - Direct Growth Plan (PY - 24474.17 units)	₹ 10	30,351.22	7.50	5.00
<b>Total (i+ii+iii)</b>			<b>7.50</b>	<b>15,187.64</b>

The investment in Corporate Bonds has been disclosed as current investment in view of it maturing within 12 months from the date of balance sheet. However, the valuation of same has been done as per its original classification of long term investments at book cost less permanent diminution in value, if any.

Aggregate book value of quoted investments	0.00	514.20
Aggregate market value of quoted investments	0.00	501.46

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

Aggregate amount of unquoted investments	7.50	14,673.44
Aggregate provision for diminution in value of investments	0.00	0.00

**NOTE NO. 5.2 : INVENTORIES (STOCK-IN-TRADE)**

Particulars	As at March 31, 2017	As at March 31, 2016
Government Securities (incl. T Bills)	319,338.07	386,423.34
Corporate Bonds	135,637.40	92,326.40
Mutual Fund Units	35,425.00	37,500.00
Commercial Papers/Certificates of Deposits	28,380.69	53,970.38
Equity Shares	330.77	90.35
<b>Total</b>	<b>519,111.93</b>	<b>570,310.47</b>

- i) The cost for each security under the relevant category is calculated on weighted average basis. Inventory / Current Investment in each category is valued scrip-wise, at cost or market value whichever is lower. Net Depreciation in each category is provided for / charged to the Profit & Loss account. Net appreciation, in the category, if any, is ignored. Depreciation in one category is not set off against appreciation in another category.
- ii) The stock-in-trade as on March 31, 2017, includes Government Securities and Treasury Bills of Face Value ₹ 249,875.30 lakhs (PY: ₹ 343,055.00 lakhs) kept as collateral for short term borrowings and other purposes.

**NOTE NO. 5.3 : TRADE RECEIVABLES**

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, Considered good		
- Outstanding for a period exceeding six months from the date they are due for payment	0.00	0.00
- Others	0.91	320.48
<b>Total</b>	<b>0.91</b>	<b>320.48</b>

**NOTE NO. 5.4: CASH AND BANK BALANCES**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>I. Cash and Cash Equivalents</b>		
- Balance with banks	2,029.41	2,067.05
- Current account balance with RBI	20.11	22.15
- Cash on hand	0.14	0.30
- Fixed deposits with original maturity less than 3 months	5,000.00	0.00
<b>II. Other Bank Balances <sup>7</sup></b>		
- Fixed deposits with original maturity of more than 3 months but less than 12 months	148.05	869.64
- Fixed deposits with original maturity of more than 12 months	900.00	171.75
<b>Total (i + ii)</b>	<b>8,097.71</b>	<b>3,130.89</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

- 7a) Fixed deposits of ₹ 21.75 lakhs (PY - ₹ 21.75 lakhs) pertains to capital requirement for interest rate future segment with NSE/BSE.
- b) Fixed deposit of ₹ 500.00 lakhs (PY ₹ 500.00 lakhs) is kept with HDFC bank as margin money for settlement of G Sec trades.
- c) Fixed deposit includes (a) ₹ Nil (PY- ₹ 150.00 lakhs) in the name of National Securities Clearing Corporation Limited towards margin requirements for Equity Futures & Options segment, and (b) ₹ 250.00 (PY - ₹ 250.00 lakhs) with custodian - HDFC Bank for meeting margin requirements for equity segment.

### NOTE NO. 5.5: SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2017	As at March 31, 2016
<b>I. Secured, Considered Good</b>		
a. Loan against shares	172,072.52	154,971.03
b. Corporate and other loans	39,077.12	36,086.31
c. Lending under CBLO	0.00	500.00
	<b>211,149.64</b>	<b>191,557.34</b>
<b>II. Unsecured, Considered Good</b>	2,618.25	1,134.25
a. Margin Money / Deposits <sup>8</sup>	0.31	5.03
b. Advances to suppliers	111.13	140.44
c. Other loans and advances		
	<b>2,729.69</b>	<b>1,279.72</b>
<sup>8</sup> Kept ₹ 563.00 lakhs (PY - ₹ 608.00 lakhs) as Margin Money with CCIL for CBLO borrowing and ₹ 1,938.25 lakhs (PY - ₹ 526.25 lakhs) with NSE for IRF Trading.		
<b>Total (I + II)</b>	<b>213,879.33</b>	<b>192,837.06</b>

### NOTE NO. 5.6: OTHER CURRENT ASSETS

Particulars	As at March 31, 2017	As at March 31, 2016
Accrued interest	6,998.12	8,838.19
Other current assets	13,662.20	14,738.73
<b>Total</b>	<b>20,660.32</b>	<b>23,576.92</b>

### NOTE NO. 6.1 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

#### 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

- 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 ₹ 947.35 lakhs (PY ₹ 1,095.11 lakhs).

Disputed /Appeal Filed by	Disputed tax liability	Period to which dispute relates	Forum where dispute is pending
Income Tax Department	₹ 76.39 lakhs	F.Y.1999-00	Bombay High Court
Income Tax Department	₹ 100.82 lakhs	F.Y. 2000-01	Bombay High Court
Income Tax Department	₹ 248.08 lakhs	F.Y. 2002-03	Bombay High Court
Company	₹ 15.87 lakhs	F.Y. 2006-07	Assessing Officer
Company	₹ 0.08 lakhs	F.Y. 2007-08	Assessing Officer
Company	₹ 3.54 lakhs	F.Y. 2008-09	ACIT - TDS - 3 (2)
Company	₹ 2.94 lakhs	F.Y. 2009-10	ACIT - TDS - 3 (2)
Income Tax Department/Company	₹ 30.11 lakhs	F.Y. 2009-10	ITAT
Company	₹ 151.00 lakhs	F.Y. 2009-10	CIT (Appeal)
Company	₹ 10.72 lakhs	F.Y. 2010-11	ACIT - TDS - 3 (2)
Company	₹ 249.95 lakhs	F.Y. 2010-11	ITAT
Company	₹ 52.61 lakhs	F.Y. 2011-12	ITAT
Company	₹ 5.24 lakhs	F.Y. 2012-13	CIT (Appeal)

- c) No provision has been made for stamp duty on non-government securities transactions for the period up to 31st March 2006 (Refer Note No. 21).

**NOTE NO. 6.2 : CAPITAL AND OTHER COMMITMENTS:**

- a) Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances) is Nil (PY - ₹ 0.35 lakhs).
- b) Balance committed capital contribution to Tata Venture Capital Fund as on March 31, 2017 is ₹ 272.82 lakhs (PY - ₹ 309.08 lakhs)
- c) The purchases and sales of the securities effected on 31st March 2017, the transaction shall be accounted on April 03, 2017 ie settlement date. The details of the transactions are as under :

Transaction details	As at March 31, 2017	As at March 31, 2016
Purchase of securities	65,500.00	263,700.00
Sale of securities	143,507.40	256,485.25

- d) Open interest in respect of equity derivatives contracts (expiry 27.04.2017) on the balance sheet date is as follows:

Derivative contract details	Long/Short	No. of Units	Holding Rate	Market Price
Ambuja Cements (Futures)	Long	12,500	235.94	236.80
ICICI Bank (Futures)	Long	12,500	278.55	278.45



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### NOTE NO. 7.1 : INTEREST INCOME

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>a) Interest on Loans &amp; advances</b>		
- Loan against shares	22,069.86	25,568.33
- Corporate and other loans	16,241.75	14,778.74
<b>b) Interest/Discount on Investments</b>		
- Government securities <sup>9</sup>	11,863.59	17,427.56
- Treasury Bills	10,349.29	10,927.81
- Corporate bonds <sup>10</sup>	10,121.28	4,524.69
- Other money market instruments, CBLO & Repo <sup>11</sup>	4,983.28	2,650.59
<b>c) Others</b>	373.14	3,253.56
<sup>9</sup> Interest income from government securities includes ₹ 2,943.15 lakhs (PY ₹ 2,179.18 lakhs) on long term investments in government securities.		
<sup>10</sup> Interest income from corporate bonds includes ₹ 11.87 lakhs (PY ₹ 145.91 lakhs) on long term investments in corporate bonds.		
<sup>11</sup> includes ₹ 331.84.00 lakhs (PY ₹ 576.00 lakhs) from investments in commercial papers.		
<b>Total</b>	<b>76,002.19</b>	<b>79,131.28</b>

### NOTE NO. 7.2 : OTHER FINANCIAL SERVICES

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Upfront / Processing fees	870.67	788.24
Underwriting fees	95.78	236.11
Others	1.57	356.77
<b>Total</b>	<b>968.02</b>	<b>1,381.12</b>

### NOTE NO. 7.3 : PROFIT/(LOSS) ON SALE OF SECURITIES

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Government securities	23,011.22	(2,462.58)
Corporated bonds	206.65	175.88
Equity shares	631.56	(31.35)
Mutual fund units	1,050.00	973.86
Equity Derivatives	(295.59)	201.22
Interest rate swaps / Futures	(117.89)	30.96
Others	184.21	32.51
<b>Total</b>	<b>24,670.16</b>	<b>(1,079.50)</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**NOTE NO. 8 : OTHER INCOME**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income on tax refunds	57.34	63.73
Dividend income <sup>12</sup>	186.18	176.15
Net gain/(loss) on sale of investments	554.31	235.12
Provisions no longer required written back	34.69	1.66
Miscellaneous income	11.31	9.68
Income from Venture Capital Fund	138.79	116.78
<sup>12</sup> Dividend income includes ₹ 158.34 lakhs (PY ₹ 163.60 lakhs) being dividend received on investments		
<b>Total</b>	<b>982.62</b>	<b>603.12</b>

**NOTE NO. 9 : EMPLOYEE BENEFIT EXPENSES**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages, allowances, etc.	1,884.91	1,266.46
Contribution to provident and other funds	79.21	73.42
Staff welfare expenses	72.49	62.70
<b>Total</b>	<b>2,036.61</b>	<b>1,402.58</b>

**NOTE NO. 10 : FINANCE COSTS**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>a) Interest expenses</b>		
On bank credit line / overdraft	2,174.92	1,656.46
On CP issuance	10,606.20	10,843.32
On CBLO borrowing	3,809.97	5,195.67
On NCD issuance	7,897.46	10,130.33
On Call & term money	14,731.17	11,911.79
On borrowings from RBI	1,581.87	2,771.98
On inter corporate deposit	315.48	402.94
On refinance from RBI	1,553.81	3,034.75
On repo borrowings	7,581.24	8,628.86
	<b>50,252.12</b>	<b>54,576.10</b>
<b>b) Other borrowing cost</b>	368.54	268.76
<b>c) Interest Expense on Income Tax</b>	135.00	0.00
<b>Total</b>	<b>50,755.66</b>	<b>54,844.86</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### NOTE NO. 11 : OTHER EXPENSES

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Advertising expenses	0.91	0.32
Bank Charges	1.23	1.01
Transaction and settlement charges	1,501.62	983.12
Donations / CSR Expenses	450.20	466.43
Electricity charges	46.42	46.05
Information services	157.37	143.53
Insurance charges	33.77	41.76
Miscellaneous expenses	2.00	2.53
Office expenses	127.00	93.31
Payment to Auditors :		
- As audit fees	13.83	15.36
- For taxation matters	1.50	1.25
- For other services	3.96	2.75
- Out of pocket expenses	0.40	0.35
Postage, telephone and telegrams	63.69	60.94
Printing and stationery expenses	19.49	17.96
Professional fees	325.75	300.99
Rates and taxes	78.24	38.07
Rent	45.87	52.47
Repairs and maintenance - building	26.40	30.87
Repairs and maintenance - others	85.89	101.95
Sitting fees to directors	36.89	34.91
Travelling, conveyance and car expenses	54.58	55.74
Amortisation of premium on debt investments	(17.35)	37.00
Loss on sale of asset	0.00	0.83
<b>Total</b>	<b>3,059.66</b>	<b>2,529.50</b>

### NOTE NO. 12: LOAN PROVISION AND WRITE OFFS

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Contingent provision against standard assets	(92.31)	(130.65)
Provision against non performing assets	(5,672.01)	7,604.24
Bad Debts Written off	15,200.00	0.00
<b>Total</b>	<b>9435.68</b>	<b>7473.59</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### NOTE NO. 13 : SIGNIFICANT ACCOUNTING POLICIES

#### 13.1 Basis of Preparation of Accounts

The consolidated financial statements have been prepared under historical cost convention on accrual basis to comply in all material aspects with applicable accounting principles in India, the Accounting Standards (AS) specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Companies Act, 2013 (to the extent notified) and Reserve Bank of India directions to Non-Banking Finance Companies (NBFCs). Refer Note no. 14 for STCI Commodities Limited whose financials have been prepared on the basis on net realizable value. The accounting policies have been consistently applied and are consistent with those used in the previous year. All assets and liabilities have been classified as current and non-current as per company's normal operating cycle and other criteria set out in the schedule III of the Companies Act, 2013.

#### 13.2 Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires the management to make estimate and assumptions that affects the reported amount of assets, liabilities and disclosure of contingent liabilities as at the date of financial statements and revenue & expenses for the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 13.3 Principles of Consolidation

- (i) The consolidated financial statements relate to STCI Finance Limited ('the Company'), and all of its subsidiary companies. The financial statements of the Company and its subsidiaries are consolidated on line by line basis, by adding together the book values of assets, liabilities, income and expenses after fully eliminating the intra group balances and intra group transactions resulting in unrealized profits or losses. The financial statements of the subsidiaries are drawn up to the same reporting date as that of parent company.
- (ii) To the extent possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstance and are presented in the same manner as the Company's separate financial statements in accordance with Accounting Standards ('AS') – 21, "Consolidated Financial Statements".

#### 13.4 Revenue Recognition

##### (i) Treasury Bills, Commercial Papers, Certificate of Deposits and Zero Coupon Bonds

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.

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.

##### (ii) Government Securities & Corporate Bonds

- a) Income from Fixed Income securities is taken into account on accrual basis, provided that interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.
- b) The amounts paid and received towards accrued interest on the purchases and sales of Government securities and Corporate Bonds are netted off at the year-end and reckoned as income under "Interest on Government Securities" and "Interest on Corporate Bonds" respectively. Accordingly, in respect of the transactions in Government securities and Corporate bonds dealt with on outright basis, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively.
- c) Interest on fixed coupon debt security held on balance sheet date is accrued for expired period at coupon rate, and interest on floating rate securities is accrued at the rate determined by the terms of issue.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

- d) In case of Inflation Indexed Bonds (IIB), the interest and consideration towards purchase and sale of IIB are indexed with the index ratio prevalent on the date of the transaction. The amounts paid and received towards accrued interest on the purchases and sales of IIB are netted off at the year-end and reckoned as income under "Interest on IIB". Accordingly, in respect of the transactions in IIB, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively

### (iii) Pass Through Certificates (PTCs)

The difference between the acquisition cost (as reduced by the proportionate amount of inflows) and the redemption value is apportioned on time basis (using the IRR at the time of acquisition) and recognised as accrued income. This accrued income is added to the acquisition cost (as reduced by the proportionate amount of inflows) of the respective Pass Through Certificates (PTCs) and the sum is regarded as cost (book value) for the purpose of valuation of stock-in-trade. Any income received on prepayments is added to the income.

### (iv) Collateralized Borrowing and Lending Obligation (CBLO) Transactions

Transactions for borrowing and lending under CBLO are recorded at maturity value. The difference paid or received on redemption is treated as discount paid on CBLO in case of borrowing and discount earned on CBLO in case of lending. The difference between the discounted value on borrowing date or 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. The unamortised discount on CBLO borrowing and lending is disclosed under other current assets and other current liabilities respectively.

### (v) Expenses / Income under Repo Transactions

Repo / reverse repo transactions for government securities and corporate bonds are treated as borrowing / lending transactions. The difference between the considerations (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.

- (vi) Interest income from loan transactions is recognised on accrual basis by applying the interest rate implicit in such contracts except in the case of income on Non-Performing Assets (NPAs) which is recognised on realisation, in terms of RBI Guidelines. Processing fees on loans is recognised as income on accrual basis. Fees and additional interest income on delayed payments are recognized on accrual basis except in case where the same has been waived off by the competent authorities.

- (vii) Other interest income (excluding interest on tax refunds) is recognised on accrual basis. Interest income on tax refunds is recognised on receipt of assessment order.

### (viii) Equity Futures and Options

- (a) The initial margin and the additional margin paid for entering into equity futures and options are disclosed under the head Short Loans and Advances in the Balance Sheet or under the head Cash and Bank Balances, if given in form of fixed deposits.
- (b) "Equity Option Premium Account" represents the premium paid or received for buying or selling the options, respectively. The net premium paid or received for buying or selling the option, as the case may be, is recognised as profit or loss for all settled/expired contracts. Similarly, on the expiry of the contracts and on exercising the options, the difference between the final settlement price and the strike price is recognised as profit or loss. Gains or losses on stock/index futures and option contracts are recognized on squaring up of positions or on expiry of contracts.
- (c) The open positions are marked to market on the balance sheet date and net losses, if any, are provided for while net gains, if any, are not recognized.
- (d) The daily mark-to-market margin paid to/ received in respect of equity futures trades is debited or credited to the daily mark-to-market equity futures account and the same is disclosed under trade receivable/loans and advances or trade payable/current liabilities, as the case may be.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(e) "Income on Equity Futures and Options" represents the net profit or loss on settled/expired positions in equity index and stock futures and options after adjusting brokerage and other transaction costs.

**(ix) Commodity Futures**

(a) The initial margin and the additional margin paid on open positions of commodity futures are disclosed under the head Loans and Advances in the Balance Sheet.

(b) The daily mark-to-market margin paid to/ received from in respect of commodity futures trades is debited or credited to the daily mark-to-market margin commodity futures account and the same is disclosed under the head trade receivable or trade payable in the Balance Sheet, as the case may be. The balance in this account represents net unrealised gains or losses on open positions.

(c) The open positions are marked to market on the balance sheet date and net losses, if any, are provided for while net gains, if any, are not recognized.

(d) "Income on Commodity Futures" represents the net profit or loss on settled / expired positions in commodity futures after adjusting brokerage and other transaction costs.

**(x) Currency and Interest Rate Futures**

(a) The initial margin and the additional margin in form of fixed deposits/ cash paid for entering into contracts for Currency and Interest Rate Futures are disclosed under the head Cash and bank balances / Short Term Loans and Advances as the case may be in the Balance Sheet.

(b) The daily mark-to-market margin paid to/received from the custodian in respect of Currency and Interest Rate Futures contracts are debited/credited to the daily mark-to-market margin Currency/Interest Rates Futures account, as the case may be, on daily basis and the same is disclosed under Short Term Loans and Advances or Current liabilities, as the case may be.

(c) The Open positions are marked to market on the balance sheet date and net losses, if any, are provided for while net gains, if any, are not recognised.

(d) Gains or losses on Currency and Interest Rate Futures contracts are recognized on First in First Out basis, on squaring up of positions or expiry of contracts, whichever is earlier

**(xi) Interest Rate Swaps (IRS)**

Gains or losses on Interest Rate Swaps (IRS) are accounted for on settlement dates as per the terms of contract. The net mark-to-market in respect of open positions as at the year-end is accounted for on accrual basis.

**(xii) Hedged Portfolio**

(a) Securities :- Securities or portfolio of securities are hedged using hedging instruments permitted by RBI such as Interest Rate Derivatives. The securities that are designated as hedged are transferred to hedge portfolio at lower of cost or market value on the date of the hedge.

(b) Swaps :- Swaps that are designated as hedge to any asset are marked to market and the gain or loss on the hedge swap and the hedged portfolio is set off; while the resultant net loss is being provided for, the net gain is ignored. Gains or losses on termination or re-designation of hedge swaps is recognised against the offsetting gain or loss recognised on the designated asset or liability.

(xiii) In case of securities transferred from Stock-in-Trade to Investment Account, the same is reckoned as sale at market price. Resultant gains or losses are recognised in the profit and loss account on the date of transfer.

(xiv) Profit/Loss from trading in Equities and exchange traded derivatives is recognised on the basis of weighted average cost on trade dates. Profit/Loss from trading in Government Securities, FI & Other Bonds, other securities are recognised on the basis of weighted average cost on settlement dates.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### (xv) Underwriting Fees

Underwriting fee earned in respect of devolvement's under underwriting commitments, to the extent apportionable to the cost pro tanto, are reduced from the cost of securities devolving and the remaining amount is reckoned as income.

### (xvi) Brokerage, Securities Transaction Tax (STT) and Other Payments

The Brokerage, STT and other payments made in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of Brokerage and STT.

### (xvii) Front-end fees /Arrangers' Fee

Front-end / Arrangers' fees received on subscription to FI & Other Bonds are reckoned as income.

### (xviii) Brokerage and Commission Earned

Brokerage and commission in respect issue marketing and resource mobilization are accrued to the extent of availability of information. Portfolio management and other fees are accounted for on accrual basis.

### (xix) Dividend income is recognised when the right to receive dividend is established. Bonus entitlements are recognised on ex-bonus dates.

## 13.5 Investments

In terms of Non Banking Financial Companies Prudential Norms Direction issued by RBI, long term investments are valued at cost comprising acquisition cost and incidental expenses less permanent diminution in value, if any. Provision for diminution in the value of long term investments is made to recognise a decline other than temporary in the value of investments. In the case of debt instruments where the cost of acquisition is more than the redemption value, the difference is amortized over the period till maturity and charged to the Profit and Loss account.

Government securities are also held under HTM (Held to Maturity) category. The stock is transferred from HTM to trading portfolio at cost or market value, whichever is lower. The profit on sale of securities, if any from HTM category shall first be taken to the Profit & Loss Account and thereafter be appropriated to the Capital Reserve Account (net of tax). Loss on sale shall be recognized in the Profit & Loss Account. The balance in the reserve account is utilized as per the regulatory guidelines. No accounting adjustment are made for diminution / appreciation in value of such investments.

Investments other than long-term investments are classified as current investments and valued at cost or market value whichever is less.

## 13.6 Classification and Valuation of Stock-in-Trade / Current Investments

Company provides net depreciation category-wise for securities held as stock-in-trade/ current investments.

All the securities acquired with the intention of trading are considered as stock-in-trade and shown under current assets.

### (i) All quoted securities (stock-in-trade) are grouped into the following categories.

- Equity Shares
- Preference Shares
- Debenture and Bonds
- Govt. Securities (including T Bills)
- Mutual Fund Units
- Others

### (ii) Stock/ current investment in each category is valued scrip-wise, at cost or market value whichever is lower.

The cost is calculated on weighted average basis. Market value for fixed income securities is determined by the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA). As regards the tax free bonds, for the purpose of determining market value price quoted on the recognised stock exchanges on the relevant day is

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

also considered. It is valued at lower of weighted average cost, FIMMDA value or market value as per recognised stock exchange. Market value for equity shares is determined by the prices obtained from the recognised stock exchanges.

However, in line with the RBI and FIMMDA guidelines, Certificates of Deposit (CDs) and Commercial Papers (CPs) of less than one year tenor are valued at cost. Similarly, Treasury Bills held as stock-in-trade are valued at carrying cost (as explained at Sl. No. 13.4 (i) above).

- (iii) Unquoted units of Mutual Fund are valued at Net Asset Value (NAV) or cost whichever is lower.
- (iv) Net depreciation in each category is provided for / charged to the Profit and Loss account. Net appreciation, in the category, if any, is ignored.
- (v) Depreciation in one category is not set off against appreciation in another category.
- (vi) The outstanding swaps held for trading purpose are marked to market on the balance sheet date on the basis of yield rates declared by FIMMDA.

**13.7 Property, Plant and Equipment (Fixed Assets) and Depreciation**

Property, Plant and Equipment are initially recognised at cost and are stated at original cost less accumulated depreciation. Cost includes all direct costs attributable to acquisition, installation and commissioning.

Depreciation on fixed assets other than buildings and improvement to leasehold property is provided on the straight line method based on the estimated useful lives of the assets. Effective April 1, 2014, estimated useful life of fixed assets has been realigned as per Schedule II of the Companies Act, 2013.

Buildings are depreciated on written down value method at the applicable rates based on estimated useful life prescribed in Schedule II to the Companies Act, 2013.

Depreciation on improvements to leasehold property is provided on straight line method at the rates arrived at on the basis of the primary lease period.

Fixed assets costing less than ₹ 0.05 lakh, are provided with 100% depreciation in the year of purchase. Depreciation is provided on pro rata basis for assets purchased and sold during the year.

The details of estimated useful life assets (aligned with Schedule II to the Companies Act, 2013) are as under.

Description of Asset	Type of Asset	Estimated useful Life of Asset wef 01.04.2014
Building	Tangible	60 years
Furniture and Fixtures	Tangible	10 years
Computers - End User Devices	Tangible	3 years
Computers – Servers & Network	Tangible	6 Years
Computer Software	Intangible	3 years
Electrical Installations	Tangible	10 years
Air Conditioners	Tangible	10 years
Vehicles	Tangible	8 years
Office Equipment's	Tangible	5 years

**13.8 Taxes on Income**

Provision for income tax comprises the current tax provisions and the net change in the deferred tax asset or liability for the year. Current tax is determined as the amount of tax payable in respect of the taxable income for the year. Deferred tax asset or liability reflects the impact of current year timing differences between taxable income and the accounting income for the year and the reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent there is a reasonable certainty of sufficient future taxable income being available for its realisation. Deferred tax assets and liabilities



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statement of Profit and Loss in the period of enactment of the change.

### 13.9 Securities Accepted as Pledge and Margin Money

Securities or non-cash collateral accepted from a borrower are not recognised as an asset. Margin money received against margin call is shown under Other Current Liabilities.

### 13.10 Operating Lease

The monthly rent payments made for the premises acquired on lease are charged to profit and loss account on accrual basis.

### 13.11 Employee Benefits

#### (i) Provident Fund

Contributions as required under the statute, made to the Provident Fund (Defined Contribution Plan) are charged to the Profit and Loss Account. There is no obligation other than the monthly contribution payable to the Regional Provident Fund Commissioner.

#### (ii) Gratuity

The liability of future gratuity benefits is based on the actuarial valuation obtained at the year end. 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).

#### (iii) Other Benefits

Other long term employee benefits comprise leave encashment and are provided for based on the actuarial valuation and is not funded. Short term compensated absences are provided on undiscounted basis. The Projected Unit Credit method has been used to determine the liability on account of gratuity as well as leave encashment. The actuarial gain or loss is immediately recognised in the Profit and Loss Account.

### 13.12 Borrowing Cost

Borrowing costs are interest and ancillary expenditure incurred by the Company in connection with the borrowing of funds. Interest is charged to the Profit and Loss Account on accrual basis. Ancillary expenditure incurred in connection with the arrangement of borrowing is amortised over the tenure of the respective borrowings. Borrowing cost other than directly attributable to fixed assets are directly recognised as expense in the period in which they are incurred and are charged to revenue.

### 13.13 Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to the Profit and Loss Account to the extent carrying amount of assets exceeds their recoverable amount in the year in which an asset is identified as impaired.

### 13.14 Earnings Per Share (E.P.S.)

The basic earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the reporting period. Diluted earnings per equity share is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the reporting period.

### 13.15 Provisions and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the obligation. A disclosure of contingent liability is made when there is: (a) a possible obligation (obligation is a possible obligation if, based on the evidence available, its existence at the balance sheet date is considered not probable) that arises from past events and the existence of which will be confirmed only by the occurrence on non-occurrence of one or more uncertain future events not wholly within the control of the

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

enterprise (b) a present obligation that arises from past events but is not recognised because (i) it is not probable that an outflow embodying economic benefits will be required to settle the obligation; or (ii) a reliable estimate of the amount of the obligation cannot be made.

**13.16 Advances and Provision for Non Performing Assets (NPA) and Standard Assets (SA)**

Advances are classified as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms into “Performing” (Standard Assets - SA) and “Non-Performing Advances” (NPAs) and further into sub-standard, doubtful and loss assets based on the period for which the repayment instalment or interest has remained in arrears. Provision is made in respect of NPA and SA, subject to the minimum provision required as per NBFC Prudential Norms, or where additional specific risks are identified by the management, based on such identification.

**13.17 Foreign Exchange Transactions**

Expenses and remittances in foreign currency are accounted at exchange rates as on the transaction date.

**Notes forming part of consolidated financial statements****14. Details of entities considered in the consolidated financial statements**

Name of the entity	Net Assets (Total assets minus total liabilities)		Share in profit or loss (PBT)	
	As % of consolidated net assets	Amount (₹ in lakhs)	As % of consolidated profit or loss (PBT)	Amount (₹ in lakhs)
STCI Finance Limited (parent) <sup>13</sup>	68.30%	98,562.67	26.21%	9,720.88
Subsidiaries (Indian)				
STCI Primary Dealer Limited	31.57%	45,554.19	73.77%	27,368.51
STCI Commodities Limited	0.11%	153.02	0.02%	8.85
Subsidiaries (Foreign)	-	-	-	-
Minority Interests in all subsidiaries	-	-	-	-
Associates (Indian)	-	-	-	-
Associates (Foreign)	-	-	-	-
Joint Ventures (Indian)	-	-	-	-
Joint Ventures (Foreign)	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>144,269.87</b>	<b>100.00%</b>	<b>37,098.24</b>

<sup>13</sup>After adjusting for Inter group investments and profit.

15. The subsidiary companies considered in the consolidated financial statements are:

Name of Subsidiary Company	Country of Incorporation	Proportion of ownership interest
STCI Primary Dealer Limited (STCI PD) <sup>14</sup>	India	100%
STCI Commodities Limited <sup>15</sup>	India	100%

<sup>14</sup>STCI PD was incorporated in October 2006 as a wholly owned subsidiary of the company for undertaking Primary Dealership business of government securities.

<sup>15</sup>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 i.e. Multi Commodity Exchange (MCX) and National Commodity and Derivative Exchange (NCDEX), Mumbai. The business operations of STCI Commodities Limited were



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

discontinued with effect from 20th September 2011 and presently the company is in the process of liquidating its assets and settling the outstanding liabilities.

Therefore, on the grounds of prudence and considering the requirements of Accounting Standard - 1 (AS) on "Disclosure of Accounting Policies" the accounts of STCI Commodities Limited have been drawn as per net realizable value. Consequently, adjustments have been made to the carrying value of assets to reflect the true and fair view of the financial position.

The operational results of STCI Commodities Limited have been considered as discontinued operations under AS – 24 "Discontinuing Operations". The summarised details of discontinuing operations are as under.

The carrying amount of the total assets and liabilities of STCI Commodities Limited (discontinuing operations) as on March 31, 2017 are as under.

Particulars	As at March 31, 2017	As at March 31, 2016
Total assets	163.47	154.62
Total liabilities	10.45	10.45
<b>Net assets</b>	<b>153.02</b>	<b>144.17</b>

The revenue and expenses in respect of discontinued operations are as under.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Total revenue	10.92	10.24
Total cost and expenses	2.07	2.05
Other income / (loss) before taxes	8.85	8.19
Tax expenses	0.00	0.00
Net income / (loss) from discontinued operations (after tax)	8.85	8.19

### 16. Expenditure in Foreign Currency

Sr. No.	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
1	On Travel	5.09	3.27
2	On Interest	Nil	Nil
3	On Others	Nil	Nil

Earnings in Foreign Currency: ₹ Nil (PY - Nil)

17. A subsidiary has been dealing in Government Securities on behalf of the Constituents through the Constituent SGL account opened with RBI. The transactions undertaken cover monies received from the constituents and also physicals tendered by them for conversion into SGL Account. As on March 31, 2017, the face value of the securities held on behalf of the constituents is ₹ 1,726,751.10 lakhs (PY - ₹ 1,420,614.30 lakhs).

### 18. Earning Per Share (EPS)

The EPS calculation as per AS-20 is given below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit after Tax (₹ in lakhs)	24,312.12	8,868.47
Weighted average no. of shares (F.V. ₹ 100/-)	38,000,000	38,000,000
EPS for the year – Basic & Diluted (₹)	63.98	23.34

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

**19. Assets taken on Lease**

The office premise at various places have been acquired under operating lease on payment of monthly rentals. Future minimum lease rental relating to non-cancellable operating lease period are as under.

Particulars	As at March 31, 2017	As at March 31, 2016
Not later than 1 year	43.99	45.87
Later than 1 year but not later than 5 years	97.80	9.88
Later than 5 years	Nil	Nil

(₹ in lakhs)

Particulars	FY 16-17	FY 15-16
Payment made during the year (excluding taxes)	45.87	51.54

Lease rental charges (including cancellable lease) are recognised in the statement of profit and loss.

**20. Related Party Transactions**

Bank of India, by virtue of its shareholding being in excess of 20%, is considered to be a related party. The details of the transactions entered into with Bank of India are given below:-

(₹ in lakhs)

Nature of transaction	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Transactions during the year</b>	<b>Bank of India</b>	<b>Bank of India</b>
Purchase of Govt. Securities/Treasury Bills	9,135.35	4,349.50
Sale of Government Securities/Treasury Bills	169,074.68	96,735.52
Sale of corporate bonds and other money market instruments	-	-
Loans availed 16	139,534.93	278,277.45
Repayment of loan availed <sup>16</sup>	124,692.48	317,893.73
Maximum loan (availed) outstanding during the year	24,883.24	49,998.00
Fixed deposits (placed during the year)	95.79	89.14
Interest expenses for the year	202.92	997.78
Interest Income on FDR (accrued)	7.25	7.70
Dividend Paid	2845.95	910.70
Processing fees/Charges paid	62.05	39.72
Sitting fees & other expenses paid	4.32	7.24
<b>Outstanding as at the end of the year</b>		
Loan Outstanding (availed)	24,818.01	9,975.56
Fixed Deposit	95.79	89.14
Interest accrued but not due (Expenses)	10.68	16.35
Interest accrued but not due (Income)	4.60	4.71
Balance in current account	4.77	3.02

<sup>16</sup> Includes amounts availed and repaid from overdraft and short term loan accounts and call money.

All the transactions detailed above are entered into in the ordinary course of business.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### Remuneration to Key Management Personnel:

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(i)	Mr Pradeep Madhav (Managing Director & CEO w.e.f. 24.01.2017)	16.61	0.00
(ii)	Mr. Surendra K Behera (Dy Managing Director w.e.f 04.05.2016)	47.37	0.00
(iii)	Mr Yogesh Gaat (Managing Director & CEO upto 23.12.2016)	87.98	64.51
	Mr Yogesh Gaat (CEO upto 18.05.2015)	0.00	16.25
(iv)	Mr. Kamlesh Rathi	31.72	32.41
(v)	Ms. Suparna Sharma	31.06	33.52

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

Remuneration includes salary, perquisite and profits in lieu of salary as defined under Section 17 of the Income Tax Act, 1961 and company's contribution to Provident fund.

21. No stamp duty has been paid on non-government securities transactions in view of the on-going deliberations between Government of Maharashtra and various representative bodies of the participant's viz. IBA, FIMMDA, PDAI and AMFI, on the applicability of stamp duty on non-government securities' transactions. The Company has so far not received any claim for stamp duty from the Stamp Office in respect of non-government securities transactions.

For the current year, provision of ₹ 24.04 lakhs (PY ₹ 25.62 lakhs) calculated on the basis of 0.01% of the value of transaction as stipulated in the amendment to the Maharashtra Stamp Act, (erstwhile Bombay Stamp Act, 1958) announced in May 2005, has been made for stamp duty for direct deals of non government securities. The provision as on March 31, 2017 for stamp duty on non-government securities transactions stands at ₹ 385.63 lakhs (PY ₹ 361.59 lakhs). In the light of an assurance given by the Government of Maharashtra to the Indian Banks' Association, the liability on non-government securities transactions for the period up to 31st March 2006 has not been provided.

22. The Company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable has not been given.

### 23. Segment Reporting

#### a) Business Segment :

The management has identified Lending, Gilts and Non-Gilts as reportable segment based on risk, return and the regulatory authorities for reporting.

#### b) Segment Revenues and Expenses :

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.

#### c) Segment Assets and Liabilities :

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.

#### d) Geographical Segment :

The Company does not have geographical segment in the context of the Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

The detailed segmental information is as under:-

For the year ended March 31, 2017

(₹ in lakhs)

Segment Information	Gilts	Non-Gilts	Lending	Unallocated	Total	Discontinued broking op.
<b>Revenue</b>						
From External Client	46,301.67	16,471.64	39,182.27	667.91	102,622.99	10.45
Inter-Segment	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<b>46,301.67</b>	<b>16,471.64</b>	<b>39,182.27</b>	<b>667.91</b>	<b>102,622.99</b>	<b>10.45</b>
Segment Result	26,024.86	5,539.39	8,931.53		40,495.78	8.85
Unallocated exp (net)					(3,160.40)	0.00
Operating Profit					37,335.38	8.85
Depreciation					(245.99)	0.00
Exceptional Income					0.00	0.00
<b>Profit Before Tax</b>					<b>37,089.39</b>	<b>8.85</b>
Tax Expenses					(12,786.12)	0.00
<b>Profit After Tax</b>					<b>24,303.27</b>	<b>8.85</b>
<b>Other Information</b>						
Segment Assets	380,508.40	171,211.79	296,915.38	56,467.75	905,103.32	163.47
Segment Liabilities	354,982.40	153,057.91	216,357.44	36,588.72	760,986.47	10.45
From External Client	26,564.32	11,382.76	41,491.75	597.19	80,036.02	10.25
Inter-Segment	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<b>26,564.32</b>	<b>11,382.76</b>	<b>41,491.75</b>	<b>597.19</b>	<b>80,036.02</b>	<b>10.25</b>
Segment Result	1,240.80	3,646.94	11,221.36		16,109.10	8.19
Unallocated exp (net)					(2,323.61)	0.00
Operating Profit					13,785.49	8.19
Depreciation					(268.29)	0.00
Exceptional Income					0.00	0.00
<b>Profit Before Tax</b>					<b>13,517.20</b>	<b>8.19</b>
Tax Expenses					(4,656.92)	0.00
<b>Profit After Tax</b>					<b>8,860.28</b>	<b>8.19</b>
<b>Other Information</b>						
Segment Assets	469,469.22	166,597.99	327,089.71	51,321.69	1,014,478.61	154.62
Segment Liabilities	426,328.78	138,849.59	279,707.82	38,344.86	883,231.05	10.45

24. Provision for Standard assets is maintained @ 0.4% of the outstanding standard assets and accordingly standard asset provision of ₹ 92.31 lakhs (PY reversal of ₹ 130.65 lakhs) has been reversed during the year. The additional standard asset provision continues to be maintained at ₹ 200.00 lakhs (PY ₹ 200.00 lakhs).

25. Standard Loans and Advances of ₹ 142,717.54 lakhs (PY ₹ 111,782.33 lakhs) have been charged in favour of Debenture Trustee and Banks for outstanding Secured Redeemable Non-Convertible Debentures (NCD's) of ₹ 65,000.00 lakhs (PY ₹ 85,000.00 lakhs) and Secured Long Term Bank Loan of ₹ 45,000.00 lakhs (PY ₹ Nil lakhs).



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### 26. CSR Expenses

During the year, ₹ 450.20 (PY ₹ 466.43) lakhs has been spent 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 expenses for the year are as under.

Sr. No.	Particulars	2016-17	2015-16
1	Construction/acquisition of any asset	Nil	Nil
2	Contribution to Prime Ministers Relief Fund	397.40	448.19
3	Contribution to other charitable organisations eligible for CSR purpose	52.80	18.24
	<b>Total CSR Expenses</b>	<b>450.20</b>	<b>466.43</b>

27. The gratuity liability of the employees is covered by a Group Gratuity Scheme of the Life Insurance Corporation of India. The disclosure as required by Accounting Standard -15 "Employee Benefits" issued by the Institute of Chartered Accountants of India is as under.

Assumptions	2016-17	2015-16
Mortality rate	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / Discount Rate	6.66% - 6.69%	7.46% - 7.50%
Rate of return of Plan Assets	6.66% - 8.00%	7.46% - 8.00%
Salary Escalation	5-10%	5-10%

	Gratuity (2016-17)	Gratuity (2015-16)
<b>Changes in present value of obligation</b>		
Opening Defined Benefit Obligation	113.36	118.08
Interest Cost	8.37	8.99
Current Service Cost	11.85	14.20
Transfer in of liability	10.00	0.00
Actuarial (Gains) / Losses	9.59	(19.82)
Benefits Paid	(13.16)	(8.08)
<b>Closing Defined Benefit Obligation</b>	<b>140.01</b>	<b>113.37</b>
<b>Changes in the fair value of plan assets</b>		
Fair value of plan assets at beginning of year	104.93	83.29
Adjustment to op balance	6.16	4.23
Expected return on plan assets	7.64	7.17
Contributions	13.51	18.60
Benefits paid	(13.16)	(8.08)
Actuarial Gains/ (Losses)	3.15	(0.28)
<b>Fair value of plan assets at the end of the year</b>	<b>122.23</b>	<b>104.93</b>
<b>Actuarial Gain/ (loss) recognised</b>		
Actuarial Gain/ (Loss) for the year - obligation	(9.59)	19.82
Actuarial Gain/ (Loss) for the year - plan assets	3.15	(0.28)
<b>Net Actuarial Gain/ (Loss) recognised for the year</b>	<b>(6.44)</b>	<b>19.54</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(₹ in lakhs)

<b>Amount to be recognised in Balance Sheet</b>		
Present value of obligation as at the end of the year	140.01	113.37
Fair value of plan assets as at the end of the year	122.23	104.93
Funded status	(17.78)	(8.44)
<b>Net Asset recognised - Prepaid / (provisions)</b>	<b>(17.78)</b>	<b>(8.44)</b>
<b>Expenses Recognised in Profit and Loss account</b>		
Current Service Cost	11.85	14.20
Interest Cost	8.37	8.99
Net Actuarial loss/(gain) recognised in the year	6.44	(19.54)
Expected return on plan assets	(7.64)	(7.17)
<b>Expenses recognised in Profit &amp; Loss Account</b>	<b>19.02</b>	<b>(3.52)</b>

**Experience Adjustment – Gratuity**

<b>Particulars</b>	<b>31.03.2017</b>	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Defined Benefit Obligation	140.01	113.37	118.08	98.74	69.48
Plan assets	122.23	104.93	83.29	72.83	56.06
Surplus/(Deficit)	(17.78)	(8.44)	(34.79)	(25.91)	(13.42)
Experience adj. on plan liabilities	7.13	22.74	(3.27)	(10.55)	(8.13)
Experience adj. on plan assets	(3.15)	(0.28)	0.32	(0.01)	0.45

Leave Encashment: Provision of ₹ 94.07 lakhs (PY ₹ 45.11 lakhs) has been made during the year for long term leave encashment on actuarial valuation basis. Provision of ₹ 8.17 lakhs (Previous year ₹ 30.56 lakhs reversal) has been made during the year on account of short term compensated absences.

28. The details of provisions as per AS 29 – Provisions, Contingent Liabilities and Contingent Assets are as under.

<b>Particulars</b>	<b>Stamp Duty</b>	<b>PLVP *</b>
Opening Balance as at April 01, 2016	361.59	322.47
Additions	24.04	685.00
Utilisation	0.00	217.28
Reversal	0.00	30.84
Closing Balance as at March 31, 2017	385.63	759.35

\* Performance Linked Variable Pay

Provision for stamp duty is made for stamp duty payable under Maharashtra Stamp Act, (erstwhile Bombay Stamp Act, 1958) in respect of direct deals for Non SLR transactions. Provision of ₹ 685.00 lakhs (PY ₹ 173.77 lakhs) is made during the year for payment of performance linked variable pay.

29. Depreciation on Buildings is charged on Written down value (WDV) basis except for building owned by subsidiary STCI PD, constituting approximately 38.55% of the total cost of buildings owned by the group, which is charged on Straight Line Method (SLM) basis.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

30. In terms of Ministry of Corporate Affairs notification G.S.R. 308(E) dated 30.03.2017, details of Specified Bank Notes (SBNs) held and transacted during the period 08.11.2016 to 30.12.2016 is provided as under:

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.08	0.12	0.20
Add : Permitted receipts	0.00	1.77	1.77
Less : Permitted payments	0.00	1.77	1.77
Less : Amount deposited in Banks	0.08	0.00	0.08
Closing cash in hand as on 30.12.2016	0.00	0.12	0.12

31. 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.

Figures pertaining to the subsidiary companies and previous year have been reclassified/regrouped wherever necessary to bring them in line with the parent Company's current years financial statements.

### As per our report of even date

For and on behalf of

For **A. J. Shah & Co.**

Chartered Accountants

Firm Regn No.: 109477W

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

**S. Ravi**  
Director  
DIN: 00009790

**T. C. Venkat Subramanian**  
Director  
DIN: 00040526

**Mrs. Thankom T. Mathew**  
Director  
DIN: 00025326

**Rajesh V. Shah**  
Partner  
Membership No. 031475

**T. V. Rao**  
Director  
DIN: 05273533

**Pradeep Madhav**  
Managing Director & CEO  
DIN: 00267422

**Surendra K. Behera**  
Deputy Managing Director  
DIN: 07480667

**Kamlesh Rathi**  
Chief Financial Officer

**Suparna Sharma**  
Company Secretary

Mumbai  
April 26, 2017

Mumbai  
April 26, 2017



# **STCI FINANCE LIMITED**



## **STCI PRIMARY DEALER LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31<sup>st</sup> MARCH, 2017**





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**DIRECTOR'S REPORT****TO THE SHAREHOLDERS OF STCI PRIMARY DEALER LIMITED (CIN:- U67110MH2006PLC165306)**

Your Directors are pleased to present the Eleventh Annual Report together with the Audited Accounts of the Company for the Year ended March 31, 2017.

**1. FINANCIAL RESULTS**

The Financial performance of the Company for the year ended March 31, 2017 is as under:-

(₹ in Lakh)

Particulars	March 31, 2017	March 31, 2016
Total Revenue	60,265.53	34,404.33
Total Expenses	32,897.02	33,071.14
Profit(+)/loss(-) before Tax	27,368.51	1,333.20
Provision for current year and deferred tax	9,556.51	563.68
Prior period expenses	0	0
Short/(Excess) Provision for Tax for earlier years	0	0
Tax on Distributed Income on Buyback of Share	0	0
Profit(+)/loss(-) after Tax	17,812.00	769.52
Transfer to Statutory Reserve*	3,562.40	153.90
Net Profit/(Net Loss) For the current year	14,249.60	615.62
Balance in profit & loss account brought forward balance	8,769.36	8,153.75
Transfer to Reserves (Profit on Sale of HTM Securities)	0	0
(-) Premium on Buy back	0	0
(-) Transfer to Capital Redemption Reserves towards buyback of Shares	0	0
(-) Depreciation charged to Retained Earning	0	0
Interim Dividend	7,500.00	0
Tax on Interim Dividend	1,526.83	0
<b>Balance Carried to the Balance Sheet</b>	<b>13,992.13</b>	<b>8,769.37</b>

\*Created pursuant to Section 45 I –C of Reserve Bank of India Act, 1934 as amended in January 1997.

Your Company has made a net profit (Profit After Tax) of ₹ 178.12 Crore for the financial year 2016-2017 as against a net profit (Profit After Tax) of ₹ 7.69 Crore for the financial year 2015-2016.

**2. MANAGEMENT DISCUSSION AND ANALYSIS****a. The Economy**

FY17 proved to be extremely volatile with several significant economic events domestically and globally. On the international front, the results of the referendum in Great Britain on remaining in the Eurozone shocked global markets as the country chose to exit the EU and Brexit became a reality. The US Federal Reserve raised its interest rates by 25bps in December 2016 and March 2017 as expected and also maintained a hawkish guidance for the rest of 2017 on expectations of a pickup in inflation to the Fed's 2% target, and overall improvement in the labor market. In November



## DIRECTOR'S REPORT

2016, the surprise victory of Donald Trump in the US Presidential elections raised speculation that several fiscally stimulative policies under his administration could boost inflation in the world's largest economy and push the Fed to hike rates at a faster pace.

On the domestic front, the de-monetization of the 500 and 1000 Rupee currency notes brought about several uncertainties. This led to a huge inflow of funds into the banking system which in turn forced banks to slash lending rates leading to improved transmission of monetary policy rates. This move was initially expected to lead to windfall gains on the fiscal front as well as resulting in a sharp contraction in growth and inflation. However, the Reserve Bank remained skeptical about its near term impact on growth and expressed concerns on the huge amount of liquidity in the system and its impact on inflation. Consequently, RBI changed its monetary stance from "accommodative" to "neutral" in its February 2017 MPC Meeting.

Growth remained relatively stable in the pre-demonetisation phase at 7.9% in Q1 and 7.5% in Q2. It dropped marginally to 7% in Q3, which cheered investors as the currency crunch that followed the demonetization of high-value notes was widely expected to have a significantly larger impact on consumption, driving down economic growth below 7%. However, the lingering effects of demonetization reflected in dismal Q4 growth numbers that stood at 6.1%. The whole year growth for FY17 slipped to 7.1% compared to 8% a year ago.

On the inflation front, the RBI remained committed to achieving the medium term inflation target of 4% +/- 2% till 31<sup>st</sup> March 2021, and although room opened up for monetary easing in April 2016 and October 2016, the RBI emphasized upside risks to inflation and changed its policy stance in February 2017. Retail inflation however remained well below the 5% target throughout the year, especially as 'above normal' monsoons after two years of drought and prudent pulses management helped in lowering food prices. WPI reversed its trend and moved into positive territory at the start of the fiscal year owing to an arrest in the fall of commodity prices. In February 2017, WPI rose to over three-year high of 6.55%.

The year also witnessed the passage of the GST Bill and higher wage payouts under Seventh Central Pay Commission, which were also highlighted as one of the key uncertainties impacting future inflation trajectory by the Reserve Bank.

The external sector performance remained strong as Current Account Deficit (CAD) contracted to an average 0.70% of GDP for FY17 compared to an average of 1.1% in FY16. However, widening trade deficit and sharp FPI outflows were key drivers worsening external sector position in the third quarter. The debt segment witnessed sharp outflows of USD 828 Mn in FY17 as compared to outflow of USD 483 Mn in FY16 while equities saw an inflow of USD 8,594 Mn as against an outflow of USD 3,533 Mn.

In the Union Budget FY18, the Government stuck to its path of fiscal consolidation, projecting 3% for FY18 even while reining in fiscal deficit at 3.2% of GDP for FY17, much lower than 3.5% of GDP for FY16.

### **b. Developments In Money And Securities Market**

At the start of the fiscal year, the then RBI Governor Raghuram Rajan not only cut key lending rates but also announced structural changes to liquidity management by deciding to progressively lower the average ex ante liquidity deficit in the system to a position closer to neutrality. This resulted in the RBI conducting OMO purchases to the tune of ₹ 1.1 Tn in FY17.

As the year progressed, the Government amended the RBI Act to hand over the job of monetary policy-making in India to a newly constituted Monetary Policy Committee (MPC) which comprised of a six-member panel and was aimed at bringing objectivity and transparency to rate-setting decisions. It featured three members from the RBI - the Governor, the Deputy Governor and Executive Director in charge of Monetary Policy) - and three independent members selected by the Government. In case of a tie, the Governor had the option to use a casting vote to decide on a monetary policy outcome.

Further, with an aim to boost economic growth and keep a check on prices, the Government set a CPI inflation target of 4% +/- 2% till 31<sup>st</sup> March 2021, and a 5% CPI inflation target for March 2017 and 4% for March 2018. The 10 year bond



## DIRECTOR'S REPORT

yield traded in a narrow range in the first quarter of the financial year till the month of June 2016 which saw the surprise Brexit event. This event led to a huge softening of bond yields across global financial markets including India.

CPI inflation remained well below the RBI's 5% target throughout the year, especially as above normal monsoons after two straight years of drought helped in lowering food prices. In the first policy under the MPC in October 2016, the new RBI Governor Urjit Patel reduced the Repo rate once again by 25bps to 6.25% on the back of softening inflation. India's average retail inflation fell to as low as 4.53% in FY17.

The demonetization move in November 2016 led to a massive inflow of funds into the banking system, which saw the 10-year bond yield briefly touch 6.10%, its lowest level during the year.

Following the invalidation of 86% of the country's currency in circulation, the Government hiked the Market Stabilization Scheme (MSS) limit to Rs 6 Tn while announcing Cash Management Bills to mop up excess liquidity. This was followed by a series of issuances of Cash Management Bills worth Rs 1.01 Tn to absorb the surplus funds. This resulted in G-Sec yields rising sharply.

At the RBI policy meeting in December, the Committee decided to leave the Repo rate unchanged at 6.25% amid global uncertainties and a dismal domestic growth outlook in response to the cash ban. FY17 GVA growth was revised down from 7.6% to 7.1%.

In the February 2017 policy the RBI not only kept rates unchanged but also shifted its policy stance from 'accommodative' to 'neutral' citing concerns over higher inflation and crude oil prices amid uncertainty over the real impact of the demonetization on India's growth forecast. The RBI Governor also laid emphasis on bringing the medium term CPI inflation closer to 4% in a gradual and calibrated manner. This saw the 10-year bond yield rise sharply by 31 bps from 6.43 to 6.74% in the span of one day.

State government borrowings in FY17 also stood higher at Rs 3.81 Tn compared to a borrowing of Rs 2.94 Tn in FY16. Additionally, UDAY issuances stood at Rs 1.1 Tn in FY17 compared to ₹ 989.59 Bn in FY16.

Liquidity moved from a deficit of as high as ₹ 1.2 Tn at the start of FY17 to a surplus of Rs 5 Tn in the fiscal year post the note-ban and call money rates traded in a wide range of 7.47- 5.42% during the year.

### c. Operation Review

#### (i) Financial Performance

The Company has made a net profit (Profit After Tax) of ₹ 178.12 Crore for FY2016-17. The Company delivered an outstanding financial performance despite the overall business environment, global as well as domestic, which continued to be challenging. During the year the Company had declared an interim dividend at the rate of 50% amounting to ₹ 5/- per share (Face Value - ₹ 10/- per share), entailing a payout of ₹ 90.26 Crore, including Dividend Distribution Tax. Your Directors do not recommend final dividend for the current year.

#### (ii) Performance of the Company As Primary Dealer In Government Securities

The performance of the Company as a Primary Dealer during the year under review is set out in Annexure-I annexed to the Report. As against the stipulated minimum success ratio of 40%, the Company achieved success ratio in respect of bids tendered for primary issues of Treasury Bills at 50%. The Company's total turnover ratio was 1845 times in Government dated securities and 146 times in Treasury Bills as against the stipulated minimum ratio of 5 times and 10 times respectively under the RBI's guidelines for Primary Dealers in Government securities. On outright basis, the turnover ratio was 1393 times in Government dated securities and 23 times in Treasury Bills as against the prescribed minimum of 3 times and 6 times respectively.

#### (iii) Risk Management

The Company has in place a comprehensive Business Investment and Risk Policy to monitor market, credit, liquidity and operational risks associated with the business operations of the Company. The Company uses



## DIRECTOR'S REPORT

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 risk management function of the Company is periodically reviewed by the Risk Management Committee of the Board.

The Company also has an ALCO Committee of executives of the Company comprising of the Managing Director and Senior Management of the Company. The 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. Devdhar Joglekar & Srinivasan, Chartered Accountants, as the Company's Internal and Concurrent Auditors. The scope of their audit included review of adequacy and efficacy 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. Devdhar Joglekar & Srinivasan, Chartered Accountants were also entrusted with 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.

### (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 etc.

### (vi) **Credit Rating**

The Company has obtained the highest credit ratings of A1+ from credit rating agencies ICRA for ₹ 400 Crore and from CRISIL for ₹ 200 Crore for its short-term debt programme.

### (vii) **Economic – Research**

The Company has a dedicated macroeconomic and debt research desk which releases reports at regular intervals covering careful study and in-depth analysis of economic developments, events and expectations of various economic events both for the Company's valued clients/market participants as well as the dealing team for taking 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 such as Monetary Policy expectations, Monetary Policy review, review of the Union Budget and occasional write-ups on issues of topical interest.

### (viii) **IT Technical Committee**

The Company has an IT Technical Committee which is entrusted with the responsibility of monitoring the IT systems adequacy and compatibility as well as advising on the timely upgrade of the IT systems of the Company in line with the Company's dynamic business requirement. The IT Technical Committee of the Company plays an important role in ensuring that the Company has a robust IT system in place with necessary checks and backups. The IT Committee also reviews the IT audits of the Company which are conducted periodically and gives suggestions/recommendations on areas of improvement.

### (ix) **Human Resources**

The Company's HR function has been outsourced to M/s Cerebrus Consultants who provide 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 management activities. The Company's staff strength as on March 31, 2017 is 40 employees.



## DIRECTOR'S REPORT

(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 operation of the Company. The controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically.

d. **Outlook For The Current Year**

The coming year continues to present several challenges. The inflation trajectory for the coming year has turned benign with inflation falling and is likely to be well within the RBI's target of 4% for FY18 on account of sharp easing of food inflation. Even core inflation numbers which were earlier sticky have now shown a softening trend which is likely to continue. The RBI had shifted its stance to neutral in February 2017, but the soft inflation trajectory has opened up space for further monetary easing, which albeit may be limited.

The roll-out of GST on 1<sup>st</sup> July 2017 is one additional variable which adds to uncertain economic environment. The impact of GST both on inflation front as well as short term disruption that it may cause to the growth momentum leaves the RBI with little choice then to await further data before calibrating its monetary policy response. The implementation of the 7<sup>th</sup> Central Pay Commission especially the HRA allowances add to the inflation impulses and may stimulate consumption demand which may further cloud policy making.

On the global front, the pace of rate hikes by the US Federal Reserve remains difficult to predict as economic data turns in mixed with inflation undershooting and labour markets reaching full employment potential in the US. The central banks in other countries notably ECB are also gearing up to reduce the monetary stimulus as growth and inflation show upward momentum across global economies. The fears of a repeat of the taper tantrum of 2013 remain as the unprecedented monetary stimulus winds down across the globe.

*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.*

### 3. **COMPOSITION OF BOARD**

As on March 31, 2017, the Board comprised of seven Directors. The Board includes Independent Directors, Non-Executive Directors and a Managing Director as under:-

- Mr. Melwyn Rego, Chairman, Non-Executive Director
- Mr. G Narayanan, Independent Director
- Ms. Sonali Sinha, Independent Director
- Mr. R Ganesan, Non-Executive Director
- Mr. R Venkataramani, Non-Executive Director
- Mr. Pradeep Madhav, Non-Executive Director
- Mr. Prasanna Patankar, Managing Director

Resignation of Directors during the year

- Mr. Gopal Bhagat, Non-executive Director, stepped down from the Board of the Company with effect from September 09, 2016.
- Mr. Pradeep Madhav, Managing Director, stepped down from the Board of the Company with effect from January 23, 2017.

The Board acknowledges and places on record its deep appreciation for the contribution made by the directors during their tenure with the Company.



## DIRECTOR'S REPORT

The Company has received declarations from Director(s), as applicable to them. The Board met six times during the year under review.

Date of Board Meeting	May 04, 2016	June 08, 2016	Aug 18, 2016	Nov 18, 2016	Dec 30, 2016	Feb 13, 2017
Details of Directors						
1	Mr. Melwyn Rego~	✓	✓	✓	x	✓
2	Mr. G Narayanan	✓	✓	✓	✓	✓
3	Ms. Sonali Sinha	✓	✓	✓	✓	✓
4	Mr. Gopal Bhagat^	✓	✓	x	Resigned w.e.f. September 09, 2016	
5	Mr. R Venkataramani	✓	✓	✓	✓	✓
6	Mr. R Ganesan <sup>§</sup>	Inducted w.e.f. November 18, 2016			✓	✓
7	Mr. Pradeep Madhav*	✓	✓	✓	✓	✓
8	Mr. Prasanna Patankar@	Inducted w.e.f. November 18, 2016			✓	✓

~ Ceased to be Director w.e.f. May 05, 2017

^ Ceased to be Director w.e.f. September 09, 2016

§ Appointed on Board w.e.f. November 18, 2016

\* Resigned as Managing Director and stepped down from the Board of the Company with effect from January 23, 2017 and ceased to be KMP. Inducted on the Board as Non-Executive Director w.e.f. February 13, 2017.

@ Inducted on the Board from November 18, 2016 as Director/Whole Time Director and subsequently designated as Managing Director w.e.f. January 24, 2017.

During the year Mr. R Ganesan, Mr. Prasanna Patankar and Mr. Pradeep Madhav were appointed as Additional Director(s). Their appointment has been regularized at the subsequent General Meeting(s) of the Company. Mr. Prasanna Patankar was appointed as a Managing Director of the Company with effect from January 24, 2017. The brief profile of Mr. R Ganesan, Mr. Prasanna Patankar and Mr. Pradeep Madhav are as under:-

Mr. Ganesan has been associated with Bank of India for more than 38 years and has more than 15 years of experience in Treasury. He has held various positions like Zonal Manager, Assistant General Manager and also includes foreign stint in Tokyo for 4 years as Head Treasury.

Mr. Prasanna Patankar has over 23 years of cumulative work experience in Treasury & Investment Management functions across areas which include Primary Dealership (PD) Operations, Fixed Income Sales & Trading, Debt & Macro Economic Research, Debt Capital Markets, Proprietary Equity Trading, etc. He has been part of the management team which set up Primary Dealer Business at PNB Gilts and IDBI Capital Markets Limited.

Mr. Pradeep Madhav has more than 35 years of experience in the Banking and Financial Services. He has headed large branches in leading nationalized bank. He also has vast experience in Fund Management, Debt Capital Market and Treasury Operations (PD). He has been in Senior Management Position for more than 20 years and has Board experience of more than a decade. He has had stints on the Technical Advisory Committee (TAC) and other committees of RBI, SEBI, NSE, and BSE. He has also been on the FIMMDA and PDAI Board. Mr. Pradeep Madhav is BSc. (Hons.) from Mumbai University. Mr. Pradeep Madhav is the former Managing Director of STCI Primary Dealer Limited.

Ms. Sonali Sinha, whose first term of appointment as Independent Director of the Company expired on February 09, 2017, was re-appointed as Independent Director for a second term with effect from February 10, 2017 for a period of five (5) years i.e. up to February 09, 2022. Her re-appointment as an Independent Director was confirmed by the members of the Company at the General Meeting held on January 06, 2017.

Ms. Sonali Sinha has over 20 years of experience across the corporate and social sectors. She has 16 years of experience in investment banking across IDFC Capital, Ernst & Young and SBI Capital Markets. She was a Director - Investment Banking



**DIRECTOR’S REPORT**

at IDFC Capital, leading financial services and healthcare transactions. In her last job, she was designated as CEO of Dignity Foundation, an NGO that had been working for senior citizens for over 19 years. She was also chosen as a FICCI Young Leader and was on the Steering Committee for a Knowledge Paper on ‘Organizing for Corporate Social Responsibility in India’. She is an MBA from XLRI, Jamshedpur and an Economics graduate from Lady Shri Ram College, Delhi University. She has a rich experience in CSR activity as well as in investment banking.

In accordance with the provisions of the Act and the Articles of Association of the Company Mr. R. Ganesan (DIN-07615445) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Appropriate Resolution(s) seeking your approval to the appointment/re-appointment of Directors are included in the Notice.

**4. 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 clearly defined roles.

The Company has following Committees of the Board:-

**(i) Audit Committee**

As on March 31, 2017, the Audit Committee of the Board comprised of Mr. G Narayanan, Mr. R Venkataramani and Ms. Sonali Sinha. The scope and functions of the Audit Committee includes the following;

- review of the Statutory and Internal Auditors’ reports
- monitor the adequacy of the internal control system and internal audit function
- review the Company’s financial management policies
- discussions with the Internal, Concurrent and Statutory Auditors as and when necessary/required
- recommending appointment, remuneration and terms of appointment of auditors of the Company;
- reviewing and monitoring the auditor’s independence and performance, and effectiveness of audit process;
- examining the financial statement and the auditors’ report thereon;
- approving or ratifying transactions of the Company with related parties, if any;
- scrutinizing inter-corporate loans and investments, if any;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- 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

In addition to quarterly meetings for consideration of financial results, meetings of the Audit Committee are also 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 04, 2016	Aug 18, 2016	Nov 18, 2016	Feb 10, 2017
Details of Directors					
1	Mr. G Narayanan	✓	✓	✓	✓
2	Ms. Sonali Sinha	✓	✓	✓	✓
3	Mr. R Venkataramani	✓	✓	✓	✓



## DIRECTOR'S REPORT

### (ii) Risk Management Committee

As on March 31, 2017, the Risk Management Committee of the Board comprised of Mr. G Narayanan, Mr. Pradeep Madhav and Ms. Sonali Sinha. During the year, Mr. Gopal Bhagat pursuant to his resignation from the Board of Directors of the Company, ceased to be the member of the Risk Management Committee. The Company has in place a detailed Business Investment and Risk Policy, which is reviewed at regular intervals and modified, if required, in order to align with the business dynamics of the Company. The Risk Management Committee meets at regular intervals. The scope of the Risk Management Committee includes the following;

- review compliance with the approved/statutory risk policies and parameters
- review risk policies, procedures and reporting mechanisms
- review risk management reports on a periodic basis and suggest modification to the Business Investment and Risk Policy of the Company for submitting to the Board for final approval
- all such acts and functions as may be delegated by the Board of Directors

The Committee met three times during the year.

Date of Meeting		May 24, 2016	Oct 19, 2016	Feb 10, 2017
Details of Directors				
1	Mr. G Narayanan	✓	✓	✓
2	Ms. Sonali Sinha	✓	✓	✓
3	Mr. Gopal Bhagat	x	Resigned w.e.f. September 09, 2016	
4	Mr. Pradeep Madhav	Inducted on the Committee w.e.f. February 13, 2017		

### (iii) Nomination and Remuneration Committee

As on March 31, 2017, the Nomination and Remuneration Committee of the Board comprised of Mr. Melwyn Rego, Mr. G Narayanan and Ms. Sonali Sinha. The Nomination and Remuneration Committee plays an active role in HR development, Performance Management and Talent Retention and reviews HR policies on a regular basis. The scope of the Nomination and Remuneration Committee shall include the following;

- identify person qualified to become Directors and recommend to the Board their appointment and removal, if considered appropriate
- identify person who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal
- carry out evaluation of every Director's performance
- 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 other 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 Board Meeting		June 08, 2016	Aug 18, 2016	Nov 18, 2016	Dec 30, 2016
Details of Directors					
1	Mr. Melwyn Rego~	✓	✓	x	✓
2	Mr. G Narayanan	✓	✓	✓	✓
3	Ms. Sonali Sinha	✓	✓	✓	✓

~ Ceased to be Director w.e.f. May 05, 2017



## DIRECTOR'S REPORT

### (iv) Corporate Social Responsibility (CSR) Committee

As on March 31, 2017, the Corporate Social Responsibility (CSR) Committee comprised of Ms. Sonali Sinha, Mr. G Narayanan and Mr. Prasanna Patankar. During the year, Mr. Pradeep Madhav, pursuant to his resignation ceased to be the member of the Committee. The Company subscribes to the values of concern and care. In accordance with the requirements of the Companies Act, 2013 and the rules framed thereunder, the Company has a Corporate Social Responsibility Committee of the Board of Directors. The scope of the Committee is as prescribed in the act as well as those delegated by the Board. The projects/beneficiaries of the CSR funding of the Company are clearly laid down in the CSR policy of the Company, after consultation with the Board of Directors. The Committee met on October 19, 2016 with all the Committee Members then forming part of the Committee present at the said meeting.

### 5. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has a policy on Prevention of Sexual Harassment at Workplace. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour. The Internal Complaints Committee (ICC) has been set up. The ICC is responsible for redressal of complaints related to sexual harassment. During the year ended March 31, 2017, the ICC has not received any complaints pertaining to sexual harassment.

### 6. 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 appropriate accounting policies have been adopted and have been applied consistently and judgments and estimates have been made 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 proper and sufficient care have been taken 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 the annual accounts have been prepared on a going concern basis; and
- (e) that systems to ensure compliance with the provisions of all applicable laws and that such systems have been adequate and operating effectively.

### 7. AUDITORS

M/s Shah Gupta and Company, Chartered Accountants, Mumbai, ICAI firm registration number 109574W, were appointed as the statutory auditors of the Company, by the Comptroller and Auditor General of India (C&AG) for the FY2016-2017.

M/s. V Laxman and Company, firm of Practising Company Secretaries, were appointed as Secretarial Auditor of the Company for the FY2016-2017.

### 8. DISCLOSURE OF PARTICULARS

The Company is a 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 134 read with rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 shall be provided upon request. In terms of Section 136 of the Act, the report and



## DIRECTOR'S REPORT

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.

There were no foreign exchange earnings during the year. The details of the foreign exchange outgo appear at Item No. 22.11 in the Notes forming part of accounts.

### 9. RELATED PARTY TRANSACTION

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 Persons or any other related party that may have a potential conflict with the interest of the Company at large. Details of contracts or arrangements with related parties along with justification for entering into transactions referred to in sub-section (1) of section 188 are annexed to the Report as Annexure II. The Policy on Related Party Transaction is available on the Company's website [www.stcipd.com](http://www.stcipd.com) and is also annexed to the Report as Annexure V.

### 10. VIGIL MECHANISM POLICY

The Company has established a vigil mechanism through the Audit Committee, to address the concerns expressed by the employees and other Directors. The Company has provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of fellow employees and the Company. 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).

### 11. 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 is available on the Company's website [www.stcipd.com](http://www.stcipd.com).

### 12. CORPORATE SOCIAL RESPONSIBILITY POLICY AND DISCLOSURE

The Company has formulated a policy in accordance with the requirements of Section 135 of the Companies Act, 2013 and the rules framed thereto. Disclosures under Corporate Social Responsibility as per the Companies Act, 2013 & Companies (Corporate Social Responsibility) Policy Rules 2014 is annexed to the report as Annexure III. The Policy is available on the Company's website [www.stcipd.com](http://www.stcipd.com).

### 13. EXTRACT OF ANNUAL RETURN IN FORM MGT-9

Extract of Annual Return in Form MGT-9 in accordance with the Companies Act, 2013 is annexed to the Report as Annexure IV.

### 14. FORMAL ANNUAL EVALUATION

The Company has adopted a policy of performance evaluation of the Board of Directors and that of its Committees and individual Directors. During the Financial Year 2016-17, the Company had undertaken the evaluation exercise as stipulated in accordance with the policy as well as in the matter as prescribed under the Act.

### 15. SUBSEQUENT EVENTS

There are no material changes and commitments affecting the financial position of the company which have occurred between March 31, 2017 and the date of the report.



## DIRECTOR'S REPORT

### 16. REGARDING KEY MANAGERIAL PERSONNEL

During the FY2016-17 the Company has following Key Managerial Personnel in line with the requirements and as defined by the Companies Act, 2013 and the rules framed thereto

Mr. Pradeep Madhav, Non-Executive Director\*

Mr. Prasanna Patankar, Managing Director@

Mr. M N Suresh, Chief Financial Officer

Mr. Kalpesh Mody, Company Secretary

\* Resigned as Managing Director and stepped down from the Board of the Company with effect from January 23, 2017 and ceased to be KMP. Inducted on the Board as Non-Executive Director w.e.f. February 13, 2017.

@ Inducted on the Board from November 18, 2016 as Director/Whole Time Director and subsequently designated as Managing Director w.e.f. January 24, 2017.

### 17. 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.

### 18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

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.

### 19. 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).

### 20. SHARES

There has been no change in shareholding pattern for the FY 2016-17. The detail of the transfer(s) of share(s), if any, has been mentioned in MGT-9, which is annexed to the report as Annexure IV.

### 21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186(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 utilised 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.

### 22. CHANGE IN REGISTRAR & SHARE TRANSFER AGENT

Pursuant to SEBI order dated March 22, 2016, restraining M/s. Sharepro Services (India) Pvt. Ltd. from dealing or being associates with the securities markets and directing corporate to switch over to another Registrar & Share Transfer Agent as registered with SEBI, the Company has appointed M/s. Link Intime India Pvt. Ltd. as the Registrar & Share Transfer Agent of the Company.

### 23. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.



## DIRECTOR'S REPORT

### 24. PUBLIC DEPOSITS

During the year ended March 31, 2017 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.

### 25. BRANCH OFFICES

The Company has branch offices in Delhi and Kolkata which have been making ongoing efforts for business development and procuring business from PSUs, Commercial Banks, Co-operative Banks, Corporates, MNCs, Provident Funds, Pension and Gratuity Funds, Insurance Companies, etc. The activities of these offices are being regularly assessed and monitored.

### 26. ACKNOWLEDGEMENT

Your Directors thank STCI Finance Limited (Holding Company), Reserve Bank of India, SEBI, CCIL, its Bankers, 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

**Pradeep Madhav**  
Director  
July 19, 2017  
Mumbai

**Prasanna Patankar**  
Managing Director  
July 19, 2017  
Mumbai



**ANNEXURE I**

**BIDDING IN THE PRIMARY MARKET AND TURNOVER IN THE SECONDARY MARKET**

(Stock in Face Value) (₹ In Cr)\*

		2016-2017		2015-2016	
		Treasury Bills	Govt. Dated Securities	Treasury Bills	Govt. Dated Securities
1	Annual Bidding Commitment	34,600	41,237	36,055	80,677
2	Bids Tendered	1,01,488	77,832	1,03,704	1,30,585
3	Bids Accepted	17,487	13,644	17,252	21,171
4	Success Ratio %	50	NA	48	NA
5	Success Ratio required % (as per guidelines)	40	NA	40	NA
A	Primary Market				
1	Subscription	17,487	13,644	17,252	21,171
2	Devolvement	NA	133	NA	606
	<i>Total (1+2)</i>	17,487	13,777	17,252	21,777
B	Secondary Market				
1	Outright	39,993	11,31,214	35,041	6,73,934
2	Repo	2,07,992	3,66,961	1,48,772	4,43,829
	<i>Total (1+2)</i>	2,47,985	14,98,175	1,83,813	11,17,763
C	Average Month End Stock				
1	Total (Including Repo Stock)	1,688	812	1,470	1,525
2	Own Stock (Excluding Repo Stock)	1,185	162	1,165	715
D	Turnover Ratio				
1	Total Turnover to Total Stock	146	1845	125	733
	(Required Ratio)	(10 times)	(5 Times)	(10 times)	(5 Times)
2	Outright Turnover to Own Stock	23	1393	24	442
	(Required Ratio)	(6 times)	(3 times)	(6 times)	(3 times)

\*Decimals have been rounded off

**On behalf of the Board of Directors**

**Pradeep Madhav**  
**Director**  
**July 19, 2017**  
**Mumbai**

**Prasanna Patankar**  
**Managing Director**  
**July 19, 2017**  
**Mumbai**



## ANNEXURE II

## 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	Details of contracts or arrangements or transactions not at arm's length basis	
	(a) Name(s) of the related party and nature of relationship	Not Applicable
	(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	Details of material contracts or arrangement or transactions at arm's length basis	
	(a) Name(s) of the related party and nature of relationship	Refer Annexure A
	(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:	

On behalf of the Board of Directors

**Pradeep Madhav**  
**Director**  
**July 19, 2017**  
**Mumbai**

**Prasanna Patankar**  
**Managing Director**  
**July 19, 2017**  
**Mumbai**



## ANNEXURE A

STCI Primary Dealer Ltd.								
Details of material contracts or arrangement or transactions at arm's length basis								
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 Ltd.	Holding Company	Reimbursement of Expenses (Payment)	7.18				
2	STCI Finance Ltd.	Holding Company	Reimbursement of Expenses (Received)	8.04				
3	STCI Finance Ltd.	Holding Company	Reimbursement of Deposits (Received)	0.05				
4	STCI Finance Ltd.	Holding Company	Sitting fees Paid	0.20		Not Applicable		
5	Mr. Pradeep Madhav	Managing Director**	Salaries, allowances, perquisites, incentive pay and Company's contribution to PF (Subject to applicable tax deduction)	93.16				
6	Mr. Prasanna Patankar	Managing Director@+		83.73				
7	Mr. M. N. Suresh	Chief Financial Officer*		47.52				
8	Mr. Kalpesh Mody	Company Secretary~		16.87				
TOTAL				<b>256.75</b>				

\* Resigned as Managing Director and stepped down from the Board of the Company with effect from January 23, 2017. Inducted on the Board as Non-Executive Director w.e.f. February 13, 2017.

@ Inducted on the Board from November 18, 2016 as Director/Whole Time Director and subsequently designated as Managing Director w.e.f. January 24, 2017. Remuneration figure includes total remuneration paid during the financial year 2016-2017 at the various position held including value of perquisites computed as per Income Tax Act, 1961

+ Includes Performance Linked Variable Pay (PLVP) paid during FY2016-2017 pertaining to FY2014-2015.

~ Includes Annual Performance Bonus paid during FY2016-2017 pertaining to FY2015-2016.

## On behalf of the Board of Directors

Pradeep Madhav  
Director  
July 19, 2017  
Mumbai

Prasanna Patankar  
Managing Director  
July 19, 2017  
Mumbai



## ANNEXURE III

## ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

The Corporate Social Responsibility (CSR) Policy is available on the website of the Company [www.stcipd.com](http://www.stcipd.com)

2. **The Composition of the CSR Committee**

As on March 31, 2017 the CSR Committee comprised of;

Ms. Sonali Sinha, Independent Director  
Mr. G Narayanan, Independent Director  
Mr. Prasanna Patankar, Managing Director

3. **Average net profit of the company for last three financial years**

The Average Net Profit for the past 3 (three) Financial Years was ₹ 7,823.55 (In Lakh).

4. **Prescribed CSR Expenditure (Two per cent of the amount as in item 3 above)**

The Company is required to spend ₹ 156.47 (In Lakh) towards CSR.

5. **Details of CSR spent during the financial year**

(a) **Total amount to be spent for the financial year - ₹ 156.47 (In Lakh) towards CSR.**

(b) **Amount unspent, if any - Nil**

(c) **Manner in which the amount spent during the financial year is detailed below**

Sr. No.	Particulars	Amount
1	CSR Project or activity identified	Prime Minister National Relief Fund
2	Sector in which the project is covered	
3	Project or programs (1) local area or other (2) specify the state and district where projects or programs was undertaken	Pan India
4	Amount outlay (budget) project or programs wise	₹ 156.47 (In Lakh)
5	Amount spent on the projects or programs Sub heads:- (1) Direct expenditure on projects or programs (2) overheads	₹ 156.47 (In Lakh) Nil
6	Cumulative expenditure upto the reporting period	Nil
7	Amount Spent:- Direct or through implementing agency	Contribution has been made to Prime Minister National Relief Fund



6. **In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report – Not Applicable as the Company has spent the entire amount towards CSR that was required to be spent.**
7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and Policy of the Company. – Forms part of the CSR Policy**

**On behalf of  
STCI Primary Dealer Limited**

**Prasanna Patankar  
Managing Director  
July 19, 2017  
Mumbai**

**On behalf of  
Corporate Social Responsibility Committee**

**Sonali Sinha  
Chairperson  
July 19, 2017  
Mumbai**

**On behalf of  
The Board of Directors**

**Pradeep Madhav  
Director  
July 19, 2017  
Mumbai**



## ANNEXURE – IV TO THE INDEPENDENT AUDITOR’S REPORT

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on March 31, 2017**  
**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies**  
**(Management and Administration) Rules, 2014]**

### I. REGISTRATION AND OTHER DETAILS:

- i) **CIN**  
U67110MH2006PLC165306
- ii) **Registration Date**  
Date of Incorporation – October 31, 2006
- iii) **Name of the Company**  
STCI Primary Dealer Limited
- iv) **Category / Sub-Category of the Company**  
Company having Share Capital
- v) **Address of the Registered office and contact details**  
A/B1-801 (A-Wing), 8th Floor, Marathon Innova  
Marathon NextGen Compound, Lower Parel  
Mumbai – 400 013  
Tel:- 022 – 6620 2200
- vi) **Whether listed company Yes / No**  
No
- vii) **Name, Address and Contact details of Registrar and Transfer Agent, if any**  
**Link Intime India Pvt Ltd.**  
C 101, 247 Park, L.B.S Marg, Vikhroli (West)  
Mumbai, Maharashtra 400083

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Securities Trading & Underwriting	6599	100%



**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	STCI Finance Limited (erstwhile Securities Trading Corporation Limited)	U51900MH1994PLC078303	Holding	100%*	2(46)

\*includes shares held by nominees

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	149999994	6*	150000000	100	149999994	6*	150000000	100	149999994
e) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other.....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A)(1):-</b>	<b>149999994</b>	<b>6*</b>	<b>150000000</b>	<b>100</b>	<b>149999994</b>	<b>6*</b>	<b>150000000</b>	<b>100</b>	<b>149999994</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A)(2):-</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>149999994</b>	<b>6*</b>	<b>150000000</b>	<b>100</b>	<b>149999994</b>	<b>6*</b>	<b>150000000</b>	<b>100</b>	<b>149999994</b>
<b>B. Public Share holding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B) (1):-</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>2. Non- Institutions</b>									
a) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual share holders holding nominal share capital upto Rs.1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individual share holders holding nominal share capital in excess of Rs1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B) (2)</b>									
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>149999994</b>	<b>6*</b>	<b>150000000</b>	<b>100</b>	<b>149999994</b>	<b>6*</b>	<b>150000000</b>	<b>100</b>	<b>149999994</b>

\*shares held by nominees

#### B. Shareholding of Promoters

Sl No.	Share holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	STCI Finance Limited (erstwhile Securities Trading Corporation of India Limited)	14,99,99,994	100	Nil	14,99,99,994	0	Nil	Nil
2	Mr. Kamlesh Rathi*	01	0	Nil	01	0	Nil	Nil



3	Mr. Alope M. Prasad*	01	0	Nil	01	0	Nil	Nil
4	Mr. Pradeep Madhav*	01	0	Nil	01	0	Nil	Nil
5	Mr. Prasanna Patankar*	01	0	Nil	01	0	Nil	Nil
6	Mr. Yogesh Gaat*+	01	0	Nil	00	0	Nil	Nil
7	Ms. Sabita Braganza*+	00	0	Nil	01	0	Nil	Nil
8	Ms. Suparna Sharma*	01	0	Nil	01	0	Nil	Nil
	<b>Total</b>	<b>15,00,00,000</b>	<b>100</b>	<b>Nil</b>	<b>15,00,00,000</b>	<b>100</b>	<b>Nil</b>	<b>Nil</b>

\*shares held by nominees

+pursuant to transfer of share of nominee shareholder

**B. Change in Promoters' Shareholding (please specify, if there is no Change)**

**AS PER ANNEXURE "C"**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	14,99,99,994	100%	15,00,00,000*+	100%
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying  The reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	No Change			
	At the End of the year	14,99,99,994	100%	15,00,00,000*+	100%

\* includes shares held by nominees

+ The Company is a wholly owned subsidiary of STCI Finance Limited

**C. Shareholding Pattern of top ten Share holders+ (other than Directors, Promoters and Holders of GDRs and ADRs):**

**AS PER ANNEXURE " D "**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Top10 Shareholders+</b>				
	At the beginning of the year	Not applicable			



Date wise Increase/ Decrease in Promoters Share holding during the year specifying	Not applicable
The reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	
At the End of the year	Not applicable

+ The Company is a wholly owned subsidiary of STCI Finance Limited

#### D. Shareholding of Directors and Key Managerial Personnel:

##### AS PER ANNEXURE "E"

Sl. No.	Shareholding at the beginning of the year	Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	
<b>For Each of the Directors and KMP</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
Mr. Pradeep Madhav, Non-Executive Director* (holds one share as a nominee)				
At the beginning of the year	1	0	1	0
Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus/ sweat equity etc):	No Change			
At the End of the year	1	0	1	0
Mr. Prasanna Patankar, Managing Director@ (holds one share as a nominee)				
At the beginning of the year	1	0	1	0
Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus/ sweat equity etc):	No Change			
At the End of the year	1	0	1	0

\* Resigned as Managing Director and stepped down from the Board of the Company with effect from January 23, 2017 and ceased to be KMP. Inducted on the Board as Non-Executive Director w.e.f. February 13, 2017.

@ Inducted on the Board from November 18, 2016 as Director/Whole Time Director and subsequently designated as Managing Director w.e.f. January 24, 2017.



**E. INDEBTEDNESS**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	350,433.75	188,421.62	Nil	538,855.37
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	1,021.56	259.20	Nil	1,280.76
<b>Total (i+ii+iii)</b>	<b>351,455.31</b>	<b>188,680.82</b>		<b>540,136.13</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	Nil	34,451.82	Nil	34,451.82
Reduction	84,894.13	Nil	Nil	84,894.13
<b>Net Change</b>	<b>(84,894.13)</b>	<b>34,451.82</b>		<b>(50,442.31)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	265,539.62	222,873.44	Nil	488,413.06
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	416.05	22.35	Nil	438.40
<b>Total (i+ii+iii)</b>	<b>265,955.67</b>	<b>222,895.79</b>		<b>488,851.46</b>

**XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Amount (INR in lakh)

Sl. No.	Particulars of Remuneration	Name of Managing Director		Total Amount
1.	<b>Gross salary</b>	<b>Pradeep Madhav~</b>	<b>Prasanna Patankar@</b>	
	(a) Salary as per provisions contained in section17(1) of the Income-tax Act, 1961	68.45	55.97	124.42
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	0.33	10.89	11.22
	(c) Profits in lieu of salary under section 17(3) Income-tax Act	Nil	Nil	Nil
2.	Stock Option	NA	NA	NA
3.	Sweat Equity	NA	NA	NA
4.	Commission			
	- As % of profit	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil



5.	Others*	24.38	16.87	41.25
	Total (A)	93.16 <sup>+</sup>	83.73 <sup>+</sup>	176.89 <sup>+</sup>

+ Subject to applicable tax deduction

\* Performance Linked Variable Pay (PLVP) paid during FY2016-2017 pertaining to FY2014-2015.

~ Resigned as Managing Director and stepped down from the Board of the Company with effect from January 23, 2017 and ceased to be KMP. Inducted on the Board as Non-Executive Director w.e.f. February 13, 2017.

@ Inducted on the Board from November 18, 2016 as Director/Whole Time Director and subsequently designated as Managing Director w.e.f. January 24, 2017. Remuneration figure includes total remuneration paid during the financial year 2016-2017 at the various position held including value of perquisites computed as per Income Tax Act, 1961.

#### B. Remuneration to other Directors:

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. G Narayanan	Ms. Sonali Sinha	
1.	Independent Directors			
	• Fee for attending board committee meetings	3.60	3.60	7.20
	• Commission	Nil	Nil	
	• Others, please specify	Nil	Nil	
	<b>Total (1)</b>	<b>3.60</b>	<b>3.60</b>	<b>7.20</b>

2.	Other Non-Executive Directors							
	• Fee for attending board Committee meetings	0.20	0.40	1.60	0.60	2.00	4.80	
	• Commission	Nil	Nil	Nil	Nil	Nil	Nil	
	• Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	
		0.20	0.40	1.60	0.60	2.00	4.80	
		Total(B)=(1+2)						12.00

\* paid / payable to STCI Finance Limited (erstwhile Securities Trading Corporation of India Limited)

+ paid / payable to Bank of India

#### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.17	36.19	50.36
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.41	0.48	0.89



	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission			
	- As % of profit	NA	NA	NA
	- others, specify...	Nil	Nil	Nil
5.	Others	2.29~	10.85*	13.14*
	<b>Total (A)</b>	<b>16.87</b>	<b>47.52<sup>+</sup></b>	<b>64.39<sup>+</sup></b>

+ Subject to applicable tax deduction

\* Performance Linked Variable Pay (PLVP) paid during FY2016-2017 pertaining to FY2014-2015.

~ Annual Performance Bonus paid during FY2016-2017 pertaining to FY2015-2016.

**XII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
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**A. COMPANY**

Penalty	None
Punishment	
Compounding	

**B. DIRECTORS**

Penalty	None
Punishment	
Compounding	

**C. OTHER OFFICERS IN DEFAULT**

Penalty	None
Punishment	
Compounding	

**On behalf of the Board of Directors**

**Pradeep Madhav**  
**Director**  
**July 19, 2017**  
**Mumbai**

**Prasanna Patankar**  
**Managing Director**  
**July 19, 2017**  
**Mumbai**



### RELATED PARTY TRANSACTION POLICY

This policy has been framed as required under Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016 issued by Reserve Bank of India, as updated on March 31, 2017. The Company is required to disclose the policy on dealing with Related Party Transactions on its website and in the Annual Report.

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.

#### 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, 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.

### **Policy**

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.

### **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.

### **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 CS, 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.

### **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.

#### **(i) 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.



**(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 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.

**(iii) 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 or ₹ 100 crore, whichever is lower
2	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	Exceeding ten percent of net worth or ₹ 100 crore, of the Company whichever is lower
3	Leasing of property of any kind	Exceeding ten percent of the net worth or exceeding ten percent of turnover or ₹ 100 crore of the Company, whichever is lower
4	Availing or rendering of any services directly or through appointment of agents	Exceeding ten percent of annual turnover or ₹ 50 crore of the Company, whichever is lower
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.*

**Summary of Approval process**

Sr. No.	Particulars / Criteria	Audit Committee Approval	Board Approval	Shareholders’ Approval
(i)	Transaction in the Ordinary Course of Business AND at arm’s length basis	Quarterly Noting at Meeting*	Quarterly Noting at Meeting*	×
(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)	×



(iii)	Transaction exceeding the threshold limit and either not in the Ordinary course of business OR not at arm's length basis	v (prior approval)	v (prior approval)	v (prior approval)
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*\* 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.*

#### **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 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.

#### **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 of 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.

#### **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 also in its annual report.

#### **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.

#### **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. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.

#### **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.



Form No. MR-3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

**[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 Primary Dealer Limited**  
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** (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 verification of Company’s books, papers, minute books, forms and returns filed 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 audit period covering the financial year ended on 31st March, 2017 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 have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (“the Act”) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder **[Not applicable to the Company during the audit period]** ;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder **[Not applicable to the Company during the audit period]** ;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **[Not applicable to the Company during the audit period]** ;
- (v) 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 **[Not applicable to the Company during the audit period]** ;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 **[Not applicable to the Company during the audit period]**;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **[Not applicable to the Company during the audit period]**;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **[Not applicable to the Company during the audit period]**;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **[Not applicable to the Company during the audit period]**;



- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **[Not applicable to the Company during the audit period];**
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **[Not applicable to the Company during the audit period]; and**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **[Not applicable to the Company during the audit period];**
- (vi) The Company has identified the laws specifically applicable to the Company :
- (a) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
  - (b) RBI Regulations, Guidelines, Notifications & Circulars as may be applicable to Primary Dealers.
  - (c) RBI Regulations, Guidelines, Notifications & Circulars as may be applicable to the extent of Capital Adequacy and Risk Management Guidelines for Standalone Primary Dealers.

We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable **[Not applicable to the Company during the audit period since the Company is unlisted].**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

**We further report that during the audit period of the Company :**

- (i) The Members have approved the authority of the Board of Directors of the Company to borrow upto limits of Rs. 8000 Crores.

For and on behalf of  
**V. Laxman & Co.,**  
 Company Secretaries

**(V. Laxman)**  
**Proprietor**  
 FCS No. 1513  
 C P No. : 744

Place : Mumbai  
 Date : 21st April, 2017



## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STCI PRIMARY DEALER LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **STCI PRIMARY DEALER LIMITED** (hereinafter referred to as "the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, specified under sub section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

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, 2017, its profit and its cash flows for the year ended on that date.



## INDEPENDENT AUDITOR'S REPORT

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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.
2. As required by sub-section 3 of Section 143 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 purpose of our audit;
  - (b) In our opinion and to the best of our information and according to the explanations given to us, 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, Statement of Profit and Loss, and 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
  - (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, is not applicable to the Government Company. As informed to us by the Company that, the Board of Directors has taken on record written representations received from the directors as on March 31, 2017. As per the written representation received none of the directors is disqualified as on March 31, 2017, 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 of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
  - (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 as amended by the Companies (Audit and Auditors) Amendment Rules, 2017, 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 22.1 of the financial statements).
    - ii. The Company has made provision as at March 31, 2017 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 March 31, 2017 there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 22.12 of the financial statements.
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 report that:
  - (a) The Company does not hold any freehold / leasehold land.
  - (b) The Company has not waived / written off any debt / loans or interest during the year under consideration.



## **INDEPENDENT AUDITOR'S REPORT**

- (c) The Company does not have any inventories lying with the third parties excepting for the collateralised securities with the RBI/CCIL for availing secured borrowings and with IL&FS/HDFC bank for trading purposes / margin requirements, for which proper records have been maintained by the Company. Similarly, the Company has not received any assets as gift / grant from the Government or other authorities.
- (d) The Company has not waived / reversed accounted fees which was due but not received / written off.

For **SHAH GUPTA & CO.,**  
**Chartered Accountants**  
Firm Registration No.: 109574W

**Vipul K Choksi**  
**Partner**  
M. No. 37606  
Place: Mumbai  
Date : April 26, 2017



## INDEPENDENT AUDITOR'S REPORT

### ANNEXURE A

**Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to us, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanation given to us, the title deeds of immovable properties of the Company are held in the name of the Company.
- (ii) The Company's inventory comprising of Treasury bills and Dated Government Securities 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 the Reserve Bank of India. The Stock of other securities are held by the Company in de-materialized form with IL&FS/HDFC Bank, and the same are verified with the confirmation certificates received from them at the year end. In our opinion, the frequency 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 physical verification of inventories as compared to the book records.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, reporting under paragraph 3(iii) (a), (b) and (c) 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. Accordingly, reporting under paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public 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 Act.
- (vii) (a) According to the information and explanations given to us, and the records of the company examined by us except stamp duty on transaction of Non-Government securities (Refer Note 22.22), Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, cess and other material statutory dues applicable to it. However, stamp duty on Non-Government securities aggregating to ₹ 310.61 lakhs are outstanding for more than six months as on March 31, 2017. (Refer Note 22.22 of the financial statements).
  - (b) According to the information and explanations given to us, there are no dues of sales tax, wealth tax, service tax, income tax, excise duty, custom duty, value added tax, and cess which have not been deposited on account of any dispute, at the year end, for a period of more than six months from the date they became payable.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to the banks and the financial institutions. The Company has not taken any loans from government or by way of issue of debentures.



## INDEPENDENT AUDITOR'S REPORT

- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the 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) and term loans during the year under review. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the 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 by its officer or employees has been noticed or reported during the year.
- (xi) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the Management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, reporting under paragraph 3 (xii) of the Order are not applicable to the Company.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the 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 Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year.
- (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.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the registration certificate has been obtained.

For **SHAH GUPTA & CO.,**  
**Chartered Accountants**  
Firm Registration No.: 109574W

**Vipul K Choksi**  
**Partner**  
M. No. 37606  
Place: Mumbai  
Date : April 26, 2017



## INDEPENDENT AUDITOR'S REPORT

### ANNEXURE B

#### **Annexure to the independent auditor's report of even date on the financial statements of STCI PRIMARY DEALER LIMITED**

#### **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 PRIMARY DEALER LIMITED** (hereinafter referred to as "the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 the Institute of Chartered Accountants of India and specified under Section 10 of the 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 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 financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



## **INDEPENDENT AUDITOR'S REPORT**

### **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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **SHAH GUPTA & CO.,**

**Chartered Accountants**

Firm Registration No.: 109574W

**Vipul K Choksi**

**Partner**

M. No. 37606

Place: Mumbai

Date : April 26, 2017



## 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, 2017.

### 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. 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, 2017.
  - (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, accounting standards, 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 NBS-7, 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 NBS-7 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 **SHAH GUPTA & CO.,**  
**Chartered Accountants**

Firm Registration No.: 109574W

**Vipul K Choksi**

Partner

M. No.37606

Place: Mumbai

Date : 26/05/2017



## 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 2017

The preparation of Financial Statements of STCI Primary Dealer Limited for the year ended 31 March 2017 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 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 26 April 2017.

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 2017 under section 143(6)(a) of the Act.

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

**(Roop Rashi)**

Principal Director of Commercial Audit and  
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai

Date : June 20, 2017



## BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>1) Shareholders' funds</b>			
(a) Share Capital	1	15,000.00	15,000.00
(b) Reserves and surplus	2	30,554.19	21,769.02
<b>2) Non-current liabilities</b>			
(a) Deferred tax Liability (Net)	22.7	-	7.28
(b) Long-term provisions	3	923.46	434.72
<b>3) Current liabilities</b>			
(a) Short-term borrowings	4	488,413.06	538,855.37
(b) Trade payables	22.23		
Total outstanding dues of micro and small enterprises		61.00	87.52
Total outstanding dues of creditors other than micro and small enterprises			
(c) Other current liabilities	5	13,012.26	12,608.84
(d) Short-term provisions	6	358.57	2.66
<b>TOTAL</b>		<b>548,322.54</b>	<b>588,765.41</b>
<b>II. ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Property, Plant and Equipment	7	1,711.34	1,738.13
(b) Intangible assets		23.95	52.35
(c) Non-current investments	8	35,806.49	35,480.42
(d) Deferred tax assets (net)	22.7	21.21	-
(e) Long-term loans and advances	9	27.65	445.89
<b>2) Current assets</b>			
(a) Inventories	10	483,871.76	530,907.39
(b) Trade receivables	11	-	9.07
(c) Cash and bank balances	12	5,047.63	51.37
(d) Short-term loans and advances	13	2,569.41	1,224.66
(e) Other current assets	14	19,243.10	18,856.14
<b>TOTAL</b>		<b>548,322.54</b>	<b>588,765.41</b>
Significant Accounting Policies & Notes to Accounts	21 & 22		

The accompanying notes are an integral part of financial statements

In terms of our report of even date

For and on behalf of the Board of Directors

For **Shah Gupta & Co.****Chartered Accountants**

Firm Registration No.- 109574W

**G Narayanan**  
Director**Sonali Sinha**  
Director**Vipul K Choksi****Pradeep Madhav**  
Director**Prasanna Patankar**  
Managing Director**Partner**

Membership No.: 37606

**M.N.Suresh**  
Chief Financial Officer**Kalpesh Mody**  
Company Secretary

Place: Mumbai

Date: April 26, 2017



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakhs)

Particulars		Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I	Revenue from operations	15	60,204.38	34,401.82
II	Other income	16	61.15	2.51
III	<b>Total Revenue (I + II)</b>		<b>60,265.53</b>	<b>34,404.33</b>
IV	<b>Expenses:</b>			
	Operating expense	17	1,489.70	964.23
	Employee benefits expense	18	1,183.22	665.65
	Finance costs	19	29,408.08	30,670.14
	Depreciation and amortization expense	7	97.73	112.75
	Other expense	20	718.29	658.36
	<b>Total expenses</b>		<b>32,897.02</b>	<b>33,071.14</b>
V	<b>Profit before tax (III-IV)</b>		<b>27,368.51</b>	<b>1,333.20</b>
VI	<b>Tax expense:</b>			
	(a) Current tax		9,585.00	430.00
	(b) Deferred tax liability/(Asset)		(28.49)	133.68
	(c) Short/(Excess) provision for tax for earlier years		-	-
VII	Prior period expenses		-	-
VIII	<b>Profit after tax (V-VI-VII)</b>		<b>17,812.00</b>	<b>769.52</b>
IX	Transfer to Statutory Reserves (Created pursuant to Section 45 I-C of the Reserve Bank of India Act, 1934)		3,562.40	153.90
X	<b>Profit after Appropriation (VIII-IX)</b>		<b>14,249.60</b>	<b>615.62</b>
XI	Earnings per equity share:			
	Basic & Diluted (Per Value of ₹ 10/- each)	22.6	11.87	0.51

The accompanying notes are an integral part of financial statements

In terms of our report of even date

For **Shah Gupta & Co.**

**Chartered Accountants**

Firm Registration No.- 109574W

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

**G Narayanan**  
Director

**Sonali Sinha**  
Director

**Vipul K Choksi**

**Partner**

Membership No.: 37606

**Pradeep Madhav**  
Director

**Prasanna Patankar**  
Managing Director

**M.N.Suresh**  
Chief Financial Officer

**Kalpesh Mody**  
Company Secretary

Place: Mumbai

Date: April 26, 2017



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(₹ in lakhs)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A</b>	<b>Cashflow from operating activities</b>		
	<b>Net Profit before Taxation</b>	<b>27,368.51</b>	<b>1,333.20</b>
	<b>Adjustments for:</b>		
	Add: Depreciation on Fixed Assets	97.73	112.75
	Add: (Profit) / Loss on sale of Fixed Asset	(0.66)	0.97
	Add: Amortisation on HTM Securities	78.15	9.41
	Less: Prior Period Item	-	-
	<b>Operating Profit before working capital changes</b>	<b>27,543.73</b>	<b>1,456.33</b>
	<b>Changes in Working Capital:</b>		
	(Increase) / Decrease in Stock in Trade	47,035.63	(184,854.55)
	(Increase) / Decrease in Trade receivables	9.07	(8.98)
	(Increase) / Decrease in Short-term loans and advances	(1,344.75)	(830.20)
	(Increase) / Decrease in Other current assets	(386.96)	(14,942.04)
	(Increase) / Decrease in Long-term loans and advances	(5.41)	17.69
	Increase / (Decrease) in Long Term Provisions	488.74	(57.76)
	Increase / (Decrease) in Trade payables	(26.52)	9.41
	Increase / (Decrease) in Other current liabilities	403.42	11,607.27
	Increase / (Decrease) in Short-term provisions	134.36	2.41
		46,307.58	(189,056.75)
	<b>Cash flow from / (used in) operating activities</b>	<b>73,851.31</b>	<b>(187,600.42)</b>
	Less: Taxes Paid	8,939.82	657.39
	<b>Net Cash flow from / (used in) Operating Activities</b>	<b>64,911.49</b>	<b>(188,257.81)</b>
<b>B</b>	<b>Cash flow from Investing Activities</b>		
	Less: Purchase of Securities	(107,097.92)	(4,109.20)
	Add: Sale / Transfer of Securities from HTM to Trading	106,693.69	-
	Less: Purchase of Fixed Assets	(42.54)	(83.98)
	Add: Sale of Fixed Assets	0.68	0.50
	<b>Net Cash Flow from / (used in) Investing Activities</b>	<b>(446.09)</b>	<b>(4,192.68)</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(₹ in lakhs)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
<b>C</b>	<b>Cash flow from Financing Activities</b>		
	Less: Buy back of shares		-
	Add: Issue of share capital	-	-
	Less: Tax on Distributed Income on Buyback of Share	-	-
	Less: Payment of Dividend (including DDT)	(9,026.83)	
	Add: Increase / (Decrease) in Short Term Borrowings	50,442.31	158,466.35
	<b>Net Cash Flow from Financing Activities</b>	<b>(59,469.14)</b>	<b>158,466.35</b>
	<b>Net increase / (decrease) in cash &amp; cash equivalent (A+B+C)</b>	<b>4 996.27</b>	<b>(33,984.14)</b>
	<b>Cash &amp; cash equivalent at the beginning of the period</b>	<b>51.37</b>	<b>34,035.51</b>
	<b>Cash &amp; cash equivalent at the end of the period</b>	<b>5,047.63</b>	<b>51.37</b>

Prepared as per "Indirect Method" as prescribed by accounting standard 3 (Revised) "Cash Flow Statements"

In terms of our report of even date

For **Shah Gupta & Co.**

**Chartered Accountants**

Firm Registration No.- 109574W

**Vipul K Choksi**

**Partner**

Membership No.: 37606

Place: Mumbai

Date: April 26, 2017

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

**G Narayanan**

Director

**Pradeep Madhav**

Director

**M.N.Suresh**

Chief Financial Officer

**Sonali Sinha**

Director

**Prasanna Patankar**

Managing Director

**Kalpesh Mody**

Company Secretary



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

## NOTE 1: SHARE CAPITAL

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	300,000,000	30,000.00	300,000,000	30,000.00
<b>Issued, Subscribed &amp; Fully Paid up</b>				
Equity Shares of ₹ 10/- each fully paid	150,000,000	15,000.00	150,000,000	15,000.00
<b>Total</b>	<b>150,000,000</b>	<b>15,000.00</b>	<b>150,000,000</b>	<b>15,000.00</b>

## Note 1.1 Reconciliation of the number of shares outstanding

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
Shares outstanding at the beginning of the year	150,000,000	15,000.00	150,000,000	15,000.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	150,000,000	15,000.00	150,000,000	15,000.00

## Note 1.2: Details of aggregate shareholding by Holding Company, subsidiary of holding company or Associate of holding Company

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares		No. of Shares	
STCI Finance Limited (Holding Company)*	150,000,000		150,000,000	

\* Includes 6 shares held by the nominee

## Note 1.3: 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 ₹ 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.

## Note No. 1.4: Shareholders holding more than 5% of equity shares of the company are as under.

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
STCI Finance Limited (Holding Company)*	150,000,000	100%	150,000,000	100%

\* Includes 6 shares held by the nominee

## Note No. 1.5: Details of Shares bought back during past five years

Particulars	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Equity Shares		Equity Shares		Equity Shares		Equity Shares		Equity Shares	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)	Number	(₹ in lakhs)	Number	(₹ in lakhs)	Number	(₹ in lakhs)
No. of Shares bought back	-	-	-	-	16,000,000.00	1,600.00	-	-	34,000,000.00	3,400.00



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### NOTE 2: RESERVE AND SURPLUS

Particulars	As at March 31, 2017	As at March 31, 2016
<b>a. Statutory Reserves (Reserve created pursuant to Section 45 I-C of Reserve Bank of India Act, 1934)</b>		
Opening Balance	5,767.09	5,613.19
(+) Current Year Transfer	3,562.10	153.90
(-) Written Back in Current Year	-	-
Closing Balance	<b>9,329.49</b>	<b>5,767.09</b>
<b>b. General Reserve</b>		
Opening Balance	105.94	105.94
(-) Written Back in Current Year	-	-
Closing Balance	<b>105.94</b>	<b>105.94</b>
<b>c. Capital Redemption Reserve</b>		
Opening balance	5,000.00	5,000.00
(+) Transfer from General Reserve/ Profit & Loss during the year	-	-
(-) Transfer to Profit & Loss during the year	-	-
Closing Balance	<b>5,000.00</b>	<b>5,000.00</b>
<b>d. Reserve on Sale of HTM Securities</b>		
Opening balance	2,126.63	2,126.63
(+) Transfer from General Reserve/ Profit & Loss during the year	-	-
(-) Transfer to Profit & Loss during the year	-	-
Closing Balance	<b>2,126.63</b>	<b>2,126.63</b>
<b>e. Surplus</b>		
Opening balance	8,769.36	8,153.74
(+) Net Profit/(Net Loss) after appropriation	14,249.60	615.62
(-) Transfer to ReseJYes (Profit on Sale of HTM Securities)	-	-
Profit available for appropriations		
Less: Appropriations		
(-) Interim Dividend	7,500.00	-
(-) Tax on interim dividend	1,526.83	-
Closing Balance	<b>13,992.13</b>	<b>8,769.36</b>
<b>Total</b>	<b>30,554.19</b>	<b>21,769.02</b>

\*Net Profit (after tax) from sale of securities through HTM portfolio have been transferred to Reserve on Sale of HTM Account as per RBI Guidelines. The same will be utilised as per the provisions of the applicable Act.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

## NOTE 3: LONG TERM PROVISIONS

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Provision for Employee benefits</b>		
(a) Provision for Employee Leave Encashment a Gratuity	97.68	110.56
(b) Performance Linked Incentive Scheme	609.35	172.47
Less: Transfer to other current liabilities (Refer Note 5)	(106.56)	(147.26)
	<b>600.47</b>	<b>135.77</b>
<b>Others</b>		
Stamp Duty (Refer Note No. 22.22)	322.99	298.95
<b>Total</b>	<b>923.46</b>	<b>434.72</b>

## NOTE 4: SHORT TERM BORROWINGS

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Secured</b>		
<b>a. Other loans and advances</b>		
<b>a.1 Collateral Borrowing and Lending Obligation (CBLO) Segment</b>	103,271.68	61,768.06
(Carries interest rate between 5.45% to 6.15% and is repayable in 3-18 days) (PY - Carries interest rate between 6.1% to 7.9% and is repayable in 4 days) (Secured By Collateral of Govt. Securities & Treasury Bills) (of the above, ₹ Nil is guaranteed by Directors and / or others)		
<b>a.2 Borrowing Under Repo</b>	146,267.94	71,765.69
(Carries interest rate between 2.5% to 6.30% and is repayable in 3 days) (PY - Carries interest rate between 7% to 8.25% and is repayable in 4 days) (Secured By Collateral of Govt. Securities & Treasury Bills) (of the above, ₹ Nil is guaranteed by Directors and / or others)		
<b>a.3 Borrowing Under LAF/Refinance from RBI</b>	16,000.00	216,900.00
(Carries interest rate between 6.25% is repayable within 3 days) (PY Carries interest rate between 6.75 to 6.97 and is repayable between 1-90 days) (Secured By Collateral of Govt. Securities & Treasury Bills) (of the above, ₹ Nil is guaranteed by Directors and / or others)		
<b>Total (A)</b>	<b>265,539.62</b>	<b>350,433.75</b>
<b>Unsecured</b>		
<b>(a) Loans repayable on demand</b>		
<b>from banks (repayable at call/short notice/term)</b>	217,847.00	183,513.00
(Carries interest rate between 5.90% to 6.50% and is repayable between 3-80 days)		



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
(PY Carries interest rate between 6.1% to 8.42% and is repayable between 4-70 days) from other parties (Inter-corporate Deposit) (of the above, ₹ Nil is guaranteed by Directors and / or others) (Carries interest rate between 6.04% to 7.37% and is repayable between 3-84 days) (PY - Carries interest rate between 6.75% to 6.97% and is repayable between 73-91 days)	5,026.44	4,908.62
<b>Total (B)</b>	<b>222,873.44</b>	<b>188,421.62</b>
<b>Total (A+B)</b>	<b>488,413.06</b>	<b>538,855.37</b>
<b>Continuing default as on the balance sheet date in repayment of loans and interest</b>		
1. Period of default	Nil	Nil
2. Amount	Nil	Nil

### NOTE 5: OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2017	As at March 31, 2016
<b>(a) Current dues of long term employee benefits (Refer Note 3)</b>		
(i) Leave Encashment	32.21	49.14
(ii) Performance Linked Incentive Scheme	74.35	98.12
	<b>106.56</b>	<b>147.26</b>
(b) Interest accrued but not due on borrowings	438.40	1,280.76
(c) Statutory dues	6.23	4.96
(d) MTM Payable on Interest Rate Swaps (Refer Note 22.21a)	12,435.30	11,164.60
(e) MTM payable on Interest Rate Futures	-	3.58
(f) Other payables	25.77	7.68
<b>Total</b>	<b>13,012.26</b>	<b>12,608.84</b>

### NOTE 6: SHORT TERM PROVISIONS

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Provisions for employee benefits	2.02	2.66
(b) Provision for tax* (Net of advance tax ₹ 19,268.18 Lakhs (PY ₹ 10,328.36 lakhs))	356.55	
<b>Total</b>	<b>358.57</b>	<b>2.66</b>

\*This figure includes ₹ 151 lakhs (PY ₹ 151 lakhs) paid under protest to Income Tax Department.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**NOTE 7 : PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS**

(₹ in lakhs)

Fixed Assets	Tangible Assets							Total Tangible Assets	Intangible Assets		Total Assets
	Buildings	Plant & Equipment		Furniture & Fixtures	Vehicles	Office Equipments	Total		Computer	Software	
		Computers	Air-Conditioner								
<b>Tangible Assets</b>											
<b>Gross Block</b>	2,030.75	202.99	29.43	136.33	15.46	27.23	2,442.19	238.51		2,680.70	
As at April 1, 2016	-	23.51	-	-	15.26	0.05	38.82	3.72		42.54	
Additions /adjustments during the year	-	8.67	-	-	-	6.49	15.16	-		15.16	
Deletions /retirements during the year											
As at March 31, 2017	2,030.75	<b>217.83</b>	29.43	136.33	30.72	<b>20.79</b>	<b>2,465.85</b>	242.23		<b>2,708.08</b>	
Depreciation and amortization											
<b>As at April 1, 2016</b>	<b>422.92</b>	<b>153.48</b>	<b>16.27</b>	<b>78.87</b>	<b>9.80</b>	<b>22.72</b>	<b>704.06</b>	<b>186.16</b>		<b>890.22</b>	
Depreciation charge for the year	29.55	16.25	2.91	13.40	1.98	1.51	65.60	32.12		97.72	
On disposals	-	8.67	-	-	-	6.48	15.15	-		15.15	
<b>As at March 31, 2017</b>	452.47	<b>161.06</b>	<b>19.18</b>	<b>92.27</b>	<b>11.78</b>	<b>17.75</b>	<b>754.51</b>	<b>218.28</b>		<b>972.79</b>	
<b>Net Block</b>	<b>1,578.28</b>	<b>56.77</b>	<b>10.25</b>	<b>44.06</b>	<b>18.94</b>	<b>3.04</b>	<b>1,711.34</b>	<b>23.95</b>		<b>1,735.29</b>	

Note - Cost of building Includes ₹ (0.01 lakh being cost of application money given for membership of Co-operative Society.

The changes in the carrying value of fixed assets for the year ended March 31, 2016 are as follows:

(₹ in lakhs)

Fixed Assets	Tangible Assets							Total Tangible Assets	Intangible Assets		Total Assets
	Buildings	Plant & Equipment		Furniture & Fixtures	Vehicles	Office Equipments	Total		Computer	Software	
		Computers	Air-Conditioner								
<b>Tangible Assets</b>											
<b>Gross Block</b>	2,030.74	157.83	35.92	138.50	15.46	25.83	2,404.28	201.82		2,606.10	
As at April 1, 2015	0.01	45.65	-	-	-	1.63	47.29	36.69		83.98	
Additions /adjustments during the year	-	0.49	6.49	2.16	-	0.23	9.37	-		9.37	
Deletions /retirements during the year											
As at March 31, 2016	<b>2,030.75</b>	<b>202.99</b>	<b>29.43</b>	<b>136.34</b>	<b>15.46</b>	<b>27.23</b>	<b>2,442.20</b>	<b>238.51</b>		<b>2,680.71</b>	
Depreciation and amortization											
<b>As at April 1, 2015</b>	<b>393.29</b>	<b>126.44</b>	<b>18.22</b>	<b>67.60</b>	<b>7.86</b>	<b>19.14</b>	<b>632.55</b>	<b>152.81</b>		<b>785.36</b>	
Depreciation charge for the year	29.63	27.53	3.07	13.44	1.94	3.81	79.42	33.35		112.77	
On disposals	-	0.49	5.02	2.16	-	0.23	7.90	-		7.90	
<b>As at March 31, 2016</b>	422.92	<b>153.48</b>	<b>16.27</b>	<b>78.88</b>	<b>9.80</b>	<b>22.72</b>	<b>704.07</b>	<b>186.16</b>		<b>890.23</b>	
<b>Net Block</b>	<b>1,607.83</b>	<b>49.51</b>	<b>13.16</b>	<b>57.46</b>	<b>5.66</b>	<b>4.51</b>	<b>1,738.13</b>	<b>52.35</b>		<b>1,790.48</b>	

Note - Cost of building includes ₹ 0.01 lakh being cost of application money given for membership of Co-operative Society.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### NOTE 8: NON CURRENT INVESTMENTS

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Non trade Investments</b>		
<b>Investments in HTM Portfolio*</b>		
(a) Aggregate amount of quoted Investments in Government securities - (Current Year - Amortized cost)	35,806.49	35,480.42
<b>Total</b>	<b>35,806.49</b>	<b>35,480.42</b>
<b>Additional information:-</b>		
Aggregate amount of quoted investments (Face Value)	34,500.00	35,500.00
Aggregate amount of quoted investments (Market Value)	35,241.75	37,003.45
Aggregate provision for diminution in value of investment	Nil	Nil
Basis for Valuation (Refer Note no. 21.5)	At Cost	At Cost
<b>Details of quoted Investment in HTM Portfolio (At Cost)</b>		
<b>Investments in Government securities</b>		
8.60% Government Securities 2028 (17,500,000 Units of ₹ 100/- each)	-	17,361.05
8.17% Government Securities 2044 (14,000,000 Units of ₹ 100/- each)	-	14,018.92
8.15% Government Securities 2026 (4,000,000 Units of ₹ 100/- each)	-	4,100.45
6.97% Government Securities 2026 (345,00,000 Units of Rs 100/- each)	35,806.49	-
<b>Total</b>	<b>35,806.49</b>	<b>35,480.42</b>

\*Kept as collateral to the extent of face value of ₹ 34,500 lakhs was placed for REPO Borrowing. (For the PY 2015-2016, collateral to the extent of ₹ 29,500 lakhs against LAF with RBI, ₹ 2,000 lakhs as IRF Collateral with IL & FS and ₹ 4,000 lakhs with CCIL towards SGF)

### NOTE 9: LONG TERM LOANS & ADVANCES

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, considered good</b>		
Security Deposits	27.65	22.14
Advance Tax and tax deducted at source* (Net of provision for tax ₹ 19,624.73 Lakhs (PY ₹ 9,904.73 lakhs)	0.00	423.65
<b>Total</b>	<b>27.65</b>	<b>445.89</b>

\* This figure includes ₹ 151 lakhs (PY ₹ 151 lakhs) paid under protest to Income Tax Department.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

## NOTE 10: INVENTORY (STOCK IN TRADE)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Investments in Central Government securities (CGS)	75,444.05	201,223.73
(b) Investments in State Development Loans (SDLs)	25,290.36	18,381.71
(c) Investments in Government special securities	45,242.31	20,656.33
(d) Investments in Treasury Bills	173,320.87	144,348.84
(e) Investments in Debentures or Bonds	135,637.40	92,326.40
(f) Investments in Equity Shares	56.08	-
(g) Investments in Commercial Papers	28,380.69	21,388.16
(h) Investments in Certificate of Deposit	-	32,582.22
(i) Investments in Mutual Funds	500.00	-
<b>Total</b>	<b>483,871.76</b>	<b>530,907.39</b>
<p>1. Stock-in-trade as on March 31, 2017 includes CGS and T-Bills of Face Value of ₹ 1,22,100 lakhs (PY ₹ 74,100 lakhs) held as collateral with The Clearing Corporation of India.</p> <p>2. It further includes CGS, SDLs and T-Bills of Face Value of 16,178.30 lakhs (PY ₹ 8000 lakhs) placed as collateral against LAF borrowings.</p> <p>3. CGS and T-Bills of face value on 1,10,097 lakhs (PY ₹ 2,13,155 lakhs) placed as collaterals against REPO Borrowing.</p> <p>4. CGS of face value of ₹ 1500 lakhs placed as collateral against Currency Derivatives (CD) Segment with IL &amp; FS Ltd.</p> <p>5. SDLs and T-Bills of face value of Nil (PY ₹ 47,800 lakhs) placed as collateral against Refinance Borrowing.</p>		
<b>Additional Information:</b>		
Aggregate amount of quoted investments (Face Value)	455,909.57	478,737.26
Aggregate amount of quoted investments (Market value)	456,813.00	477,740.51
Aggregate amount of unquoted investments (Face Value)	30,000.00	57,500.00
Aggregate provision for diminution in value of quoted investment	Nil	Nil
<b>Basis of Valuation (Refer Note no. 21.4) :-</b>		
Investment in Government Securities (Including Treasury Bills)	<b>Aggregate Cost or Market Value whichever is less</b>	<b>Aggregate Cost or Market Value whichever is less</b>
Investment in Debentures or Bonds		
Investment in Equity Instruments	At Cost	At Cost
Investment in Other Instruments		



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### NOTE 11: TRADE RECEIVABLES

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Others	-	9.07
	-	<b>9.07</b>

### NOTE 12: CASH AND BANK BALANCES

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Cash and Cash equivalents</b>		
(a) Balances with banks	5,025.82	29.54
In Current Account with RBI	20.11	22.15
In Current Account with Others	5.71	7.39
In FIXed Deposit account with maturity less than 3 months at inception	5,000.00	
(b) Cash on hand	0.06	0.08
<b>Other bank balances</b>		
Deposits with maturity of more than 3 months but less than 12 months at inception	21.75	21.75
<b>Total</b>	<b>5,047.63</b>	<b>51.37</b>

Note: Fixed deposit of ₹ 21.75 lakhs is pertaining to capital requirements for Interest Rate futures segment with NSE/BSE.

### NOTE 13: SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, considered good</b>		
<b>Loans and advances (Others)</b>		
(a) Margin Money with CCIL (Securities & CBLO segment)	563.00	608.00
(b) Margin Money with NSE (IRF Trading)	1,938.15	526.25
(c) Advance paid to suppliers	031	5.03
(d) Advance paid to staff	0.73	-
(e) Prepaid expenses	67.11	85.38
<b>Total</b>	<b>2,569.41</b>	<b>1,224.66</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

## NOTE 14: OTHER CURRENT ASSETS

Other Current Asset	As at March 31, 2017	As at March 31, 2016
(a) Accrued Interest Income which includes:-	6,876.23	7,768.81
On Government Securities (Trading)	1,424.38	3,313.18
On State Development Loan (SDL's)	94.60	584.54
On GOI Special Securities	177.99	30.97
On Corporate Bond	4,904.70	2,816.24
On Government Securities (Investment)	166.99	993.76
On Fixed Deposit	4.66	-
On Others	102.91	30.12
(b) Other Receivables		0.33
(c) MTM Receivable on Interest Rate Swaps (Refer Note 22.21a)	12,366.87	11,087.00
<b>Total</b>	<b>19,243.10</b>	<b>18,856.14</b>

## NOTE 15: REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Trading Profit/(Loss) on securities (Refer A below)	24,128.28	(1,420.04)
Government Securities	14,708.55	(3,182.09)
State Development Loans	3,947.55	348.46
GOI Special Securities	3,990.52	54.15
Corporate Bonds	42.42	(125.04)
Zero Coupon Bonds	164.23	300.69
Liquid Mutual Fund	774.22	718.53
Equity Shares	402.21	(74.48)
Equity Futures & Options	(263.39)	177.69
Interest Rate Swaps	(5.02)	73.55
Interest Rate Futures	(87.95)	(42.59)
Currency Futures	(24.92)	0.00
Treasury Bills	295.65	298.58
Commercial Papers	18.25	14.85
Certificate of Deposits	165.96	17.66



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(b) Interest Income on Discounted Instrument (Refer B below)</b>	14,451.52	12,809.32
Treasury Bills	10,349.29	10,927.81
Commercial Papers	2,179.62	1,375.92
Certificate of Deposits	1,908.29	499.33
CBLO Lending	14.32	6.26
<b>(c) Interest Income</b>	21,502.11	22,766.97
Interest on -		
Call Money	1.24	0.58
Government Securities	6,960.85	12,305.57
State Development Loan	1,881.75	2,744.97
GOI Special Securities	1,850.38	39.80
Corporate Bond	10,109.41	4,378.76
Fixed Deposit	20.42	3,049.09
Income from Repo	539.15	172.61
Other Interest	138.91	75.59
<b>(d) Underwriting &amp; Other Income</b>	122.47	245.54
Underwriting Fees	95.78	236.10
Other Fee & Incentive Income	1.57	0.33
Dividend Income	25.12	9.11
<b>Total</b>	<b>60,204.38</b>	<b>34,401.79</b>

\* Interest Income on Government Securities includes interest on HTM investments of ₹ 1,820.81 lakhs (PY ₹ 3,089.81 lakhs)



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

A	Trading Profit/(Loss) on securities	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(a)</b>	<b>Government securities</b>	14,708.55	
	Sales (net of brokerage)	59,468,168.54	35,068,540.02 (3,182.09)
	Add : Stock on hand as at the end of the year	75,444.05	201,223.73
	Less: (i) Purchases	(59,327,680.31)	(35,217,702.49)
	(ii) Stock on hand as at the beginning of the year	(201,223.73)	(55,243.35)
<b>(b)</b>	<b>State Development Loans</b>	3,947.55	348.46
	Sales (net of brokerage)	2,012,946.13	1,286,596.48
	Add : Stock on hand as at the end of the year	25,290.36	18,381.71
	Less: (i) Purchases	(2,015,907.23)	(1,223,126.53)
	(ii) Stock on hand as at the beginning of the year	(18,381.71)	(81,503.20)
<b>(c)</b>	<b>GOI Special Securities</b>	3,990.52	54.15
	Sales (net of brokerage)	576,313.65	47,301.82
	Add : Stock on hand as at the end of the year	45,242.31	20,656.33
	Less: (i) Purchases	(596,909.11)	(67,332.75)
	(ii) Stock on hand as at the beginning of the year	(20,656.33)	(571.25)
<b>(d)</b>	<b>Corporate Bond</b>	42.42	(125.04)
	Sales (net of brokerage)	237,799.67	178,897.29
	Add : Stock on hand as at the end of the year	133,211.22	87,387.94
	Less: (i) Purchases	(283,580.53)	(242,566.38)
	(ii) Stock on hand as at the beginning of the year	(87,387.94)	(23,843.89)
<b>(e)</b>	<b>Zero Coupon Bonds</b>	164.23	300.69
	Sales (net of brokerage)	5,000.00	33.75
	Add : Stock on hand as at the end of the year	2,426.18	4,938.46
	Less: (i) Purchases	(2,323.49)	4,671.52)
	(ii) Stock on hand as at the beginning of the year	(4,938.46)	-
<b>(f)</b>	<b>Liquid Mutual Fund</b>	774.22	718.53
	Sales (net of brokerage)	2,407,274.22	2,195,418.53
	Add : Stock on hand as at the end of the year	500.00	-
	Less: (i) Purchases	(2,407,000.00)	(2,194,700.00)
	(ii) Stock on hand as at the beginning of the year	-	-
<b>(g)</b>	<b>Equity Shares</b>	402.21	(74.48)
	Sales (net of brokerage)	4,181.28	4,317.07
	Add : Stock on hand as at the end of the year	56.08	-
	Less: (i) Purchases	(3,835.15)	(4,391.55)
	(ii) Stock on hand as at the beginning of the year	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

A	Trading Profit/(Loss) on securities	For the year ended March 31, 2017	For the year ended March 31, 2016
(h)	<b>Equity Futures &amp; Options</b>	(263.39)	177.69
	Profit & Loss including MTM on Equity F&O	(263.39)	177.69
(i)	<b>Interest Rate Swap</b>	(5.02)	73.55
	Profit & Loss including MTM on IRS	(5.02)	73.55
(j)	<b>Interest Rate Futures</b>	(87.95)	(42.59)
	Profit & Loss including MTM on IRF	(87.95)	(42.59)
(k)	<b>Currency Futures</b>	(24.92)	
	<b>Profit &amp; Loss including MTM on Currency Futures</b>	(24.92)	
(l)	<b>Treasury Bills</b>	295.65	298.58
	Profit & Loss including MTM on Treasury Bills	295.65	298.58
(m)	<b>Commercial Papers</b>	18.25	14.85
	Profit & Loss including MTM on Commercial Papers	18.25	14.85
(n)	<b>Certificate of Deposit</b>	165.96	17.66
	Profit & Loss including MTM on Certificate of Deposit	165.96	17.66
	<b>Total (A)</b>	<b>24,153.20</b>	<b>(1,420.04)</b>

B	Discount Income	For the year ended March 31, 2017	For the year ended March 31, 2016
(a)	<b>Treasury Bills</b>	10,349.29	11,226.38
	Sales (net of brokerage)	3,104,968.09	2,602,762.61
	Add : Stock on hand as at the end of the year	173,320.87	144,348.84
	Less: (i) Purchases	(3,123,295.18)	(2,565,104.71)
	(ii) Stock on hand as at the beginning of the year	(144,348.84)	(170,780.36)
		10,644.94	11,226.39
	Less: Trading Profit and Loss as disclosed in (A) above	295.65	298.58
	Discount Income on Treasury bills	10,349.29	10,927.81
(b)	<b>Commercial Papers</b>	2,179.62	1,390.77
	Sales (net of brokerage)	44,918.46	14,811.14
	Add : Stock on hand as at the end of the year	28,380.69	21,388.16
	Less: (i) Purchases	(49,713.12)	(30,116.00)
	(ii) Stock on hand as at the beginning of the year	(21,388.16)	(4,692.53)
	Less: Trading Profit and Loss as disclosed in (A) above	18.25	0.00
	Discount Income on Commercial Paper	2,179.62	1,390.77



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

B	Discount Income	For the year ended March 31, 2017	For the year ended March 31, 2016
(c)	<b>Certificate of Deposit</b>	1,908.29	517.01
	Sales (net of brokerage)	39,384.30	9,738.69
	Add : Stock on hand as at the end of the year	-	32,582.22
	Less: (i) Purchases	(4,727.83)	(32,385.64)
	(ii) Stock on hand as at the beginning of the year	32,582.22	(9,418.26)
	Less: Trading Profit and Loss as disclosed in (A) above	165.96	11,226.39
	Discount Income on Certificate of Deposit	1,908.29	(10,709.40)
(d)	<b>CBLO Lending</b>	14.32	6.26
	<b>Total (B)</b>	<b>14,451.52</b>	<b>13,140.42</b>

## NOTE 16: OTHER INCOME

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Previous year's provision written Back	3.85	1.66
(b) Misc. Receipt	57.30	0.85
(Misc Receipts includes Interest on Income Tax refund of ₹ 57.34 lakhs)		
<b>Total</b>	<b>61.15</b>	<b>2.51</b>

## NOTE 17: OPERATING EXPENSES

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Transaction and Settlement Charges</b>		
DP/CCII Charges	1,457.00	923.88
Stamp Duty payment	24.04	25.62
IRF Trading Charges	4.88	14.73
Currency Futures	3.78	
<b>Total</b>	<b>1,489.70</b>	<b>964.23</b>

## NOTE 18: EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Salary & Reimbursements	568.95	546.14
(b) Contribution to PF	28.03	26.17
(c) Gratuity (Refer Note 22.10a)	8.50	7.83
(d) Leave Encashment (Refer Note 22.10b)	0.52	39.73
(e) Staff welfare expenses	42.22	32.62
(f) Performance Linked Variable Scheme	535.00	13.16
<b>Total</b>	<b>1,183.22</b>	<b>665.65</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

### NOTE 19: FINANCE COST

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(a) Interest expense</b>		
Interest on -	25,763.57	26,750.32
Call & Notice Money	4,131.37	4,616.18
Borrowing from RBI	1,581.87	2,771.98
Inter-Corporate Deposit	315.48	402.94
Term Money	10,599.80	7,295.61
Loan against Fixed Deposit	.	.
Refinance from RBI	1,553.81	3,034.75
Repo Borrowing	7,581.24	8,628.86
<b>(b) Interest expense on discounted instrument</b>	3,276.34	3,817.35
CBLO Borrowing	3,276.34	3,817.35
<b>(c) Financial Charges</b>	233.17	102.47
Overdraft Facility charges	233.17	102.47
<b>(d) Interest Expense on Income Tax</b>	135.00	
Interest Expense on Income Tax	135.00	
<b>Total</b>	<b>29,408.08</b>	<b>30,670.14</b>

### NOTE 20: OTHER EXPENSES

Other Expenses	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(a) Administrative Expenses</b>	219.16	233.78
Bank Charges	0.61	0.43
Electricity Charges	20.33	21.36
Insurance Charges	18.23	19.66
Postage, Telephone & Telegrams	44.95	43.35
Printing & stationery Expenses	11.50	9.61
Rent	27.29	33.89
Repairs & Maintenance	53.72	68.02
Rates & Taxes	6.44	1.17
Software maintenance	10.28	11.31
Other office Expenses	25.81	24.98
<b>(b) Professional Fees</b>	82.65	74.19
Rating Charges	20.61	20.29
Internal Audit	9.20	8.13
Software Consultancy	15.13	12.84
Human Resource Consultancy	20.69	17.28
Other professional fees	17.02	15.65



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Other Expenses	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(c) Payment to Auditors</b>	7.54	8.56
for audit services	6.33	6.30
for other services	0.96	2.06
for reimbursement of expenses	0.25	0.20
<b>(d) Others</b>	408.94	341.83
Advertising Expenses	0.55	0.32
Information Services	105.34	87.16
Newspaper & periodicals	7.07	5.93
Business Development Expenses	15.93	4.41
Travelling, Conveyance & Motor Car Expenses	20.27	21.15
Board Meeting Expenses	11.05	10.33
Sitting Fees to Directors	14.25	15.66
(Profit)/Loss on Sale of Assets	(0.66)	0.97
Amortization of Premium on Investment	78.15	9.41
Corporate Social Responsibility Expenditure	156.47	186.08
Miscellaneous Expenses	0.52	0.41
<b>Total</b>	<b>718.29</b>	<b>658.36</b>

**NOTE 21: SIGNIFICANT ACCOUNTING POLICIES****21.1 Basis of Preparation**

The financial statements of the company have been prepared under historical cost convention on accrual basis and are in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material aspects with the accounting standards notified under section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendment Rules, 2016 and circulars and guidelines issued by the Reserve Bank of India from time to time to the extent applicable to Non Banking Finance Companies (NBFCs) and as applicable to Primary Dealers. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**21.2 Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities as on the date of the financial statements and revenue and expenses for 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 the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**21.3 Revenue Recognition****i. Treasury Bills, Commercial Papers, Certificate of Deposits and Zero Coupon Bonds**

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 stock-in-trade.

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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### ii. Government Securities, FI & Other Bonds and Equities

- a) Income from Fixed Income securities is taken into account on accrual basis, provided that interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.
- b) The amounts paid and received towards accrued interest on the purchases and sales of Government Securities and Corporate bonds are netted off at the year-end and is also recognised as income under "Interest on Government Securities" and "Interest on Corporate bonds" respectively. Accordingly, in respect of the transactions in Government Securities and Corporate bonds dealt with on outright basis, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively.
- c) Interest on fixed coupon debt securities held on balance sheet date is accrued for expired period at coupon rate and interest on floating rate securities is accrued at the rate determined by the terms of issue.
- d) In case of Inflation Indexed Bonds (IIB), the interest and consideration towards purchase and sale of IIB are indexed with the index ratio prevalent on the date of the transaction. The amounts paid and received towards accrued interest on the purchases and sales of IIB are netted off at the year-end and reckoned as income under the head "Interest on IIB". Accordingly, in respect of the transactions in IIB, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively.

### iii. Collateralized Borrowing and Lending Obligation (CBLO) transactions

Transactions for borrowing and lending under CBLO are accounted for at their discounted values. The difference paid or received on redemption is treated as discount paid on CBLO in case of borrowing and discount earned on CBLO 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/discount income or expenses". The same is included in the carrying amount of the borrowing or lending.

### iv. Pass Through Certificates

The difference between the acquisition cost (as reduced by the proportionate amount of inflows) and the redemption value is apportioned on time basis (using the IRR at the time of acquisition) and recognised as accrued income. This accrued income is added to the acquisition cost (as reduced by the proportionate amount of inflows) of the respective Pass Through Certificates (PTCs) and the sum is regarded as cost (book value) for the purpose of valuation of closing stock. Any revenue or income received on prepayments is added to the income.

### v. Equity and Index Futures and Options

- a) The initial margin and the additional margin in form of fixed deposits/cash paid for entering into contracts for equity and index futures and options are disclosed under the head Cash and cash equivalents/Short Term Loans and Advances as the case may be in the Balance Sheet.
- b) "Equity Option Premium Account" represents the premium paid or received for buying or selling the options, respectively. The net premium paid or received for buying or selling the option, as the case may be, is recognized in the Profit and Loss Account for all settled/expired contracts. Similarly, on the expiry of the contracts and on exercising the options, the difference between the final settlement price and the strike price is recognised as profit or loss. Gains or losses on stock/index futures contracts are recognized on squaring up of positions or expiry of contracts.
- c) The Open positions are marked to market on the balance sheet date and net losses, if any, are provided for while net gains, if any, are ignored.
- d) The daily mark-to-market margin paid to/received from the custodian in respect of equity and index futures trades is debited or credited to the daily mark-to-market equity futures account and the same is disclosed under Short Term Loans and Advances or Current Liabilities as the case may be.
- e) "Income on Equity Futures and Options" 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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

**vi. Interest Rate Swaps (IRS)**

Gains or losses on Interest Rate Swaps (IRS) are accounted for on settlement dates as per the terms of the contract. The net mark-to-market in respect of open positions as at the year end is accounted for on accrual basis.

**vii. Currency and Interest Rate Futures:**

- a) The initial margin and the additional margin in form of fixed deposits/cash paid for entering into contracts for Currency & Interest Rate Futures are disclosed under the head Cash and cash equivalents/Short Term Loans and Advances as the case may be in the Balance Sheet.
- b) The daily mark-to-market margin paid to/received from the custodian in respect of Currency & Interest Rate Futures contracts is debited or credited to the daily mark-to-market margin Currency/Interest Rate futures account, as the case may be, on daily basis and the same is disclosed under Short Term Loans and Advances or Current liabilities as the case may be.
- c) The Open positions are marked to market on the balance sheet date and net losses, if any, are provided for while net gains, if any, are ignored.
- d) Gains or losses on Currency & Interest Rate Futures contracts are recognized on FIFO basis, on squaring up of positions or expiry of contracts, whichever is earlier.

**viii. 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.

**ix. Underwriting Commission/Fees**

Underwriting commission/fee earned in respect of successful bids/devolvments 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.

**x. Front-end Fees/Arrangers' Fee**

Front-end/Arrangers' fees, if any, received on subscription to Corporate Bonds. are reckoned as income.

**xi.** 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.

**xii.** Dividend income is recognised when the right to receive dividend is established.

**xiii.** Profit/Loss from trading in Equities and equity exchange traded derivatives is recognised on the basis of weighted average cost on trade dates. Profit/Loss from trading in Government Securities, Corporate Bonds are recognised on the basis of weighted average cost on settlement dates.

**xiv. Hedged Portfolio**

**(a) Securities**

Securities or portfolio of securities are hedged using hedging instruments permitted by RBI are designated as "hedged" are transferred to hedge portfolio at lower of cost or market value on the date of the hedge.

**(b) Swap**

Swaps that are designated as hedge to any underlying asset are marked to market and the gain or loss on the hedge swap and the hedged portfolio is set off; while the resultant net loss is being provided for, the net gain is ignored. Gains or losses on termination or redesignation of hedge swaps is recognised against the offsetting gain or loss recognised on the designated asset or liability.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### 21.4 Classification and Valuation of Stock-in-trade and Investments

#### **Current Investments/Inventories**

All the securities acquired with the intention of trading are considered as stock-in-trade and are shown under current assets. Company provides net depreciation category-wise for securities held as stock-in-trade/current investments.

- i. All quoted securities (stock-in-trade) are grouped into the following categories i.e. Equity shares, preference shares, debentures and bonds, Govt. securities (including SOLs, SPLs, T-bills, FRB's, IIBs etc), Mutual funds and Others.
- ii. Stock/Current investment in each category is valued scrip-wise, at cost or market value whichever is lower.
- iii. The cost is calculated on weighted average basis. Market value of fixed income securities is determined in accordance with the guidelines laid down by Fixed Income Money Market and Derivatives Association of India (FIMMDA). Market value for equity shares and tax free bonds is determined by the prices obtained from the recognised stock exchanges. However, in line with the RBI & FIMMDA guidelines, Certificate of Deposit (CDs) and Commercial Papers (CPs) of less than one year tenor are valued at carrying cost.
- iv. Mutual Funds units are valued at Net Asset Value (NAV) or cost whichever is lower as declared by the MF/AMC.
- v. The outstanding swaps held for trading purpose are marked to market on the Balance Sheet date on the basis of swap yield rates announced by FIMMDA.
- vi. Net depreciation in each category is provided for/charged to Profit & Loss account. Net appreciation, in the category, if any, is ignored.
- vii. Depreciation in one category is not off set against appreciation in other category.

### 21.5 Non Current Investments

The securities under HTM category shall be valued as per the guidelines issued by RBI from time to time and important provisions are as under:

- i. Government Securities held in HTM Portfolio are valued at amortised cost. The premium, if any, on the security is amortised over the period till maturity.
- ii. In respect of Government Securities held in HTM Portfolio, market value at year end is determined and disclosed.
- iii. The stock is transferred from HTM Portfolio to trading portfolio at acquisition cost, book value or market value, whichever is lower and the depreciation, if any, on such transfer is fully provided for.
- iv. The profit on sale of securities, if any from HTM Portfolio is first be taken to the Profit & loss Account and thereafter be appropriated to the Capital Reserve Account (net of tax) loss on sale is recognized in the Profit & loss Account. The balance in the reserve account is utilized as per the regulatory guidelines.
- v. No accounting adjustment are made for diminution/appreciation in value of such investments.

### 21.6. Property, Plant and Equipment & Intangible Assets

Property, Plant and Equipment and Intangible assets are initially recognised at cost and are stated at original cost less accumulated depreciation and impairment, if any. Costs include all direct costs attributable to acquisition, installation and commissioning.

Intangible assets are stated at cost of acquisition alongwith .the other directly related costs incurred in acquiring the intangible assets less accumulated depreciation and impairment, if any.

Intangible assets are amortized over useful life of the asset.

Depreciation on Property, Plant and Equipment and Intangible Assets is provided on the straight line method based on the Useful life as per the provisions under Schedule II to the Companies Act, 2013 w.e.f. 01.04.2014.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

The Company has applied the following Useful Life of the assets as per Schedule II of the Companies Act, 2013:

<b>Fixed Assets</b>	<b>Useful Life as per Schedule II</b>
Building	60 years
Furniture & Fixtures	10 years
Motor Vehicles – Motor Cars	8 years
Office Equipments	5 years
Computers and data processing units:	
Servers and Networks	6 years
End User Devices	3 years
Electrical Installation and Equipments	10 years
Computer- Software	3 years

**21.7 Impairment of Assets**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to the Profit and Loss Account to the extent carrying amount of assets exceeds their recoverable amount in the year in which the asset identified is impaired.

**21.8 Foreign Exchange Transactions**

Expenses and remittances in foreign currency are accounted at the exchange rates as on the transaction date.

**21.9 Taxes on Income**

Provisions for Income Tax comprises of the current tax provisions, and the net change in the deferred tax asset or liability for the year. Current tax is determined as the amount of tax payable in respect of the taxable income computed according to the applicable tax laws for the year. Deferred tax asset or liability reflect the impact of current year timing differences between taxable income and the accounting income for the year and the reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent there is a reasonable certainty of sufficient future taxable income being available for its realisation. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit and loss Account in the period of enactment of the change.

**21.10 Employee Benefits****i. Provident Fund**

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There is no obligation other than the monthly contribution payable to the Regional Provident Fund Commissioner.

**ii. Gratuity**

The gratuity liability of the company is funded through a Group Gratuity Scheme with Life Insurance Corporation of India (LIC) under which the annual contribution is paid to LIC. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each reporting period.

**iii. Other Benefits**

Other employee benefits comprise of compensated absences and are provided for based on actuarial valuation and is not funded. Short term compensated absences are provided for on undiscounted basis.

The "Projected Unit Credit Method" has been used to determine the liability of compensated absences. The actuarial gain or loss is recognised in the Profit and loss Account.

**21.11 Borrowing Costs:**

Borrowing cost other than directly attributed to Property, Plant and equipment are directly recognised as expenses in the period in which they are incurred and are charged to statement of profit and loss account.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### 21.12 Operating Lease

The monthly rent payments made for the premises acquired on lease are charged to statement of profit and loss on accrual basis.

### 21.13 Earnings Per Share

Basic and Diluted earnings per share are calculated 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.

### 21.14 Provisions and Contingent Liabilities

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

## 22. NOTES FORMING PART OF FINANCIAL STATEMENTS

### 22.1 Contingent Liability

#### Claims against the Company not acknowledged as debt

Under the Income Tax Act, the following amounts are under dispute, the details of which are as under

(₹ in lakhs)

Assessment Year	March 31, 2017	March 31, 2016	Forum where dispute is pending
2010-2011 under section 143(3) r.w.s 147 of the Income Tax Act, 1961*	1.51	151	CIT (Appeals)
<b>TOTAL</b>	151	151	

\*Paid under protest refer Note No. 6 & 9

### 22.2 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, 2017, the transaction shall be accounted on April 03, 2017 i.e Settlement date. The face value of the securities purchased and sold on March 31, 2017 are as given in the table below;

(₹ in lakhs)

S No.	Particulars	March 31, 2017	March 31, 2016
1.	Purchase of securities	65,500	2,63,700.00
2.	Sale of securities	143,507.40	2,56,485.25



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

## 22.3 Segment Reporting

a. **Business Segment :**

The Company has identified two business segments viz. Gilts segment and Non-Gilts segment based on risk, return and the regulatory authorities for reporting as the primary segment.

b. **Segment Revenues and Expenses:**

The Segmental revenues and expenses includes all items directly attributable to the respective segment. Administrative expenses, personnel costs and depreciation on Property, Plant and Equipment and intangible assets cannot be identified with any particular segment and are considered as unallocable.

c. **Segment Assets and Liabilities:**

The Segmental assets and liabilities includes all items 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.

d. **Geographical Segment:**

Since the segregation of the business geographically is not possible, in view of the Management, the Company does not have geographical segmentation in the context of the Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

The detailed segmental information for the segments is as under :-

(₹ In lakhs)

	Segmental Reporting			
	Gilts Segment	Non-Gilts Segment	Unallocated	Total
<b>REVENUES :-</b>				
From External Clients	44,543.63 (23,984.10)	15,660.75 (10,417.72)	61.15 (2.51)	60,265.53 (34,404.33)
Internal segment	-	-	-	-
<b>Total Revenue</b>	44,543.63 (23,910.20)	15,660.75 (10,417.72)	61.15 (2.51)	60,265.53 (34,404.33)
<b>Total Expenditure</b>	19,819.68 (23,910.20)	10,939.32 (7,724.17)	2,138.02 (1,436.77)	32,897.02 (33,071.14)
<b>Segment Result-Profit/ (-)Loss</b>	24,723.95 (73.89)	4,721.43 (2,693.53)	-2076.87 (-1,434.26)	27,368.51 (1,333.19)
Less: Tax expense	Nil (Nil)	Nil (Nil)	9,556.51 (563.68)	9,556.51 (563.68)
Less : Prior Period expense	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
<b>Total Result</b>			Nil (Nil)	17,812.00 (769.52)
<b>OTHER INFORMATION</b>				
Segment Assets	3,71836.16 (4,37,234.72)	1,69,586.44 (1,49,143.14)	6,899.94 (2,387.56)	5,48,322.54 (5,88,765.41)
Segment Liabilities	3,48,614.48 (4,12,767.21)	1,52,995.27 (1,38,836.05)	1,158.60 (393.13)	5,02,768.35 (5,51,996.39)

Note : Figures in brackets denote figures for previous financial year



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### 22.4 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:

Holding Company : STCI Finance Limited  
(erstwhile Securities Trading Corporation of India Limited)

Fellow Subsidiary : STCI Commodities Limited

- ii. Key management personnel and relatives of such personnel
1. Shri Pradeep Madhav, Managing Director (upto 23.01.2017)
  2. Shri Prasanna Patankar, Managing Director \*\*(w.e.f. 24.01.2017)
  3. Shri M. N. Suresh, Chief Financial Officer
  4. Shri Kalpesh Mody, Company Secretary

\*\* Inducted on the "Board" from November, 2016, as Director/Whole Time Director and subsequently designated as Managing Director

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

#### b. Details of Related party transactions during the year:

(₹ In lakhs)

Nature of Transaction	Related Party	2016-17	2015-16
Purchase of Government Securities	Holding Company	Nil	Nil
Sale of Government Securities	Holding Company	Nil	2,885.0
Capital Expenditure	Holding Company	Nil	Nil
Capital Receipt	Holding Company	Nil	Nil
Reimbursement of Expenses (Payment)	Holding Company	7.18	8.03
Reimbursement of Expenses (Received)	Holding Company	8.04	2.00
Reimbursement of Expenses (Received)	Holding Company	0.05	Nil
Sitting fees Paid	Holding Company	0.20	0.20

Total Remuneration (including Salaries, allowances, perquisites, Company's contribution to PF) are as given in the table given below:-

(₹ In lakhs)

S No.	Key Managerial Personnel	Designation	March 31, 2017	March 31, 2016
1	Mr. Pradeep Madhav	Managing Director (upto 23.01.2017)	93.16 <sup>+</sup>	65.43
2	Mr. Prasanna Patankar	Managing Director (w.e.f. 24.01.2017)	83.73 <sup>+</sup>	59.94
3	Mr. M. N. Suresh	Chief Financial Officer	47.52 <sup>+</sup>	33.24
4	Mr. Kalpesh Mody	Company Secretary	16.87	12.34

\*\* Inducted on the "Board" from November, 2016, as Director/Whole Time Director and subsequently designated as Managing Director from January 24, 2017. Remuneration figure includes total remuneration paid during the financial year 2016-2017 at the various position held including value of perquisites computed as per Income Tax Act, 1961.

+ Includes Performance Linked Variable Pay (PLVP) paid during the year.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

Performance linked Variable Pay (PLVP), if any, to be paid for the financial year shall be paid based on the Individual performance and Company's performance and as approved by the Board as per the Board approved PLVP policy.

All the transactions detailed above are entered at arms length and in the ordinary course of business.

**22.5 Assets taken on Lease**

Office premises at Delhi and Kolkatta have been acquired under operating lease on payment of monthly rentals. Future minimum lease rentals relating to non-cancellable operating lease period are as under. Bangalore branch office has been closed and the lease deed of the Bangalore premises has been surrendered w.e.f March 31, 2016

(₹ In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b><u>Delhi Office</u></b>		
Not later than 1 year	22.22	19.49
Later than 1 year not later than 5 years	50.10	2.73
Later than 5 years	Nil	Nil
<b><u>Kolkatta Office</u></b>		
Not later than 1 year	4.55	7.80
Later than 1 year not later than 5 years	Nil	4.55
Later than 5 years	Nil	Nil

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b><u>Delhi Office</u></b>		
Payment made during the year (excluding taxes)	19.49	19.49
<b><u>Kolkatta Office</u></b>		
Payment made during the year (excluding taxes)	7.80	7.80
<b><u>Bangalore Office</u></b>		
Payment made during the year (excluding taxes)	Nil	5.67

**22.6 Earning Per Share:**

Particulars	March 31, 2017	March 31, 2016
Opening number of shares	15,00,00,000	15,00,00,000
Closing number of shares	15,00,00,000	15,00,00,000
Weighted average number of shares for basic EPS	15,00,00,000	15,00,00,000
Profit / (Loss) after taxes	178,12,00,262	7,69,51,584
Basic EPS (in ₹)	11.87	0.51
Diluted EPS (in ₹)	11.87	0.51



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

22.7 The Company has accounted for the deferred tax asset and liability in respect of the timing differences through the Profit and Loss Account. The components of the Deferred Tax Asset/(Liability) are as under:

(₹ In lakhs)

S No.	Particulars	March 31, 2017	March 31, 2016
	<b>Deferred Tax Asset :</b>		
1	Provision for Stamp Duty	111.78	103.46
2	Provision for Performance Linked Incentive Scheme	81.32	33.96
3	Provision for Retirement Leave encashment	33.80	38.26
	<b>Total Deferred Tax Asset</b>	<b>226.91</b>	<b>175.68</b>
	<b>Deferred Tax Liability:</b>		
4	Provision for Performance Linked Incentive Scheme	-	-
5	Provision for Retirement Leave encashment	-	-
6	Depreciation	(205.70)	(182.94)
	<b>Total Deferred Tax Liability</b>	<b>(205.70)</b>	<b>(182.94)</b>
	<b>Net Deferred Tax Asset/(Liability)</b>	<b>(21.21)</b>	<b>(7.28)</b>

22.8 In line with the Accounting Policy followed by the Company, the fall-in-value of securities held by the Company as stock-in-trade (as detailed below) has been fully provided for.

(₹ in lakhs)

S No.	Type of Security	March 31, 2017	March 31, 2016
1	Government dated securities (including T-bills)	Nil	Nil
2	Corporate Bonds including PSU/PFI	241.34	Nil
	<b>TOTAL</b>	<b>241.34</b>	<b>Nil</b>

### 22.9 Defined Contribution Plan

(₹ in lakhs)

Particulars	March 31, 2017	March 31, 2016
Employer's Contribution to Provident Fund*	25.82	24.06

(above figure does not include administrative charges of ₹ 2.21 lakhs (PY - ₹ 2.11 Lakhs))

### 22.10 Defined Benefit Plan

#### a. Gratuity : Disclosure in terms of Revised AS-15

(₹ in Lakhs)

Particulars	March 31, 2017	March 31, 2016
<b>I. Assumption as at</b>		
Mortality	IALM (2006-08) Ult	IALM (2006-08) Ult
Interest / Discount rate	6.66%	7.46%
Rate of increase in compensation	5.00%	5.00%
Rate of return (expected) on plan assets	6.66%	7.46%
Employee Attrition Rate	20%	30%
Expected average remaining service	7.08	5.27



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars		March 31, 2017	March 31, 2016
<b>II.</b>	<b>Changes in present value of obligations</b>		
	PVO at beginning of period	46.32	61.30
	Interest cost	2.97	4.69
	Current Service Cost	4.56	7.12
	Benefits Paid	(13.16)	(1.92)
	Actuarial (gain)/loss on obligation	4.50	(24.86)
	PVO at end of period	45.19	46.32
<b>III.</b>	<b>Changes in fair value of plan assets</b>		
	Fair Value of Plan Assets at beginning of period	50.71	41.21
	Adjustment to opening balance	(3.84)	4.23
	Expected Return of Plan Assets	2.89	3.47
	Contributions	6.15	4.10
	Benefit Paid	(13.16)	(1.92)
	Actuarial gain/(loss) on Plan Assets	3.17	(0.38)
	Fair Value of Plan Assets at end of period	45.92	50.71
<b>IV.</b>	<b>Actuarial Gain/(Loss) recognized</b>		
	Actuarial gain/(loss) for the period (obligation)	(4.50)	24.86
	Actuarial gain/(loss) for the period on Plan Assets	3.17	(0.38)
	Total Gain/(Loss) for the period	(1.33)	(24.47)
	Actuarial Gain/(Loss) recognized for the period	(1.33)	(24.47)
	Unrecognized Actuarial Gain/(Loss) at end of period	Nil	Nil
<b>V.</b>	<b>Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b>		
	PVO at end of period	45.19	46.32
	Fair Value of Plan Assets at end of period	45.92	50.71
	Funded Status	0.73	4.38
	Unrecognised Actuarial Gain/(Loss)	Nil	Nil
	Net Asset/(Liability) recognized in the balance sheet	0.73	4.38
<b>VI.</b>	<b>Expenses recognized in the statement of P &amp; L A/c</b>		
	Current Service Cost	4.56	7.12
	Interest Cost	2.97	4.69
	Past Service Cost –(non vested benefits)	Nil	Nil
	Past Service Cost –(vested benefits)	Nil	Nil
	Expected Return on Plan Assets	(2.89)	(3.47)
	Net Actuarial (Gain)/Loss recognized for the period	1.33	(24.47)
	Expenses recognized in the statement of P & L A/c	5.97	(16.14)



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### Experience Adjustment

(₹ in Lakhs)

Particulars	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined Benefit Obligation	45.19	46.32	61.30	48.59	23.70
Plan Assets	45.92	50.71	41.21	33.11	22.26
Surplus / (Deficit)	0.73	4.38	(20.09)	(15.49)	(1.45)
Exp. adj. on plan liabilities	4.50	(24.86)	(5.80)	(15.40)	(2.79)
Exp. adj. on plan assets	(3.17)	(0.38)	(0.14)	(0.29)	(0.03)

Note:- i) The gratuity contribution is paid to Life Insurance Corporation of India (LIC) under under Group gratuity Scheme of LIC.

ii) 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.

**b. Leave Encashment:** The Company has reversed the provision of ₹ 12.15 lakh during the period ended March 31, 2017 for leave encashment on actuarial valuation basis.

### 22.11 Expenditure in Foreign Currency :

(₹ In lakhs)

S No.	Particulars	March 31, 2017	March 31, 2016
1	On Travel	5.09	3.27
2	On Interest	Nil	Nil
3	On Others	Nil	Nil

Earnings in Foreign Currency : NIL. (March 31, 2016 – NIL)

**22.12** The details of Specified Bank Notes (SBN) during the period 08/11/2016 t.o 30/12/2016 as provided in the table given below:-

(Amount in ₹)

Particulars	SBNs	Other Denomination notes	Total
Closing cash in hand as on 08.11.2016	8,000.00	1,798.00	9,798.00
(+) Permitted receipts	-	40,000.00	40,000.00
(-) Permitted payments	-	41,716.00	41,716.00
(-) Amount deposited in Banks	8,000.00	0.00	8,000.00
Closing cash in hand as on 30.12.2016		82.00	82.00

**22.13** The Company is a member of Primary Dealers' Association of India and Fixed Income Money Market and Derivatives Association of India; 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.

**22.14** There has been one instance of SGL bouncing during the financial year 2016-2017 on which there was no penalty levied by RBI.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

## 22.15 Corporate Social Responsibility (CSR) Disclosure

During the year, Company has spent ₹ 156.47 lakhs (PY ₹ 185.08 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	Amount Spent	Pending to be Spent	Total
1.	Construction/acquisition of any asset	Nil	Nil	Nil
2.	On purposes other than (i) above- By way of Contribution to Prime Minister National Relief Fund	156.47 py (186.08)	Nil PY (Nil)	156.47 py (186.08)

22.16 The 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, 2017 the face value of the securities held by the Company on behalf of its constituents is ₹ 17,26,751.10 lakhs (March 31, 2016 - ₹ 14,20,614.30 lakhs).

22.17 In terms of the provisions of Reserve Bank of India guidelines, details of Repo. and Reverse Repo transactions during the year are given here under:

Paticulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	March 31, 2017
<b>Securities sold under repos</b>				
Government Securities	Nil (32,125.97)	2,28,145.70 (2,48,026.78)	1,23,546.00 (1,23,078.90)	1,46,267.94 (71,765.70)
Corporate debt securities	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
<b>Securities purchased under reverse repos</b>				
Government Securities	Nil (Nil)	82,199.05 (30,129.52)	9,191.52 (2,516.23)	Nil (Nil)
Corporate debt securities	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Note: Figures in brackets denote figures for March 31, 2016

## 22.18 Other Disclosures - Schedule to the Balance Sheet as at March 31, 2017

(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 Outstanding	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
	<b>Liabilities side:</b>				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	a) Debentures				





NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ In lakhs)

Sr. No.	Particulars	Amount Outstanding		Amount Outstanding	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
4	<b>Break-up of Investments</b>				
	<u>Current Investments</u>				
	<b>1. Quoted</b>				
	(i) shares (a) Equity		56.08		Nil
	(b) Preference		Nil		Nil
	(ii) Debentures and Bonds		1,35,637.40		92,326.40
	(iii) Units of mutual funds		500.00		Nil
	(iv) Government Securities & T-bills		3,19,297.59		3,84,610.61
	(v) Others				Nil
	<b>2. Unquoted</b>				
	(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 (a) Commercial papers		28,380.69		21,388.16
	(b) Certificate of Deposits		Nil		32,582.22
	<b>Long Term Investments</b>				
	<b>1. Quoted</b>				
	(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 & T-bills		35,806.49		35,480.42
	(v) Others		Nil		Nil
	<b>2. Unquoted</b>				
	(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 (Please Specify)		Nil		Nil
5	Borrower group-wise classification of all leased assets financed as in (2) and (3) above:				
	<b>Category</b>	<b>Amount Net of Provisions</b>			
		<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>	
	1. Related Parties	Nil	Nil	Nil	
	(a) Subsidiaries	Nil	Nil	Nil	



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	(b) Companies in the same group	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	Nil	Nil	Nil
	<b>Total</b>			

6	Investor group-wise classification of all investments (current and long term) in shares and securities (quoted and unquoted)				
	<b>Category</b>	<b>Market Value</b>		<b>Book Value</b>	
		<b>2016-17</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2015-16</b>
	1. Related Parties				
	(a) Subsidiaries	Nil	Nil	Nil	Nil
	(b) Companies in the same group	Nil	Nil	Nil	Nil
	(c) Other related parties	Nil	Nil	Nil	Nil
	2. Other than related parties	5,20,435.44	5,68,714.34	5,19,678.25	5,66,387.81
	<b>Total</b>	<b>5,20,811.49</b>	<b>5,68,714.34</b>	<b>5,19,678.25</b>	<b>5,66,387.81</b>

<b>Sr. No.</b>	<b>Particulars</b>	<b>2016-17 (₹ in lakhs)</b>	<b>2015-16 (₹ in lakhs)</b>
7	Other Information		
	Particulars		
(i)	Gross Non Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	Nil	Nil
(ii)	Net Non-Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	Nil	Nil
(iii)	Assets acquired in satisfaction of Debts	Nil	Nil

### 22.19 Issuer composition of investments in non-Government securities as at March 31, 2017 (Ref: RBI circular no. IDMD.PDRS.No.03/03.64.00/2003-04)

(₹ In lakhs)

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	16,076.04 (12,475.20)	3,000.00 (9,540.89)	Nil	Nil	Nil
2.	FIs	Nil (83,230.15)	Nil (83,230.15)	Nil	Nil	Nil
3.	Banks	17,510.80 {35,576.62}	Nil (35,576.62)	Nil	Nil	Nil
4.	Other PDs	Nil (Nil)	Nil (Nil)	Nil	Nil	Nil



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5.	Private Corporate	1,30,987.34 (15,014.81)	38,380.69 (15,014.81)	Nil	Nil	Nil
6.	Subsidiaries/ Joint Ventures	Nil (Nil)	Nil (Nil)	Nil	Nil	Nil
7.	Others	Nil (Nil)	Nil (Nil)	Nil	Nil	Nil
8.	Provision held towards depreciation	Nil (Nil)	Nil (Nil)	Nil	Nil	Nil
	<b>Total</b>	<b>1,64,574.18</b> <b>(1,46,296.78)</b>	<b>41,380.69</b> <b>(1,43,362.47)</b>	Nil	Nil	Nil

**Note:** Figures in brackets denote previous year.

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 and also includes CPs of ₹ 28,380.69 (PY ₹ 21,388.16) and CDs of ₹ Nil (PY 32, 582.22).

\*\* Represents original issue.

#includes equity shares and mutual funds

**22.20 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 30, 2016 as updated on March 31, 2017**

**a. Capital to Risk Assets Ratio (CRAR)\***

S No.	Items	March 31, 2017	March 31, 2016
i.	CRAR (%)	39.17	23.86
ii.	CRAR - Tier I capital (%)	39.17	23.86
iii.	CRAR - Tier II Capital (%)	Nil	Nil
iv.	Amount of subordinated debt raised as Tier-II capital	Nil	Nil
v.	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

\* Calculated as per RBI circular no. RBI/2006-2007/355 DNBS.PD/CC No.93/03.05.002/2006-07



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### b. Exposures to Real Estate Sector

(₹ In Lakhs)

Category	March 31, 2017	March 31, 2016
<b>a. Direct exposure</b>		
i. Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakhs may be shown separately)	NIL	NIL
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;	NIL	NIL
iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential,	NIL	NIL
b. Commercial Real Estate.	NIL	NIL
<b>b. Indirect Exposure</b>		
Fund based and non-fund based exposures on Housing Finance Companies (HFCs).	46,137.10	63,737.86
Non-fund based - Notional Principal of IRS	Nil	Nil

### c. Exposure to capital Market

Particulars	As at March 31, 2017	As at March 31, 2016
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;	556.08	Nil
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;	Nil	Nil
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;	Nil	Nil
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'; .	Nil	Nil



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	As at March 31, 2017	As at March 31, 2016
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
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;	Nil	Nil
Bridge loans to companies against expected equity flows/ issues;	Nil	Nil
All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
<b>Total Exposure to capital Market</b>		

## d. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2017\*\*\*\*

(₹ In Lakhs)

	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					- (0.16)	0.1 (0.1)	15.60 (12.52)	11.95 (9.46)	<b>27.65</b> <b>(22.24)</b>
Advances*					2,569.41 (1,648.31)				<b>2,569.41</b> <b>(1,648.31)</b>
Investments**	4,83,871.76 (5,30,907.39)	-	-	-	-	-	-	35,806.49 (35,480.42)	<b>5,19,678.25</b> <b>(5,66,387.81)</b>
<b>Liabilities</b>									
Borrowings from banks ***		-	2,17,847 (1,83,513)	-	-	-	-	-	<b>2,17,847.00</b> <b>(1,83,513.00)</b>
Market Borrowings	2,65,539.62 (3,50,433.75)	-	5,026.44 (4,908.62)	-	-	-	-	-	<b>2,70,566.06</b> <b>(3,55,342.37)</b>

**Note:** Figures in brackets denote previous years figures

\* Advances represent advances in the 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 have been treated as borrowings from banks.

\*\*\*\* The Company does not have any foreign currency assets and liabilities.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### e. Investments (HTM Portfolio)

(₹ in Lakhs)

Sr. No	Particulars	As at March 31, 2017	As at March 31, 2016
<b>1</b>	<b>Value of Investments:</b>		
	(i) Gross Value of Investments		
	(a) In India	35,806.49	35,480.42
	(b) Outside India	Nil	Nil
	(ii) Provisions for Depreciation		
	(a) In India	Nil	Nil
	(b) Outside India	Nil	Nil
	(iii) Net Value of Investments		
	(a) In India	35,806.49	35,480.42
	(b) Outside India	Nil	Nil
<b>2</b>	<b>Movement of Provisions held towards depreciation on Investments :</b>		
	(i) Opening Balance	Nil	Nil
	(ii) Add: Provisions made during the year	Nil	Nil
	(iii) less: Write-off / write-back of excess provisions during the year	Nil	Nil
	(iv) Closing balance	Nil	Nil

f. The Company has not exceeded Single Borrower Limit (SGL)/Group Borrower Limit (GBL) as prescribed by the regulator.

g. 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 2016-19 and is valid upto June 30, 2019.

h. Disclosure of Penalties imposed by RBI and other regulator: Nil (PY -Nil)

i. Ratings assigned by credit rating agencies and migration of ratings during the year;

Rating Agencies	Rating Programme	Rating Assigned	Migration	Rating Amount (₹ in Lakhs)	
				31.03.2017	31.03.2016
CRISIL	Short Term	CRISIL A1+		20,000	20,000
ICRA	Short Term	[ICRA] A1+		40,000	40,000

j. Information on all provisions and contingencies booked as expenditure in Profit and Loss Account:

(₹ in lakhs)

Particulars	2016-17	2015-16
Provision for depreciation on Investment	Nil	Nil
Provision towards NPA	Nil	Nil
Provision for Standard Assets	Nil	Nil
Provision made towards Income Tax (incl. deferred tax)	9,556.51	563.68
Other Provision and Contingencies (stamp duty and employee related)	923.46	434.72



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

## 22.21 Derivatives

## a. Interest Rate Swaps

(₹ in lakhs)

Sr. No.	Particulars	March 31, 2017	March 31, 2016
<b>National Principal amount of IRS Contracts</b>			
a.	Hedging Contracts	Nil	Nil
b.	Trading Contracts	4,54,250.21	4,94,711.36
i.	Fair value of trading IRS	(68.44)	(77.61)
ii.	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	215.00	487.00
iii.	Likely impact of one percentage change in interest rate (100*PV01)	69.89	282.69
iv.	Collateral value made available towards Derivatives margin.	Nil	Nil
v.	Credit Risk Concentration@	54.41	149.85

@ Credit risk concentration is measured as the highest net receivable under swap contracts from a particular group of counter parties.

## b. Interest Rate Future Contracts

(₹ in lakhs)

Sr. No.	Particulars	March 31, 2017	March 31, 2016
<b>National Principal amount of IRS Contracts</b>			
i.	Notional principal amount of exchange traded IR derivatives undertaken during the year		
	IRF on Government Securities	6,24,048	19,94,192
ii.	Notional principal amount of exchange traded IR derivatives outstanding (Interest Rate Futures)	Nil	1,000
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

## c. Disclosures on Risk Exposure in Derivatives

## Qualitative Disclosure

During the year, Company has entered into derivative transactions in equity, currency 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 Managing Director. The Risk Management Committee of the Board oversees the risk management function of the Company.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### Quantitative Disclosure

The company has entered into currency and interest rate futures transactions during the year. There are no outstanding positions in respect of any Currency Derivatives and Interest Rate Futures as on March 31, 2017.

(₹ 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)	Un-hedged Exposure	Nil	Nil

### 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, 2017.
- ii) Company has not sold any of its financial assets to Securitisation/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, 2017.

**22.22** No stamp duty has been paid on non-government securities transactions in view of the ongoing deliberations between Government of Maharashtra and various representative bodies of the participants viz. IBA, FIMMDA, PDAI and AMFI, on the applicability of stamp duty on non-government securities' transactions. The Company has so far not received any claim for stamp duty from the Stamp Office in respect of non-government securities transactions.

For the current year, provision of ₹ 24.04 lakhs (March 31, 2016 - ₹ 25.62 lakhs) calculated on the basis of 0.01% of the value of transaction as stipulated in the Maharashtra Stamp Act, (erstwhile The Bombay Stamp Act, 1958), as amended, has been made for stamp duty for direct deals of non government securities. The provision as on March 31, 2017 for stamp duty on non-government securities transactions stands at ₹ 322.99 lakhs (March 31, 2016 - ₹ 298.95 lakhs). The amount of provision is included under Note no. 3 "Long term provisions" in the balance sheet and under the head Operating expenses in Note no. 17 in the statement of profit and loss.

**22.23** There are no dues payable to micro, small and medium enterprises in view of the nature of the business of the Company. The Company has not received any intimation from its suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006.

**22.24** 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 period ended March 31, 2017 was ₹ 453.70 crores and peak net call borrowing during the period ended March 31, 2017 was ₹ 1349.06 crores.

Leverage ratio: Average during the year was 12.40 and peak during the year was 15.24

Quarterly CRAR (Capital To Risk Weighted Asset Ratio) : Quarter ended June 30, 2016 - 33.77 %, quarter ended September 30, 2016 - 38.79%, quarter ended December 31, 2016 - 48.86% and quarter ended March 31, 2017 - 39.17%.

**22.25** Previous year figures have been reclassified/regrouped wherever necessary to bring them in line with the Company's current year financials.



# **STCI FINANCE LIMITED**



# **STCI COMMODITIES LIMITED**

**Annual Report  
For The Year Ended  
31<sup>st</sup> March, 2017**





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## DIRECTORS' REPORT

### TO THE SHAREHOLDERS OF STCI COMMODITIES LIMITED

The Directors take pleasure in presenting the Thirteenth Annual Report of the Company with the audited accounts for the year ended March 31, 2017.

### FINANCIAL RESULTS

(₹ in Lakhs)

	March 31,2017	March 31,2016
Total Income	10.92	10.25
Total expenses	2.07	2.05
Profit/(Loss) before taxes	8.86	8.19
<b>Tax expenses</b>	--	--
Net Profit/(Loss) after tax	8.86	8.19

### PERFORMANCE

Your company has been liquidating its assets, paying off its clients dues and settling its pending legal cases, since discontinuance of its commodity broking operations in September 2011. The Company has also surrendered its membership with Multi Commodity Exchange (MCX) and National Commodity and Derivative Exchange(NCDEX).

Your Company reported a profit before tax of ₹ 8.86 lakh for the year ended March 31, 2017 as against a profit before tax of ₹ 8.19 lakh in the previous year.

### DIVIDEND

The Board of Directors has not recommended any dividend for the financial year ended March 31, 2017, due to inadequate profits.

### BOARD OF DIRECTORS

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Prasanna Patankar, who was appointed as an Additional Director with effect from December 24, 2016, holds office upto the date of ensuing Annual General Meeting and is eligible for appointment.

Mr. Yogesh Gaat resigned as Director of the Company on the close of business of December 23, 2016 pursuant to his resignation as MD & CEO of STCI Finance Limited. The Board placed on record their appreciation for the services tendered by him during his tenure as Director of the Company

In terms of the provisions of the Companies Act, 2013 and the Articles of Association, Shri DSR Murthy retires by rotation at this Annual General Meeting 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 2016-17, four meetings of the Board of Directors were held on April 29, 2016, August 25, 2016, December 21, 2016 and March 31, 2017.



## **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to Section 134 of the Companies Act, 2013, the Director confirms that:

- a. In the preparation of Annual Accounts, the applicable accounting standards have been followed and that there are no material departures.
- b. 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.
- 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. H.M.Jain & Co., Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company by the Comptroller and Auditor General (CAG) of India for the Financial Year 2016-17.

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

## **EXTRACT OF ANNUAL RETURN**

The extract of annual return in the prescribed form MGT-9 as provided under section 92(3) of the Companies Act, 2013 is annexed to the Report as Annexure I.

## **RELATED PARTY TRANSACTIONS**

All transactions entered into with the related parties referred to under section 188(1) of the Companies Act, 2013 during the year are 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 Promoters or Directors or other related parties which may have a potential conflict with the interest of the Company at large. The particulars of contracts or arrangements entered into with related parties referred to under Section 188(1) in Form AOC-2 is enclosed as Annexure II.

## **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 2016-17.



**ACKNOWLEDGEMENT**

The Board of Directors express their sincere appreciation to Forward Market Commission, MCX, NCDEX, NSPOT, Company's Bankers and our parent company, STCI Finance Limited 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.**

**Mumbai**

**Date: August 07, 2017**

**D S R Murthy**

**Chairman**



## ANNEXURE I

**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2017

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

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U67120MH2004PLC148711
ii)	Registration Date	20/09/2004
iii)	Name of the Company	STCI Commodities Limited
iv)	Category / Sub-Category of the Company	Public Company limited by shares/NBFC
v)	Address of the Registered office and contact details	A/B 1-802, A-Wing, 8 <sup>th</sup> Floor, Marathon Innova, Marathon Nextgen Compound, Off. Ganpatrao Kadam Marg, Lower Parel , Mumbai - 400 013. Tel: +91-22-6142 5115/100 Fax: +91-22 24991092 E-mail id: suparna@stcionline.com
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt Ltd C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000 Fax: +91 22 49186060. E-mail id: rnt.helpdesk@linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	*Not applicable		

\*The Company has discontinued its Commodity broking operations w.e.f September 20, 2011



III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of Shares Held	Applicable Section
1.	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	U51900MH1994PLC078303	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	4470000	-	4470000	99.34	4470,000	-	4470000	99.34	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	30,000	30,000	0.66	-	30000	30000	0.66	-
<b>Sub-total (A) (1):</b>	<b>4470000</b>	<b>30000</b>	<b>4500000</b>	<b>100%</b>	<b>4470000</b>	<b>30000</b>	<b>4500000</b>	<b>100</b>	<b>Nil</b>
<b>(2) Foreign</b>									
a) NRI's- Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding Promoter (A) = (A)(1) + (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



<b>B. Public Shareholding</b>										
<b>(1) Institutions</b>										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-	-
d) State Govt. (s)	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>	-	-	-	-	-	-	-	-	-	-
<b>(2) Non-Institutions</b>										
a) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):</b>	-	-	-	-	-	-	-	-	-	-
Total Public Shareholding	-	-	-	-	-	-	-	-	-	-
(B) = (B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>4470000</b>	<b>30000</b>	<b>4500000</b>	<b>100%</b>	<b>4470000</b>	<b>30000</b>	<b>4500000</b>	<b>100</b>	<b>Nil</b>	



**ii) Shareholding of Promoter**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	STCI Finance Ltd	4470000	99.34	Nil	4470000	99.34	Nil	Nil
2	STCI Finance Ltd jointly with Rajiv Ranjan	5000	0.11	Nil	5000	0.11	Nil	Nil
3	STCI Finance Ltd jointly with Deepak Paharya	5000	0.11	Nil	5000	0.11	Nil	Nil
4	STCI Finance Ltd jointly with Kamlesh Rathi	5000	0.11	Nil	5000	0.11	Nil	Nil
5	STCI Finance Ltd jointly with Suparna Sharma	5000	0.11	Nil	5000	0.11	Nil	Nil
6	STCI Finance Ltd jointly with Sabita Braganza	5000	0.11	Nil	5000	0.11	Nil	Nil
7	STCI Finance Ltd jointly with Alope Prasad	5000	0.11	Nil	5000	0.11	Nil	Nil
	<b>Total</b>	4500000	<b>100</b>	<b>Nil</b>	4500000	<b>100</b>	<b>Nil</b>	Nil

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	4470000	99.34	4470000	99.34
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	4470000	99.34	4470000	99.34
2	At the beginning of the year	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11
3	At the beginning of the year	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11



4	At the beginning of the year	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11
5	At the beginning of the year	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11
6	At the beginning of the year	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11
7	At the beginning of the year	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11

iv) **Shareholding Pattern of top ten Shareholders:**

(other than Directors, Promoters and Holders of GDRs and ADRs):

Sr.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year	-	-	-	-
2	At the beginning of the year	-	-	-	-
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year	-	-	-	-
3	At the beginning of the year	-	-	-	-
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year	-	-	-	-



4	At the beginning of the year	-	-	-	-
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year	-	-	-	-
5	At the beginning of the year	-	-	-	-
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year	-	-	-	-

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Form each of Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	None of the Directors hold any shares in the Company.			
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year				

V) INDEBTEDNESS

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>	-	-	-	-
i) Addition (issue of NCDs during the year)	-	-	-	-
ii) Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-


**VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**A. Remuneration to \*Managing Director, Whole-time Directors and/or Manager:**

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission - as % of profit - others, specify...		
5	Others, please specify		
	<b>Total (A)</b>		
	Ceiling as per the Act		

\* The Company does not have a Managing Director, whole time Director or manager

**B. Remuneration to other directors**

(₹ in Lakhs)

Sr.No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	-	-	-	-	-
	(a) Fee for attending board / committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	Other Non-Executive Directors	DSR Murthy	Pradeep Madhav	*Yogesh Gaat	**Prasanna Patankar	
	(a) Fee for attending board committee meetings	0.20	0.20	0.15	0.05	0.60
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	Total (2)	<b>0.20</b>	<b>0.20</b>	<b>0.15</b>	<b>0.05</b>	<b>0.60</b>
	Total (B)=(1+2)	<b>0.20</b>	<b>0.20</b>	<b>0.15</b>	<b>0.05</b>	<b>0.60</b>
	Total Managerial Remuneration					<b>0.60</b>



Overall Ceiling as per the Act For (B)- Remuneration to other Directors by way of sitting fees for attending each meeting of Board or Committee					(Sitting fees of ₹ 1 lakh for each meeting of the Board or Committee thereof attended by a director)
---	--	--	--	--	--

\* Shri Yogesh Gaat held office as a Director upto 23.12.2016

\*\* Shri Prasanna Patankar was appointed as a Director w.e.f 24.12.2016

**C. Remuneration to \*Key Managerial Personnel Other than MD / Manager / WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- Others, specify.....	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>				

\*The Company does not have any Key Managerial Personnel.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

On behalf of the Board of Directors.

Mumbai

Date: August 07, 2017

D S R Murthy  
Chairman  
(DIN: 00012014)



**ANNEXURE II**

**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, 2017 are in ordinary course of business and at arms length basis.

Details of transactions with related parties at an aggregate level for the financial year ended March 31, 2017 :

Sr. No.	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 ₹ 5000/- paid for each meeting of Board attended by Nominees of STCI Finance Limited.	0.40	N.A	-

**On behalf of the Board of Directors.**

**Mumbai**  
Date: August 07, 2017

**D S R Murthy**  
Chairman  
(DIN: 00012014)



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STCI COMMODITIES LIMITED

### Report on the Standalone Financial Statements

- 1) We have audited the accompanying standalone financial statements of **STCI COMMODITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

- 2) 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

### Auditor's Responsibility

- 3) Our responsibility is to express an opinion on these standalone financial statements based on our audit.
- 4) We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
- 5) We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 6) An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- 7) 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.

### Opinion

- 8) 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 31st March, 2017, and its profit/loss and its cash flows for the year ended on that date.

### Emphasis of matter

- 9) a) We draw attention to Note 8 to the financial statements, during the financial year 2011-12, The Company had decided to discontinue the commodity broking operations. Accordingly the broking operations were discontinued with effect from 20th September 2011. Accordingly, the accounts have not been prepared on the assumption of going concern



## INDEPENDENT AUDITOR'S REPORT

basis. Further, the company has submitted an application with Commodities Exchanges a) National Commodity & Derivatives Exchange Limited (NCDEX) and b) Multi Commodity Exchange for surrender of membership on 25/10/2013. Last year NCDEX accepted the application for surrender of membership and terminated the membership w.e.f. August 19, 2015. The Company's other application dated 25/10/2013 for surrender of its MCX membership is pending with Multi Commodity Exchange.

- b) We draw attention to Note 11 to the financial statements, the Company had decided to discontinue the commodity broking operations and accordingly the broking operations were discontinued with effect from 20th September 2011. The company is required to repay the clients and exchange dues on the discontinuation of business. The company had taken steps to repay such dues to the tune of ₹ 7,60,562/- by issuing cheques to the respective parties, but some cheques were returned back to the company and some cheques were delivered but not deposited by the parties and some other cases the matters are in dispute.

Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

- 10) As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 11) As required by Section 143 (3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
  - d) In our opinion, the aforesaid standalone 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) The financial statements of the company have not been prepared on the assumptions of going concern. The going concern matter has been described in paragraph 9 (a) under the Emphasis of Matters paragraph above.
  - f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) With respect to adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - h) With respect to the directions issued by the C & AG under section 143(5) of The Companies Act, 2013 refer to our separate report in "Annexure C".



## INDEPENDENT AUDITOR'S REPORT

- i) 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 financial position in its financial statements - Refer Note 15 to the financial statements;
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv) The Company has disclosed in its statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 12 to the financial statements. These are in accordance with the books of accounts maintained by the Company.

For and on behalf of

**H M Jain & Co.**

**Chartered Accountants**

Firm Registration No.: 103909W

**MUKESH JAIN**

*Partner*

Membership Number: 073972

New Delhi

April 20, 2017



## **ANNEXURE “A” TO THE AUDITORS’ REPORT**

With reference to the Annexure referred to in paragraph 10 of the report of the Auditors’ to the Members of STCI Commodities Limited on the accounts for the year ended 31st March 2017, we report that:

- (i) Based on the examination, the company does not have any fixed assets and hence clause (i) (a), (b) and (c) of the Order is not applicable to the Company.
- (ii) According to the information and explanation given to us, the Company does not have any inventory and accordingly clause (ii) to the order is not applicable.
- (iii) As per the information furnished, the Company has not granted any loans, secured or unsecured, companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence clause (iii) (a) and (b) and (c) are not applicable to the Company.
- (iv) As per the information furnished, the Company has not granted any loans, investments, guarantees, and security and therefore, provisions of section 185 and 186 of the Companies Act, 2013 are not applicable and accordingly clause (iv) to the order is not applicable.
- (v) According to the’ information and explanation given to us the Company has not accepted any deposits within the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 the Act. Hence clause (v) of the Order is not applicable to the Company.
- (vi) The central government has not prescribed maintenance of cost records under section sub section (1) of section 148 of the Companies Act for any activities of the company. Accordingly clause (vi) to the order is not applicable.
- (vii) According to the information and explanation given to us and on the basis of our examination of the books of account;
  - a) the Company has been regular in depositing undisputed statutory dues with the appropriate authorities.
  - b) there are no statutory dues which have not been deposited on account of any dispute, other than the following:

<b>Nature of dues</b>	<b>Period to which amount relates</b>	<b>Amount (₹)</b>	<b>Forum where dispute is pending</b>
Income Tax	F.Y 2006-07 (A.Y 2007-08)	10,38,852	Out of the total demand raised for ₹ 1,587,192, the refund to the extent of ₹ 548,340 pertaining to several years has been adjusted against outstanding demand for AY 2007-08. (Dispute pending with Assessing officer for rectification of mistake under sec 154 of the Income tax Act, 1961).

- (viii) The company has not accepted any loans or borrowings from financial institution, bank, Government and accordingly clause (viii) to the order is not applicable.
- (ix) 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 (ix) to the order is not applicable.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The company is not a Nidhi Company and accordingly clause (xii) to the order is not applicable.



## ANNEXURE “A” TO THE AUDITORS’ REPORT

- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of

**H M Jain & Co.**

**Chartered Accountants**

Firm Registration No.: 103909W

**MUKESH JAIN**

*Partner*

Membership Number: 073972

New Delhi

April 20, 2017



## ANNEXURE “B” TO THE AUDITORS’ REPORT

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 COMMODITIES LIMITED** (“the Company”) as of 31<sup>st</sup> March 2017 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

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



## ANNEXURE “B” TO THE AUDITORS’ REPORT

### 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 2017, 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

**H M Jain & Co.**

**Chartered Accountants**

Firm Registration No.: 103909W

**MUKESH JAIN**

*Partner*

Membership Number: 073972

New Delhi

April 20, 2017



## ANNEXURE “C” TO THE AUDITORS’ REPORT

### Directions and Sub Directions under Section 143(5) of the Companies Act, 2013 applicable from the year 2015-2016

- |  |  |
|--|--|
| 1. Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available? | The company does not have any freehold/leasehold titles during the year under consideration  |
| 2. Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and amount involved?  | There are no cases of waiver/write off of debts/loans/interest etc. during the year under consideration.                             |
| 3. Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities?   | There are no inventories lying with third parties. The company has not received any gift/grant from Government or other authorities. |
| 4. Whether there are any cases of waiver of fees/reversal of accounted fees which was due but not received/written off. If yes, the reasons there for and amount involved-case wise.                   | There are no cases of waiver and/or reversal of accounted fees which was due but not received/written off.                           |

For and on behalf of

**H M Jain & Co.**

**Chartered Accountants**

Firm Registration No.: 103909W

**MUKESH JAIN**

*Partner*

Membership Number: 073972

New Delhi

April 20, 2017



## 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 2017

The preparation of Financial Statements of STCI Commodities Limited for the year ended 31 March 2017 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 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 2017.

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 2017 under section 143(6)(a) of the Act.

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

**(Roop Rashi)**

Principal Director of Commercial Audit and  
Ex-officio Member, Audit Board - I, Mumbai

Place : Mumbai

Date : June 20, 2017



## BALANCE SHEET AS AT MARCH 31, 2017

(Amount in ₹)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital	1.1	45,000,000	45,000,000
(b) Reserves and surplus	1.2	(29,697,838)	(30,583,379)
Sub-Total - (A)		<b>15,302,162</b>	<b>14,416,621</b>
<b>2 Non Current Liabilities</b>			
Sub-Total - (B)		<b>0</b>	<b>0</b>
<b>3 Current Liabilities</b>			
(a) Short term borrowings			
(b) Trade payables	2.1		
- Total outstanding dues of micro enterprises and small enterprises		802,431	820,256
- Total outstanding dues of creditors other than micro enterprises and small enterprises			
(c) Other current liabilities	2.2	242,519	225,000
Sub-Total - (C)		<b>1,044,950</b>	<b>1,045,256</b>
<b>TOTAL (A+B+C)</b>		<b>16,347,112</b>	<b>15,461,877</b>
<b>II ASSETS</b>			
<b>4 Non-current Assets</b>			
(a) Fixed assets (net)			
i) Tangible assets			
ii) Intangible assets			
(b) Long Term Loans and Advances	3	1,993,157	2,083,048
Sub-Total - (D)		<b>1,993,157</b>	<b>2,083,048</b>
<b>5 Current Assets</b>			
(a) Current investments	4.1	750,000	528,469
(b) Cash and Bank Balances	4.2	13,028,244	12,250,884
(c) Other current assets	4.3	575,711	599,476
Sub-Total - (E)		<b>14,353,955</b>	<b>13,378,829</b>
<b>TOTAL (D+E)</b>		<b>16,347,112</b>	<b>15,461,877</b>

Notes to Accounts form integral part of the financial statement.

As per our attached report of even date  
For H M JAIN & Co.  
Chartered Accountants  
Firm Regn No.: 103909W

For and on behalf of the Board of Directors

Mukesh Jain  
Partner  
Membership No.: 073972

D S R Murthy  
Chairman  
DIN : 00012014

Pradeep Madhav  
Director  
DIN : 00267422

Prasanna Patankar  
Director  
DIN : 07658714

Place: New Delhi  
Date: April 20, 2017

Place: Mumbai  
Date: April 20, 2017



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I Revenue from Operations	5		
II Other Income	6	1,092,320	1,024,667
<b>III Total Revenue (I+II)</b>		<b>1,092,320</b>	<b>1,024,667</b>
<b>IV Expenses</b>			
Other expenses	7	206,779	205,238
Depreciation and amortization expense			
<b>V Total Expenses</b>		<b>206,779</b>	<b>205,238</b>
<b>VI Earnings before tax (III-V)</b>		<b>885,541</b>	<b>819,429</b>
<b>VII Tax expenses</b>			
Current tax			
Short / (Excess) provision for tax of earlier year(s)			
Deferred tax liability/ (asset)			
<b>VIII Profit /(Loss) for the period (VI-VII)</b>		<b>885,541</b>	<b>819,429</b>
<b>IX Earnings per equity share of face value of ₹ 10</b>	13		
i) Basic		0.20	0.18
ii) Diluted		0.20	0.18

Notes to Accounts form integral part of the financial statement.

As per our attached report of even date  
For H M JAIN & Co.  
Chartered Accountants  
Firm Regn No.: 103909W

For and on behalf of the Board of Directors

**Mukesh Jain**  
Partner  
Membership No.: 073972

**D S R Murthy**  
Chairman  
DIN : 00012014

**Pradeep Madhav**  
Director  
DIN : 00267422

**Prasanna Patankar**  
Director  
DIN : 07658714

Place: New Delhi  
Date: April 20, 2017

Place: Mumbai  
Date: April 20, 2017



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (Loss) / Profit before tax and extraordinary items	885,541	819,429
Adjustments for:		
Loss / (Profit) on sale of Investments	(108,883)	(18,050)
	(108,883)	(18,050)
Operating Profit / (loss) before working capital changes	776,658	801,379
<b>Changes in Working Capital:</b>		
(Decrease) / Increase in Trade Payable	(17,825)	5,867
(Decrease) / Increase in Other Current Liabilities	17,519	(8,598)
Decrease / (Increase) in Other current assets	23,765	(67,189)
Decrease / (Increase) in Long Term Loans and Advances	0	1,505,581
	23,459	1,435,661
<b>CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>800,117</b>	<b>2,237,040</b>
Less: Taxes Paid	89,890	(116,030)
<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>890,007</b>	<b>2,121,010</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed deposit with banks having original maturity over three months	(665,133)	(2,237,686)
(Purchase) / Sale of Current Investments (Net)	(112,647)	110,000
<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(777,780)</b>	<b>(2,127,686)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	0	0
<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>112,227</b>	<b>(6,676)</b>
<b>Cash and Cash equivalents at beginning period (Refer note No 4.2)</b>	286,559	293,235
<b>Cash and Cash equivalents at end of period (Refer note No 4.2)</b>	398,786	286,559
Other Bank balances (FD's with residual maturity of less than 12 months)	12,629,458	11,964,325
<b>Cash and bank balances at end of period (Refer Note 4.2)</b>	<b>13,028,244</b>	<b>12,250,884</b>

Prepared as per "Indirect Method" as prescribed by Accounting Standard -3 (revised) "Cash Flow Statements"

As per our attached report of even date  
For H M JAIN & Co.  
Chartered Accountants  
Firm Regn No.: 103909W

For and on behalf of the Board of Directors

Mukesh Jain  
Partner  
Membership No.: 073972

D S R Murthy  
Chairman  
DIN : 00012014

Pradeep Madhav  
Director  
DIN : 00267422

Prasanna Patankar  
Director  
DIN : 07658714

Place: New Delhi  
Date: April 20, 2017

Place: Mumbai  
Date: April 20, 2017



## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

### NOTE NO. 1.1: SHARE CAPITAL

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Authorised</b>		
5,000,000 (PY:5,000,000) Equity shares of ₹ 10/- each	50,000,000	50,000,000
<b>Issued, Subscribed &amp; Fully paid up</b>		
<u>Equity Share Capital</u>		
4,500,000 (PY: 4,500,000) Equity shares of ₹ 10/- each fully paid-up	45,000,000	45,000,000
<b>Total</b>	<b>45,000,000</b>	<b>45,000,000</b>

#### a) Details of Shareholding as at March 31, 2017

- STCI Commodities Limited is a 100% wholly owned subsidiary company of STCI Finance Limited
- Shareholders holding more than 5% of Equity Shares.

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No of Shares	% of holding	No of Shares	% of holding
1. STCI Finance Ltd	4,470,000	99.34%	4,470,000	99.34%
2. STCI Finance Ltd jointly with Shri Rajiv Ranjan	5,000	0.11%	5,000	0.11%
3. STCI Finance Ltd jointly with Shri 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 Shri Alope Prasad	5,000	0.11%	5,000	0.11%
7. STCI Finance Ltd jointly with Shri Deepak Paharya	5,000	0.11%	5,000	0.11%
	<b>4,500,000</b>	<b>100.00%</b>	<b>4,500,000</b>	<b>100.00%</b>
<b>STCI FINANCE LIMITED (PY: 4,500,000 No of shares, 100% holding)</b>				

#### iii) Reconciliation of number of equity shares (F.V. of ₹ 10 each)

Particulars	As at March 31, 2017		As at March 31, 2016	
	No of Shares	% of holding	No of Shares	Amount in ₹
Number of shares at the beginning of year	4,500,000	45,000,000	4,500,000	45,000,000
Add: Shares Issued				
Less: Share bought back / forfeited				
Number of shares at the end of year	4,500,000	45,000,000	4,500,000	45,000,000

- Each equity share is entitled to one voting right only
- There has not been any change in share capital structure of the company either by way of issue of shares or buy back of shares during the last five years.



## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

## NOTE NO. 1.2: RESERVES AND SURPLUS

Particulars	As at March 31, 2017	As at March 31, 2016
Surplus / (Deficit) at beginning of the year	(30,583,379)	(31,402,808)
Add: Net Profit / (Loss) for the current year	885,541	819,429
<b>Surplus / (Deficit) at end of the year</b>	<b>(29,697,838)</b>	<b>(30,583,379)</b>

## NOTE NO. 2.1: TRADE PAYABLES

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Trade payables</b>		
- Due to Small and Micro Enterprises <sup>1</sup>		
- Other than Micro and Small Enterprises		
i. to Subsidiaries		
ii. to Others (Refer Note No.11)	802,431	820,256
<b>Total</b>	<b>802,431</b>	<b>820,256</b>

<sup>1</sup> The Company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable has not been given.

## NOTE NO. 2.2: OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Other Payables</b>		
Statutory dues	3,500	3,500
Others	239,019	221,500
<b>Total</b>	<b>242,519</b>	<b>225,000</b>

## NOTE NO. 3: LONG TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Cash deposit with Commodities Exchanges <sup>2</sup>	1,000,000	1,000,000
Tax Deducted at Source / Refund Due	993,157	1,083,048
<b>Total</b>	<b>1,993,157</b>	<b>2,083,048</b>

<sup>2</sup> Cash Deposit with Commodities Exchanges

The Company had placed Base Capital of ₹ 10,00,000.00 (PY ₹ 10,00,000.00) in form of cash with Multi Commodity Exchange(MCX)



## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

### NOTE NO. 4.1: CURRENT INVESTMENTS

Particulars		As at March 31, 2017	As at March 31, 2016
<b>Other Investments (Non Trade) Quoted</b>	<b>Units</b>		
<b>Investment in Mutual fund units :</b>			
LIC MF Savings Plus Fund - Direct - Growth Plan - ST - G1	30,351.224	750,000	500,000
Face Value ₹ 10 (PY units: 24474.172)			
LIC Nomura MF Saving Plus Fund - Regular Growth Plan - ST - GP			28,469
Face Value ₹ 10 (PY units: 1544.885)			
<b>Total</b>		<b>750,000</b>	<b>528,469</b>
<b>Additional information</b>			
Aggregate amount of quoted investments		750,000	528,469
Market value of quoted investment		<b>781,571</b>	<b>614,570</b>

Current Investments are valued at cost or market value whichever is lower.

### NOTE NO. 4.2: CASH AND BANK BALANCES

(Amount in ₹)

Particulars		As at March 31, 2017	As at March 31, 2016
<b>Cash and Cash Equivalents</b>			
Cash on hand		1,798	284,235
Balances with Bank		396,988	2,324
<b>Other Bank Balances</b>			
-Fixed Deposit with maturity of more than 3 months but less than 12 months		12,629,458	11,964,325
<b>Total</b>		<b>13,028,244</b>	<b>12,250,884</b>

### NOTE NO. 4.3: OTHER CURRENT ASSETS

(Amount in ₹)

Particulars		As at March 31, 2017	As at March 31, 2016
<b>Others</b>			
-Interest Accrued but not due (on Fixed Deposits with Banks)		575,711	599,476
Others		0	0.00
<b>Total</b>		<b>575,711</b>	<b>599,476</b>

**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017**

(Amount in ₹)

**NOTE NO. 5: REVENUE FROM OPERATIONS**

The company does not have any revenue from operations during the period under audit for the financial year ended March 31, 2017 nor did it have in the previous year ended March 31, 2016. Since the operations of the company have been completely stalled from 20th September 2011

**NOTE NO. 6: OTHER INCOME**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income from FDR	970,020	966,280
Interest on Income tax refund	13,397	19,404
Other Income	20	20,933
Net gain on sale of current investments	108,883	18,050
<b>Total</b>	<b>1,092,320</b>	<b>1,024,667</b>

**NOTE NO. 7: OTHER EXPENSES**

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Rates & Taxes	15,176	28,057
Travelling expenses	17,519	8,308
Legal & Professional charges	59,200	30,175
Postage and Courier	350	76
Payment to Auditors		
- As Auditors	35,000	35,000
- For other services	4,500	0
Miscellaneous Expenses	6,109	38,422
Bank and DP Charges	0	10,050
Director's Sitting fees	68,925	55,150
<b>Total</b>	<b>206,779</b>	<b>205,238</b>

**NOTE NO. 8****The Company and the Nature of its business**

The company 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 ie Multi Commodity Exchange (MCX) and National Commodity and Derivative Exchange (NCDEX), Mumbai.

During the financial year 2011-12, The Company had decided to discontinue the commodity broking operations. Accordingly the broking operations were discontinued with effect from 20th September 2011.

The company has already settled almost all its clients outstanding accounts and some of the client accounts are pending due to legal cases with them.



## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

Therefore, according to the Accounting Standard (AS) - 1 "Disclosure of Accounting Policies" and on the grounds of prudence and considering the requirements of Accounting Standard, the accounts continue to have not been prepared on the assumption of going concern basis since the financial year 2011-12.

Company has already surrendered its NCDEX membership and its other application (dated 25/10/2013) for surrender of MCX membership is pending with MCX.

### NOTE NO. 9

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### NOTE NO. 9.1: ACCOUNTING CONVENTIONS

The financial statements have been prepared on accrual basis to comply in all material aspects with applicable accounting principles in India, the Accounting Standards (AS) specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Companies Act, 2013 (to the extent notified)

##### NOTE NO. 9.2: REVENUE RECOGNITIONS

- i) Brokerage income is recognized on trade date.
- ii) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- iii) Interest Income is recognized on accrual basis.

##### NOTE NO. 9.3: INVESTMENTS

Long Term investments are valued at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Provision for diminution in the value of long term investments is made to recognize a decline other than temporary in the value of investments.

Investments other than long-term investments are classified as current investments and valued at cost or market value whichever is lower. Profit / Loss from investment is recognised on the basis of weighted average cost.

##### NOTE NO. 9.4: ACCOUNTING FOR TAXES ON INCOME

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.

##### NOTE NO. 9.5: PROVISION AND CONTIGENCIES

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. 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.

**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017****NOTE NO. 10****Related Party Disclosure**

A) of 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

B) Transaction with Holding / Group Company (Amount in ₹)

Nature of Transaction	Name of Related Party	March 31, 2017	March 31, 2016
1. Sitting Fees Paid	STCI Finance Limited	40,000	35,000

**NOTE NO. 11**

Rules, Bye Laws and Business Rules of Commodity Exchanges and Forward Markets Commission (FMC) require the members of Commodity Exchanges to comply with certain requirements relating to their functions in commodities derivatives market. As per the bylaws of exchanges, company shall maintain the constituent/client funds separately and not use this money for its own transactions or for transactions of any other client or for any purpose other than margin and pay in relating to transactions entered into by such client paying the margin.

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. Trade payables (Refer Note 2.1) include ₹ 760,562/- payable to few such clients and franchisees.

Details of these trade payables are as under: (Amount in ₹)

Particulars	March 31, 2017	March 31, 2016
Undisputed client credit balances (not claimed by clients)	294,807	294,807
Disputed clients and franchisees credit balance	412,969	412,969
Deposit of Authorised Agent	52,786	52,786
<b>Total</b>	<b>760,562</b>	<b>760,562</b>

**NOTE NO. 12**

In terms of notification no.GSR 308(E) dated 30.03.2017 issued by the Ministry of Corporate Affairs, Government of India following details of SBNs held and transacted during the period 08.11.2016 to 30.12.2016 is provided as under:

(Amount in ₹)

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.00	2,192.00	2,192.00
Add : Permitted receipts			
Less : Permitted payments			
Less : Amount deposited in Banks			
Closing cash in hand as on 30.12.2016	0.00	2,192.00	2,192.00



## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

### NOTE NO. 13

#### Earning Per Share

Earnings per share are computed in accordance with AS-20 Earnings per share by dividing the net profit after tax by the weighted average number of equity shares outstanding for the period.

#### Earning Per Share - Basic and diluted

(Amount in ₹)

	March 31, 2017	March 31, 2016
Profit / (Loss) after tax for the year	885,541	819,429
Weighted average number of equity shares outstanding during the year	4,500,000	4,500,000
Nominal value per equity share	10	10
Earnings Per Share – Basic and diluted	0.20	0.18

### NOTE NO. 14

#### Segment Reporting

The company does not have any reportable segment during the financial year 2016-17 as the operation of the company has been discontinued during the financial year 2011-12.

### NOTE NO. 15

#### Contingent Liabilities

No provision has been made in respect of disputed matters from Income Tax Authorities to the extent of ₹ 1,519,607 (PY ₹ 1,519,607) for Assessment Year 2007-08. Refunds of ₹ 548,340 pertaining to several years, has been adjusted against the demand raised of ₹ 1,587,192 for AY 2007-08. Income Tax matter for the same has been disputed by the Company since it is subject to appeals / representations.

### NOTE NO. 16

Previous Year figures have been regrouped / re-arranged wherever necessary.





**Registered Office Address :**

A/B1, 802, A-Wing. 8th Floor, Marathon Innova, Marathon Nextgen Compound,  
Off. Ganpatrao Kadam Marg, Lower Parel (West), Mumbai - 400 013.