

STCI FINANCE LIMITED



**30th ANNUAL REPORT
FOR THE YEAR ENDED
31st MARCH, 2024**



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CORPORATE INFORMATION

Board of Directors	: Mr. Rajiv Mishra, Chairman and Nominee Director (w.e.f 03 rd July, 2024) Mr. Arun Kumar Mandal, Director Mr. Gopal Singh Gusain, Director Mr. Sidheswar Patra, Director Ms. Reena Banerjee, Director (w.e.f 28 th November, 2023) Mr. Abhijit Bose, Nominee Director Mr. Nitin G. Deshpande, Nominee Director (w.e.f 30 th June, 2023) Mr. Bikram Keshari Mishra, Nominee Director (upto 16 th June, 2023) Mrs. Thankom T Mathew, Director (upto 20 th September, 2023) Mr. V Narayanamurthy, Managing Director & CEO								
Statutory Auditors	: M/s. R S V A & Co. Chartered Accountants Block -1, 3rd Floor, Khaitan Chambers, 143-145 Modi Street, Mumbai - 400 001								
Bankers	: Bank of India Canara Bank State Bank of India Punjab & Sindh Bank Union Bank of India Axis Bank DCB Bank Central Bank of India Karur Vysya Bank RBL Bank Indian Overseas Bank HDFC Bank Ltd.								
Registrar and Transfer Agent	: M/s. Link Intime India Private Limited								
Registered & Corporate Office	: A/B1, 802, A-Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off. G. K. Marg, Lower Parel (West), Mumbai 400 013. CIN: U51900MH1994PLC078303, Website :- www.stcionline.com								
List of Branches	: <table> <tr> <td>1 Delhi Office 401 & 412, 4th Floor, Prakashdeep Building, 7, Tolstoy Marg, New Delhi - 110 001</td> <td>5 Hyderabad Office 303, Third Floor, Premises No. 8-2-610/A (New No. 161) Silver Tower Banjara Road No. 11, Banjara Hills Hyderabad- 500 034</td> </tr> <tr> <td>2 Pune Office Office Number 508, 5th Flr., Platinum Square, Next to Hyatt Regency, Viman Nagar, Off Nagar Road, Pune - 411 014</td> <td>6 Ahmedabad Office 704, 7th Floor, Anam-1, Beside Ambuja House, Off C G Road, Ahmedabad - 380 006</td> </tr> <tr> <td>3 Bangalore Office Unit No. 1013, 10th Floor, Unit No. 1013, 10th Floor, 84 Barton Centre, M.G. Road, Bangalore- 560 001</td> <td>7 Chennai Office 3rd Floor, Sunshine Towers, Anna Salai (Mount Road), New No. 243 (Old No. 185), Thousand Lights, Chennai - 600006.</td> </tr> <tr> <td>4 Kolkata Office 6 G Block, 6th Floor, North West Block, Premises No. 1, Shakespeare Sarani, P S Shakespeare Sarani, Kolkata - 700071</td> <td></td> </tr> </table>	1 Delhi Office 401 & 412, 4th Floor, Prakashdeep Building, 7, Tolstoy Marg, New Delhi - 110 001	5 Hyderabad Office 303, Third Floor, Premises No. 8-2-610/A (New No. 161) Silver Tower Banjara Road No. 11, Banjara Hills Hyderabad- 500 034	2 Pune Office Office Number 508, 5 th Flr., Platinum Square, Next to Hyatt Regency, Viman Nagar, Off Nagar Road, Pune - 411 014	6 Ahmedabad Office 704, 7 th Floor, Anam-1, Beside Ambuja House, Off C G Road, Ahmedabad - 380 006	3 Bangalore Office Unit No. 1013, 10 th Floor, Unit No. 1013, 10 th Floor, 84 Barton Centre, M.G. Road, Bangalore- 560 001	7 Chennai Office 3 rd Floor, Sunshine Towers, Anna Salai (Mount Road), New No. 243 (Old No. 185), Thousand Lights, Chennai - 600006.	4 Kolkata Office 6 G Block, 6th Floor, North West Block, Premises No. 1, Shakespeare Sarani, P S Shakespeare Sarani, Kolkata - 700071	
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BOARD OF DIRECTORS



Mr. Rajiv Mishra
Chairman & Nominee Director
(w.e.f. 03rd July, 2024)



Mr. Arun Kumar Mandal
Independent Director



Mr. Gopal Singh Gusain
Independent Director



Mr. Sidheswar Patra
Independent Director



Ms. Reena Banerjee
Independent Director
(w.e.f 28th November, 2023)



Mr. Abhijit Bose
Nominee Director



Mr. Nitin G. Deshpande
Nominee Director
(w.e.f 30th June, 2023)



Mr. V Narayanamurthy
Managing Director & CEO



Mr. Bikram Keshari Mishra
Nominee Director
(upto 16th June, 2023)



Mrs. Thankom T Mathew
Independent Director
(upto 20th September, 2023)



DIRECTORS' REPORT

TO THE SHAREHOLDERS OF

STCI FINANCE LIMITED

Your Directors have pleasure in presenting the Thirtieth Annual Report and the audited accounts of the Company for the year ended March 31, 2024.

1. FINANCIAL RESULTS

	Rs. in Crore	
	March 31, 2024	March 31, 2023
Revenue from operations	334.06	268.32
Other Income	2.38	2.43
Profit / loss before Finance costs, Depreciation & amortisation and Tax expense	282.06	215.86
Less Finance Costs	97.62	42.00
Profit before Depreciation & amortisation and Tax expense	184.44	173.86
Less Depreciation & Amortisation	1.55	1.41
Profit before tax	182.89	172.45
Less Tax expense	43.80	33.32
Profit after Tax for the year	139.09	139.13
Other comprehensive income	88.24	32.96
Total comprehensive income for the period	227.33	172.09
Appropriations		
Opening Balance in Retained Earnings	501.10	435.57
Profit after tax	139.09	139.13
Amount available for appropriation	640.19	574.70
Less Transfer to statutory reserves*	28.00	28.00
Less Dividend	45.60	45.60
Closing Balance in Retained Earnings	566.59	501.10

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

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

The highlights of the performance of the Company during the Financial Year ended March 31, 2024 are as under:

- ▲ The total disbursements during the year were Rs. 1224.00 crore as against Rs. 1281.00 crore in the previous year.
- ▲ The loan book stood at Rs. 2603.00 crore as on March 31, 2024 as against Rs. 2403.00 crore as on March 31, 2023.
- ▲ The net interest income for the year ended March 31, 2024 was Rs. 192.93 crore as against Rs. 202.19 crore in the previous year.
- ▲ The Profit before impairment on loans and advances (including write offs) for the year was Rs. 195.37 crore as against Rs. 194.54 crore in the previous year.
- ▲ The profit before tax for the year was Rs. 182.89 crore as against profit before tax of Rs. 172.45 crore in the previous year.
- ▲ The profit after tax for the year was Rs. 139.09 crore as against profit after tax of Rs. 139.13 crore in the previous year.



DIRECTORS' REPORT

3. TRANSFER TO RESERVES

Your company has transferred 20% of its Profit after tax amounting to Rs. 28.00 crore to Statutory Reserve as required under Section 451C of the Reserve Bank of India Act, 1934.

4. DIVIDEND

Your Directors have recommended a dividend of 12% (Rs. 1.2 per equity share of face value of Rs. 10 each) for the Financial Year ended March 31, 2024. If approved by shareholders at the ensuing Annual General Meeting (AGM), the dividend distribution will result in a cash outflow of Rs. 45.60 crore.

5. MANAGEMENT DISCUSSION & ANALYSIS

I. **Macroeconomic Overview**

The global economy and financial system have been exhibiting resilience amidst heightened risks and uncertainties emanating from elevated inflation, tight monetary and financial conditions, escalating geopolitical tensions, disruptions in key elevated public debt, stretched asset valuations and rising geoeconomic fragmentation. Global economy has been slowing with divergent growth trajectories across countries and sectors. However, growth in the US and several major emerging and developing market economies (EMDEs) has been better than expected. As per the IMF's World Economic Outlook (WEO) update of April 2024, the global GDP was at 3.2 percent during Calander Year (CY) 2023 as against 3.5 percent in CY 2022. Headline inflation eased unevenly but remained above target in major economies. Inflation in respect of core items and services remained elevated exhibiting persistence in major economies amidst tight labour market conditions. Central Banks in major economies maintained monetary policy restraint as they trod the "last mile" of disinflation. Global financial markets remained volatile in response to fluctuating perceptions on the monetary policy trajectory. Sovereign bond yields hardened to multi-year highs in the first half of 2023-24, driven up by monetary tightening and exhibited sizeable two-way fluctuations in the subsequent period. Global equity markets corrected in October 2023 over expectations of 'higher for longer' monetary policy paths but rallied subsequently as prospects of reversal of monetary policy cycles appeared brighter.

Amidst the backdrop of subdued global economy and multiple headwinds, the Indian economy expanded at a robust pace and emerged as the fastest growing major economy in the world as well as a leading contributor to global growth. As per the provisional estimates released by the National Statistical Office (NSO) on May 31, 2024, the Real GDP growth rose to 8.2 per cent for FY 2023-24 from 7.0 percent in the previous year. Investment was the major driver of domestic demand, buoyed by government spending on infrastructure. This was reflected in the growth of gross fixed capital formation (GFCF) accelerating to 10.2 per cent in FY 2023-24 from 6.6 per cent in 2022-23. The growth in the private final consumption expenditure, the mainstay of aggregate demand decelerated to 4.0 per cent as against 6.8 per cent a year ago. Government consumption demand was also subdued as the Government remained committed towards fiscal consolidation path. Net exports were a drag on the growth due to weak global demand conditions.

Aggregate supply, measured by Real Gross Value Added (GVA) at basic prices, grew by 7.2 percent in 2023-24 as compared to a growth of 6.7 percent a year ago driven by the Industrial sector and the services sector. The growth in the agriculture and allied sector in 2023-24 stood at 0.7 per cent as against 4.7 per cent a year earlier as foodgrains production declined due to uneven and deficient south-west monsoon. The Industrial sector's GVA grew from (-) 0.6 percent in FY 2022-23 to 9.3 percent in FY 2023-24 driven by manufacturing activity which benefited from the easing of input costs. The Government's capex push and the sustained momentum in the mining and electricity generation also supported Industrial sector. Boosted by Construction activity and financial, real estate and professional services, the Service sector remained the mainstay of aggregate supply with a growth of 7.9 per cent in FY2023-24. The Construction sector posted a strong GVA growth in FY 2023-24, benefitting from rising demand in the housing sector and the government's thrust on infrastructure. In the financial sector, aggregate deposits and bank credit to the commercial sector recorded double digit expansion.

Headline inflation moderated to 5.4 per cent during FY 2023-24 from 6.7 per cent in the previous year, reflecting the combined impact of anti-inflationary monetary policy, corrections in global commodity prices and active supply



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management measures by the Government. The core inflation (CPI excluding food and fuel) exhibited broad based disinflation and moderated to 4.3 per cent from 6.1 per cent a year ago. Fuel inflation also eased sharply, moving into deflation since September 2023, on the back of correction in global energy prices. Food inflation, on the other hand, hardened to 7.0 per cent in 2023-24 from 6.7 per cent a year ago amidst high volatility due to sustained pressure from prices of cereals, pulses, spices and vegetables due to overlapping supply shocks. Considering the growth-inflation dynamics, the Monetary Policy Committee (MPC) kept the policy repo rate unchanged at 6.50 per cent during 2023-24 and continued with a stance of withdrawal of accommodation to ensure that inflation progressively aligns with the target, while supporting growth.

As per the provisional accounts, the Central Government contained its gross fiscal deficit for FY 2023-24 at 5.6 percent of GDP as against the budget estimates of 5.9 percent. The improvement in GFD was due to robust tax collections and improvement in the quality of spending focussed on growth inducing capital expenditure. The GFD target for FY 2024-25 has been pegged at 5.1 % of the GDP consistent with Government's broad path of fiscal consolidation. India's external sector strengthened during FY 2023-24 with a narrowing of current account deficit balance and high accretion to foreign exchange reserves driven by foreign portfolio investment inflows. The current account balance recorded a deficit of 0.7 per cent of GDP in FY 2023-24 as compared to 1.2 per cent in FY 2022-23 due to fall in the merchandise trade deficit and higher service exports and transfer receipts. The correction in commodity prices and subdued external demand with the fall in imports exceeding the exports led to a lower merchandise trade deficit.

Indian financial markets remained stable during 2023-24 despite global headwinds and uncertainties, drawing strength from the resilient domestic economy. Money market rates evolved in consonance with monetary policy stance and long -term yields remained broadly stable. The banks' deposit and lending rates increased, reflecting improvement in monetary policy transmission. Domestic G-sec yields remained range-bound during H1:2023-24 but softened thereafter on fall in global bond yields, announcement of inclusion of Indian sovereign bonds in major global bond indices and easing of domestic inflation. The Indian equity market scaled new peaks on back of buoyant economic activity and corporate performance.

Amidst an uncertain global economic environment, the Indian economy is poised to sustain resilient growth due to strong domestic demand and improved macroeconomic fundamentals. Government's sustained focus on capital expenditure while maintaining fiscal consolidation, upbeat business and consumer sentiments and strong corporate and bank balance sheets, healthy financial sector, resilient external sector and the ongoing disinflation will provide impetus to the growth momentum. The monetary policy remains focussed on aligning inflation with the target to pave the path for sustained growth in medium term. Spillovers from geopolitical hostilities, volatile global financial markets and climate shocks are the key risks to the growth and inflation outlook.

Data Source: RBI reports & IMF world economic update

II. NBFC Sector & Developments

Overview of NBFC sector

NBFCs are an integral part of Indian Financial System contributing towards inclusive growth in the country by providing credit to the customers in the underserved and unbanked segments. They provide niche financing to various sectors of the economy, ranging from real estate and infrastructure to agriculture and micro loans, thereby supplementing bank credit. The growth of NBFCs has been driven by factors such as their ability to cater to the unbanked segment, customise and offer more specialized services, faster response and personalized approach due to focused business model. They have consolidated their position in recent years, as is reflected in the gradual rise in their credit intensity (credit to Gross Domestic Product (GDP) ratio) from 8.6 per cent in 2012-13 to 12.6 per cent in 2022-23. Over the years, NBFCs have assumed systemic importance due to their inter-linkages with the banking sector, capital market and other financial sector entities.

NBFCs mainly comprise of non-government companies with a few large government companies having a significant share in the assets. As of March 31, 2024, there were a total of 9,327 NBFCs registered with the Reserve Bank of India (RBI). Based on liability structure, NBFCs have been traditionally categorised into deposit-taking NBFCs (NBFCs-D) and



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non-deposit-taking NBFCs (NBFCs-ND) which dominate the NBFC sector. As per RBI's scale-based regulation for NBFCs effective from October 01, 2022, NBFCs have been placed in four layers, based on their size, activity, and perceived riskiness, viz., Base Layer (BL), Middle Layer (ML), Upper Layer (UL) and a possible Top Layer (TL). In terms of size, NBFC-BL comprise of all NBFCs-ND with asset size below Rs. 1,000 crore, NBFC- ML comprise of all NBFCs-ND with asset size above Rs. 1,000 crore and all NBFCs-D, and NBFC-UL are identified by RBI on the basis of a set of parameters and scoring methodology. Top ten eligible NBFCs in terms of their asset size shall always reside in NBFC- UL. Accordingly, on September 14, 2023, RBI has placed 15 NBFCs (including HFCs) in NBFC- UL who are subject to enhanced regulatory oversight. NBFC-TL shall ideally remain empty unless RBI identifies a substantial increase in the potential systemic risk from any specific NBFCs in the upper layer. As of September 30, 2023, NBFCs in the base, middle and upper layers constituted 6 per cent, 71 per cent and 23 per cent of the total assets of NBFCs, respectively.

Developments

Domestic financial conditions have remained conducive for growth of NBFC sector amidst strong consumer and business confidence, healthy balance sheets across Banks and financial institutions marked by strong capital buffers, improving asset quality, adequate provisioning and robust earnings.

The NBFC sector has undergone significant transformations, marked by growth, regulatory changes and technology advancements. The sector has demonstrated significant resilience, with credit growth accelerating in the post-pandemic period. NBFCs maintain a significant 22% share amongst banks, NBFCs & All India Financial institutions in the credit market. The portfolio mix of NBFCs reflect a shift from wholesale lending to retail lending with focus on productive financing with retail loans driving the growth of the sector.

Digitisation has transformed the sector with faster and more efficient processes, as well as a superior customer experience. The role of technology in areas such as credit assessment, monitoring and collection, etc., is set to improve operational efficiency.

Domestic regulatory initiatives continue to work towards strengthening and resilience of the financial system. RBI undertook several regulatory initiatives towards the resilience of the financial sector by implementing global best practices and streamlining regulatory compliance processes, risk management, enhancing customer protection measures and improve the efficiency of financial services.

Recognizing the importance of NBFCs, a series of regulatory measures have been implemented for strengthening the NBFCs. Considering the growing size, complexity and interconnectedness of NBFCs, a revised scale-based regulatory framework has been implemented to harmonise the regulations of NBFCs with those of banks, wherever appropriate. RBI has enhanced the regulations of the sector in to address the industry specific issues such as contagion risk in the financial system, concentration of credit risk, exposure towards technology related risks, asset-liability management practices, maintaining liquidity ratios etc. These have led to NBFCs to adopt practices in line with banks.

In view of the rapid and persistent growth in retail loans, (including unsecured loans) of Banks & NBFCs and Bank loans to NBFCs and considering the risks arising from the interconnectedness between Banks and NBFCs, RBI took proactive regulatory measures, by providing for increase in risk weights on certain segments of consumer credit by banks and NBFCs as well as bank credit to NBFCs, along with a strengthening of credit standards for various sub-segments under consumer credit, to prevent build-up of risks and spillover to the wider financial system. The risk weights have been increased to 125 per cent from 100 per cent for specified consumer credit exposure of commercial banks and NBFCs, including personal loans. The risk weight on exposure of SCBs to NBFCs, (excluding loans eligible for classification as priority sector), were also increased by 25 per cent (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs is below 100 per cent. Further, regulated entities (REs) are required to review their extant sectoral exposure limits for consumer credit.

In order to align with global best practices on operational resilience including the Basel Committee on Banking Supervision (BCBS) principles, a 'Guidance Note on Operational Risk Management and Operational Resilience' was issued by RBI on April 30, 2024. The said guidance note adopts a principle-based and proportionate approach to ensure smooth implementation across REs of various sizes, nature, complexity, geographic location and risk profile of their



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businesses. It provides overarching guidance to REs to strengthen their operational risk management framework and also enhances their operational resilience to deliver critical operations even through disruption. It has been built on the three pillars (i) prepare and protect; (ii) build resilience and (iii) learn and adapt together consisting of 17 principles.

RBI issued Master Direction on IT Governance, Risk, Controls and Assurance Practices effective from April 01, 2024 to update and consolidate the instructions relating to IT Governance, IT Infrastructure and Services Management, IT information security and risk management, Business Continuity and Disaster Recovery Management and Information Systems Audit. The Directions require NBFCs to review their preparedness for compliance especially in the areas of cyber crisis and Business Continuity and Disaster Recovery Plan, constitute/ re-constitute IT Strategy Committee and Information Security committees, enhance the CISO function, performing periodic risk assessments, building an enterprise data dictionary and implementing audit and system logging capabilities.

Various Initiatives are being taken to improve the outcomes under the Insolvency and Bankruptcy Code, 2016 ('Code') by way amendments, increasing the effective strength of the National Company Law Tribunal (NCLT), setting up of an integrated IT platform and regular interactions with all stakeholders, including NCLT. Some of these initiatives have started yielding results with a rise in the number of admitted cases, approved resolution plans and realizable value. Since the provisions of corporate insolvency resolution process (CIRP) under the Code came into force in December 2016, a total of 7,567 CIRPs commenced by March 2024, out of which 5,647 (74.6 per cent) have been closed. Out of the closed CIRPs about 20 per cent closed on appeal or review or settled, 19 per cent withdrawn, around 44 per cent ended in orders for liquidation and 17 per cent ended in approval of resolution plans.

Performance

Substantial capital buffers, improving asset quality and robust earnings have increased the resilience of the NBFC sector. The capital ratio of NBFCs (CRAR) at 26.6 per cent in March 2024 remained well above the regulatory minimum of 15 per cent despite a decline of 79 bps during H2 of FY 2023-24. The asset quality of NBFCs has been improving in the post-pandemic period with the GNPA ratio reaching a low of 4% in March 2024. Improvement was recorded across major sectors as well as for Government and Private NBFCs. Industrial advances by Private NBFCs which account for one-fifth of GNPA of the NBFC sector also saw moderation in the GNPA ratio. The aggregate net NPA ratio of NBFCs improved further due to higher Provision coverage ratio. The NIM stood strong at 4.5 percent in March 2024 well above the pre-pandemic trend. The profitability of NBFCs improved with ROA of 3.3 percent in March 2024 from 2.9 percent in September 2023.

NBFC – Investment and Credit Companies (NBFC-ICCs) and NBFC - Infrastructure Finance Companies (NBFC-IFCs), which account for 95 per cent of the NBFC sector's advances, have significant dependence on bank borrowings, constituting 41.1 per cent of total borrowings {including subscriptions to debentures and commercial papers} as at end-September 2023. Regulatory measures taken on increase in risk weights in November 2023 moderated the growth (y-o-y) in bank lending to NBFCs from 18.9 per cent in November 2023 to 14.6 per cent in April 2024. Bank lending to NBFCs also declined to 9.4 per cent of total bank credit as at end-April 2024, from its peak of 10.0 per cent in June 2023.

NBFCs maintained robust credit growth in FY 2023-24 with some moderation in the second half of the year reflecting the impact of regulatory prescription of higher risk weights on NBFC lending to certain categories of consumer credit and bank lending to NBFCs. Healthy balance sheets have enabled NBFCs to consistently expand credit, from 8.9 per cent (y-o-y) in September 2021 to 20.8 per cent in September 2023 and 17.9 percent in March 2024. The Loans to Industry continued to constitute the largest segment with a share of 36.8 percent followed by personal loans at 33.5 percent, services at 14.9 percent, agriculture 2.1 percent and others 12.7 percent. The growth in loans to industry and services accelerated from September 2023 to March 2024 whereas the growth in personal loans decelerated during the period. Retail lending by NBFCs recorded some moderation in growth (half year-on-half year) to 14.8 per cent in March 2024 from 16.6 per cent in March 2023 with a fall in the share of unsecured loans.

Lending to MSMEs has garnered increasing attention not only from banks but also NBFCs with NBFCs exhibiting 31% CAGR growth in the last three fiscals (FY 2021- FY 2023). Policy-level initiatives by the Government of India, RBI and other stakeholders including Udyam registration, digitalisation, and efficient underwriting processes to facilitate easier



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credit access have been instrumental to the MSME sector's overall growth. The growth trajectory of the MSMEs is expected to continue in FY 2024 and FY 2025. The overall asset quality within the MSME portfolio has steadily improved across all categories of lenders and all sub-segments of MSME.

Challenges

The healthy credit growth witnessed by NBFCs under improved demand conditions and stable financial conditions could come under pressure due to certain Regulatory and other developments.

The funding profile of NBFCs shows an increased reliance on bank loans and decline in market borrowings for AA rated entities and below and high share of market borrowings for AAA rated entities. The regulatory measure of increase in risk weights for bank lending to NBFCs in November 2023, moderated the Bank lending to NBFCs on an incremental basis in H2:2023-24 even as the latter's overall cost of funds increased. Thus, NBFCs rated AA and below would need to explore alternative funding sources and focus on diversifying their funding sources to meet their growth requirements.

As per ICRA, funding challenges faced by NBFCs and tightening of regulatory norms is likely to hinder the growth trajectory of NBFCs resulting in a slower expansion compared to the robust progress witnessed in the last two fiscal years. Key challenges for meeting growth expectations, however, would be in accessing the required debt funding over and above the refinancing of existing debt. ICRA projects the growth of NBFC asset under management (AUM) to ease to 13-15% in FY2025 from 18% in FY2024.

The increase in risk weight on bank lending to NBFCs by RBI has increased the cost of borrowings. As per ICRA, the deposit challenges faced by banks and the push for NBFCs to diversify their borrowing profile is likely to see an increase of 20-40 bps levels in the weighted average cost of funds over FY2023-24 levels. The elevated cost of funds, slowing growth and asset quality challenge in certain retail asset classes would lower the profitability for NBFCs (excluding HFCs and NBFC-IFCs), by 25-45 bps vis-à-vis FY2023-24 levels.

NBFCs have been facing increased regulatory oversight and push towards convergence with banks through new regulations. A robust and proactive regulatory framework, coupled with swift penal actions by RBI has been and will be instrumental in balancing risk and growth within the NBFC sector. NBFCs would have to keep up with the regulatory changes and adapt their operations to comply with regulations, to maintain stability and profitability in the long run.

NBFC sector continues to face competition from the banking Sector as banks target the same customer base as NBFCs. As competition intensifies, NBFCs' ability to adapt their product offerings to specific characteristics of a customer group and create a niche for themselves, mobilize resources, manage credit costs, and maintain Return on Equity (ROE) will be critical for sustaining their growth trajectory. NBFCs may explore securitisation, co-origination and co-lending to sustain their competitiveness in this scenario.

In today's digital landscape, NBFCs are leveraging technology and embracing digital transformation to cater to the changing needs of their customers and drive their growth. With the rise of fintech solutions, traditional financial institutions are facing stiff competition. Investment in technology and digitalisation would enable NBFCs to improve their customer experiences, increase their operational efficiency and gain competitive advantage in the market.

The NBFC sector might also face some challenges arising from economic conditions, inflation and volatility in interest rates which may put pressure on margins.

Opportunities

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

The NBFC sector has demonstrated significant resilience with credit growth accelerating in the post pandemic period. Supported by large capital buffers boosted by *improving asset quality and robust earnings*, the NBFC sector is well-positioned for continued growth in FY 2024-25. As per India Ratings (Ind-Ra), all asset classes have seen decent growth



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in FY 2023 and 2024. Loans against property, business loans, commercial vehicle finance would continue growing considering the improving property prices, expanding businesses that drive working capital requirements and rising vehicle pricing.

The NBFCs sector has exhibited several positive trends. The portfolio mix of NBFCs reflect a shift from wholesale lending to a focus on retail loans. Retail loans now drive NBFC growth trajectory, with housing loans leading the share, followed by MSME loans, Loans Against Property, and vehicle loans. This transition has resulted in a more diversified and resilient loan portfolio. There is a preference of lenders and equity investors to support retail focused NBFCs which have also facilitated this transition. Wholesale lending within NBFC sector is predominantly handled by specialised entities registered as Infrastructure Finance Companies or Infrastructure debt Funds.

NBFCs are emerging as an important player in MSME lending exhibiting 3x y-o-y growth in FY2020-23. Business loans (includes loan against property, unsecured and quasi-secured loans on machinery, stock, guarantees, etc.) offered to enterprises and individuals by the NBFCs constitute nearly 8% of the overall NBFC credit as of March 31, 2024 of which LAP loans account for about 64%. As per ICRA, the strong portfolio expansion in the small ticket LAP loans (with ticket size less than Rs. 1.5 million), are poised to expand at a sharp 20- 25% over the next five years. The government's push to increase manufacturing output, as well as focus on green energy and the electronic vehicle (EV) ecosystem, is expected to propel the MSME growth and create financing needs for capital and operational expenditure. Tourism and hospitality will be the key sectors, which will provide significant platform for NBFCs. The rapid growth of e-commerce as a sector and government initiatives, such as ONDC and Unified Logistics Interface Platform and demand for local products are expected to drive this sector.

The proactive regulatory framework including the regulations on the scale-based norms, alignment of IRAC norms of NBFC to that of banks, capital treatment for exposure to Alternative Investment Funds (AIFs) etc. are contributing to a more robust sector. Additionally, penal measures against some prominent NBFCs in recent years for regulatory violations and exploitation of regulatory gaps, reinforce the importance of adherence to regulatory standards and the sector's stability. This would also increase the focus of NBFCs to augment their internal controls and compliances.

NBFCs can transform their operations by utilising digital tools and resources, which not only reduce their environmental impact but also improves governance and resource management. For NBFCs to grow steadily, they must also adopt technology and digital practices, improve supervision and reporting and implement customer protection measures. NBFCs would need to stay updated on industry trends and strive to upgrade their practices, particularly in risk management and lending.

The overall outlook for the NBFC sector for the current year is positive. The sector is well positioned for continued growth in FY 2024-25 backed by a growing economy, robust balance sheets and a good portfolio mix. However, headwinds witnessed in sourcing funds for meeting growth expectations may moderate the growth during the year. The elevated funding costs, competitive pressures in the market, slowing growth may also weaken the profitability of certain NBFCs.

Data source: RBI Reports and Credit Agency Reports

III. Business Review

STCI Finance Limited is a Systematically Important Non-Deposit taking Non-Banking Financial Company classified as an Investment and Credit Company, undertaking lending and investment activities since 2008. As per RBI's Scaled Based Regulations dated October 22, 2021, STCI Finance is classified as a Midde Layer NBFC (NBFC-ML). With the growth in the size of the loan book, lending has become the main business activity of the Company since 2011. The Company is a diversified mid-market B2B wholesale lending NBFC that adopts a product / segment specific approach and provides customized financial solutions to a wide spectrum of customers ranging from Corporates, firms and High Net worth Individuals through its loan product offerings of Loan against securities/Promoter Funding, Corporate Loan- Real Estate, and other corporate loan products.



DIRECTORS' REPORT

(i) Lending operations

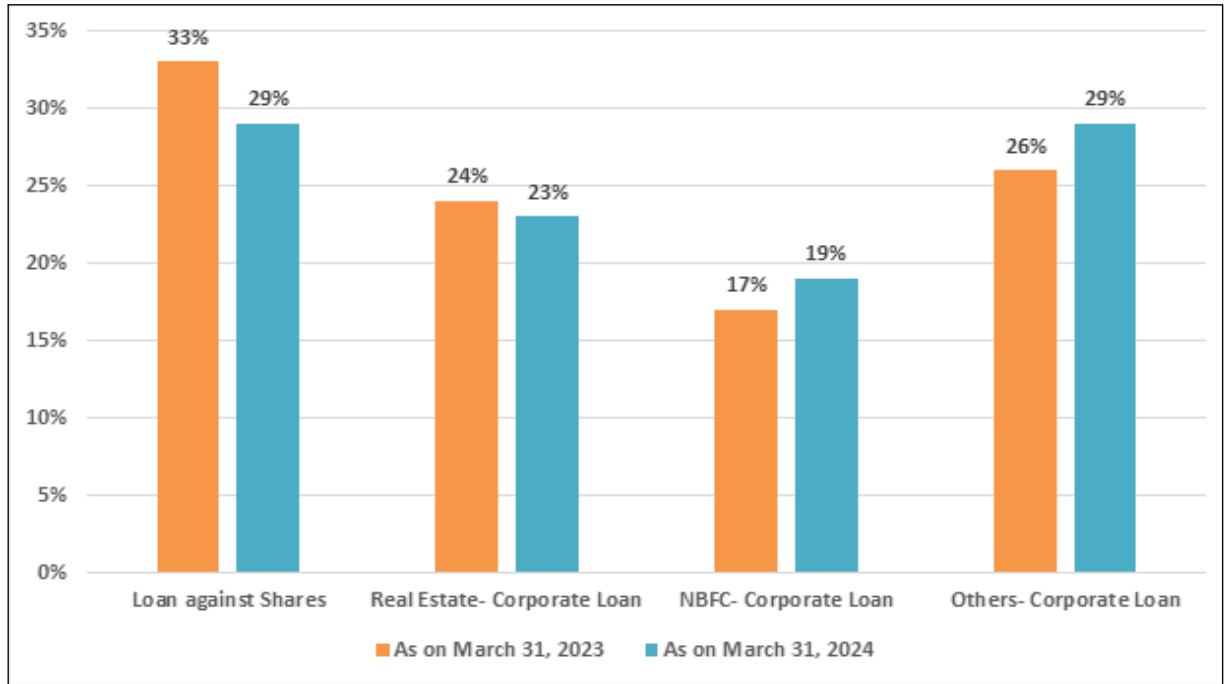
STCI Finance has been primarily catering to three segments under wholesale business viz. Loan against Securities (LAS) segment, Real Estate Corporate loan segment and other Corporate loans (Non-Real estate Corporate Loan) segment. In the LAS segment, the Company offers Loan to promoters, Corporates, Firms and Individuals against (listed) single scrip or multi scrip security. In the Real Estate Corporate Loan segment, the Company offers Loan to Real Estate Developers against mortgage of property and receivables as project financing, last mile funding, acquisition funding etc. In the other Corporate Loans segment, Non-Real estate loans are provided to Corporates/ SMEs etc., against property/ receivables/other assets for business purposes. This segment covers Lending to Manufacturing / Industries in Auto components, Pharmaceuticals, Consumer durables, speciality chemicals Engineering and Capital goods, Textile, packaging, Services and Infrastructure. The segment also covers structured loans, bridge finance, Loan against lease rentals, equipment finance, etc. Over the last few years, the Company has been focussing on building a diversified and granular loan book with adequate sectoral and geographical diversification. To achieve the same, the Company forayed into two new lending segments, viz., NBFC lending and Green/Start up financing while continuing to focus on the existing lending segments. The gradual shift in this direction has led to a better loan product mix and diversification of the loan book across different segments, sectors and geographies. This strategic shift has also brought down the average ticket size of the loans in the loan book of the Company. The Company operates from its corporate office in Mumbai and representative offices in Delhi, Pune, Hyderabad, Bengaluru, Ahmedabad, Chennai and Kolkata.

Despite a challenging global backdrop, strong economic activity, business and consumer optimism supported by strong balance sheets across Banks and Financial Institutions led to buoyant credit demand conditions during FY 2023-24. However, elevated interest rates, pre-emptive regulatory measures for balancing risk and growth following the high credit growth in NBFC sector remained the downside risks to the sector.

Taking into consideration the prevailing operating environment, your Company consciously moderated its loan book growth during FY 2023-24 following the two years of high credit growth in the post pandemic period of FY 2021-22 and FY 2022-23. The Company adopted a calibrated approach towards sanction of loans in the last quarter of FY 2023-24 and slowed down on its loan disbursements during the quarter. As a result, the total loan disbursements during FY 2023-24 stood at 1224 crore as against Rs. 1281 crore in FY 2022-23. During the year, loans of Rs. 952 crore were re-paid/ pre-paid, loans of Rs. 30 crore recovered from NPA accounts and loans of Rs. 42.05 crore were written off. The loan disbursements after considering the repayments, recoveries and loan write offs during the year led to a 8% growth in the loan book from Rs. 2403 crore as on March 31, 2023 to Rs. 2603 crore as on March 31, 2024. The Company's loan book as on March 31, 2024 was well diversified across various loan products, sectors and geographies. The better loan product mix and the increased focus on taking lower ticket size exposure led to a decline in the average ticket size of loans during the year. The LAS segment constituted 29% of the loan book as on March 31, 2024 as against 33% of the loan book as on March 31, 2023, the Real Estate Corporate Loan segment constituted 23% of the total loan book as on March 31, 2024 as against 24% of the Loan Book as on March 31, 2023, the Corporate Loan- NBFC lending segment constituted 19% of the Loan book as against 17% of the loan book as on March 31, 2023 and Non-Real Estate other Corporate Loan segment constituted 29% of the total loan book as March 31, 2024 as against from 26 % at the end of the previous year. The Company earned a net interest income of Rs. 192.93 crore during FY 2023-24, as against Rs. 202.19 crore in the previous year.



DIRECTORS' REPORT



Asset Quality

During the year under review, the Company continued with its recovery efforts and could effect recoveries of Rs. 30 crore from NPA/ Stage 3 assets and recoveries of Rs. 53.90 crore from written off loan accounts. The Company made required provisions in respect of NPAs/Stage 3 assets identified during the year. As a result, the gross NPA/ Stage 3 assets stood at 6.33% of the loan book as on March 31, 2024 as against 6.04% of the loan book as on March 31, 2023 and the net NPAs/ Stage 3 assets stood at 0.49 % of the loan book as on March 31, 2024 as against 0.65% of the loan book as on March 31, 2022. Considering the prevailing uncertainty, the higher provisioning measures adopted in respect of Gross NPA/Stage 3 assets during the pandemic years of FY 2020-21 and FY 2021-22 have been continued. As on March 31, 2023, the total Expected Credit Loss (ECL) provision stood at Rs. 190.06 crore.

(ii) Treasury operations

During the period under review, your Company generated income/revenue of Rs. 24.49 crore from treasury operations of the Company as against Rs. 3.49 crore during the previous year. The increase in treasury income during the year was primarily on account of higher profits made by participating in Equity IPOs.

Segment wise performance of the Company

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

Segmental Information	Lending		Treasury	
	2023-24	2022-23	2023-24	2022-23
Total Revenue	287.14	241.98	24.49	3.49
Segment Result Profit/Loss	173.54	175.47	24.31	3.36

(Rs. in crore)



DIRECTORS' REPORT

(iii) Resource Mobilisation

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

Your Company was successful in getting fresh sanctions of term loans and short term lines of credit and getting existing short term lines of credit reviewed/renewed at competitive interest rates. As on March 31, 2024, the outstanding borrowings stood at Rs. 1464.41 crore. As on March 31, 2024, the short-term lines of credit/Overdraft facility availed from Banks stood at Rs. 326.95 crore and the outstanding term loans from Banks and Non-Banking Financial Companies stood at Rs. 1137.46 crore. Your company has been regular in servicing all its debt obligations and there have been no instances of breach of covenant in the loans availed by the Company.

(iv) Credit rating

Your Company enjoys the highest rating of A1+ from rating agencies, ICRA and CARE, for its short term borrowing programme. The rating for the Company's long term debt programme has been re-affirmed by rating agencies, ICRA and CARE at "AA-" (Outlook:Stable).

(v) Capital to Risk Assets Ratio (CRAR)

Your Company maintained CRAR well above the regulatory norms throughout the year. As on March 31, 2024 the CRAR stood at 57.86%. Going forward, with growth in loan book, while the CRAR is likely to come down, the same is expected to remain well above the regulatory requirement.

(vi) Risk Management

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

(vii) Information Technology framework

Your Company has in place an Information Security Policy, Cyber Security Policy, Cyber Crisis Management Plan, IT Service Outsourcing Policy and the Business Continuity Plan in line with extant RBI Master Directions. In line with RBI Master Direction dated June 08, 2017, the IT Strategy Committee comprising of two Independent Directors one of whom is Chairman, the MD & CEO, two external IT experts and IT Head was constituted by the Board. Subsequently, on issue of RBI Master Direction on IT Governance, Risk, Controls and Assurance Practices dated November 07, 2023, effective from April 01, 2024, the IT strategy Committee was re-constituted in line with the said RBI Directions, details of which are available on the Company's website at <https://www.stcionline.com/Corporate-Governance.aspx>.



DIRECTORS' REPORT

The Company has procured a Lending software, including a Loan Origination System (LOS), Loan Management System (LMS), and Loan Collection System (LCS), to automate the lending portfolio. The said lending software is under implementation. Your Company has achieved its first eWaste Green Certificate, demonstrating its commitment to environmentally friendly IT asset disposal. The IT team has conducted an in-house anti-phishing drill to enhance employee cyber awareness. Your Company has reconfigured endpoint security policies and implemented Operating System (OS) and Active Directory hardening policies to bolster endpoint protection. Your Company has established User Acceptance Testing (UAT) and Near DR on-premises environments for the Company's lending software to ensure robust business continuity.

(viii) Internal Financial Controls and their adequacy

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

(ix) Compliance

Your Company has been classified as a Middle layer NBFC (NBFC-ML) under RBI's Scaled based Regulation- A revised regulatory framework for NBFCs effective from October 01, 2022. Your Company complies and continues to ensure compliance with the requirements of RBI Master Direction – (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 vide Notification dated October 19, 2023 and other directions/ regulations that may be issued by RBI from time to time, to the extent applicable to the Company. Your Company is in compliance with applicable provisions of the Companies Act, 2013 including the accounting and secretarial standards, applicable to the Company. In order to strengthen compliance culture across business and functions, your Company has put in place a Compliance policy and Manual in accordance with applicable RBI Regulations.

No penalties have been imposed by RBI or other Regulatory authority or any Statutory Authority during the period under review.

(x) HR Resources

With a view to strengthening its human resources, your Company has been recruiting professionals with appropriate skills and experience at middle and junior management levels. Recognising the importance of knowledge enrichment of employees and exposing officers to the latest developments in the financial sector, your Company deutes its officers for appropriate training programmes, seminars and conferences. The internal HR team has been looking into various HR activities such as recruitment, induction and on-boarding of new employees, employee welfare, employee engagement activities, implementation and managing HRMS system, employee performance evaluation management, review of HR policies and processes and other routine HR operations.

As on March 31, 2024 the staff strength was 80, with 47 male employees including 3 Messengers and 33 female employees.

(xi) Outlook for the current year

The outlook for the Indian economy remains bright, underpinned by sustained strengthening of macroeconomic fundamentals, robust financial and corporate sectors and a resilient external sector. The government's continued thrust on capex while pursuing fiscal consolidation, and consumer and business optimism offers a favourable environment for credit market expansion. The NBFCs sector has demonstrated significant resilience, with credit growth accelerating in the post-pandemic period. However, global spillovers, tight funding environment, elevated funding costs and tightening of regulations for the NBFC sector pose risks to the growth outlook of the NBFC sector.



DIRECTORS' REPORT

Some recent media reports have highlighted the Regulator's discomfort with bank-owned NBFCs undertaking similar lines of business as the parent banks. This is a factor that has implications for your Company as well, given its shareholder profile. Your Company is in discussions with the Regulator and is awaiting formal regulatory guidelines before evaluating future business opportunities. Meanwhile, your Company has adopted a cautious approach towards newer business segments till clarity emerges on the way forward.

Your Company moderated its pace of credit growth during FY 2023-24 after two years of high credit growth in the post pandemic years of FY 2021-22 and FY 2022-23. Your Company focussed on diversification and granularity of its loan book and continued with its collection and recovery efforts. This led to a loan book well diversified across its various loan products and decline in the average ticket size of loans in FY 2023-24. The collection and recovery efforts have been fruitful with high recoveries in NPA and written off accounts. Given the external environment for NBFCs, the outlook of your Company for the current year remains positive with steady growth expected to be achieved this year. Your Company would continue to focus on the various Corporate loan segments / loan products of the Company with the objective of achieving diversification, granularity and stability in the Loan Book. Your Company would also foray into MSME lending with ticket size of Rs. 1 crore or more with specific focus on secured lending and loan against property. The strategy would be to build a sustainable granular loan book and achieve adequate sectoral as well as geographical diversification, while maintaining profitability. Your Company will continue to remain focused on collections and recoveries and asset quality management. Adequate liquidity will be maintained by the Company at all times to meet its business requirements. Your Company will focus on establishing robust risk management and compliance systems and processes across the Company's operations. Your Company has procured a new end to end loan management software which is under implementation and would cater to multi-product and multi-locational lending operations for the future growth of the company. Your company shall continue to be prudent and will remain focussed on maintaining a balance between growth and asset quality.

6. SUBSIDIARY COMPANIES & THEIR PERFORMANCE

As on March 31, 2024, your Company has two wholly owned subsidiaries, STCI Primary Dealer Limited and STCI Commodities Limited (under voluntary liquidation).

In terms of the provisions of Section 129(3) of the Companies Act, 2013, the Consolidated Financial Statements of the Company and its subsidiaries, STCI Primary Dealer Limited and STCI Commodities Limited (under voluntary liquidation) for the year ended March 31, 2024 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, 2013 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, 2024. However, brief comments on their performance during the year are being given in order to present a consolidated position of the operations of STCI Group to the shareholders.

(i) **STCI Primary Dealer Limited**

STCI Primary Dealer Limited, your Company's wholly owned subsidiary engaged in Primary Dealership business, reported a profit after tax of Rs. 197.76 crore for the financial year ended March 31, 2024 as against a profit after tax of Rs. 34.27 crore during the previous financial year.

The Audited financial statements along with the Auditors' Report of STCI Primary Dealer Limited for the financial year ended March 31, 2024 are available on the website of the Company at <https://www.stcionline.com/Investors-Corner.aspx>

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

Your subsidiary company, STCI Commodities Limited is under voluntary liquidation as per the provisions of Insolvency and Bankruptcy Code, 2016. Presently, its application for dissolution is pending before the NCLT.



DIRECTORS' REPORT

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

(i) Independent Directors

Appointment/Re-appointment

The Board of Directors at its meeting held on November 21, 2022, upon the recommendation of the Nomination, Remuneration & HRD Committee, recommended for the approval of the members, the appointment of Mr. Sidheswar Patra (DIN 05227796) as an Independent Director of the Company, not liable to retire by rotation for a term of three consecutive years with effect from November 21, 2022. At the 29th AGM of the Company held on September 07, 2023, the members approved the appointment of Mr. Sidheswar Patra as an Independent Director, not liable to retire by rotation for a term of three consecutive years with effect from November 21, 2022.

The Board of Directors at its meeting held on November 28, 2023, upon the recommendation of the Nomination, Remuneration & HRD Committee, appointed Ms. Reena Banerjee (DIN 10329776) as an Additional Director in the category of Non-Executive Independent Director with effect from November 28, 2023. In terms of Section 161 (1) of the Act read with Article 84 (1) of the Company's Articles of Association, Ms. Reena Banerjee holds office as an Additional Director of the Company upto the date of the ensuing AGM. The Board recommends her appointment as Independent Director, not liable to retire by rotation for a term of three consecutive years with effect from November 28, 2023, at the ensuing AGM pursuant to Section 149, 152 read with Schedule IV of the Act. A notice in writing has been received from a member under Section 160 of the Companies Act, 2013 proposing her appointment for the office of Director. The details of her proposed appointment and brief profile are furnished in the explanatory statement annexed to the Notice of the Annual General Meeting.

Retirement / Cessations

Ms. Thankom Mathew (DIN 00025326) retired as Independent Director of the Company on the conclusion of her second term at the close of business of September 20, 2023. The Board places on record its appreciation and recognition for the significant contribution and valuable services rendered by her during her tenure as Independent Director of the Company.

(ii) Nominee Directors

Appointment/Re-appointment

Pursuant to Bank of India's letter dated January 21, 2023, nominating Mr. Abhijit Bose, Chief General Manager of Bank of India, Head Office as Nominee Director on the Board of the Company, the Board of Directors at its meeting held on February 20, 2023 upon recommendation of the Nomination, Remuneration & HRD Committee, recommended for the approval of the members, the appointment of Mr. Abhijit Bose (DIN 10041742) as Nominee Director, liable to retire by rotation. At the 29th AGM held on September 07, 2023, members approved the appointment of Mr. Abhijit Bose as a Nominee Director of the Company, liable to retire by rotation.

Pursuant to Bank of India's email dated June 17, 2023, nominating Mr. Nitin Deshpande, Chief General Manager of Bank of India, as a Nominee Director on the Board of the Company, the Board of Directors at its meeting held on June 30, 2023 upon recommendation of the Nomination, Remuneration & HRD Committee, appointed Mr. Nitin Deshpande (DIN 09019330) as a Director in casual vacancy caused by change of nomination of Mr. Bikram Keshari Mishra in terms of Section 161(4) of the Companies Act, 2013 and Article 85(1) & (2) of the Company's Articles of Association. At the 29th AGM held on September 07, 2023, Mr. Nitin G. Deshpande was appointed as a Nominee Director of the Company liable to retire by rotation.

Subsequent to the year under review, pursuant to Bank of India's letter dated June 19, 2024, nominating Mr. Rajiv Mishra, Executive Director of Bank of India, as Nominee Director and Chairman on the Board of the Company, the Board of Directors upon recommendation of the Nomination, Remuneration & HRD Committee, appointed Mr. Rajiv Mishra (DIN 08889767) as an Additional Director & Chairman of the Company with effect from July 03, 2024. In terms of section 161 (1) of the Companies Act, 2013 read with Article 84(1) of the Company's Articles of Association, he holds



DIRECTORS' REPORT

office upto the ensuing AGM. The Board recommends his appointment as a Nominee Director liable to retire by rotation at the ensuing AGM of the Company. A notice in writing has been received from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director. The details of his proposed appointment and brief profile are furnished in the explanatory statement annexed to the Notice of the ensuing AGM.

Resignation/cessation

During the year under review, Mr. Bikram Keshari Mishra (DIN 06878231), ceased to be Nominee Director (nominee of Bank of India) of your Company with effect from June 17, 2023 pursuant to Bank of India's e-mail dated June 17, 2023 on change of nomination by Bank of India. The Board placed on record its appreciation for his significant contributions and the valuable services rendered by him as Nominee Director of the Company.

Retirement by rotation

Mr. Abhijit Bose (DIN 10041742), a Nominee Director liable to retire by rotation, retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as Director liable to retire by rotation at the ensuing AGM. His brief profile is given in the Explanatory Statement annexed to the Notice for the ensuing AGM.

(iii) Chairman on the Board of the Company

Subsequent to the year under review, pursuant to Bank of India's letter dated June 19, 2024, nominating Mr. Rajiv Mishra, Executive Director of Bank of India, as Nominee Director and Chairman on the Board of your Company, the Board of Directors, upon the recommendation of the Nomination, Remuneration & HRD Committee, appointed Mr. Rajiv Mishra as Chairman on the Board of your Company w.e.f. July 03, 2024.

(iv) Managing Director & CEO

Subsequent to the year under review, the Board of Directors at its meeting held on July 31, 2024, upon the recommendation of the Nomination, Remuneration & HRD Committee and subject to approval of the members, re-appointed Mr. V Narayanamurthy (DIN 00555704), as Managing Director & CEO with effect from September 01, 2024 for a further term of two years. In terms of Sections 203, 196, 197, 203, read with Schedule V of the Companies Act, 2013, the requisite resolution in regard to re-appointment of Mr. V Narayanamurthy as Managing Director & CEO with effect from September 01, 2024 is included in the Notice of the ensuing AGM for the approval of the members.

(v) Key Managerial personnel

As on March 31, 2024, Mr. V. Narayanamurthy, Managing Director & CEO, Ms. Suparna Sharma, Company Secretary & Chief Compliance Officer and Mr. Kamlesh Rathi, Chief Financial Officer are the Key Managerial Personnel of your Company in terms of provisions of the Companies Act, 2013 and the rules made thereunder.

8. DECLARATION BY INDEPENDENT DIRECTORS

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

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



DIRECTORS' REPORT

9. CORPORATE GOVERNANCE

Your Company recognizes its role as a responsible corporate citizen and endeavours to adopt good practices and standards of corporate governance. In order to adopt best practices and ensure greater transparency in its operations, your Company has put in place, with the approval of the Board, Internal Guidelines on Corporate Governance in line with the updated RBI (NBFC-Scale Based Regulations) Direction, 2023. Your Company's Internal Guidelines on Corporate Governance duly approved by the Board of Directors are available on the Company's website at <https://www.stcionline.com/Corporate-Governance.aspx>

I. BOARD OF DIRECTORS

The Board of Directors along with its constituted Committees provide strategic direction and guidance to your Company's management and review the performance of your Company at periodic intervals. The Directors bring to the Board a wide range of experience and skills business, banking, finance accounting, Risk, Governance, regulatory oversight and other allied fields which enable them to effectively contribute to the Company as Directors. None of the Directors of your Company are related to each other. The Board of Directors of your Company have an optimum combination of Executive, Non-Executive, Independent and Woman Directors in compliance with provisions of the Companies Act, 2013 read with the rules framed there and the applicable laws and regulations.

Composition of the Board

The Board of Directors comprise of professionals with wide experience and skills in the field of Banking and Finance. As on March 31, 2024, the Board comprised of seven Directors consisting of (i) Six Non-Executive Directors out of which four are Independent viz., Ms. Reena Banerjee (Independent), Mr. Arun Kumar Mandal (Independent), Mr. Gopal Singh Gusain (Independent), Mr. Sidheswar Patra (Independent), Mr. Abhijit Bose, Nominee Director (nominee of Bank of India) and Mr. Nitin Deshpande, Nominee Director (nominee of Bank of India) (ii) One Executive Director viz. Mr. V Narayanamurthy, Managing Director & CEO.

Meetings held during the financial year

During the financial year 2023-24, eleven meetings of the Board were held on April 26, 2023, April 27, 2023, June 05, 2023, June 30, 2023, July 26, 2023, August 11, 2023, October 25, 2023, October 31, 2023, November 28, 2023, January 15, 2024 and January 29, 2024. The composition of the Board and attendance of Directors at the Board meetings held during the financial year under review are given below:

Sl. No.	Name of Director	Director since	Category	Number of meetings attended /number of meetings held during the tenure of Director	No. of other Director-ships	No. of shares held / convertible instruments held in the NBFC	Attendance at the last AGM
1.	Ms. Thankom Mahtew (DIN 00025326)	August 27, 2015	Independent Director (Upto September 20, 2023)	6/6	1	Nil	Yes
2.	Mr. Arun Kumar Mandal (DIN 09726014)	September 06, 2022	Independent Director	11/11	Nil	Nil	Yes
3.	Mr. Gopal Singh Gusain (DIN 03522170)	September 06, 2022	Independent Director	11/11	3	Nil	Yes

**DIRECTORS' REPORT**

Sl. No.	Name of Director	Director since	Category	Number of meetings attended /number of meetings held during the tenure of Director	No. of other Director-ships	No. of shares held / convertible instruments held in the NBFC	Attendance at the last AGM
4.	Mr. Sidheswar Patra (DIN 05227796)	November 21, 2022	Independent Director	11/11	Nil	Nil	Yes
5.	Ms. Reena Banerjee (DIN 10329776)	November 28, 2023	Independent Director	2/2	Nil	Nil	NA
6.	Mr. Abhijit Bose (DIN 10041742)	February 20, 2023	Independent Director	10/11	Nil	Nil	Yes
7.	Mr. Bikram Mishra (DIN 06878231)	July 16, 2021	Nominee Director (Upto June16, 2023)	2/3	Nil	Nil	NA
8.	Mr. Nitin Deshpande (DIN 09019330)	June 30, 2023	Nominee Director	5/7	Nil	Nil	Yes
9.	Mr. V Narayanamurthy (DIN 00555704)	September 01, 2021	Managing Director & CEO	11/11	3	Nil	Yes

Disclosure of relationships between Directors inter-se

There were no inter-se relationships between any of the Directors of your Company.

Details of change in composition of the Board during the current and previous financial year

Sl. No.	Name of Director	Category	Nature of change (Resignation, Appointment)	Effective date
1.	Mr. Bikram Mishra (DIN 06878231)	Nominee Director	Change/ withdrawal of Nomination by Bank of India	June 17, 2023
2.	Mr. Nitin Deshpande (DIN 09019330)	Nominee Director	Appointment	June 30, 2023
3.	Ms. Thankom Mathew (DIN 00025326)	Independent Director	Retirement	September 21, 2023
4.	Ms. Reena Banerjee (DIN 10329776)	Independent Director	Appointment	November 28, 2023
5.	Mr. Rajiv Mishra (DIN 08889767)	Chairman and Nominee Director	Appointment	July 03, 2024



DIRECTORS' REPORT

II. COMMITTEES OF THE BOARD

Presently, your Company has the following six Board Level Committees. The composition, scope and functions of these Committees, the number of meetings held during the financial year 2023-24 and attendance at the Committee meetings have been detailed below:

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

(i) **Audit Committee**

Audit Committee has been constituted by the Board of Directors in line with requirements of Section 177 of the Companies Act, 2013 read with the rules framed there under and other laws and regulations as may be applicable to the Company.

Composition

As on March 31, 2024, the Audit Committee of the Board comprised of three Directors all of whom including the Chairman of the Committee are Independent. Mr. Gopal Singh Gusain (Independent) is the Chairman of the Committee and other members of the Committee are Mr. Sidheswar Patra (Independent) and Ms. Reena Banerjee (Independent). All members of the Audit Committee have requisite financial and management expertise and have held or hold senior/ top positions in reputed Institutions.

Scope and Functions

The scope and functions of the Audit Committee are as per the provisions of the Section 177 of Companies Act, 2013, the applicable RBI Master Directions and other laws and regulations applicable to the Company. The scope and functions of the Audit Committee inter alia includes:

- (i) oversight of the financial reporting process and the disclosure of its financial information to ensure the financial statement is correct, sufficient and credible;
- (ii) recommendation for appointment, remuneration and terms of appointment of auditors of the entity including payment for other services rendered by Statutory Auditors.
- (iii) review, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. matters required to be included in the director's responsibility statement included in the board's report in terms of Section 134 (1)(c) of the Companies Act, 2013;
 - b. changes, if any, in accounting policies and practices and reasons for the same;
 - c. major accounting entries involving estimates based on the exercise of judgment by management;
 - d. significant adjustments made in the financial statements arising out of audit findings;
 - e. disclosure of any related party transactions;

**DIRECTORS' REPORT**

- (iv) review, with management, the quarterly financial statements before submission to the board for approval;
- (v) review and monitor auditor's independence and performance, and effectiveness of audit process;
- (vi) approval or any subsequent modification of transactions with related parties;
- (vii) scrutiny of inter-corporate loans and investments and valuation of undertakings or assets
- (viii) evaluation of internal financial controls and risk management systems;
- (ix) review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems; the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (x) discussion with internal auditors of any significant findings and follow up there on;
- (xi) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (xii) review the functioning of the whistle blower mechanism;
- (xiii) approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
- (xiv) Exercise oversight of Information Systems (IS) Audit and review IS Audit Policy at least annually.
- (xv) review critical issues highlighted related to IT / information security / cyber security and provide appropriate direction and guidance to the Management.
- (xvi) Carrying out any other function as delegated by the Board from time to time.

Meetings held during the financial year

During the financial year 2023-24, seven Audit Committee meetings were held on April 26, 2023, April 27, 2023, July 26, 2023, October 25, 2023, October 31, 2023, January 29, 2024 and March 27, 2024. 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 Member	Member of Committee since	Category of Director	Number of meetings attended /number of meetings held during the tenure of Director
Mr. Gopal Singh Gusain	December 21, 2022 (Chairman of the Committee)	Independent Director	7/7
Ms. Thankom Mathew	November 07, 2015 (Upto September 20, 2023)	Independent Director	3/3
Mr. Sidheswar Patra	December 21, 2022	Independent Director	7/7
Mr. Arun Kumar Mandal	October 03, 2023 (Upto January 15, 2024)	Independent Director	2/2
Ms. Reena Banerjee	January 15, 2024	Independent Director	2/2



DIRECTORS' REPORT

(ii) Nomination, Remuneration & HRD Committee

The Nomination, Remuneration & HRD Committee has been constituted by the Board in line with requirements of Section 178 of the Companies Act 2013, the applicable RBI Regulations and other laws/ regulations as may be applicable to the Company.

Composition:

As on March 31, 2024, the Nomination, Remuneration & HRD Committee comprised of three Directors all of whom including the Chairperson of the Committee are Independent. Ms. Reena Banerjee (Independent) is the Chairperson of the Committee and the other members are Mr. Arun Kumar Mandal (Independent) and Mr. Gopal Singh Gusain (Independent).

Scope and Functions

The scope and functions of the Nomination, Remuneration & HRD Committee are as per the provisions of Section 178 of the Companies Act, 2013, the applicable RBI Regulations and other laws/ regulations as may be applicable to the Company. The scope and functions of the Nomination, Remuneration & HRD Committee inter alia includes:

- (i) formulation of the criteria for determining qualifications, positive attributes, fit and proper criteria and independence of a director
- (ii) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (iii) recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (iv) 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.
- (v) formulation of criteria for evaluation of performance of independent directors and the board of directors; specify the manner for effective evaluation of performance of the Board, its committees and its individual directors to be carried out either by the Board, by the Committee, by an independent external agency and review its implementation and compliance.
- (vi) review the Human Resources policy and procedure to be followed by the Company besides the remuneration to be paid to the Managing Director
- (vii) Any other matter that may be delegated by the Board from time to time.

Meetings held during the financial year

During the financial year 2023-24, four Meetings of the Nomination, Remuneration & HRD Committee were held on April 27, 2023, June 30, 2023, July 26, 2023 and November 22, 2023. 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:

**DIRECTORS' REPORT**

Name of Member	Member of Committee since	Category	Number of meetings attended / number of meetings held during the tenure of Director
Ms. Thankom T Mathew	November 07, 2015 (Chairperson of the Committee upto September 20, 2023)	Independent Director	3/3
Mr. Arun Kumar Mandal	September 28, 2022	Independent Director	4/4
Mr. Sidheswar Patra	December 21, 2022 (Upto January 15, 2024)	Independent Director	4/4
Mr. Gopal Singh Gusain	October 03, 2023 (Chairman of the Committee from October 03, 2023 to January 14, 2024)	Independent Director	1/1
Ms. Reena Banerjee	January 15, 2024 (Chairperson of the Committee w.e.f. January 15, 2024)	Independent Director	NA

(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 and other laws and regulations as may be applicable to the Company.

Composition

As on March 31, 2024, the CSR Committee comprised of three Directors out of which two members including the Chairperson of the Committee are Independent. Mr. Arun Kumar Mandal, (Independent) is the Chairman of the Committee and the other members are Mr. Sidheswar Patra (Independent) and Mr. V Narayanamurthy (MD & CEO).

Scope and Functions

The scope and functions of the CSR Committee are as per Section 135 of Companies Act, 2013 read with the rules framed thereunder and other Regulations as may be applicable to the Company. The scope and functions of the CSR Committee *inter alia* includes :

- (i) Formulate and recommend to the Board the CSR Policy and any amendments thereof which shall indicate the activities to be undertaken by the Company in areas or subjects as specified in Schedule VII of the Act ;
- (ii) Recommend to the Board the amount of expenditure to be incurred on the activities as per CSR Policy;
- (iii) Monitor the CSR policy of the Company from time to time
- (iv) Formulate and recommend to the Board, an annual action plan in pursuance of the CSR Policy and the provisions of the Act and recommend any alteration in the Action Plan based on reasonable justification to this affect
- (v) Institute a monitoring and reporting mechanism for implementation of CSR projects or programs or activities undertaken by the Company and ensure that the CSR funds disbursed have been utilised for the purposes and manner laid down in the Action Plan



DIRECTORS' REPORT

(vi) Any other matter/thing as may be considered expedient in furtherance of the CSR Policy of the Company.

Meetings held during the financial year

During the financial year 2023-24, two Meetings of the CSR Committee of the Board were held on July 26, 2023 and March 27, 2024. 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 Committee member	Member of Committee since	Category	Number of meetings attended /number of meetings held in the tenure of Director
Ms. Thankom T Mathew	November 02, 2016 (Chairperson of the Committee upto September 20, 2023)	Independent Director	1/1
Mr. Arun Kumar Mandal	October 03, 2023 (Chairman of the Committee w.e.f. October 03, 2023)	Independent Director	1/1
Mr. Sidheswar Patra	December 21, 2022	Independent Director	2/2
Mr. V Narayanamurthy	September 01, 2021	Managing Director & CEO	2/2

(iv) Credit and Investment Committee (CIC)

Composition

As on March 31, 2024, the Credit and Investment Committee of the Board comprised of three Directors out of which two are Independent. Mr. V Narayanamurthy, MD & CEO is the Chairman of the Committee and the other members are Mr. Arun Kumar Mandal (Independent) and Mr. Gopal Singh Gusain (Independent).

Scope and Functions

The scope and functions of the CIC Committee in particular include –

- (i) Consider and approve loan and investment proposals beyond the delegated authority of the Credit Committee of Executives (CCE), subject to the limits laid down by the Board for exposures to a single borrower and a borrower group etc.
- (ii) Review reports / other matters relating to credit and investments
- (iii) Ensuring effective and efficient lending practices in accordance with the Board approved Policies and Guidelines
- (iv) Reviewing and approving the development and adoption of lending methodologies and tools commensurate with the nature and size of the lending activity of Company
- (v) Approving lending and investment exposures taken by the Company in accordance with approved policies of the Company
- (vi) Periodical review of the loan and investment portfolio of the Company
- (vii) Periodical review of the progress in lending business of the Company

**DIRECTORS' REPORT**

- (viii) Periodical review of the resolution and recovery measures taken by the Company
- (ix) Approving restructuring, OTS and other resolution proposals for stressed accounts as per the Board approved policies
- (x) Any other matter that may be delegated by the Board from time to time.

Meetings during the financial year

During the financial year 2023-24, fifteen meetings of Credit and Investment Committee were held on April 13, 2023, June 28, 2023, July 12, 2023, July 26, 2023, August 07, 2023, August 11, 2023, September 04, 2023, September 25, 2023, October 17, 2023, November 06, 2023, November 20, 2023, December 11, 2023, December 21, 2023, February 07, 2024 and February 27, 2024. The composition of the Committee and attendance of the members at the Committee meetings held during the financial year 2023-24 are given below:

Name of Committee member	Member of Committee since	Category	Number of meetings attended /number of meetings held during the tenure of Directors
Mr. V. Narayanamurthy	September 01, 2021 (Chairman of the Committee)	Managing Director & CEO	15/15
Mr. Arun Kumar Mandal	September 10, 2022	Independent Director	15/15
Mr. Gopal Singh Gusain	December 21, 2022	Independent Director	15/15

(v) Risk Management Committee

The Risk Management Committee has been constituted by the Board in line with the updated RBI Master Directions, 2016 on corporate governance guidelines and other laws and regulations as may be applicable to the Company.

Composition

As on March 31, 2024, the Risk Management Committee comprised of four Directors out of which three Directors including the Chairman of the Committee is Independent. Mr. Sidheswar Patra (Independent) is the Chairman of the Committee and the other members are Ms. Reena Banerjee (Independent), Mr. Gopal Singh Gusain (Independent) and Mr. V Narayanamurthy (MD & CEO).

Scope and Functions

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

- (i) Approve and review the Risk management policy covering (i) A framework for identification of internal and external risks (ii) Measures for risk mitigation for internal control of identified risks
- (ii) Ensure appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company
- (iii) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (iv) To periodically review the risk management framework/risk management policies, at least once in two years, including by considering the changing industry dynamics and evolving complexity. Defining the risk appetite, setting up prudential exposure/concentration limits commensurate with the risk appetite of the Company



DIRECTORS' REPORT

- (v) To review and update the IT Risk Management Policy at least on a yearly basis in consultation with the IT Strategy Committee. Establish a robust Risk Management Framework involving (i) Implementation of a comprehensive information security management function; (ii) Periodic review of internal controls and processes; (iii) Define roles and responsibilities of stakeholders
- (vi) Approve and review compliance with the approved risk policies, the prudential limits, parameters, procedures etc. under the risk policies and monitor the breaches/ triggers of risk tolerance limits and direct action in this regard
- (vii) Recommending mitigation/ internal controls for the risks faced
- (viii) Reporting model risk for individual models and in aggregate along with compliance with the model risk policy to the Risk Management Committee
- (ix) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken
- (x) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee
- (xi) Any other matter that may be delegated by the Board from time to time.

Meetings during the financial year

During the financial year 2023-24, five meetings of the Risk Management Committee were held on June 05, 2023, June 30, 2023, August 11, 2023, November 22, 2023 and March 27, 2024. The composition of the Committee and attendance of the members at the Committee meetings held during the financial year 2023-24 are given below:

Name of Committee member	Member of Committee since	Category	Number of meetings attended /number of meetings held during the tenure of Directors
Mr. Sidheswar Patra	December 21, 2022 (Chairman of the Committee)	Independent Director	5/5
Ms. Reena Banerjee	January 15, 2024	Independent Director	1/1
Mr. Gopal Singh Gusain	December 21, 2022	Independent Director	5/5
Mr. V Narayanamurthy	September 01, 2021	Managing Director & CEO	5/5
Mr. Arun Kumar Mandal	September 28, 2022 (Upto January 14, 2024)	Independent Director	4/4

(vi) IT Strategy Committee

IT Strategy Committee has been constituted by the Board of Directors in line with the applicable RBI Direction and other laws and regulations as applicable to the Company.

Composition

As on March 31, 2024, the IT Strategy Committee of the Board comprised of six Members out of which three members including the Chairman of the Committee are Directors, two are Outside IT experts and one Member is a Senior Executive. Mr. Arun Kumar Mandal (Independent), is the Chairman of the Committee and other members of the Committee are Mr. Sidheswar Patra (Independent), Mr. V Narayanamurthy (Managing Director & CEO), Mr. Praveen Mata (Outside IT expert), Mr. Nagamohan Gollangi (Outside IT expert) and Mr. Atul Pathak (CTO).



DIRECTORS' REPORT

Scope and Functions

The scope and functions of the IT Strategy Committee are as per the RBI Master Direction dated June 08, 2017 on IT Framework for NBFCs applicable upto March 31, 2024 and RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 07, 2023 effective from April 01, 2024 and other laws and regulations as may be applicable to the Company. The scope and functions of the IT Strategy Committee inter alia includes:

- (i) Ensure that the management has put an effective strategic planning process in place;
- (ii) Guide in preparation of IT Strategy and ensuring that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives;
- (iii) Approve and review the various IT related Policies and recommend for the approval of the Board. Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation;
- (iv) Ensure that the Management has put in place processes for assessing and managing IT and cybersecurity risks;
- (v) Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and
- (vi) Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.

Meetings held during the financial year

During the financial year 2023-24, three IT Strategy Committee meetings were held on June 30, 2023, October 25, 2023 and November 22, 2023. The composition of the IT Strategy Committee and attendance of the members at the Committee meetings held during the financial year under review are given below:

Name of Committee member	Member of Committee since	Category	Number of meetings attended /number of meetings held during the tenure of Director
Mr. Arun Kumar Mandal	September 28, 2022 (Chairman w.e.f December 21, 2022)	Independent Director	3/3
Mr. Gopal Singh Gusain	December 21, 2022 (Upto January 15, 2024)	Independent Director	3/3
Mr. V Narayanamurthy	September 01, 2021	Managing Director & CEO	3/3
Mr. Sidheswar Patra	January 15, 2024	Independent Director	NA
Ms. Archana Bhide	November 01, 2020 (Upto October 25, 2023)	IT Head- STCI Finance Ltd	1/1
Mr. Nagamohan Gollangi	March 30, 2022	Outside IT expert	3/3
Mr. Praveen Mata	August 09, 2017	Outside IT expert	3/3
Mr. Atul Pathak	October 25, 2023	CTO	2/2



DIRECTORS' REPORT

(vii) Independent Directors' Meeting

During the financial year 2023-24, one Independent Directors meeting was held on March 27, 2024 in accordance with the provisions of Schedule IV of the Companies Act, 2013. The said Meeting was attended by all Independent Directors of the Company.

III. General Body Meetings

Details of Special Resolution passed at the General Body Meetings held during the last three financial years are given below:

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1.	29 th Annual General Meeting	September 07, 2023 at 03.30 pm Meeting conducted through Video conferencing	1. Revision in terms of remuneration of Mr. V Narayanamurthy (DIN 00555704), Managing Director & CEO of the Company. 2. Private Placement of Non-Convertible Debentures and/or other Debt Securities. 3. Alteration of Articles of Association of the Company.
2.	28 th Annual General Meeting	September 28, 2022 at 03.00 pm Meeting conducted through Video conferencing	Revision in terms of remuneration of Mr. V Narayanamurthy (DIN 00555704), Managing Director & CEO of the Company.
3.	27 th Annual General Meeting	September 27, 2021 at 03.00 pm Meeting conducted through Video conferencing	Extension of the tenure of Mr. Pradeep Madhav as Managing Director & CEO.

IV. 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 your 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, General Manager, CFO, Head of Resources, Head of IT, Head of Credit, Head of Treasury and Head of Risk.

(ii) Credit Committee of Executives (CCE)

The Credit Committee of Executives considers and sanctions loans and investment exposures within the powers delegated to it by the Board. For sanctioning credit proposals, the Credit Committee of Executives has been constituted with Managing Director & CEO, General Manager, Deputy General Manager (Credit), Deputy General



DIRECTORS' REPORT

Manager (Credit Monitoring) and Chief Financial Officer as its members. Head of Risk is a permanent invitee to the Credit Committee of Executives for giving his independent views on the credit proposals from the risk perspective.

(iii) Investment Committee

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

(iv) Internal Complaints Committee

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

(v) Internal Rating Committee of Executives

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

(vi) IT Steering Committee

The IT Steering Committee of Executives has been constituted in line with RBI (Information Technology (IT) Governance, Risk, Controls and Assurance Practices) Directions, 2023 with representation at Senior Management level from IT and business functions for assisting the IT Strategy Committee in the implementation of the IT Policy and IT Strategy, setting general standards for IT projects, ensuring compliance with technology standards, ensuring effective implementation of the IT infrastructure, advising the IT Strategy Committee/ CEO on IT Strategy, overseeing the BCP, etc. The IT Steering Committee of Executives shall comprise of Managing Director & CEO, General Manager, IT head and all other functional heads. The Managing Director & CEO shall head the IT Steering Committee of Executives.

(vii) Information Security Committee of Executives

The Information Security Committee has been constituted under the oversight of the IT Strategy Committee for managing cyber/ information security in line with RBI (Information Technology (IT) Governance, Risk, Controls and Assurance Practices) Directions, 2023. The Information Security Committee shall comprise of Managing Director & CEO, General Manager, Chief Information Security Officer (CISO), Head of IT, Head of Risk Management, business and other functional heads or representatives from business or functional departments and such other members as may be decided from time to time. The Managing Director & CEO shall head the Committee.

(viii) Other Committees of Executives

In addition to above Committees of Executives, the Operational Risk Management Committee of Executives, Internal Staff Accountability Committee of Executives and Name Clearance Committee of Executives have been constituted for effective functioning of the Company.



DIRECTORS' REPORT

10. ANNUAL RETURN

Pursuant to the provisions of Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2024 is available on the website of the Company at <https://www.stcionline.com/Investors-Corner.aspx>

11. 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 Regulations/directions, the Board Directors, upon the recommendation of the Nomination, Remuneration & HRD Committee, have approved the policy on Directors' Appointment and Remuneration for Directors/ Key Managerial Personnel /Senior Management Personnel / other employees. The said policy has been annexed to this Report as **Annexure I**.

Details of remuneration paid to Directors for FY 2023-24 :

The Non-Executive Directors including Independent Directors of your Company are paid sitting fees for each meeting of the Board and Committee thereof attended by them. The sitting fees payable to Non-Executive Directors including Independent Directors is determined by the Board of Directors upon the recommendations of the Nomination, Remuneration & HRD Committee in accordance with the provisions of the Companies Act, 2013 and the rules framed thereunder. Presently, sitting fees payable to each Non-Executive Director including Independent Director is Rs. 50,000/- for each meeting of the Board attended by them and Rs. 30,000/- for each Committee of the Board attended by them. The Remuneration payable to the Managing Director & CEO is also determined by the Board of Directors upon the recommendation of the Nomination, Remuneration & HRD Committee in accordance with the applicable provisions of the Companies Act, 2013 and approved by shareholders at the general meeting. The details of remuneration paid to Directors in FY 2023-24 are given below:

Sl. No.	Name of Director	Category	Salary and other compensation (in Rs.)	Sitting fee (in Rs.)	Commission (in Rs.)
1.	Ms. Thankom T Mathew (DIN 00025326)	Independent Director (Upto September 20, 2023)	NA	5,10,000	NA
2.	Mr. Arun Kumar Mandal (DIN 09726014)	Independent Director	NA	14,80,000	NA
3.	Mr. Gopal Singh Gusain (DIN 03522170)	Independent Director	NA	16,00,000	NA
4.	Mr. Sidheswar Patra (DIN 05227796)	Independent Director	NA	12,10,000	NA
5.	Ms. Reena Banerjee (DIN 10329776)	Independent Director (w.e.f. November 28, 2023)	NA	2,20,000	NA
6.	Mr. Bikram Mishra (DIN 06878231)	Nominee Director (Upto June 17, 2023)	NA	1,00,000	NA
7.	Mr. Abhijit Bose (DIN 10047742)	Nominee Director	NA	5,00,000	NA
8.	Mr. Nitin Deshpande (DIN 09019330)	Nominee Director (w.e.f. June 30, 2023)	NA	2,50,000	NA
9.	Mr. V Narayanamurthy (DIN 00555704)	Managing Director & CEO	*2,06,20,341	NA	NA

* Remuneration includes salary, perquisites, profits in lieu of salary as defined under section 17 of the Income Tax Act, 1961 and Company's contribution to Provident Fund.



DIRECTORS' REPORT

12. PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND DIRECTORS

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

As per the laid down evaluation process, the Independent Directors at their separate meeting held on March 27, 2024 discussed and rated their feedback on the evaluation of the Non-Independent Directors including the Managing Director and the Board as whole including the quality, quantity and timeliness of flow of information to the Board. On the same lines, the Board of Directors at its meeting held on May 03, 2024 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.

13. PARTICULARS OF RELATED PARTY TRANSACTIONS

As per the applicable RBI Master Directions, the Board of Directors based on the recommendation of the Audit Committee, have approved the Policy on Related Party Transactions based on the provisions of the Companies Act, 2013 and the rules framed there under. The said policy on Related Party Transactions is annexed to this Report as **Annexure II**

All transactions entered into with the related parties under the Companies Act, 2013 during the year were in the ordinary course of business and on arms length basis. There are no materially significant related party transactions made by your Company with the Directors or Key Managerial Personnel or other related parties that may have a potential conflict with the interest of the Company at large. Omnibus approval of the Audit Committee is obtained for transactions which are of repetitive nature. All transactions with related parties under the Act are placed before the Audit Committee and the Board for review on quarterly basis. The details of material transactions or contracts or arrangements entered into with related parties in the ordinary course of business and on arms length basis at an aggregate level for financial year 2023-24 are annexed to this Report as **Annexure III**.

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

14. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186

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



DIRECTORS' REPORT

15. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

As per the provisions of the Companies Act, 2013, the Budgeted CSR expenditure of your Company for FY 2023-24 based on 2% of the average net profits made during the last 3 financial years was Rs. 219.55 Lakhs . After setting off the excess CSR expenditure of Rs. 0.67 Lakhs in FY 2022-23, the total CSR obligation of the Company for FY 2023-24 was Rs. 218.88 Lakhs. During FY 2023-24, the Company has spent Rs. 220.53 Lakhs towards various CSR activities/ projects as per the approved CSR Action Plan for the year as against the CSR obligation of Rs. 218.88 Lakhs for FY 2023-24. The Annual Report on CSR activities in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, is annexed to this Report as **Annexure IV**.

16. VIGIL MECHANISM

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 and the rules framed there under, your 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 your Company at <https://www.stcionline.com/Corporate-Governance.aspx>

17. DISCLOSURE OF REMUNERATION AND OTHER RELATED DISCLOSURES

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

18. AUDITORS

Statutory Auditors & their Report

Pursuant to the provisions of Section 139(5) of the Companies Act, 2013 read with rules framed thereunder, M/s R S V A & Co, Chartered Accountants, Mumbai were appointed as the Statutory Auditors of your Company by the Comptroller & Auditor General of India (C&AG) for the financial year ended March 31, 2024.

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

Secretarial Auditors & their report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company appointed Ms. Hetal B. Shah, Practicing Company Secretary, FCS 8063 CP 8964, to undertake the Secretarial Audit of your Company for FY 2023-24 . In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2023-24 is appended to this Report as **Annexure V**.



DIRECTORS' REPORT

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

Comments of C & AG

C&AG have conducted a supplementary audit of your Company's Standalone Financial Statements for the year ended March 31, 2024 in terms of Section 143 (6)(a) of the Companies Act, 2013. CAG vide its letter No. GA/CA-I/Accounts/ STCI Finance Ltd/ 2023-24/61 dated July 29, 2024 have issued a "Nil Comment" report on the standalone and consolidated financial statements stating that there is nothing significant which would give rise to any comment upon or supplement to Statutory Auditors' Report. The said report of C & AG forms part of this Annual report.

Internal & Concurrent Auditors

Internal Audit is conducted at regular intervals by your Company's in-house Internal Audit Department and the Internal Audit Reports are reviewed by the Audit Committee of the Board on quarterly basis. M/s. Borkar & Muzumdar, Chartered Accountants were appointed as Concurrent Auditors of your Company for FY 2023-24 to primarily conduct transaction level audit and facilitate Internal Audit Department in performing substantive procedures. The scope of internal audit included review of adequacy and effectiveness of the internal control systems, identification and evaluation of materiality of risks and amelioration of internal control systems in critical areas of Credit operations, Treasury operations, Resource Management, Regulatory, Statutory compliance, Information system, Accounting and Financial reporting.

19. 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.

20. 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 your 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.

21. PUBLIC DEPOSITS

During the year the financial year 2023-24, 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.

22. 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.

23. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY AND FUTURE OPERATIONS OF THE COMPANY

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

24. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)

During the year ended 31 March, 2024, your company had filed application under the Insolvency and Bankruptcy Code, 2016 ("IBC") for 4 loan accounts. As on 31 March, 2024, total number of applications filed and pending under the Code are 9 cases



DIRECTORS' REPORT

amounting to 490.44 crores. No proceeding is pending against your company under the Code. During the year, your company had not made any one-time settlement with banks or financial institutions.

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

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

26. 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.

27. ANNEXURES FORMING PART OF THIS REPORT OF DIRECTORS

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

- (i) Policy on Directors appointment and remuneration for Directors/ KMP/senior management personnel / other employees-**Annexure I**
- (ii) Policy on Related party transactions- **Annexure II**
- (iii) Related party transactions under Section 188(1) in Form AOC-2- **Annexure III**
- (iv) Annual report on CSR activities- **Annexure IV**
- (v) Secretarial Audit Report for financial year 2023-24 - **Annexure V**
- (vi) Particulars of employees under Section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014- **Annexure VI** (Refer to para 17 of this Report)



DIRECTORS' REPORT

28. CAUTIONARY STATEMENT

Statements in this Directors' Report describing your 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 your Company's operations include (but is not exhaustive) demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and other incidental factors.

29. ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Date: 29.08.2024

Place: Mumbai

**Chairman
(DIN 08889767)**



ANNEXURE I TO THE DIRECTORS' REPORT

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

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

- (a) The Committee shall identify and ascertain the ethical standards of the integrity and probity, qualification, expertise, track record, skill sets and experience of the person for appointment as Director and accordingly recommend to the Board his / her appointment. For appointment of an Independent Director, the Committee may evaluate the skills, knowledge and experience and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities as identified. For the purpose of identifying suitable candidate, the Committee may consider candidate from a wide range of backgrounds, having due regard to diversity and the time commitments of the candidate.
- (b) The qualifications/ eligibility, positive attributes and fit and proper criteria to be considered while recommending a candidate proposed for appointment / re-appointment as a Director shall include the following :

(i) Qualifications/eligibility

- a) The candidate shall possess appropriate and adequate qualifications, skills, expertise and professional experience in sectors/ areas relevant to the Company and / other areas including but not limited to finance, accounts, risk management, law, corporate governance, Information Technology etc. which can help to effectively contribute towards the goals of the Company. It shall be ensured that the Board composition has an appropriate mix of education and experience within the Board with atleast one Director having relevant experience of having worked in a Bank or Non-Banking Financial Company. He/ She shall have a sound business judgement and the ability to contribute constructively at the Board deliberations.
- b) The candidate proposed for appointment/ re-appointment as Independent Director should not have attained the age of seventy years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. The candidate proposed for appointment or re-appointment as Managing Director/ Whole Time Director should not have attained the age of sixty years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.
- c) The candidate proposed for appointment shall be eligible under the provisions of the Companies Act, 2013 and the rules made thereunder, the SEBI Listing Regulations, the RBI Act 1934, the updated RBI Master Directions, and other applicable law(s) for the time being in force; The eligibility criteria to be met by candidate proposed for appointment shall include:
- The Candidate must be in possession of his Director Identification Number (DIN)
 - The candidate proposed for appointment shall possess the qualifications and criteria of independence stipulated for Independent Directors under the Companies Act 2013 and rules framed there under and the SEBI listing Regulations (amended from time to time). The name and prescribed particulars of such person shall appear in the data bank maintained by the Indian Institute of Corporate Affairs, as required by the Companies (Creation and Maintenance of data bank of Independent Directors) Rules, 2019, as may be amended from time to time.
 - The candidate proposed for appointment shall comply with the limit of directorships under the Companies Act, 2013, the applicable RBI regulations and the SEBI (LODR) regulations, 2015, as and when they become applicable.

In case of appointment as Independent Director, the candidate shall not be an Independent Director in more than 3 Middle layer and Upper Layer NBFCs at the same time. Further, the Board shall ensure that



there is no conflict of interest arising from the Independent Director being on the Board of another NBFC at the same time. There shall be no restriction on having directorship on the Board of Base layer NBFCs, subject to the limit of directorships under the provisions of the Companies Act, 2013 and the SEBI listing regulations, as may be applicable to the Company.

In case of appointment of MD & CEO, the candidate shall not serve as an Independent Director in more than three listed entities and shall not hold office including Directorship on any other middle layer and upper layer NBFC except directorship in its subsidiary. However, a MD & CEO can be appointed as a Director in any other Company including a Base layer NBFC with the permission of the Board of Directors.

- The Candidate does not suffer any of the disqualifications referred under the Companies Act, 2013 viz, he should not be of unsound mind or an undischarged insolvent, must have not have applied to be adjudicated as an insolvent and his application must not be pending, he must not have been convicted by a Court of any offence whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months, no order must be passed by Court or Tribunal disqualifying person to be appointed as a Director, he must not have been convicted of the offence dealing with related party transactions under Section 188 of the Companies Act, 2013 at any time during the last preceding five years, he is not or has not been a Director of a Company which has (i) not filed Financial Statements or Annual Returns for any continuous three financial years (ii) failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year
- The candidate has not been debarred or disqualified from being appointed or continuing as directors of companies by SEBI /Ministry of Corporate Affairs or any such statutory authority. The candidate has not been barred from accessing the securities market or dealing in securities by SEBI.
- The candidate is not a wilful defaulter or fugitive economic offender or is not a promoter or whole time Director of another company which is wilful defaulter.
- The Candidate has given his written consent to act as a Director in the format prescribed under the Companies Act, 2023. Upon receiving consent to act as a Director, the profile of the proposed candidate shall be placed before the Committee and Board for consideration.

The Committee shall have discretion to decide whether qualification, expertise and experience possessed by the candidate is sufficient / satisfactory for the concerned position.

(ii) Positive attributes and other criteria

The following positive attributes and broad criteria/parameters shall be considered while assessing the suitability of a candidate for appointment or continuing to hold the position of Director :

- The candidate shall have a proven record of professional success and leadership in business/ areas relevant to the Company which may be assessed in terms of previous experience, track record of the director in the business, formal qualifications etc.
- The candidate shall possess high quality attributes such as discipline, objectiveness, foresightedness, sensitivity, creativity
- The candidate shall have high ethical standards, integrity and credibility. The same may be assessed based on factors such as his reputation, financial position, expulsion from professional bodies, sanctions or orders/ sanctions by regulators or similar bodies, civil or criminal action, if any, against him etc.
- The candidate shall have the ability and willingness to devote sufficient time to his responsibilities and fiduciary duties as a Board member for informed and balanced decision making. The candidate shall have the ability to assess the conflict of interest, if any and handle conflict constructively.



- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company;
- Ability to bring in independent judgment to bear on the Board's deliberations and assist the Company in adopting the best corporate governance practices;
- Possess the willingness to address the critical issues proactively;

The Committee shall have discretion to consider and fix any other criteria or norms for selection a suitable candidate/s for the position.

(iii) "Fit and proper" Criteria

- (a) The Company shall prior to appointment of a Director or renewal of appointment of a director, obtain from the proposed or existing Director (i) Requisite declaration and undertaking in the format prescribed in the updated RBI Master Directions as given in Annexure I and (ii) Additional Declaration and Undertaking in the format devised based on the above appointment criteria as given in Annexure II. The aforesaid declarations and undertakings obtained from the proposed/ existing Directors shall be placed before the Committee for review.
- (b) Before appointment of any person as a Director or before renewal of appointment / continuing the appointment of a director, the Committee shall undertake a process of due diligence to determine the "fit and proper status" of the candidate or existing director based on the criteria mentioned above at point (i) (ii) and such other factors based on the information submitted by the proposed appointee/ director in the requisite declaration and undertaking as per the updated RBI Master Directions, 2016.
- (c) The Committee shall scrutinize each Declaration and Undertaking received and after considering the information provided in the signed Declaration and Undertaking and the result of its due diligence, recommend to the Board, the acceptance or otherwise of the prospective new directors or existing directors whose appointment is to be continued or renewed, as the case may be.
- (d) Based on the recommendations of the Committee, the Board must be able to conclude that a person is 'fit and proper' to be appointed as a director on the Board or to continue in that capacity (as the case may be) and the person either has no conflict of interest in performing duties as a director on the Board and if the person has a conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform such person's duties properly and adequate disclosures are made by the person in this regard.
- (e) Every year as on 31st March, a simple declaration shall be obtained from the Directors that the information already provided has not undergone change and wherever there is any change, requisite details are furnished by them forthwith.
- (f) The fit and proper status of the Directors shall be ensured on a continuing basis in case there is change in the prescribed Declaration and Undertaking submitted by the Director.
- (g) A Deed of Covenant shall be executed by the candidate who is nominated/ elected as a director in the format prescribed by RBI and given in Annexure III.
- (h) The Company shall provide a statement to RBI on a quarterly basis (not later than 15 days from the end of every financial quarter) setting out the change of directors of the Company, which statement shall be certified by the Statutory Auditors of the Company (for the statement of quarter ended March 31) accompanied by a certificate of the Managing Director of the Company confirming that the fit and proper criteria in selection of such new directors has been followed.
- (i) The appointment of a Director/Independent Director/ Managing Director/ Whole-time Director shall be subject to the provisions of the Companies Act, 2013 and the rules made there under or any other applicable enactment or regulations.

**II. Policy relating to Remuneration of Directors, Key Managerial Personnel (KMP), Senior Management And Other Employees****8.1 General**

While determining the Remuneration payable to the Directors, KMPs, 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, Regulation 19 of the SEBI Listing Regulations, RBI Master Directions and the RBI Circular dated April 29, 2022 on guidelines on compensation of KMPs and Senior Management:

- a) The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
- b) The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks.
- c) The remuneration to Directors, senior management and KMPs should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:
- d) The level of remuneration to KMPs, senior management and employees shall be effectively aligned with the risks. The remuneration levels should support the need to retain earnings of the company and maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP). The Committee may work in close coordination with the Risk management Committee to achieve effective alignment between compensation and risks.

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, qualification, knowledge, experience and performance, market trend, cost of living, industry practices, practices in comparable companies and the prevailing laws and Regulations. The overall remuneration to the Directors, senior management, KMPs and other employees should be sufficient to attract and retain talent and qualified individuals for their roles.

8.2 Remuneration structure/components & Principles

The remuneration to the Managing Director, Senior Management Personal, KMPs and other employees shall comprise of fixed pay and performance linked variable pay (PLVP).

The remuneration of Key Managerial Personnel (KMPs) and senior management shall be reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices. The remuneration package comprising of fixed and PLVP will be aligned effectively with prudent risk taking to ensure that remuneration is adjusted for all types of risks, the remuneration outcomes are symmetric with risk outcomes and the pay-outs are sensitive to the time horizon of the risks.

Fixed Pay : Fixed pay comprises of basic pay, allowances, perquisites, contribution to recognised Provident Fund, retiral and other benefits including reimbursements with monetary ceilings as per the HR Policy approved by the Board upon recommendation of the Committee. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, etc.) also form part of fixed pay.

***PLVP :** The PLVP shall be linked to the Individual performance, business and Company's overall performance as per the PLVP policy approved by the Board from time to time based on the recommendations of the Committee. For this purpose, the performance measures and their relation to remuneration packages shall be clearly defined at the beginning of performance measurement period. The proportion of PLVP to KMPs/ senior management shall be commensurate with the role and the prudent risk taking profile of KMPs/ senior management. At higher levels of responsibility, the proportion of PLVP shall be higher. KMPs and senior management engaged in financial control, risk management, compliance and internal audit may be compensated in a manner that is independent of



the business areas they oversee and commensurate with their key role in the company. The variable pay should be truly and effectively variable and can be reduced to zero based on performance at an individual, business-unit and company-wide level. The performance measures and their relation to the variable payout shall be as detailed in the approved PLVP Policy. The quantum of the PLVP of KMPs and senior management may be subject to deferral after taking into consideration the time horizon of the risks and be decided by the Board upon the recommendation of the Committee under its PLVP Policy. The PLVP may be subject to malus/clawback arrangements which can be invoked under a set of situations identified by the Company and given below :

- (i) in the event of subdued or negative financial performance of the company and/or the relevant line of business; and/or
- (ii) Resignation of employee before payout
- (iii) action or conduct of the employee which, in the reasonable opinion of the Committee/ Board, amounts to serious employee misconduct or gross negligence; and/or conviction of fraud.
- (iv) serious reputational damage or material loss caused to the organization by employee's action
- (v) the fact that any information used to determine the quantum of an incentive amount was based on misleading information;

The Committee and the Board also reserves the right to include any additional conditions which may trigger Malus/ Clawback provisions over and above those given above.

In the event of happening of the identified set of situations, the Committee or the Board shall evaluate the quantum of variable pay (whether none , part or entire variable pay) as well as the period during which malus and/or clawback can be applied.

Guaranteed Bonus : Guaranteed Bonus may not be paid to KMPs and senior management. However, in case of new hirings, joining or sign -on bonus could be considered. Such bonus shall not be considered part of the fixed pay or variable pay.

****The principles of PLVP as outlined above are as per the RBI Circular dated April 29, 2022 which is effective from April 01, 2023.***

8.3 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 Committee and recommended to the Board for approval subject to compliance of the ceiling/ limits as provided under Companies Act, 2013 read with the rules made there under, as amended from time to time. The said remuneration to the Non-Executive & Independent Directors shall be reviewed periodically.

8.4 Remuneration to Managing Director/Whole time Director

- a) The remuneration to be paid to the Managing Director/ Whole Time Directors shall be determined by the Committee in accordance with the percentage / slabs / conditions laid down under the provisions of the Act and the rules framed there under as amended from time to time or any other applicable enactment/ Regulations for the time being in force.
- b) In case of inadequacy of profits in any financial year, the remuneration payable to the Managing Director/ Whole Time Directors shall be subject to the slabs / conditions laid down under the Act.
- c) The PLVP payable to the Managing Director/ Whole Time Directors shall be determined by the Committee based on the Company and individual performance vis-à-vis targets in accordance with the PLVP policy approved by the Board upon the recommendation of the Committee.



- d) 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 in terms of the provisions of the Companies Act, 2013.
- e) Managing Director/ Whole Time Directors will not be paid sitting fees for any Board/ Committee meetings attended by them.

8.5 Remuneration to Senior Management Personnel, KMPs (other than MD, WTD) and to other employees

- (a) The remuneration to Senior Management Personnel including KMPs (other than MD, WTD) and other key positions will be determined by the Managing Director in consultation with HR based on the experience, expertise, qualification and skills, role and level of the employee in the Company, market trends and other relevant factors as per the Company's HR Policy Manual approved by the Board upon the recommendation of the Committee. As and when the Company becomes a high value debt listed Company, the remuneration so determined for Senior Management personnel including KMPs (other than MD & CEO/WTD etc) and other key positions shall be approved by the Committee and recommended to the Board.
- (b) The remuneration to other employees will be determined by the Managing Director in consultation with HR based on the experience, expertise, qualification and skills, role and level of the employee in the Company, market trends and other relevant factors as per the Company's approved HR Policy Manual.

8.6 Increments/Revision in remuneration

- (a) Annual Increments/ revision in remuneration of Managing Director/Whole time Director shall be determined by the Committee based on the Company and individual performance, the market trends, industry practice, etc. in accordance with the percentage / slabs / conditions laid down under the Act, and the rules framed there under and recommended to the Board for approval.
- (b) Annual Increments in the existing remuneration structure in relation to senior management personnel including KMPs (other than MD & WTD), key positions and other employees of the Company shall be determined by the Managing Director in consultation with HR based on the performance ratings, market conditions, industrial practice and other relevant factors and be approved by the Committee. As and when the Company becomes a high value debt listed Company, the increments or revision of remuneration, if any, for Senior Management personnel shall be approved by the Committee and recommended to the Board.

For and on behalf of the Board of Directors

Date: 29.08.2024
Place: Mumbai

Chairman
(DIN 08889767)



ANNEXURE II TO THE DIRECTORS' REPORT

STCI FINANCE LIMITED

RELATED PARTY TRANSACTION POLICY

1. Preamble

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

2. Purpose

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

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

3. Definitions

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



(viii) Any Body Corporate which is:

- A Holding, Subsidiary or an Associate company of such company or
- A Subsidiary of a Holding company to which it is also a Subsidiary
- An Investing Company or the Venture of the Company whose investment in the Company would result in the Company becoming an associate Company of the body Corporate.

(v) **“Relative”** As provided under Section 2(77) of the Companies Act, 2013 and the rules there under, relative with reference to any person, means anyone who is related to another, if-

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other person as-
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son’s wife
 - (e) Daughter
 - (f) Daughter’s husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister).

(vi) **“Key Managerial Personnel”** means key managerial personnel as defined under Section 2(51) of the Companies Act, 2013 and means

- (i) Managing Director or CEO or the Manager
- (ii) the Company Secretary
- (iii) the whole time director
- (iv) the Chief Financial Officer and
- (v) such other officer not more than one level below the Director who is in whole time employment, designated as Key Managerial Personnel by the Board
- (vi) Such other Officer as may be prescribed
- (vii) **“Senior Management”** shall mean personnel of the company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the executive directors, including all functional heads.

(viii) **“Associate Company”** - As per Section 2(6) of the Companies Act, 2013, associate company in relation to a Company means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation: For the purposes of this clause, “significant influence” means control of at least 20% of the total share capital, or of business decisions under an agreement.

(ix) **“Arm’s length transactions”** means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

(x) **“Ordinary Course of business”** - All transactions or activities that are necessary, normal and incidental to the business of the Company as permitted by the Object Clause in the Memorandum of Association of the Company



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

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

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

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

4. Identification of Related Parties:

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

5. Identification of related Party Transactions:

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

6. Approval of related party transactions

Approval framework / process for related party transaction:

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

(i) Audit Committee review and approval:

All related party transactions / arrangements or any modifications thereof including those in the ordinary course of business and on arm’s length basis, will be referred to the Audit Committee for review and approval along with the details of related party, nature of transaction, reason for undertaking the transaction, particulars of the contract/ arrangement,



pricing terms, whether on arm's length and in the ordinary course of business and other relevant information. Any member of the Committee who has a potential interest in any reported Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction. All such related party transactions shall be approved by the Audit Committee, as required provisions of the Companies Act 2013 read with the Rules made there under as amended from time to time. Such approval may be given by Audit Committee at a meeting or by passing a resolution by circulation. The Audit Committee may not approve a transaction but may make its recommendations to the Board.

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

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

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

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

(ii) Board Approval

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



In addition to the above, related party transactions not approved by the Audit Committee but recommended to the Board under above para (i) shall be referred to the Board for its approval. Also, transactions which are in the ordinary course of business and at arm's length and approved by the Audit Committee and do not require approval of the Board in terms of Section 188 of the Act may also be referred by the Audit Committee to the Board for its review as a matter of abundant caution and improved corporate governance practice.

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

(iii) Approval of the Shareholders

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

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

Explanation:

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

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

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

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

- (a) Any transaction pertaining to remuneration to a director or Key Managerial Personnel in connection with his or her duties to the Company which is approved by the Board upon the recommendation of the Nomination and Remuneration Committee Also, reimbursement of business and travel expenses incurred by Director or Key Managerial Personnel in the ordinary course of business,
- (b) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party eg. Payment of Dividend, Buy back of shares etc.



- (c) Transactions involving corporate restructuring such as capital reduction, merger, demerger, hiving off etc. which are approved by the Board and carried out in accordance with the specific provisions of the Companies Act. 2013.

8. Related party Transactions not approved under this Policy

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

9. Disclosures

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

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

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

11. Applicability

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

12. Amendments to the Policy

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

13. Communication

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

For and on behalf of the Board of Directors

Date: 29.08.2024
Place: Mumbai

Chairman
(DIN 08889767)



ANNEXURE III TO THE DIRECTORS' REPORT

FORM NO. AOC.2

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

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

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

All transactions entered into by the Company with related parties during the year ended March 31, 2024 are in ordinary course of business and at arm's length basis. The details of *material contracts or arrangement or transactions at an aggregate level for the financial year ended March 31, 2024 are:

Sl. No.	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 (Rs. in lakh)	Date of Board approval, if any	Amount paid as advances, if any
1.	Bank of India-Investing Company holding 29.9% voting power	Loans availed from overdraft and short term loan accounts.	-	As per Bank's sanction Letter in line with the prevailing market practice for banks.	5,00,292.06	-	-
2.	Bank of India-Investing Company holding 29.9% voting power	Purchase of Corporate Bonds from BOI	-	As per the prevailing market rates	3000.00	-	-
3.	Bank of India-Investing Company holding 29.9% voting power.	Loans repaid from overdraft and short term loan accounts.	-	As per Bank's sanction Letter in line with the prevailing market practice for banks.	5,00,795.78	-	-



Sl. No.	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 (Rs. in lakh)	Date of Board approval, if any	Amount paid as advances, if any
4.	Bank of India-Investing Company holding 29.9% voting power	Interest paid on Short Term Loan (STL)/ Overdraft (OD) Facility/ Long Term Loan availed/borrowed.	-	As per Bank's sanction Letter in line with the prevailing market practice for banks.	2,047.21	-	-
5.	Bank of India-Investing Company holding 29.9% voting power	Processing Fees & charges on Short Term Loan (STL)/ Overdraft (OD) Facility/ Long Term Loan.	-	As per Bank's sanction Letter in line with the prevailing market practice for banks.	36.05	-	-
6.	Bank of India Investing Company holding 29.9% voting power	Final Dividend paid for FY 2022-23	-	Dividend @ Rs. 1.2 per share declared at the 29 th AGM of the Company.	1,366.05	-	-
7.	Bank of India Investing Company holding 29.9% voting power	Sitting Fees paid	-	Sitting Fees paid for each meeting of the Board attended by Nominee.	8.50	-	-
8.	STCI Primary Dealer Ltd-wholly owned subsidiary	CSGL Charges paid on GSec/T-bills Deal	-	As per the prevailing market convention	2.02	-	-
9.	STCI Primary Dealer Ltd-wholly owned subsidiary	Reimbursement of CCIL Charges paid on GSec/T-bills Deal	-	Reimbursement of CCIL Charges to STCI PD on Gsec/ T-Bills Deals.	2.02	-	-
10.	STCI Primary Dealer Ltd-wholly owned subsidiary	Reimbursement of expenses received	-	Rent (Sub-Lease) received from STCI PD for using Bangalore office space.	5.05	-	-
11.	STCI Primary Dealer Ltd-wholly owned subsidiary	Reimbursement made for electricity charges	-	Electricity charges at Bangalore Office space shared proportionate to the office space shared.	0.15	-	-
12.	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.	11.09	-	-
13.	STCI Primary Dealer Ltd-wholly owned subsidiary	Dividend including Interim Dividend	-	Dividend including Interim Dividend declared during FY 2022-23.	1,500.00	-	-



Sl. No.	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 (Rs. in lakh)	Date of Board approval, if any	Amount paid as advances, if any
14.	STCI Primary Dealer Ltd-wholly owned subsidiary	Sitting fees received	N.A -	Sitting fees received for each meeting of the Board attended by its Nominee.	6.00	-	-

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

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

For and on behalf of the Board of Directors

Date: 29.08.2024
Place: Mumbai

Chairman
(DIN 08889767)

**ANNEXURE IV TO THE DIRECTORS REPORT****ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES AS PRESCRIBED UNDER SECTION 135 OF THE COMPANIES ACT, 2013 AND COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014****1. A brief outline of the Company's CSR policy**

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

The CSR Committee constituted by the Board recommends to the Board the CSR Policy, the amount of expenditure to be incurred on the CSR Activities each financial year and an annual Action Plan to be undertaken by the Company in pursuance of the CSR Policy. The Committee institutes a monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company and ensures that the CSR funds disbursed have been utilised for the purposes and manner laid down in the Action Plan.

2. The Composition of the CSR Committee:

SI No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Thankom Mathew (Chairperson upto September 20, 2023)	Independent Director	2	1/1
2	Mr. Sidheswar Patra	Independent Director	2	2/2
3	Mr. V Narayanamurthy Member	Managing Director & CEO	2	2/2
4	Mr. Arun Kumar Mandal (w.e.f. October 03, 2023)	Independent Director	2	1/1

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

The composition of CSR Committee, CSR Policy and CSR projects approved by the board can be accessed on the website at the following link - <https://www.stcionline.com/Corporate-Governance.aspx>

4. The executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: *Not Applicable*

5. (a) Average net profit of the company as per section 135(5): **Rs. 10,977.75 Lakhs**
- (b) Two percent of average net profit of the company as per section 135(5) : **Rs.219.55 Lakhs**
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**
- (d) Amount required to be set off for the financial year, if any: **Rs. 0.67 Lakhs**
- (e) Total CSR obligation for the financial year (5b+5c-5d): **Rs. 218.88 Lakhs**
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **Rs. 220.53 Lakhs**
- (b) Amount spent in Administrative overheads: **NIL**
- (c) Amount spent on Impact Assessment, if applicable: **NIL**
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: **Rs. 220.53 Lakhs**



(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (Rs. In lakhs)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
220.53	NA	NA	NA	NA	NA

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

Sr No.	Particulars	Amount (Rs. in lakhs)
(i)	Two percent of the average net profit of the company of last three financial years as per section 135(5)	*218.88
(ii)	Total amount spent for the Financial Year	220.53
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.65
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1.65

** After setting off the excess CSR spend of Rs. 0.67 lakhs in FY 2022-23, the CSR obligation of the Company for FY 2023-24 is Rs. 219.55 Lakhs*

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs.)	Date of Transfer		
1	FY-1	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2	FY-2	NIL	NIL	NIL	NIL	NIL	NIL	NIL
3	FY-3	NIL	NIL	NIL	NIL	NIL	NIL	NIL



8. Whether any capital assets have been created or acquired through CSR amount spent in the financial year: **No**

If yes, enter the number of Capital assets created/ acquired: **Not Applicable**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
	NA	NA	NA	NA	NA	NA	NA

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable**

Date:29.08.2024
Place: Mumbai

Rajiv Mishra
Chairman
(DIN 08889767)

V Narayanamurthy
Managing Director & CEO
(DIN 00555704)

Arun Kumar Mandal
Chairman, CSR Committee
(DIN 09726014)



ANNEXURE V TO THE DIRECTORS REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

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

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

Dear Sir / Madam,

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

Based on our limited verification of the Company's books, papers, minutes books, forms and returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended **31st March, 2024**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

We have examined on test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31st March, 2024, according to the provisions of:

- (i) The Companies Act, 2013 and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (to the extent applicable)
- (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 (Prohibition of Insider Trading) Regulations, 2015; (to the extent applicable)
 - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; (to the extent applicable)
- (v) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, the provisions of Reserve Bank of India Act, 1934 and the Regulations, Directions, Guidelines, Notifications and Circulars issued by Reserve Bank of India from time to time as applicable to Systemically Important Non-Deposit taking Non-Banking Financial Company.



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

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

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

- (i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (ii) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- (iv) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018;
- (v) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (vi) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vii) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (viii) 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;

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has generally 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 comprise of Executive Directors, Non-Executive Directors and Independent Directors including Woman Director. 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.

During the year, adequate / short notice/s and Agenda were given to all directors to schedule the Board Meetings at least seven days in advance unless specifically consented by the directors for short notice and agenda, in case of urgency. As informed to us, the Company has an effective system for seeking and obtaining further information and clarifications on the agenda items by any Director before the meeting for meaningful participation at the meeting.

Based on the representation made by the Company and its officer, we herewith report that the 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 on the internal systems and mechanism established by the Company to ensure 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.

There were no specific events / actions having a major bearing on the Company's affairs in pursuance of aforesaid laws, rules and regulations, guidelines etc.

Hetal B. Shah

Company Secretary in Practice

FCS: 8063

CP: 8964

Peer Review No. 4796/2023

UDIN: F008063F000303677

Place : Mumbai

Date : 03.05.2024

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

**'ANNEXURE A'**

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

- (i) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- (ii) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- (iii) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (iv) Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and occurrence of events.
- (v) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
- (vi) 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.

Hetal B. Shah

Company Secretary in Practice
FCS: 8063
CP: 8964
Peer Review No. 4796/2023
UDIN: F008063F000303677

Place : Mumbai
Date : 03.05.2024



CSR Initiatives

Care-on-Wheels Program to provide free doorstep healthcare services to underprivileged communities in the slum areas of Mumbai.





CSR Initiatives

Supporting boarding, lodging and education needs of tribal girls at Muktangan Tribals Girls Hostel at Narodi District, Pune.



Supporting complete care & education of underprivileged girl students at Aim for Seva free student Hostel for girls at Kodavasal (Tamilnadu), Yelahanka (Bangalore) and Chikkaballapur (Karnataka).





CSR Initiatives

Career cell project to provide short term courses to night school students in Mumbai.



Project to sponsor the cost of Medical beds, Wheelchairs, Medical Aid and Food Material for rescued, abandoned and disabled senior citizens at the Old age home Gurukul at Bandhwari Village, Gurgaon.





CSR Initiatives

Project to finance the purchase of two dialysis machines for providing free/subsidized dialysis treatment to needy patients at Bangalore Kidney Foundation, Bangalore.



Project to finance 2 Remex KA-6 X Ray Machines towards upgradation of diagnostic services for the needy and critical patients at Charitable Hospital, Shri Mahavir Jain Hospital, Thane.





CSR Initiatives

Project to sponsor the Mid day Meal Program for government school children at Hyderabad (Kandi Kitchen).



Project to sponsor the cost of purchase of electric food distribution vehicle at Hyderabad (Kandi Kitchen) which would load and distribute foods for goverment school children.





INDEPENDENT AUDITOR'S REPORT

To the Members of STCI Finance Limited

(Formerly known as Securities Trading Corporation of India Limited)

Report on the Audit of the Standalone Financial Statements

We have audited the accompanying standalone financial statements of STCI Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2024, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2024, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

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

S. No.	Key audit matter	Auditor's response
1	<p><u>Impairment of Loans and Advances:</u></p> <ul style="list-style-type: none"> As at 31st March 2024, the Company has reported gross loan assets (at amortized cost) of Rs. 2,60,392.94 lacs against which an impairment loss of Rs.19,005.51 lacs has been recorded. The Company has recognized the impairment loss as per the Expected Credit Loss Model as per IND AS-109 – Financial Instruments. <p>The estimation of ECL on financial instruments is a "three stage model" for impairment based on key factors such as Probability of Default (PD), Loss Given Default (LGD). Further, the estimation of ECL in case of Stage 2 loans involves assessment of significant increase in credit risk. Since the calculation of ECL involves significant management judgements, and estimates made by the Company, we have identified the same as a key audit matter.</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> We have reviewed the ECL calculations which were done using an excel based model developed by an independent expert entity. We have relied on the PD and LGD calculations which have been generated from the said model. We have verified the accuracy and completeness of the data in the ECL Calculations. We have verified the parameters of DPD Status of loans and their classification into Stage 1, Stage 2 and Stage3. We have evaluated the reasonableness of the estimates and judgements used by the management, appropriateness of the Company's determination of Significant Increase in Credit Risk (SICR), and the basis of such assumptions, including consideration of external factors for the purpose of Calculation of ECL, especially in Stage 2 and Stage 3. Refer Accounting Policy No 1(iii)(a)(4)



S. No.	Key audit matter	Auditor's response
2	<p data-bbox="181 285 727 373"><u>Effectiveness of Monitoring of loan accounts and enforceability and adequacy of Loan Documents and Collaterals</u></p> <ul data-bbox="181 394 727 869" style="list-style-type: none"> <li data-bbox="181 394 727 453">• The Company follows practices commensurate with its credit policy to ensure. <ul data-bbox="220 474 727 617" style="list-style-type: none"> <li data-bbox="220 474 727 512">a) effective monitoring of loan accounts <li data-bbox="220 533 727 617">b) Enforceability and adequacy of loan documents and collaterals in case of expected events of default. <li data-bbox="181 638 727 869">• Since monitoring of loans and adequacy of collaterals has a significant impact on the probability of default and provisioning and calculation of expected credit losses, we have identified the effectiveness of monitoring of loan accounts, enforceability of loan documents and adequacy of loan collaterals as a key audit matter. 	<p data-bbox="753 285 1485 315">Our audit procedures included but were not limited to the following:</p> <ul data-bbox="753 336 1485 1138" style="list-style-type: none"> <li data-bbox="753 336 1485 399">• Understanding the process and controls involved in monitoring of loan accounts. <li data-bbox="753 420 1485 483">• Review of loan documentation and loan vetting reports issued by third party professionals. <li data-bbox="753 504 1485 567">• Review of the monitoring process of valuation of pledged listed shares and assets other than listed shares. <li data-bbox="753 588 1485 756">• Verification of the periodic valuation of the underlying collaterals and insurances to ensure the adequacy of collaterals. Further, in case of exposure to real estate companies, we have relied on the Financial Due Diligence and Lender's Independent Engineer's Reports conducted by empaneled third party professionals indicating sufficient monitoring and adequacy of collaterals. <li data-bbox="753 777 1485 997">• Further, inquiries were made with the Management to ascertain <ul data-bbox="791 829 1485 997" style="list-style-type: none"> <li data-bbox="791 829 1485 913">a) Whether there is sufficient monitoring to identify the indicators of stress or an occurrence of an event of default in a particular loan account or any product. <li data-bbox="791 934 1485 997">b) Whether there are sufficient controls to ensure the adequacy of loan collaterals in case of probable event of default. <li data-bbox="753 1018 1485 1138">• We have assessed the appropriateness of controls over monitoring and adequacy of loan collaterals and its impact on classification of loan accounts and measurement of expected credit losses.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design,



implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- 1) As per RBI prudential norms, interest on non performing assets (credit impaired assets) is booked on receipt basis. However, as per Ind AS, interest income on credit impaired assets should be recognized on the net carrying amount. Taking into account RBI guidelines and prudence, interest on non performing assets is booked on receipt basis by the company.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure-A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its standalone financial position in its financial statements – *Refer Note 22 to notes to financial statements.*
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. *Refer Note 23 to notes to financial statements.*



- iii. As at 31st March, 2024 there was no amount required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi. Based on our examination which included test checks and as per information provided by the management, the Company has used accounting softwares for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023 and thus, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

3. As required by section 143(5) of the Act and in pursuance of directions issued by the Office of The Comptroller and Auditor General of India for the year ended March 31, 2024, we report that:

- a) Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Yes, the company has the system in place to process all the accounting transactions through IT system. However, the Ind AS adjustments made to the financial statements has been made outside the IT systems by using excel sheets. However, there are no financial implications of processing accounting transactions outside IT system on the integrity of accounts.

- b) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, the lender is a Government company, then its direction is also applicable for statutory auditor of lender company).

On the basis of information and explanation given to us, there had been no restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.

Company as a lender, has not restructured any loans of borrowers during the year.



During the year, Company as a lender, has written off loan of its borrowers with principal outstanding of Rs 42.04 Cr (excluding uncharged penal interest, uncharged management fees, unpaid TDS & other legal expenses).

On the basis of information provided by the management, during the year, Company has not waived off prepayment charges.

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

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

- d) As required by additional directions issued by the Office of the Comptroller and Auditor General of India for the year ended March 31, 2024 to statutory auditors of other Non-Banking Financial Companies U/s 143(5) of the Companies Act and in pursuance of such directions, we report that:

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

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

Whether the investible funds received by Company were invested in accordance with the directions of the applicable Statutory Regulators (regulations and rules framed by them)

The Company is a Non Deposit Taking NBFC and is not receiving /accepting funds for onwards investment activities. Further, based on the information provided by the management, we confirm that the Company has invested its own investible funds in compliance with the provision of Companies Act 2013 and RBI Guidelines

Whether the funds invested under the schemes/ products by the Company are in compliance with the directions of the Investment Committee, Risk Committee, constituted by Board, Investment Manual etc, which prescribes the process/ procedure , threshold, exposure limits, quality of security etc.

Based on the information provided by the management, we confirm that the funds invested under the schemes/ products by the Company are in compliance with the directions of the Investment Committee, Risk Committee, constituted by Board, Investment Manual etc, which prescribes the process/ procedure, threshold, exposure limits, quality of security.

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

JAGADISH B SHETTY
Partner
Membership No. 048042
UDIN: 24048042BKCN1Y9543

Place : Mumbai
Date : 03.05.2024



Annexure – A to the Independent Auditor’s Report

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

In terms of the information and explanations given to us by the Company and the representations made by the management and the books of accounts and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that.

- i
 - a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - (B) The Company has maintained proper records showing full particulars of intangible Assets.
 - b. As explained to us, the Company has decided to carry out physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every three years. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
 - d. According to the information and explanations given to us and on the basis of our examination of the records, The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
 - e. According to the information and explanations given to us and on the basis of our examination of the records, no proceedings have been initiated or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii
 - a. The securities held as stock in trade are in dematerialized form with custodian. Statements of securities is received from the custodian on regular basis and the same is reconciled by the management at regular intervals. As securities are held in dematerialized form, the requirement of physical verification does not arise. The Company is maintaining proper records of securities held as stock in trade. As informed to us, the statements of securities obtained from custodians are verified with book records and no discrepancies were noticed during the year under audit.
 - b. According to the information’s and explanations given to us and on the basis of examination of our records, The Company has not been sanctioned secured working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii
 - (a) The Company is non-banking finance company and hence reporting under clause 3(iii)(a) of the Order is not applicable.
 - (b) In our opinion, the investments made and the terms and conditions of the grant of loans during the year are prima facie, not prejudicial to the Company’s interest.
 - (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.
 - (d) In respect of loans granted by the Company, the loans remaining overdue for more than ninety days are classified as Credit Impaired/ Stage 3 Assets. The total amounts which is overdue for 90 days or more in respect of loans and advances in the nature-of loans given in the course of business operations of the Company aggregates to 16,487.37 lacs. Measures commensurate with the policies of the Company have been taken by the company for recovery of the principal and interest.
 - (e) The Company is non-banking finance company and hence reporting under clause 3(iii)(e) of the Order is not applicable.
 - (f) The Company has not granted any loans or advances in the nature of loans without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.



- (g) The Company has not made investments in Firms and Limited Liability Partnerships during the year.
- iv In our opinion and according to the information and explanation given to us and based on representations of the management, the Company has not given any loans, guarantees & Security to any party covered by the provisions of section 185 of the Act.
- The company has complied with the provisions of Section 186(1) of the Act & in our opinion other provisions of section 186 are not applicable to the Company as the Company is a Registered Non-Banking Financial Company.
- v The Company has not accepted any deposits during the year from the public within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules made there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under Section (1) section 148 of the Act. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- vii a According to the information and explanations given to us and based on the records examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, GST and any other statutory dues with the appropriate authorities.
- b According to the information and explanations given to us and based on the records examined by us, there are no dues of sales tax, service tax, duty of customs, duty of excise, goods and service tax and value added tax which have not been deposited on account of any dispute. The demands in respect of tax deducted at source and income tax for the following years have not been deposited on account of disputes pending more than six months:

Disputed /Appeal Filed by	Period to which dispute relates	Disputed tax liability	Forum where dispute is pending
Company	F.Y. 2011-12	₹4.48 lakhs	Assessing Officer
Company	F.Y. 2012-13	₹5.24 lakhs	Assessing Officer
Company	F.Y. 2016-17	₹2974.40 lakhs	CIT (Appeals)
Company	F.Y 2017-18	₹6865.35 lakhs	CIT (Appeals)
Company	F.Y 2018-19	₹1.73 lakhs	CIT (Appeals)
Company	F.Y 2019-20	₹0.83 lakhs	CIT (Appeal)

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



- xi a. According to the information and explanations provided to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of the audit.
- b. No report under Sub-section (12) of Section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government, during the year
- c. According to the information and explanations provided to us, no whistle blower complaints have been received during the year by the company.
- xii In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii According to the information and explanation provided to us and based on our examination of records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv a. According to the information and explanation provided to us and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- b. the reports of the Internal Audit Team of the Company and the Concurrent Auditors of the Company for the period under Audit were considered by us in determining the nature, timing and extent of our audit procedures.
- xv According to the information and explanation provided to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with them. Accordingly, provisions of clause 3(xv) of the Order are not applicable.
- xvi a. The company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has in accordance with the same obtained the Certificate of Registration.
- b. The Company has conducted the Non-Banking Financial activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934. The Company has not conducted any Housing Finance activities and is not required to obtain CoR for such activities from the RBI.
- c. The Company is not a Core Investment Company (CIC) as defined in the Regulations made by the Reserve Bank of India.
- d. According to the information and explanation provided to us, there is no CIC in the Group.
- xvii The company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xviii There have been no resignations of Statutory Auditors in the financial year.
- xix According to the information and explanations provided to us and based on our examination of the records of the Company, the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the information provided in respect of the Board of Directors and management plans, there is no material uncertainty that the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date; We however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx According to the information and explanations provided to us and based on our examination of the records of the Company, there are no unspent amounts towards Corporate Social Responsibility ("CSR") requiring a transfer to a Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of Section 135 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (xx) are not applicable to the Company.

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

JAGADISH B SHETTY
Partner
 Membership No. 048042
 UDIN: 24048042BKCNIY9543

Place : Mumbai
 Date : 03.05.2024



Annexure – B to the Independent Auditor’s Report

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

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

We have audited the internal financial controls over financial reporting of **STCI Finance Limited** (“the Company”) as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

JAGADISH B SHETTY
Partner
Membership No. 048042
UDIN: 24048042BKCN1Y9543

Place : Mumbai
Date : 03.05.2024



AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF STCI FINANCE LIMITED

(Formerly Securities Trading Corporation of India Limited)

A/B 1-802 "A" Wing,
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 Auditors Report (Reserve Bank) Directions, 2016 – (Master Direction DNBS.PPD.03/66.15.001/2016-17 dated September 29, 2016).
- 2) We have audited the company financial statements of STCI Finance Limited (Formerly Securities Trading Corporation of India Limited) (hereinafter referred to as the "Company") comprising the balance sheet as at 31st March 2024, the statement of Profit and Loss, the statement of changes in equity and statement of Cash Flows and notes to the financial statements, including a summary of material accounting policies and other explanatory information for the year ended on that date, on which we have issued our report dated 03.05.2024.

Management's Responsibility for the financial statements

- 3) The Company's Board of Directors is responsible for the matter stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, RBI directions to NBFCs and Division III to Schedule III of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities ; selection and application of appropriate accounting policies ; making judgments and estimates that are reasonable and prudent ; and design, implementation and maintenance of adequate internal financial controls , that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- 4) The Management is also responsible for compliance with Reserve Bank of India (hereinafter RBI or Bank) Act, 1934 and relevant RBI circulars and guidelines applicable to Non-Banking Financial Companies, as amended from time to time , and for providing all the required information to RBI.

Auditor's Responsibility

- 5) Pursuant to the requirements of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions 2016 as consolidated in RBI master Direction (Ref DNBR.PD.008/03.10.119/2016-17 (the "Directions"), it is our responsibility to examine the audited books and records of the company for the year ended March 31, 2024 and report on the matters specified in the directions to the extent applicable of the Company.
- 6) We conducted our examination in accordance with the 'Guidance note on Audit Reports and Certificates for the 'Special Purposes' issued by the Institute of Chartered Accountants of India.

Opinion

- 7) Based on our examination of the audited books and records of the company for the year ended March 31, 2024 as produced for our examination and the information and explanations given to us we report that :
 - 7.1. The company is engaged in the business of non-banking financial institution and has obtained a certificate of registration (CoR) (certificate No. B-13.00005 December 16, 1997) under section 45IA of Reserve Bank of India Act, 1934) (2 of 1934) from Bank's Department of Non-Banking Supervision, Mumbai Regional Office.



- 7.2 The company is entitled to continue to hold such CoR in terms of its asset/ (income pattern) as on March 31, 2024.
- 7.3 As laid down in Master Direction- non Banking Financial Company- Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016, the non-banking financial company is meeting the required net owned fund requirement.
- 7.4 The Board of Directors of the company has passed a resolution in its meeting held on 27th April, 2023 for non-acceptance of public deposits.
- 7.5 The company has not accepted any public deposit during the year ended March 31, 2024.
- 7.6 As per the Ministry of Corporate Affairs (MCA) notification dated 30.03.2016; the company is required to prepare its financial statements using Indian Accounting Standards (Ind AS). The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it under Ind AS. However, as per RBI prudential norms, interest on non-performing assets (credit impaired asset) is booked on receipt basis. However, as per Ind AS, interest income on credit impaired asset should be recognized on the net carrying amount. Taking into account RBI guidelines and prudence, interest on non-performing assets is booked on receipt basis by the company.
- 7.7 The annual statement of capital funds, risk assets/exposures and risk assets ratio (DNBS-03) has been furnished to the Bank on 19th April, 2024 within the stipulated period based on the unaudited books of account. However final capital adequacy ratio will be disclosed once the accounts are finalized. It is in compliance with the minimum CRAR prescribed by the bank. The Capital adequacy has been calculated based on the RBI guidelines RBI/2019-20/170 DOR (NBFC). CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, on Implementation of Indian Accounting Standards by NBFCs.
- 7.8 The Company is not NBFC Micro Finance Institution (MFI) as defined in the Non-Banking Financially Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016.

Restrictions on Use

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

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

JAGADISH B SHETTY
Partner
Membership No. 048042
UDIN : 24048042BKCN1Y9543

Place : Mumbai
Date : 03.05.2024



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 2024

The preparation of financial statements of STCI Finance Limited for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 3 May 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of STCI Finance Limited for the year ended 31 March 2024 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

(Guljari Lal)

Director General of Audit (Shipping), Mumbai

Place : Mumbai
Date : 29.07.2024



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

Sr. No.	Part 1B CAG Report (Ref. No: GA/IR/R-I/STCI/2014-15/220)	C&AG comments	STCI's reply
1	Para 1	<p>Non-recovery of corporate loan of Rs.12 crore and interest of Rs.7.19 crore from Biltube Industries Ltd.</p>	<ul style="list-style-type: none"> ➤ BIL has been sanctioned corporate loan of Rs. 15 crore for general corporate purpose including part finance of captive power plant under ongoing project at Kodoli, Warnanagar. The loan is secured by first pari-passu charge on fixed assets of the company. The charge had been created by Security Trustee, Axis Security Trustee. Now Axis Security Trustee has been replaced by SBI Caps Trustees Ltd. The loan was repayable in 10 quarterly instalments of Rs. 1.50 crore with moratorium of six months commencing from 1st July 2011. ➤ BIL had availed various credit facilities from banks and us and the aggregate debt outstanding (Principal) was Rs.295 Crore. Major exposure was of SBI aggregating to Rs.127 Crore. Our share in the consortium/multiple banking arrangement is only ~ 5% of the total exposure. ➤ The Company was facing liquidity crunch due to time and cost overrun in the project coupled with general down turn in economy. It had approached all the lenders for restructuring of the loan. SBI, IDBI Bank and Axis Bank restructured the loan. Others did not accept the request. The company could not adhere to the restructured terms as the cash crunch was continued. ➤ BIL approached CDR Cell for restructuring of its loans. We, being NBFC did not join the CDR mechanism and decided to continue our efforts through actions initiated under section 138 of NI Act. (Details of our various complaints attached as Annexure -1). ➤ It being a consortium advance where application for CDR had been admitted by CDR empowered group, we did not prefer to initiate recovery proceedings alone by filing suit in the court of law immediately. ➤ The CDR was approved on 23rd May 2013 by the CDR Cell. However, as the company could not comply with various terms of approval, it was decided to treat the package as failed in the JLM held on 19/03/2014. (The letter from CDR Cell and SBI letter cancelling the package are attached as Annexure -2) ➤ Thereafter, the company came forward with a request for one time settlement, however, we could not accede to their request as they did not provide any concrete plan. The letter from company dated 1st August 2014 is attached as Annexure -3) ➤ After failure of CDR, lenders decided to take action under SARFAESI Act and SBI Caps issued notice to the company on 21st January 2015 on behalf of all the lenders. ➤ We being NBFC are not covered under SARFAESI Act, however, we are entitled to our share in the proceeds of the sale of assets under SARFAESI Act as and when it would take place as we have pari-passu charge on the property.



Sr. No.	Part 1B CAG Report (Ref. No: GA/IR/R-I/STCI/2014-15/220)	C&AG comments	STCI's reply
			<ul style="list-style-type: none"> ➤ SBI has sold its assets to Edelweiss ARC on 31st March 2015.(Annexure -4). Edelweiss ARC called for a meeting of lenders to decide future course of action on 15/06/2015. (The minutes of the meeting are attached as Annexure-5). The next meeting of lenders will be scheduled in Second week of December 2015 to decide further course of action. ➤ The account was declared as NPA on 31/07/2012 and the same was reported to CIBIL by way of monthly updation of data to CIBIL. Since this was a multiple banking finance, it was felt that a common action by all lenders would be more effective than individual action by each lender. However, as of now majority lenders have sold their assets to ARC, we have issued recall notice on 20/08/2015. Since the company has approached BIFR it gets protection against civil suit. Our action under section 138 of NI Act continues.
2	Para 2	Undue delay in classifying Era Housing & Developers (India) Limited as Non-Performing Asset (NPA)	<ul style="list-style-type: none"> ➤ The company was granted loan against shares of Rs. 25 Crore in March 2010 for one year against pledge of equity shares of Era Infra Engineering Limited (EIFL). The loan was renewed from time to time, the last being on 23.09.2013. We may mention here that the RBI directives for renewal of loan for maximum two times were issued on 23rd January 2014 and the above loan was last renewed in September 2013, i.e. before the RBI directives as stated above. ➤ EHDL is an investment company of the group and the loan was considered on the strength of underlying security i.e. shares of EIEL. In all loan against shares proposals, the credit rating of underlying security is considered for evaluation as the borrowers are normally investment companies having no external credit rating. In the instant case also the same approach was followed. ➤ The share price of Era Infra Engineering Limited remained in a range of Rs. 135/- to Rs. 158/- during March 2010 and August 2013. The asset cover was maintained above the stipulated asset cover of 200% during this period. The share price of Era Infra Engineering Ltd declined sharply and hit lower circuit on 26/09/2013. We, on 26/09/2013, immediately issued notice and invoked 3,51,342 shares of Era Infra Engineering Ltd. and put the same on sale from 27/09/2013. ➤ However, the lower circuit which started on 26/09/2013 continued till 22/11/2013 and we could sell only 680 shares on 01/11/2013. By that time our security value had declined to Rs. 12.25 crore against loan outstanding of Rs. 25 crore (i.e. asset cover 49%). The sale proceeds were utilized towards payment of other charges. ➤ The share price of EIEL declined from Rs.128.-/ on 25/09/2013 to Rs.17.80 on 22/11/2013. ➤ We were continuously following up with the client for recovery of our dues. The client expressed its inability to repay our dues as the group is in infrastructure sector and many of its projects were struck up due to adverse economic conditions, delayed payments from various authorities, difficulty in completing road projects due to various hurdles including land clearance resulting in piling of debt.



Sr. No.	Part 1B CAG Report (Ref. No: GA/IR/R-I/STCI/2014-15/220)	C&AG comments	STCI's reply
			<ul style="list-style-type: none"> ➤ To strengthen our security, the client offered to provide additional security in the form of agricultural land at Palwal, Haryana. As the client reportedly not having any other security and the fall in our security value was very huge, we were compelled to accept the above agricultural land having distress value of Rs.13.36 Crore as security despite its restrictive use. The same fact was duly reported to the top authorities. ➤ The account was reported as NPA on 1st March 2015 for non payment of interest and principal as per extant IRAC guidelines. ➤ We have issued recall notice to the company on 30/10/2015 and are in process of filing suit in the court of law for recovery of our dues. ➤ The account was reported as NPA to CIBIL by way of monthly data update
3	Para 3	Grant of loan of Rs.15 crore to Lt. Col. H.S. Bedi and Mrs. Maninder Bedi jeopardizing the interest of the Company	<ul style="list-style-type: none"> ➤ We had sanctioned loans of Rs.50 crore each to promoter companies of Tulip Telecom Limited (TTL) namely Cedar Infonet Pvt. Ltd. and Sukhmani Technologies Pvt. Ltd. against pledge of shares of TTL. ➤ The share price of Tulip Telecom Limited (TTL) started falling due to perceived default in FCCB during August 2012. The borrowers were unable to provide additional margin by way of pledge of shares or deposit of cash margin. We invoked the shares to sell the same so as to recover our dues. However, as a result of free fall of TTL shares in stock markets, no lender could sell any shares in the first instance. ➤ Upon our insistence Lt. Col Bedi offered his residential property situated at 5, Paschimi Marg, Vasant Vihar, New Delhi 110057, as security. HDFC Ltd. which has 1st charge on the property has ceded 2nd charge to us. Our second charge on the assets was created on 17/10/2012. ➤ Mr. Bedi further advised that the CDR package was approved by the lenders of TTL and documentation was under way. He also submitted copy of Letter No. BY.CDR(PMJ)/No 100 /2013-14 dated 8th May 2013 conveying approval of CDR (Annexure -6). He was in urgent need of money and requested us to sanction loan against available asset cover on the residential property already mortgaged to us to help him in augmenting his immediate fund requirement. ➤ The fair market value of the property was Rs.110.69 cr. Considering the then outstanding with HDFC Ltd. of Rs.1.55 crore and security value considered for loans availed by CIPL and STPL being Rs.90 crore to maintain one time asset cover in both the accounts, the residual value of property was Rs.19.14 crore. It was felt necessary to provide further assistance to Lt Col Bedi, to enable him to strengthen his business as successful implementation of CDR package would lead to improved liquidity to the group. Hence, loan of Rs.15 crore was sanctioned to Lt Col Bedi and Mrs. Maninder Bedi against second charge on the mortgaged property. ➤ The CDR package could not be implemented due to various reasons. In the mean time, Lt Col Bedi was arrested and held in custody for more than a period of one month on service tax issue. All this led to further deterioration of the financials of Tulip Telecom Limited. The share price of TTL is hovering around Rs.2.50. It is learnt that some of the lenders of TTL have sold their loans to ARC.



Sr. No.	Part 1B CAG Report (Ref. No: GA/IR/R-I/STCI/2014-15/220)	C&AG comments	STCI's reply
			<ul style="list-style-type: none"><li data-bbox="678 338 1485 365">➤ We issued recall notice to the group on 02/09/2014 and 15/09/2014.<li data-bbox="678 392 1485 512">➤ We also explored the possibility for assignment of loan given by HDFC in our favour and take first charge over the property (Annexure-7). In spite of our best efforts, HDFC did not respond in the matter. This also resulted in delay in initiating action.<li data-bbox="678 539 1485 722">➤ We have appointed a very reputed law firm to initiate recovery proceedings in all the three group accounts. As suggested by the advocate firm, we have taken approval in Board meeting dated November 7, 2015 for initiation of arbitration proceedings in accounts "Sukhmani Technologies Pvt. Ltd." and " Lt.Col. H S Bedi" and filing of suit in court of law in account " Cedar Infonet Pvt. Ltd".



BALANCE SHEET AS AT MARCH 31, 2024

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
1 Financial Assets			
(a) Cash & Cash equivalents	2a	1,389.69	6,365.67
(b) Bank Balances other than (a) above	2b	100.19	-
(c) Receivables			
(i) Trade Receivables	3	-	1.50
(ii) Other Receivables		1.36	3.65
(d) Loans	4	271,381.82	236,785.06
(e) Investments	5	82,482.07	62,950.97
(f) Other Financial Assets - (Security and other Deposits)		609.62	596.42
2 Non-Financial Assets			
(a) Tax Assets (net)		950.45	306.82
(b) Property, Plant and Equipment	6	1,983.26	1,999.07
(c) Other Intangible Assets	6	25.96	2.83
(d) Intangible Assets under development	6	370.81	-
(e) Right of Use Asset	6	313.31	77.62
(f) Other Non-Financial assets	7	161.49	135.83
Total Assets		359,770.03	309,225.44
LIABILITIES AND EQUITY			
1 Financial Liabilities			
(a) Payables			
(i) Trade Payables	8		
total outstanding dues of micro enterprises and small enterprises		2.84	-
total outstanding dues of creditors other than micro enterprises and small enterprises		120.02	78.06
(ii) Other Payables	8		
total outstanding dues of micro enterprises and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		-	1.84
(b) Borrowings (Other than Debt Securities)	9	146,062.83	115,170.13
(c) Other Financial Liabilities	10	912.90	1,006.07
2 Non-Financial Liabilities			
(a) Current tax liabilities (Net)		-	-
(a) Provisions	11	1,319.16	1,188.10
(b) Deferred Tax Liabilities	33	7,781.67	6,325.28
(c) Other Non-Financial Liabilities	12	41.98	100.47

**BALANCE SHEET AS AT MARCH 31, 2024**

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
3	Equity			
(a)	Equity Share capital	13	38,000.00	38,000.00
(b)	Other Equity	14	165,528.63	147,355.49
	Total Liabilities and Equity		359,770.03	309,225.44
	Material accounting policies, key estimates and judgments	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date

For and on behalf of

RSVA & Co.Chartered Accountants
Firm Registration No.110504W**Jagadish B. Shetty**Partner
Membership No.048042
UDIN : 24048042BKCN9543**Gopal Singh Gusain**
Director
DIN : 03522170**Abhijit Bose**
Director
DIN : 10041742**Kamlesh Rathi**
Chief Financial OfficerPlace : Mumbai
Date : May 3, 2024Place : Mumbai
Date : May 3, 2024

For and on behalf of the Board of Directors

Sidheswar Patra
Director
DIN : 05227796**Reena Banerjee**
Director
DIN : 10329776**V. Narayanamurthy**
Managing Director & CEO
DIN : 00555704**Suparna Sharma**
Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

	Particulars	Note No.	For the Year ended March 31, 2024	For the Year ended March 31, 2023
(I)	Revenue from operations			
(i)	Interest Income	15	29,055.19	24,418.70
(ii)	Dividend Income (from subsidiary ₹1,500.00 lakhs (PY ₹2,100.00 lakhs)		1,809.87	2,229.30
(iii)	Fees and commission Income		265.01	40.20
(iv)	Net gain on fair value changes	16	2,276.20	143.80
	Total Revenue from operations		33,406.27	26,832.00
(II)	Other Income	17	238.04	242.51
(III)	Total Income (I+II)		33,644.31	27,074.51
	Expenses			
(i)	Finance Costs	18	9,761.78	4,199.61
(ii)	Impairment on financial instruments	19	1,248.05	2,208.97
(iii)	Employee Benefits Expenses	20	2,673.69	2,159.24
(iv)	Depreciation, amortization and impairment	6	155.18	140.78
(v)	Other expenses	21	1,516.29	1,120.68
(IV)	Total Expenses		15,354.99	9,829.28
(V)	Profit / (loss) before exceptional items and tax (III-IV)		18,289.32	17,245.23
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V+VI)		18,289.32	17,245.23
(VIII)	Tax Expense	33		
	- Current Tax		4,600.88	4,060.00
	- Tax pertaining to earlier periods		-	(953.51)
	- Deferred Tax		(220.45)	226.17
(IX)	Profit/(loss) for the year (VII-VIII)		13,908.89	13,912.57
(X)	Other Comprehensive Income			
A	(i) Items that will not be reclassified to profit and loss		10,925.21	4,165.39
	(ii) Less: Income Tax on items that will not be reclassified to profit & loss	33	2,100.96	869.32
	Subtotal (A) (i-ii)		8,824.25	3,296.07
B	(i) Items that will be reclassified to profit and loss		-	-
	(ii) Less: Income Tax on items that will be reclassified to profit & loss		-	-
	Subtotal (B) (i-ii)		-	-
	Other Comprehensive Income (A + B)		8,824.25	3,296.07

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in lakhs)

	Particulars	Note No.	For the Year ended March 31, 2024	For the Year ended March 31, 2023
(XI)	Total Comprehensive Income for the year (IX + X)		22,733.14	17,208.64
(XII)	Earnings per equity share for equity shares of par value ₹10/- each			
	Basic & Diluted (in ₹)	28	3.66	3.66
	Material accounting policies, key estimates and judgments	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date

For and on behalf of

RSVA & Co.Chartered Accountants
Firm Registration No.110504W**Jagadish B. Shetty**Partner
Membership No.048042
UDIN : 24048042BKCN1Y9543**Gopal Singh Gusain**
Director
DIN : 03522170**Abhijit Bose**
Director
DIN : 10041742**Kamlesh Rathi**
Chief Financial Officer**Sidheswar Patra**
Director
DIN : 05227796**Reena Banerjee**
Director
DIN : 10329776**V. Narayanamurthy**
Managing Director & CEO
DIN : 00555704**Suparna Sharma**
Company Secretary

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 3, 2024Place : Mumbai
Date : May 3, 2024



STATEMENT OF CHANGES IN EQUITY

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning	380,000,000	38,000.00	380,000,000	38,000.00
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	380,000,000	38,000.00	380,000,000	38,000.00
Changes in the equity share capital during the period	-	-	-	-
Balance as at the end	380,000,000	38,000.00	380,000,000	38,000.00

Particulars	Reserves & Surplus		Equity Instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
	Statutory Reserve	Capital redemption Reserve			
As at April 1, 2022	45,565.00	12,000.00	43,557.79	10.27	134,706.85
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated balance as at April 1, 2022	45,565.00	12,000.00	43,557.79	10.27	134,706.85
Total Comprehensive Income for the year	-	-	13,912.57	6.72	17,208.64
Dividend	-	-	(4,560.00)	-	(4,560.00)
Transfer to/from retained earnings	2,800.00	-	(2,800.00)	-	-
As at March 31, 2023	48,365.00	12,000.00	50,110.36	16.99	147,355.49
As at April 1, 2023	48,365.00	12,000.00	50,110.36	16.99	147,355.49
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated balance as at April 1, 2023	48,365.00	12,000.00	50,110.36	16.99	147,355.49
Total Comprehensive Income for the year	-	-	13,908.89	(4.42)	22,733.14
Dividend	-	-	(4,560.00)	-	(4,560.00)
Transfer to/from retained earnings	2,800.00	-	(2,800.00)	-	-
As at March 31, 2024	51,165.00	12,000.00	56,659.25	12.57	165,528.63

As per our report of even date

For and on behalf of

RSVA & Co.

Chartered Accountants

Firm Registration No.110504W

Jagadish B. Shetty

Partner

Membership No.048042

UDIN : 24048042BKCN1Y9543

Place : Mumbai

Date : May 3, 2024

For and on behalf of the Board of Directors

Gopal Singh Gusain

Director

DIN : 03522170

V. Narayanamurthy

Managing Director & CEO

DIN : 00555704

Place : Mumbai

Date : May 3, 2024

Sidheswar Patra

Director

DIN : 05227796

Kamlesh Rathi

Chief Financial Officer

DIN : 10041742

Reena Banerjee

Director

DIN : 10329776

Suparna Sharma

Company Secretary

DIN : 10041742

Abhijit Bose

Director

DIN : 10041742

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in lakhs)

Particulars		For the Year ended March 31, 2024	For the Year ended March 31, 2023
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit / (loss) before exceptional items and tax	18,289.32	17,245.23
	Adjustments :		
	Depreciation, amortization and impairment	155.18	140.78
	Interest income	(29,055.19)	(24,418.70)
	Finance Costs	9,761.78	4,199.61
	Dividend Income from Investments	(1,809.87)	(2,229.30)
	(Profit) / Loss on sale of Property, plant and equipment (Net)	(1.60)	(0.08)
	Impairment on financial instruments	6,596.92	4,582.62
	Provisions no longer required written back	(89.80)	(59.37)
	Gain on liquidation of subsidiary	-	(61.91)
	Unrealised gain on fair value changes	(13.53)	(3.33)
		3,833.21	(604.45)
	Interest Paid	(9,868.13)	(4,439.27)
	Interest Received	28,296.32	24,851.07
	Operating Profit / (loss) before working capital changes	22,261.40	19,807.35
	Changes in Working Capital:		
	(Increase)/ Decrease in Receivable	3.79	(5.15)
	(Increase)/ Decrease in Loans	(40,434.80)	(88,847.61)
	(Increase)/ Decrease in Investments	(12,496.66)	0.98
	(Increase)/ Decrease in Other Financial Assets	(13.20)	(46.08)
	(Increase)/ Decrease Other Non-Financial Assets	(25.66)	86.05
	Increase/ (Decrease) in Payable	42.96	(2.33)
	Increase/ (Decrease) in Other Financial Liabilities (incl. Derivatives)	(331.62)	579.96
	Increase/ (Decrease) Other Non-Financial Liabilities	156.47	361.82
		(53,098.72)	(87,872.36)
	CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	(30,837.32)	(68,065.01)
	Less : Taxes Paid	5,668.63	2,429.69
	NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	(36,505.95)	(70,494.70)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Fixed deposit with banks having original maturity over three months	(100.19)	8,232.22
	Dividend Income from Investments	1,809.87	2,229.30
	Proceeds from liquidation of subsidiary	-	188.06
	Sale of investment measured at FVTOCI	3,910.21	437.01
	Purchase of tangible / intangible assets	(488.34)	(93.42)
	Sale of tangible / intangible assets	5.69	0.11
	NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	5,137.24	10,993.28



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

Particulars		For the Year ended March 31, 2024	For the Year ended March 31, 2023
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Payment of Dividend	(4,560.00)	(4,560.00)
	Proceeds from borrowings (other than debt securities)	31,014.51	58,316.03
	Payment towards lease liabilities	(61.78)	(43.14)
	NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	26,392.73	53,712.89
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(4,975.98)	(5,788.53)
Cash and Cash Equivalents at beginning of year (Refer Note 2a)		6,365.67	12,154.20
Cash and Cash Equivalents at end of year (Refer Note 2a)		1,389.69	6,365.67
The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (Ind AS) -7 "Cash Flow Statements".			

As per our report of even date

For and on behalf of

RSVA & Co.

Chartered Accountants
Firm Registration No.110504W

Jagadish B. Shetty

Partner
Membership No.048042
UDIN : 24048042BKCNIY9543

Place : Mumbai
Date : May 3, 2024

For and on behalf of the Board of Directors

Gopal Singh Gusain
Director
DIN : 03522170

Sidheswar Patra
Director
DIN : 05227796

Reena Banerjee
Director
DIN : 10329776

Abhijit Bose
Director
DIN : 10041742

V. Narayanamurthy
Managing Director & CEO
DIN : 00555704

Kamlesh Rathi
Chief Financial Officer

Suparna Sharma
Company Secretary

Place : Mumbai
Date : May 3, 2024



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 1: Material accounting policies, key accounting estimates and judgments

i) Corporate Information

STCI Finance Limited (“STCI” or “the Company”) is a Public limited company domiciled in India with its registered office at A/B 1-802, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G K marg, Lower Parel (w) Mumbai – 400013. The Company was incorporated on May 10, 1994, vide certificate of incorporation no. U51900MH1994PLC078303 issued by the Registrar of Companies Maharashtra, Mumbai. The Legal Entity identifier no is 335800LJRPAAIKRNY9644. The Company is presently registered with Reserve Bank of India (RBI) as Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC_ND_SI). Company is classified as a NBFC - Investment and Credit Company (NBFC-ICC) and falls under Middle Layer Category (NBFC-ML) of RBI’s scale based Regulations.

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

ii) Basis of Preparation

a) Statement of Compliance

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

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

b) Functional and presentation currency

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

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

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

d) Use of judgment and Estimates

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

e) Fair value measurement

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

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

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

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

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

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

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

f) Effective Interest Rate (EIR) method

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****iii) Material Accounting policies****a) Financial Instruments**

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

1) Financial Assets

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

Financial assets are subsequently classified as measured at

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

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

• Loans and Advances :

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

• Debt Instruments:

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

Measured at amortised cost:

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Debt Instruments at FVTOCI

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

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

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

Debt Instruments at FVTPL

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

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

- **Equity instruments**

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

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

- **Reclassification of financial assets**

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

- **De-recognition of financial assets**

The Company de-recognises a financial asset only when

- The contractual rights to receive the cash flows from the asset have expired; or
- The Company has transferred the financial asset and substantially all risks and rewards of ownership of the asset to another entity; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

2. Financial liabilities and equity instruments issued by the Company

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

- **Equity instruments**

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

- **Financial liabilities**

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

- **Financial liabilities at FVTPL:**

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

- **Financial liabilities at amortised cost:**

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

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

- **De-recognition of financial liabilities**

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

3. Derivative financial instruments

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

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

4. Impairment of financial instruments

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

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

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

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

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

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

Additionally, the financial assets may also be classified as Stage 2 assets based on certain other qualitative factors that significantly impacts the borrower's ability to meet its debt obligations.

Measurement of Expected Credit Loss

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

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

- (i) For Loan against Shares, historical recovery data is used to arrive at the actual loss percentages.
- (ii) For other collaterals, in absence of historical recovery data, Basel prescribed LGD haircuts are used.

- **Exposure at Default (EAD)** : EAD represents the expected exposure in the event of a default, taking into account the repayment of principal and interest from the balance sheet date to the default event. Stage wise EAD computation is as under.

- (i) For Stage 1 and 3, Current outstanding are used as EAD.
- (ii) For Stage 2 accounts, the expected principals outstanding (as contracted) at the end of reporting period are used as EAD.

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

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

Computation of ECL is summarized as under.

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

5. Offsetting

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

b) Cash and Cash equivalents

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

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

Statement of Cash Flow

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

c) Property, Plant and Equipment and Intangible Assets

1. Recognition and measurement

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

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

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

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

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

2. Subsequent Measurement

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

3. Depreciation and amortisation

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

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

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

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

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

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

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

e) Provisions and Contingencies

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

f) Employee Benefits

1. Short-term employee benefits

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

2. Long-Term employee Benefits

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

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

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

3. Post-Employment and termination benefits

- **Defined Contribution Plan (Provident Fund):**

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

- **Defined Benefit Obligation (Gratuity)**

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

Defined benefit costs are categorised as follows:

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

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

The Company's net obligation in respect of gratuity (defined benefit plan), is calculated by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The retirement benefit obligation recognised in the Balance Sheet



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is recognised as an asset to the extent of present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

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

g) **Borrowing Cost**

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

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

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

h) **Revenue Recognition**

1. **Interest**

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

2. **Fees Income**

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

3. **Dividend Income**

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

4. **Income from securities**

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

i) **Leases**

The Company as a lessee

The Company's lease assets primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

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

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

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

The Company as a lessor

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

j) Income Tax

Income tax expense comprises of current tax and deferred tax.

1. Current Tax

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

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

2. Deferred Tax

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

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

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

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

k) Earnings Per Share

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

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

l) Segment Reporting

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

m) Dividend Distribution to Equity Holders of the Company

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-2a : Cash and Cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Cash on hand	0.08	0.01
b) Balance with Bank (In current and deposit accounts)	1,389.61	6,365.66
Total (a+b)	1,389.69	6,365.67

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

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Deposit with Banks (Original maturity of more than 3 months) (includes interest accrued but not due)	100.19	-
Total	100.19	-

Note-3 : Receivables

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Trade Receivables		
a) Secured, considered good ;	-	-
b) Unsecured, considered good; and	-	1.50
c) Credit Impaired	-	-
Subtotal (a+b+c)	-	1.50
Less: Allowance for impairment loss	-	-
NET Receivables	-	1.50
b) Other Receivables	1.36	3.65
Total (a+b)	1.36	5.15

Dues from Directors & Others officers of the Company in above

Nil

Nil

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Trade & Other Receivables ageing Schedule**

(₹ in lakhs)

	Particulars	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1 year to 2 year	2 year to 3 year	more than 3 year	
	As on March 31, 2024						
(i)	Undisputed Trade/Other receivables – considered good	1.36	-	-	-	-	1.36
(ii)	Undisputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii)	Undisputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-
(iv)	Disputed Trade/Other Receivables–considered good	-	-	-	-	-	-
(v)	Disputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi)	Disputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-
	Total	1.36	-	-	-	-	1.36
	As on March 31, 2023						
(i)	Undisputed Trade/Other receivables – considered good	5.15	-	-	-	-	5.15
(ii)	Undisputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii)	Undisputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-
(iv)	Disputed Trade/Other Receivables–considered good	-	-	-	-	-	-
(v)	Disputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi)	Disputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-
	Total	5.15	-	-	-	-	5.15



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-4 : Loans (At Amortised Cost)

(₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
a)	Loans (at amortised cost) :		
	Term Loans & Others	260,392.94	239,603.08
	Others - TREPS Lending	29,994.39	13,794.91
	Total (Gross)	290,387.33	253,397.99
	Less : Impairment loss allowance	(19,005.51)	(16,612.93)
	Total (Net)	271,381.82	236,785.06
b)	i) Secured by tangible assets	254,948.94	226,599.33
	ii) Secured by intangible assets	-	-
	iii) Covered by bank / Government guarantees	-	-
	iv) Covered by CCP's	29,994.39	13,794.91
	v) Unsecured #	5,444.00	13,003.75
	Total (Gross)	290,387.33	253,397.99
	Less : Impairment loss allowance	(19,005.51)	(16,612.93)
	Total (Net)	271,381.82	236,785.06
c)	I) Loans in India		
	a) Public Sector	-	-
	b) Others	290,387.33	253,397.99
	Total (Gross)	290,387.33	253,397.99
	Less : Impairment loss allowance	(19,005.51)	(16,612.93)
	Total (Net)	271,381.82	236,785.06
	II) Loans outside India (Net)	-	-
	Total C(I) & C(II)	271,381.82	236,785.06

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

Loans and Advances of ₹1,43,158.69 lakhs (₹1,01,368.86 lakhs as on March 31, 2023) have been charged in favour of Banks/NBFCs for outstanding Secured Term Loans of ₹1,13,745.80 lakhs (₹82,926.58 lakh as on March 31, 2023).

Charge creation is pending.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-5 : Investments

(₹ in lakhs)

Particulars	As at March 31, 2024					As at March 31, 2023								
	At Fair Value		Others at Cost	Total	1	At Fair Value		Others at Cost	Total	6	7	8-6+7	9	Total
	Through OCI	Through profit and loss account				Through OCI	Through profit and loss account							
		2	4	(5=3+4)	6	7	(8=6+7)	9	(10=8+9)					
Investments														
- Mutual funds	-	15,013.52	-	15,013.52	-	2,503.33	2,503.33	-	2,503.33	-	-	-	-	2,503.33
- Government Securities (incl. SDL&TBill)*	-	0.05	-	0.05	-	0.05	0.05	-	0.05	-	-	-	-	0.05
Equity instruments														
- Quoted Equity Shares	-	-	-	-	88.09	-	88.09	-	-	-	88.09	-	-	88.09
- Subsidiaries(Wholly owned & unquoted)**	-	-	15,000.00	15,000.00	-	-	-	15,000.00	-	-	-	15,000.00	-	15,000.00
- Equity Investment in CCIL (unquoted)	48,718.50	-	-	48,718.50	43,284.50	-	43,284.50	-	43,284.50	-	-	-	-	43,284.50
Investment in Venture Capital Fund***	3,750.00	-	-	3,750.00	2,075.00	-	2,075.00	-	2,075.00	-	-	-	-	2,075.00
Total – Gross (A)	52,468.50	15,013.57	15,000.00	82,482.07	45,447.59	2,503.38	47,950.97	15,000.00	62,950.97	15,000.00	47,950.97	15,000.00	62,950.97	
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	52,468.50	15,013.57	15,000.00	82,482.07	45,447.59	2,503.38	47,950.97	15,000.00	62,950.97	15,000.00	47,950.97	15,000.00	62,950.97	
Total – Gross (B)	52,468.50	15,013.57	15,000.00	82,482.07	45,447.59	2,503.38	47,950.97	15,000.00	62,950.97	15,000.00	47,950.97	15,000.00	62,950.97	
Total Investments (A) = (B)	52,468.50	15,013.57	15,000.00	82,482.07	45,447.59	2,503.38	47,950.97	15,000.00	62,950.97	15,000.00	47,950.97	15,000.00	62,950.97	
Less: Impairment loss allowance (C)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total – Net D = (A) - (C)	52,468.50	15,013.57	15,000.00	82,482.07	45,447.59	2,503.38	47,950.97	15,000.00	62,950.97	15,000.00	47,950.97	15,000.00	62,950.97	

* Including accrued interest

** The investment in subsidiaries has been valued at cost. Pursuant to the commencement of voluntary liquidation of Company's wholly owned subsidiary STCI Commodities Limited on March 11, 2022, an application was made with NCLT on June 25, 2022 for dissolution of STCI Commodities Limited under the IBC 2016. The application is pending for disposal.

*** Tata Venture Capital Funds- class A units 25,00,00,000 of ₹1/- each. Net amount paid per unit - ₹ 0.3553 (PY ₹ 0.4644) after considering redemption of ₹ 0.5554 (PY ₹ 0.44628) per unit.

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

(₹ in lakhs)

Particulars	Tangible Assets										Intangible Assets	Right of Use Asset	Total Assets		
	Air-Conditioners	Buildings *	Improvement to Leasehold Property	Computers	Electrical Installations	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software and Licenses				Building	
Gross Block															
As at March 31, 2022	18.83	2,126.87	49.77	122.86	12.86	62.28	8.57	42.06	2,444.10	91.23	155.82	2,691.15			
Additions	7.93	-	23.78	32.50	-	13.47	13.58	-	91.26	2.16	38.09	131.51			
Disposals	-	-	-	0.41	-	0.16	1.07	-	1.64	-	-	1.64			
As at March 31, 2023	26.76	2,126.87	73.55	154.95	12.86	75.59	21.08	42.06	2,533.72	93.39	193.91	2,821.02			
Additions	-	-	-	47.96	-	8.93	14.86	18.47	90.22	27.31	284.75	402.28			
Disposals	-	-	-	3.50	-	0.45	-	11.68	15.63	-	80.43	96.06			
As at March 31, 2024	26.76	2,126.87	73.55	199.41	12.86	84.07	35.94	48.85	2,608.31	120.70	398.23	3,127.24			
Depreciation															
As at March 31, 2022	11.54	265.26	29.83	72.38	12.86	36.56	6.19	10.34	444.96	75.13	82.24	602.33			
Additions	1.65	39.71	10.27	27.97	-	3.85	2.59	5.26	91.30	15.43	34.05	140.78			
Disposals	-	-	-	0.41	-	0.13	1.07	-	1.61	-	-	1.61			
As at March 31, 2023	13.19	304.97	40.10	99.94	12.86	40.28	7.71	15.60	534.65	90.56	116.29	741.50			
Additions	2.18	39.81	10.10	34.53	-	5.67	4.70	4.95	101.94	4.18	49.06	155.18			
Disposals	-	-	-	3.20	-	0.08	-	8.26	11.54	-	80.43	91.97			
As at March 31, 2024	15.37	344.78	50.20	131.27	12.86	45.87	12.41	12.29	625.05	94.74	84.92	804.71			
Net Carrying Amount															
As at March 31, 2023	13.57	1,821.90	33.45	55.01	-	35.31	13.37	26.46	1,999.07	2.83	77.62	2,079.52			
As at March 31, 2024	11.39	1,782.09	23.35	68.14	-	38.20	23.53	36.56	1,983.26	25.96	313.31	2,322.53			

*a) Cost of building includes ₹ 0.05 lakhs being the cost of shares held for membership of the Co-operative society.

b) Title deeds of all the immovable property (other than properties where the Company is the lessee) are held in the name of the company.

c) The company has not revalued its Property, Plant & Equipment and Intangible Assets (including Right-of-Use Assets) during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Intangible assets under development - Ageing Schedule :**

(₹ in lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As on March 31, 2024					
- Software under development	370.81	-	-	-	370.81
- Projects temporarily suspended	-	-	-	-	-
Total	370.81	-	-	-	370.81
As on March 31, 2023					
- Software under development	-	-	-	-	-
- Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

The Company is in the process of implementing a new loan management software and the same is disclosed as Intangible assets under development. The implementation of new software is expected to be completed before the end of next financial year. The above amount includes partial payments made towards directly attributable cost and related taxes for the implementation of new loan management software.

Note-7 : Other Non-Financial Asset

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured - Considered good (Unless otherwise stated)		
Prepaid Expenses	107.81	98.66
Input Tax Credit	53.26	35.58
Other Advances	0.42	1.59
Total	161.49	135.83

Note-8 : Payables

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Trade Payables		
(i) total outstanding dues of micro enterprises & small enterprises	2.84	-
(ii) total dues of creditors other than micro enterprises & small enterprises	120.02	78.06
Subtotal (i+ ii)	122.86	78.06
b) Other Payables		
(i) total outstanding dues of micro enterprises & small enterprises	-	-
(ii) total dues of creditors other than micro enterprises & small enterprises	-	1.84
Subtotal (i+ ii)	-	1.84
Total (a+b)	122.86	79.90



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Trade & Other Payables ageing Schedule

(₹ in lakhs)

	Particulars	Unbilled/ Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
	As on March 31, 2024						
i)	MSME	-	2.84	-	-	-	2.84
ii)	Others	95.98	24.04	-	-	-	120.02
iii)	Disputed dues - MSME	-	-	-	-	-	-
iv)	Disputed dues - Others	-	-	-	-	-	-
	Total	95.98	26.88	-	-	-	122.86
	As on March 31, 2023						
i)	MSME	-	-	-	-	-	-
ii)	Others	76.46	3.44	-	-	-	79.90
iii)	Disputed dues - MSME	-	-	-	-	-	-
iv)	Disputed dues - Others	-	-	-	-	-	-
	Total	76.46	3.44	-	-	-	79.90

The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') based on and to the extent of the information received by the company from the suppliers regarding their status under the MSMED Act.

(₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
i)	Principal and interest amount remaining unpaid (not due)	2.84	-
ii)	Interest due thereon remaining unpaid		
iii)	Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
iv)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
v)	Interest accrued and remaining unpaid	-	-
vi)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Note-9: Borrowings (Other than Debt Securities) at amortised cost**

(₹ in lakhs)

	As at March 31, 2024	As at March 31, 2023
(a) Term loans		
(ia) from Banks - Long Term	92,386.74	67,942.13
(ib) from Banks - Long Term - Related Party (BOI)	15,003.77	15,003.64
(ic) from Others - Long Term	6,403.18	-
(iia) from Banks - Short Term	5,999.99	6,000.00
(iib) from Banks - Short Term - Related Party (BOI)	15,003.67	15,003.25
(iii) Unamortised Borrowing cost for above term loans	(437.53)	(280.80)
(b) Loans repayable on demand		
(i) from Banks (OD)	3,199.02	2,500.00
(ii) from Banks (OD) - Related Party (BOI)	8,503.99	9,001.91
Total (a+b)	146,062.83	115,170.13
Borrowings in India	146,062.83	115,170.13
Borrowings outside India	-	-
Total	146,062.83	115,170.13

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

The long term loans are secured by way of first charge on specific receivables (Loan & Advances) with an overall asset cover ranging from 110% to 120%. Details of Long term loan from Banks/ NBFC is as under.

(₹ in lakhs)

Name of the Lender	Repayment details	As at March 31, 2024		As at March 31, 2023	
		Principal Maturity Value		Principal Maturity Value	
		Current	Non Current	Current	Non Current
Bank of Baroda	8 Qtrly Installments of Rs 2,500.00 lakhs w.e.f. 30.06.22	-	-	9,926.91	-
State Bank of India -I	18 Qtrly Installments of Rs.1,667.00 lakhs w.e.f. 30.04.23	6,668.00	16,662.06	6,668.00	23,331.68
Canara Bank	18 Qtrly Installments of Rs.278.00 lakhs w.e.f. 27.06.23	1,112.00	2,775.92	1,112.00	3,887.99
Canara Bank-II	18 Qtrly Installments of Rs.278.00 lakhs w.e.f. 27.12.23	1,112.00	3,331.92	556.00	4,444.00
Bank of India	8 Half Yearly Installments of Rs.1875.00 lakhs w.e.f. 31.08.24	3,750.00	11,250.00	-	15,000.00
Central Bank	8 Half Yearly Installments of Rs.1250.00 lakhs w.e.f. 30.09.24	2,500.00	7,499.86	-	10,000.00
Axis Bank	8 Qtrly Installments of Rs.375.00 lakhs w.e.f. 30.06.23	1,499.68	-	1,500.00	1,500.00
Punjab & Sind Bank -I	19 Qtrly Installments of Rs.263.00 lakhs w.e.f.30.09.23	1,052.63	3,157.75	789.00	4,211.00
Union Bank I	20 Qtrly Installments of Rs.250.00 lakhs w.e.f.31.12.2023	1,000.00	3,499.93	-	-
DCB Bank	14 Qtrly Installments of Rs.214.29 lakhs w.e.f.30.06.2024	857.14	2,142.86	-	-
State Bank of India-II	20 Qtrly Installments of Rs.1000.00 lakhs w.e.f. 31.07.2024	3,000.00	16,999.79	-	-
RBL Bank	12 Qtrly Installments of Rs.250.00 lakhs w.e.f. 28.03.2024	1,000.00	1,750.00	-	-
Karur Vysya Bank	11 Qtrly Installments of Rs.454.55 lakhs w.e.f. 30.06.2024	1,818.18	3,181.81	-	-
Punjab & Sind Bank -II	19 Qtrly Installments of Rs.131.58 lakhs w.e.f. 30.06.2024	526.32	1,973.68	-	-
Union Bank-II	19 Qtrly Installments of Rs.250 lakhs w.e.f.31.03.2024	1,000.00	3,749.92	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

Name of the Lender	Repayment details	As at March 31, 2024		As at March 31, 2023	
		Principal Maturity Value		Principal Maturity Value	
		Current	Non Current	Current	Non Current
Indian Overseas Bank	8 Half Yearly Installments of Rs.312.50 lakhs w.e.f. 30.09.25	-	2,499.35	-	-
Aditya Birla Finance Limited	8 Qtrly Installments of Rs.375.00 lakhs w.e.f.01.10.2023	1,500.00	375.00	-	-
Tata Capital Limited	8 Qtrly Installments of Rs.750.00 lakhs w.e.f.05.10.2023	3,000.00	1,500.00	-	-
Interest accrued but not due for above loans		47.89	-	19.19	-
		31,443.84	82,349.85	20,571.10	62,374.67

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

(₹ in lakhs)

Name of the Lender	Repayment details	Type	As at March 31, 2024	As at March 31, 2023
Union Bank of India	25.04.2024 (PY - 20.09.2023)	Unsecured	5,999.99	6,000.00
Bank of India (Related Party)	27.06.2024 (PY - 28.08.2023)	Unsecured	15,000.00	5,000.00
Bank of India (Related Party)	Nil (PY - 29.09.23)	Unsecured	-	10,000.00
Interest Accrued but not due on above			3.67	3.25
Total			21,003.66	21,003.25

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

(₹ in lakhs)

Name of the Lender	Type	As at March 31, 2024	As at March 31, 2023
Bank Of India (Related Party)	Unsecured	8,496.28	9,000.00
Union Bank of India	Unsecured	3,199.02	2,500.00
Interest Accrued but not due on above		7.71	1.91
Total		11,703.01	11,501.91

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

Note-10 : Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Margin money & Advances received from client	575.50	913.97
b) Lease Liability (Refer Note No 24)	327.30	88.85
c) Others (payable to related party - STCI Primary Dealer Ltd ₹3.25 lakhs (PY ₹3.25 lakhs))	10.10	3.25
Total (a+b+c)	912.90	1,006.07

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Note-11 : Provisions**

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Provision for Employee benefits - (Refer Note No. 32)	409.16	388.10
(b) Provision for PLVP	910.00	800.00
Total	1,319.16	1,188.10

Note-12 : Other Non-Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Dues	41.98	100.47
Total	41.98	100.47

Note-13 : Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
50,00,00,000 (PY - 50,00,00,000) Equity shares of ₹10/-each (PY ₹10/-)	50,000.00	50,000.00
	50,000.00	50,000.00
Issued, subscribed, and fully paid up		
Equity Share Capital		
38,00,00,000 (PY - 38,00,00,000) Equity shares of ₹10/- (PY ₹10/-) each fully paid up	38,000.00	38,000.00
Total	38,000.00	38,000.00

a) Details of Shareholding as at March 31, 2024

- i) 113,837,810 number of equity shares of ₹10/- each (PY - 113,837,810 of ₹ 10/- each), are held by Bank of India, the largest shareholder of the company.

a) Details of Shareholding as at March 31, 2024

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

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	113,837,810	29.96%	113,837,810	29.96%
State Bank of India	39,211,420	10.32%	39,211,420	10.32%
IDFC First Bank Limited	35,301,360	9.29%	35,301,360	9.29%
Punjab National Bank	27,300,970	7.18%	27,300,970	7.18%
IDBI Bank Limited	25,076,100	6.60%	25,076,100	6.60%
LIC of India	21,523,470	5.66%	21,523,470	5.66%
Canara Bank	20,084,580	5.29%	20,084,580	5.29%



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

- b) Details of shares bought back during past five years : Nil
 c) Shares allotted as fully paid up pursuant to contract without payment being received in cash or by way of Bonus Shares - Nil

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

Particulars	As at March 31, 2024	As at March 31, 2023
No. of shares Outstanding as at the beginning of the year	380,000,000	380,000,000
Add: Shares issued	-	-
Less: Share bought back / forfeited	-	-
Number of shares at the end of year	380,000,000	380,000,000

- e) Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of ₹10/- each.
 f) Details of Shares held by Promoters :
 No person has been identified by the Company as its Promoter. Bank of India continues to be the largest shareholder of the Company with 11,38,37,810 equity shares i.e. 29.96% stake in the paid up equity capital of the Company.

Note-14 : Other Equity

Particulars	(₹ in lakhs)	
	As at March 31, 2024	As at March 31, 2023
Statutory Reserve u/s 45-IC of The RBI Act, 1934	51,165.00	48,365.00
Capital redemption Reserve	12,000.00	12,000.00
Retained Earnings	56,659.25	50,110.36
Other Comprehensive Income	45,704.38	36,880.13
Total	165,528.63	147,355.49

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Note-15 : Interest Income**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Financial Assets measured at Amortised Cost		
Interest on Loans	28,334.96	24,157.66
Interest on deposits with Banks & Others	374.20	40.02
Other Interest Income	340.90	210.21
Financial Assets measured at fair value through profit or loss		
Interest income from debt instruments	5.13	10.81
Total	29,055.19	24,418.70

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

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,316.69	154.08
- Derivatives	(40.49)	(10.28)
Total	2,276.20	143.80
Fair Value changes:		
- Realised	2,262.67	140.47
- Unrealised	13.53	3.33
Total	2,276.20	143.80

Note-17 : Other Income

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Net gain/(loss) on derecognition of property, plant and equipment	1.60	0.08
Provisions no longer required written back	89.80	59.37
Income from subleasing right-of-use assets	4.85	4.61
Interest Income on Tax Refunds	-	95.18
Miscellaneous Income	141.79	21.36
Profit on liquidation of subsidiary	-	61.91
Total	238.04	242.51



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-18 : Finance Costs

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Interest on Financial liabilities measured at Amortised Cost		
- Borrowings other than debt securities	9,405.84	4,043.94
- Debt securities	-	-
Interest expense on lease liabilities	15.48	7.67
Others	340.46	148.00
Total	9,761.78	4,199.61

Note-19 : Impairment on financial instruments measured at amortised cost

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Loan		
- Expected credit losses	2,392.58	(664.30)
- Write off of Loans (Net)	(1,144.53)	2,873.27
Total	1,248.05	2,208.97

Note-20 : Employee Benefits Expenses

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Salaries and wages	2,523.27	2,037.08
Contribution to provident and other funds	92.10	77.51
Staff welfare expenses	58.32	44.65
Total	2,673.69	2,159.24

Note 21 : Other expenses

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Rent, taxes and energy costs	51.45	52.55
Repairs and maintenance	73.56	79.06
Communication Costs	33.52	24.71
Printing and stationery	10.14	7.65
CSR Expenditure (Refer Note No 29)	220.53	33.78
Director's fees, allowances and expenses	63.98	52.65
Auditor's fees and expenses (Refer Note No 25)	16.50	16.50
Legal and Professional charges	506.78	440.76
Insurance	135.40	58.22
Information services	50.26	43.08
Travelling Expenses	132.88	88.51
Other expenditure	221.29	223.21
Total	1,516.29	1,120.68

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Notes forming part of financial statements****22. Contingent Liabilities (to the extent not provided for)****i) Claims against the company not acknowledged as debt:**

- a) The Company had received a notice in March 2002 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 ₹ 480.12 lakhs (PY ₹ 480.12 lakhs).

Disputed /Appeal Filed by	Period to which dispute relates	Disputed tax liability	Forum where dispute is pending
Income Tax Department	F.Y.1999-00	₹76.39 lakhs	Bombay High Court
Income Tax Department	F.Y. 2000-01	₹100.82 lakhs	Bombay High Court
Income Tax Department	F.Y. 2002-03	₹248.08 lakhs	Bombay High Court
Income Tax Department	F.Y. 2009-10	₹20.16 lakhs	Bombay High Court
Income Tax Department	F.Y. 2010-11	₹24.95 lakhs	Bombay High Court
Company	F.Y. 2011-12	₹4.48 lakhs	Assessing Officer
Company	F.Y. 2012-13	₹5.24 lakhs	Assessing Officer

- ii) **Capital and other commitments:** The Company has contractually committed ₹ 918.79 lakhs (PY -Nil) towards purchase, implementation and future support and maintenance of new loan management software and other related costs.

23. Details of Provisions is as under.

(₹ in lakhs)

Particulars	Performance Linked Variable Pay	
	2023-24	2022-23
Carrying amount at the beginning	800.00	600.00
Additional provisions made in the period	910.00	800.00
Amounts used during the period	(710.20)	(540.63)
Unused amounts reversed during the period	(89.80)	(59.37)
Carrying amount at the end of the period	910.00	800.00

Provision of ₹ 910.00 lakhs (PY - ₹800.00 lakhs) is made during the year towards performance linked variable and incentive pay.

24. Leases

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

Maturity analysis of lease liabilities as at March 31, 2024 is as under.

(₹ in lakhs)

Particulars	As at March 31, 2024		As at March 31, 2023	
	At Present Value	Undiscounted Basis	At Present Value	Undiscounted Basis
Less than one year	70.62	97.01	29.08	35.30
Between one and five years	253.73	296.58	59.77	66.92
More than five years	2.95	3.02	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

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

Particulars	(₹ in lakhs)	
	FY 23-24	FY 22-23
Balance at the beginning of the year	88.85	86.23
Additions	284.75	38.09
Finance cost accrued during the year	15.48	7.67
Payment of lease liabilities	(61.78)	(43.14)
Balance at the end of the year	327.30	88.85

25. Remuneration to Statutory Auditors

Particulars	(₹ in lakhs)	
	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Payment to auditors (excluding taxes)		
a) Statutory Audit Fees	9.00	9.00
b) Taxation matters (Tax Audit Fees)	1.75	1.75
c) Certification Fees & Other services	5.75	5.75
Total	16.50	16.50

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

Particular	Principal place of Business	Percentage (%) of ownership interest	
		As at March 31, 2024	As at March 31, 2023
Subsidiaries			
STCI Primary Dealer Limited	India	100	100
STCI Commodities Limited * (Under Voluntary Liquidation)	India	-	-

* Pursuant to the commencement of voluntary liquidation of Company's wholly owned subsidiary STCI Commodities Limited on March 11, 2022, an application was made with NCLT on June 25, 2022 for dissolution of STCI Commodities Limited under the IBC 2016. The application is pending for disposal.

27. Related Party Transactions

List of related parties

i) Related party where control exists:

- a) STCI Primary Dealer Limited – wholly-owned subsidiary
- b) STCI Commodities Limited – wholly-owned subsidiary (Under Voluntary Liquidation)

ii) Other related parties:

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

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

Key Management Personnel:-

- a) Mr. V. Narayanamurthy - Managing Director & CEO
- b) Mr. Arun Kumar Mandal - Non-Executive Director

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

- c) Mr. Gopal Singh Gusain - Non-Executive Director
- d) Mr. Sidheswar Patra - Non-Executive Director
- e) Mr. Abhijit Bose - Nominee Director of Bank of India
- f) Mr. Nitin G. Deshpande - Nominee Director of Bank of India (w.e.f. 30.06.2023)
- g) Mrs. Reena Banerjee – Non-Executive Director (w.e.f. 28.11.2023)
- h) Ms. Thankom T. Mathew - Non-Executive Director (upto 20.09.2023)
- i) Mr. Bikram Mishra - Nominee Director of Bank of India (upto 17.06.2023)
- j) Mr. Kamlesh Rathi - Chief Financial Officer
- k) Ms. Suparna Sharma - Company Secretary

There was no transaction with any of the relatives of Key Management Personnel during the year. All the transactions detailed below are entered into with the other related parties in ordinary course of business.

(₹ in lakhs)

Nature of transaction	For the year ended March 31, 2024		For the year ended March 31, 2023	
	BOI & its Subsidiaries	Subsidiaries	BOI & its Subsidiaries	Subsidiaries
Transactions during the year				
Purchase of Corporate Bonds	3,000.00	-	-	-
Sale of Corporate Bonds *	2,997.90	-	-	-
Purchase of Mutual Fund Units **	1,38,255.00	-	22,000.00	-
Sale of Units of Mutual Fund **	1,38,385.96	-	22,017.96	-
Fresh Long-Term Loans availed	-	-	15,000.00	-
Loans availed ***	5,00,292.06	-	1,63,574.69	-
Repayment of Loan availed ***	5,00,795.78	-	1,63,866.21	-
Maximum Loan (availed) Outstanding	39,240.00	-	39,000.00	-
Finance Cost (Interest on loans availed)	2,047.21	-	1,025.53	-
Dividend Paid (including interim)	1,366.05	-	1,366.05	-
Financial Charges/ payments	36.05	-	60.71	-
Reimbursement of expenses (paid)	-	-	-	0.14
Consideration for assignment of asset	-	-	-	0.25
Sitting fees paid	8.50	-	7.80	-
CSGL Transaction Charges	-	2.02	-	2.69
Reimbursement of CCIL Transaction Charges	-	2.02	-	2.70
Dividend Received (including interim)	-	1,500.00	-	2,100.00
Transaction Charges Received ****	4.50	-	-	-
Reimbursement of expenses (receipt)	-	11.44	-	10.58
Sitting fees received	-	6.00	-	5.80
Other Receipts – Sublease Rent	-	4.85	-	4.61
Outstanding at the end of the year				
Other Deposits Held	-	3.25	-	3.25
Loan availed (including OD)***	38,496.28	-	39,000.00	-
Mutual Fund Units Held **	2,503.01	-	2,503.33	-
Interest accrued but not due on borrowings	15.15	-	8.80	-
Balance in Current/OD account	18.16	-	9.41	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

* With BOI employee Pension Fund

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

*** Incl. aggregate amount availed and repaid during the period from overdraft & short term loan accounts (sanctioned limit of ₹ 25,000 lakhs).

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

As per the directions of the High Court of Delhi, net realisation from the auction of the property pertaining to earlier written off loan account and reinvested interest aggregating to ₹ 6,440.36 lakhs as on 31.3.24 (₹ 6,021.32 lakhs as on 31.03.23) were to be kept in Fixed Deposit with Bank. The same has been deposited with Bank of India and is not included in the above transactions with BOI.

Transactions with Key management personnel

(₹ in lakhs)			
Sr. No.	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(i)	Short term employee benefits	407.52	373.27
(ii)	Post employment benefits	11.51	10.13
(iii)	Other long-term benefits	-	-
(iv)	Sitting fees to Non-Executive Directors #	50.20	40.50

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

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

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

(₹ in lakhs)		
Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net Profit attributable to equity holders (₹ in Lakhs)	13,908.89	13,912.57
Weighted-Average Number of Equity Shares Outstanding (Face Value ₹10/- each)	38,00,00,000	38,00,00,000
Basic and diluted earnings per share (in ₹)	3.66	3.66

29. CSR Expenses

During the year, Company has spent ₹ 220.53 lakhs (PY ₹ 33.78) towards CSR activities in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules. Details of CSR expenses for the year are as under.

(₹ in lakhs)			
Sr. No.	Particulars	FY 2023-24	FY 2022-23
a)	Gross amount required to be spent during the year	219.55	40.53
b)	Amount of expenditure incurred and spent during the year on :		
	- Construction/acquisition of any asset – Capital Expenditure	-	-
	- Others (other than above)	220.53	33.78
	- Amount set off from the excess spent of last year	-	7.42

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in lakhs)

Sr. No.	Particulars	FY 2023-24	FY 2022-23
	Total	220.53	41.20
c)	Amount spent during the year :		
	- Expenses paid	220.53	33.78
	- Expenses yet to be paid for (Shortfall for the year)	-	-
d)	Total of previous years shortfall	-	-
e)	Reason for shortfall	NA	NA
f)	Related party transactions in relation to CSR expenditure	Nil	Nil

Nature of CSR activities

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

30. Capital Management

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

Ratio	Numerator	Denominator	31.03.2024	31.03.2023	% Variance
CRAR (%)	Total Capital	Total risk weighted assets	57.86%	60.28%	(4%)
CRAR - Tier I capital (%)	Tier I capital		56.82%	59.21%	(4%)
CRAR - Tier II Capital (%)	Tier II capital		1.04%	1.07%	(3%)
Liquidity Coverage Ratio *	Stock of High Quality Liquid Assets(HQLA)	Net Cash outflows over the 30 days	477%	1044%	(54%)

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

31. Segment Reporting

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

(₹ in lakhs)

Segment Information	Treasury		Lending		Unallocated		Total	
	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23
REVENUES								
External Clients	2,448.61	348.80	28,714.09	24,197.86	2,481.61	2,527.85	33,644.31	27,074.51
Inter-segment	-	-	-	-	-	-	-	-
Total Revenue	2,448.61	348.80	28,714.09	24,197.86	2,481.61	2,527.85	33,644.31	27,074.51
Segment Result Profit/(Loss)	2,430.99	335.60	17,353.61	17,546.76			19,784.60	17,882.36
(+) Unallocated income net of expenses							(1,340.10)	(496.35)
Operating Profit/(Loss)							18,444.50	17,386.01
(-) Depreciation							155.18	140.78
Profit before Tax & exceptional item							18,289.32	17,245.23
(+) Exceptional items							-	-
Profit after exceptional items before tax							18,289.32	17,245.23
(-) Tax Expenses including Deferred Tax							4,380.43	3,332.66
Profit/(Loss) after Tax							13,908.89	13,912.57
OTHER INFORMATION								
Segment Assets	30,560.44	14,450.90	2,41,387.43	2,22,990.15	87,822.16	71,784.39	3,59,770.03	309,225.44
Segment Liabilities	-	-	1,46,638.33	1,16,084.10	9,603.07	7,785.85	1,56,241.40	123,869.95

32. Employee benefits

Defined Contribution Plan - Provident Fund (PF) Contribution

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

(₹ in lakhs)

Particulars	FY 2023-24	FY 2022-23
Employer's Contribution to Provident Fund	80.85	63.66

Defined Benefit Plan - Gratuity

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

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

(₹ in lakhs)

Particulars	March 31, 2024	March 31, 2023
I. Assumption		
Mortality rate	IALM (2012-14) Ult	IALM (2012-14) Ult
Interest / Discount Rate	6.97%	7.17%
Rate of increase in compensation	8.00%	8.00%
Expected average remaining service	4.48	4.93
II. Reconciliation of net defined benefit asset/(liability)		
(a) Reconciliation of present value of defined benefit obligation		
Opening Defined Benefit Obligation	168.98	165.09
Interest Cost	11.56	10.28
Current Service Cost	12.08	13.69
Actuarial (Gains) / Losses	5.93	(8.01)
Benefits Paid	(21.28)	(12.07)
Closing Defined Benefit Obligation	177.27	168.98
(b) Reconciliation of present value of plan asset		
Fair value of plan assets at the beginning of year	171.06	152.37
Interest Income	12.39	10.12
Contributions	24.80	19.66
Benefits paid	(21.28)	(12.07)
Return on Plan Assets excluding Interest Income	0.03	0.97
Fair value of plan assets at the end of year	187.00	171.06
(c) Reconciliation of net defined benefit asset/(liability)		
Present value of obligation as at the end of year	177.27	168.98
Fair value of plan assets as at the end of year	187.00	171.06
Funded status	9.73	2.08
Recognised in Balance Sheet - Asset / (Liability)	9.73	2.08
III. Actuarial (Gain)/Loss on Obligation		
Due to Demographic Assumption	(0.00)	(0.80)
Due to Financial Assumption	2.39	(7.93)
Due to Experience	3.54	0.72
Net Actuarial (Gain)/ Loss on obligation	5.93	(8.01)
IV. Actual Return on Plan Assets		
Actual Interest Income	12.42	11.09
Expected Interest Income	12.39	10.12
Return on Plan Assets excluding Interest Income	0.03	0.97



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

Particulars	March 31, 2024	March 31, 2023
V. Net Interest		
Interest Expense	11.56	10.28
Interest Income	12.39	10.12
Net Interest Exp/(Income)	(0.83)	0.16
VI. Expenses Recognised in Profit and Loss account under Employee benefit expenses		
Current Service Cost	12.08	13.69
Net Interest Exp/(Income)	(0.83)	0.16
Past Service Cost (vested benefits)	-	-
Expenses recognised in Profit and Loss Account	11.25	13.85
VII. Remeasurements recognised in Other Comprehensive Income		
Net Actuarial (Gain)/ Loss on obligation	5.93	(8.01)
Return on Plan Assets excluding Interest Income	(0.03)	(0.97)
Total Actuarial (Gain)/ Loss recognised in OCI	5.90	(8.98)
VIII. Others		
Weighted average duration of defined benefit obligation	7.11	7.01
Investment Details - Gratuity Fund (LIC of India)	187.00	171.06
Projected Service Cost	18.10	12.08

Experience Adjustment – Gratuity

(₹ in lakhs)

Particulars	31.03.2024	31.03.2023	31.03.2022	31.03.2021	31.03.2020
Defined Benefit Obligation	177.27	168.98	165.09	168.75	154.67
Plan assets	187.00	171.06	152.37	140.46	125.61
Surplus/(Deficit)	9.73	2.08	(12.72)	(28.29)	(29.06)
Experience adj. on plan assets	0.03	0.97	1.48	0.73	0.93

Sensitivity analysis : Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 100 basis points as at 31.03.24 is as below:

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Change in rate of Discount Rate + 100 basis points	165.88	158.57
Change in rate of Discount Rate- 100 basis points	190.09	180.70
Change in rate of Salary Escalation Rate + 100 basis points	182.56	173.64
Change in rate of Salary Escalation Rate - 100 basis points	172.28	164.19

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

The Expected Payout as at 31st March 2024 are as under:

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Year 1	22.99	15.53
Year 2	12.08	34.27
Year 3	12.75	9.29
Year 4	10.05	9.22
Year 5	8.65	8.14
Year 6 to year ten	111.59	76.02

The company's liability on account of compensated absences is not funded and hence the disclosures related to the planned assets are not applicable. Expenses incurred towards compensated absences of ₹82.29 lakhs (Previous year ₹72.70 lakhs) are included in Note- 20 "Employee Benefits Expenses". Total provision as on March 31, 2024 for compensated absences is of ₹418.89 lakhs (Previous year ₹390.18 lakhs).

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

33. Income tax expense**i) Tax Expenses recognized in the Statement of Profit and Loss.**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Income tax expense:		
Current tax	4,600.88	4,060.00
Tax expense / (reversal) pertaining to prior years		(953.51)
Deferred tax - origination and reversal of temporary differences	(220.45)	226.17
Total	4,380.43	3,332.66

ii) Amounts recognised in Other Comprehensive Income

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024			For the Year ended March 31, 2023		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified subsequently to the P&L						
Equity Instruments & VCF through OCI	10,931.11	2,102.44	8,828.67	4,156.41	867.06	3,289.35
Remeasurements of the defined benefit plan	(5.90)	(1.48)	(4.42)	8.98	2.26	6.72
	10,925.21	2,100.96	8,824.25	4,165.39	869.32	3,296.07
Items that will be reclassified subsequently to the P&L						
Debt Instruments through OCI	-	-	-	-	-	-
Total	10,925.21	2,100.96	8,824.25	4,165.39	869.32	3,296.07



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

iii) Reconciliation of effective tax rate:

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

(₹ in lakhs)		
Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Profit before income tax	18,289.32	17,245.23
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	4,603.06	4,340.28
Effect of:		
Expenses that are not deductible for tax purposes	89.58	409.10
Deductions available under income tax	(455.51)	(576.65)
Other	143.30	113.44
Income tax expense	4,380.43	4,286.17
Short/(Excess) provision for tax for earlier years	-	(953.51)
Income Tax Expense	4,380.43	3,332.66

iv) Other tax assets and current tax liabilities

(₹ in lakhs)		
Particulars	As at March 31, 2024	As at March 31, 2023
Other tax assets	950.45	306.82

v) Recognized deferred tax assets and liabilities

(₹ in lakhs)		
Particulars	As at March 31, 2024	As at March 31, 2023
Deferred Tax Asset:		
Loans & Advances (EIR Adj and Net ECL Prov.)	3,846.49	3,606.91
Provisions	332.01	299.02
Others	3.52	3.20
Total Deferred Tax Asset	4,182.02	3,909.13
Deferred Tax Liability:		
Fair Value Gains & EIR Adj. on Investments	11,614.19	9,933.29
Property, Plant and Equipment & Intangible assets	239.38	230.45
Unamortised Borrowings Costs	110.12	70.67
Total Deferred Tax Liability	11,963.69	10,234.41
Net Deferred Tax Asset/(Liability)	(7,781.67)	(6,325.28)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****vi) Movement in temporary differences**

(₹ in lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Credit / (Charge) in the Statement of Profit and Loss during the period (a)		
Investments	(2.58)	(0.59)
Loans & Advances	239.58	(212.67)
Property, Plant and Equipment & Intangible assets	(8.93)	(8.53)
Borrowings	(39.45)	(64.39)
Provisions	31.51	60.38
Other	0.32	(0.37)
Total (a)	220.45	(226.17)
Credit / (Charge) in the other comprehensive income during the period (b)		
Provisions - employee benefits	1.48	(2.26)
Investment measured at fair value through other comprehensive income	(1,678.32)	(867.06)
Total (b)	(1,676.84)	(869.32)
Net deferred income tax asset at the beginning (c)	(6,325.28)	(5,229.79)
Net deferred tax asset/(Liabilities) at the end of the period d = (a) + (b) + (c)	(7,781.67)	(6,325.28)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

34. Financial Instruments

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

As at March 31, 2024	Carrying amount			Fair value hierarchy				Total
	FVTPL	FVOCI	Amortised Cost	Level 1	Level 2	Level 3	Total	
Financial Assets								
Investment in equity instruments	-	48,718.50	-	-	-	48,718.50	48,718.50	
Investment in debt instruments – G Sec	0.05	-	-	0.05	-	-	-	0.05
Investment in Liquid Mutual Fund	15,013.52	-	-	15,013.52	-	-	-	15,013.52
Investment in Venture Capital Fund	-	3,750.00	-	-	-	3,750.00	3,750.00	
Cash and cash equivalents	-	-	1,389.69	-	-	-	-	-
Other Bank Balances	-	-	100.19	-	-	-	-	-
Trade and Other Receivables	-	-	1.36	-	-	-	-	-
Loans & Advances	-	-	2,71,381.82	-	-	-	-	-
Others financial assets	-	-	609.62	-	-	-	-	-
Total	15,013.57	52,468.50	2,73,482.68	15,013.57	-	52,468.50	67,482.07	
Financial liabilities								
Trade and Other Payables	-	-	122.86	-	-	-	-	-
Debt Securities	-	-	-	-	-	-	-	-
Borrowings	-	-	1,46,062.83	-	-	-	-	-
Other Financial Liabilities	-	-	912.90	-	-	-	-	-
Total	-	-	1,47,098.59	-	-	-	-	-

There were no changes to the valuation or levelling approaches during FY 23-24.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

As at March 31, 2023	Carrying amount			Total	Fair value hierarchy			Total
	FVTPL	FVOCI	Amortised Cost		Level 1	Level 2	Level 3	
Financial Assets								
Investment in equity instruments	-	43,372.59	-	43,372.59	88.09	-	43,284.50	43,372.59
Investment in debt instruments – G Sec	0.05	-	-	0.05	0.05	-	-	0.05
Investment in Liquid Mutual Fund	2,503.33	-	-	2,503.33	2,503.33	-	-	2,503.33
Investment in Venture Capital Fund	-	2,075.00	-	2,075.00	-	-	2,075.00	2,075.00
Cash and cash equivalents	-	-	6,365.67	6,365.67	-	-	-	-
Other Bank Balances	-	-	-	-	-	-	-	-
Other Receivables	-	-	5.15	5.15	-	-	-	-
Loans & Advances	-	-	2,36,785.06	2,36,785.06	-	-	-	-
Others financial assets	-	-	596.42	596.42	-	-	-	-
Total	2,503.38	45,447.59	2,43,752.30	291,703.27	2,591.47	-	45,359.50	47,950.97

Financial liabilities								
Trade and Other Payables	-	-	79.90	79.90	-	-	-	-
Debt Securities	-	-	-	-	-	-	-	-
Borrowings	-	-	1,15,170.13	1,15,170.13	-	-	-	-
Other Financial Liabilities	-	-	1,006.07	1,006.07	-	-	-	-
Total	-	-	1,16,256.10	1,16,256.10	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

i) Valuation of level 3 Financial Assets

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

The valuation of shares held in CCIL as on March 31, 2024, is categorized under level 3 and is based on Net Asset Value (book value) as per the latest available audited financial statements of CCIL, viewed in conjunction with data on last transaction value.

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

Particulars	(₹ in lakhs)	
	March 31, 2024	March 31, 2023
Gains/(losses) included in Other Comprehensive Income	10,897.04	4,178.51
Changes in fair value (realized)	3,515.24	362.71
Changes in fair value (unrealized)	7,381.80	3,815.80

ii) Reconciliation of Level 3 fair values

Particulars	(₹ in lakhs)	
	March 31, 2024	March 31, 2023
Opening Balance	45,359.50	41,618.00
Purchases, issuance, and settlements (Net)	(272.80)	(74.30)
Net change in fair value (unrealised)	7,381.80	3,815.80
Transfer in fair value hierarchy	-	-
Closing Balance	52,468.50	45,359.50

iii) Sensitivity analysis for Level 3 Assets

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

Significant unobservable inputs	Impact on the company's equity and profit or OCI	
	(₹ in lakhs)	
	March 31, 2024	March 31, 2023
NAV (5% movement)	187.50	103.75
Equity Share Price (5% movement)	2,435.93	2,164.23

35. Financial Risk Management

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****i. Credit risk**

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

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

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

a) Maximum Exposure to the Credit Risk

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

Particulars	At March 31 2024	At March 31 2023
Financial Assets at amortised Cost - Loans & Advances (Gross)	260,392.94	239,603.08
Less: Impairment loss allowance	19,005.51	16,612.93
Financial Assets at amortised Cost - Loans & Advances – (Net)	2,41,387.43	2,22,990.15
Trade & Other Receivables	1.36	5.15
Total	2,41,388.79	2,22,995.30

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

b) Credit quality analysis

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

Inputs, assumptions and techniques used for estimating impairment

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

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Company primarily considers the DPD status of the loans. Credit risk is deemed to have increased significantly when an asset is more than 30 days past due (DPD). Significant increase in Credit risk is also assessed on the other qualitative factors, which may significantly impacts the borrower's ability to meet its debt obligations.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Calculation of expected credit losses

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

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

Particulars	At March 31 2024	At March 31 2023
Gross stage 1 (DPD≤30)	237,343.62	217,783.98
Less: Impairment loss allowance *	2,920.80	2,653.63
Net Stage 1 Assets	234,422.82	215,130.35
ECL Prov. Coverage	1.23%	1.22%
Gross Stage 2	6,500.00	8,000.00
Less: Impairment loss allowance *	792.72	924.49
Net Stage 2 Assets	5,707.28	7,075.51
ECL Prov. Coverage	12.20%	11.56%
Stage 3 (DPD>90)	16,487.37	14,516.03
Less: Impairment loss allowance	15,291.99	13,034.81
Net Stage 3 Assets	1,195.38	1,481.22
ECL Prov. Coverage	92.75%	89.80%
Total Loans & Adv	260,330.99	240,300.01
Less: Impairment loss allowance*	19,005.51	16,612.93
Net Loans & Advances	241,325.48	223,687.08
ECL Prov. Coverage	7.30%	6.91%

*Including ECL prov. in respect of interest accrued but not due on loans.

Credit impairment charge to the income statement

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
New and increased provisions (incl. write off)	8,836.09	6,809.60
Write-backs of specific provisions	(2,197.58)	(2,226.98)
Recoveries from written off accounts	(5,390.46)	(2,373.65)
Total charge to the income statement	1,248.05	2,208.97

Write-offs still under enforcement activity

All the contractual amount ₹ 4,204.34 lakhs (PY ₹ 5,110.81 lakhs) (principal outstanding) of loans and advances that were written off during the year ended March 2024, are still subject to enforcement measures.

As per the directions of the High Court of Delhi, net realisation from the auction of the property pertaining to earlier written off loan account and reinvested interest thereon aggregating to ₹ 6,440.36 lakhs as on 31.03.24 (₹ 6,021.32 lakhs as on 31.03.23) has been kept in Fixed Deposit with Bank. Company has not appropriated the realised amount as recovery towards its dues in view of ongoing litigation and court order.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

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

Particular	Movement in Gross Exposure to Loans & Adv.				Movement in ECL*			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	1,44,534.47	8,072.08	17,887.68	1,70,494.23	1,009.54	976.88	15,290.81	17,277.23
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL	-	-	-	-	-	-	-	-
- Transferred to lifetime ECL - significant increase in credit risk	(8,000.00)	8,000.00	-	-	(102.47)	102.47	-	-
- Transferred to lifetime ECL credit – impaired	-	(4,864.03)	4,864.03	-	-	(581.25)	581.25	-
Increase due to financial assets originated (Net)	1,21,904.06	-	-	1,21,904.06	1,889.36	-	-	1,889.36
Decrease due to loans derecognised on full payment	(34,910.17)	(3,208.05)	(480.00)	(38,598.22)	(168.08)	(282.69)	(408.00)	(858.77)
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	(5,744.38)		(2,644.87)	(8,389.25)	25.28	709.08	2,681.56	3,415.92
Amounts written off during the year	-	-	(5,110.81)	(5,110.81)	-	-	(5,110.81)	(5,110.81)
Balance as at March 31, 2023	2,17,783.98	8,000.00	14,516.03	240,300.01	2,653.63	924.49	13,034.81	16,612.93
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL	-	-	-	-	-	-	-	-
- Transferred to lifetime ECL - significant increase in credit risk	(6,500.00)	6,500.00	-	-	(202.24)	202.24	-	-
- Transferred to lifetime ECL credit – impaired	(6,419.09)	(2,783.11)	9,202.20	-	(120.39)	(377.01)	497.40	-
Increase due to financial assets originated (Net)	1,04,687.27	-	-	1,04,687.27	1,545.03	-	-	1,545.03
Decrease due to loans derecognised on full payment	(52,481.44)	(5,000.00)	-	(57,481.44)	(680.95)	(547.48)	-	(1,228.43)
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	(19,727.10)	(216.89)	(3,026.52)	(22,970.51)	(274.28)	590.48	5,964.12	6,280.32
Amounts written off during the year	-	-	(4,204.34)	(4,204.34)	-	-	(4,204.34)	(4,204.34)
Balance as at March 31, 2024	2,37,343.62	6,500.00	16,487.37	2,60,330.99	2,920.80	792.72	15,291.99	19,005.51

*Includes ECL prov. in respect of interest accrued but not due on loans.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

d) Collateral and other credit enhancements

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

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

As collateral is a source of mitigating credit risk, assessment of the condition of the securities and their value is undertaken on a regular basis. There were no significant changes in the collateral policy of the company during the Financial Year 2023-24

The collateral cover in respect of credit impaired assets as at March 31, 2024 is 320% and 225% as on March 31, 2023.

e) Credit Concentration

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

Particulars	As at March 31, 2024	As at March 31, 2023
Loan Against Shares	28.95%	33.00%
Real Estate	23.48%	24.46%
Others	47.57%	42.54%

ii. Liquidity risk

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

(₹ in lakhs)

As at March 31, 2024	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Debt Securities	-	-	-	-	-
Other Borrowings	146,500.36	64,150.51	55,212.99	26,137.07	999.79
Trade and Other Payables	122.86	122.86	-	-	-
Other liabilities	912.90	656.22	135.48	118.25	2.95
	147,536.12	64,929.59	55,348.47	26,255.32	1,002.74

(₹ in lakhs)

As at March 31, 2023	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Debt Securities	-	-	-	-	-
Other Borrowings	115,450.93	53,076.26	33,888.00	28,486.67	-
Trade and Other Payables	79.90	79.90	-	-	-
Other liabilities	1,006.07	946.30	44.76	15.01	-
	116,536.90	54,102.46	33,932.76	28,501.68	-

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

Market risk is represented by the below two categories

i. **Interest rate risk**

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

Exposure to interest rate risk

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

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Financial Assets at amortised cost - Loans & Advances	260,330.99	2,40,300.01
Financial Assets measured at FVTPL - Debt instruments	0.05	0.05
Total of Fixed Rate Financial Assets	2,60,331.04	2,40,300.06
Financial liabilities at amortised cost - Debt securities	-	-
Financial liabilities at amortised cost - Other Borrowings	1,46,441.09	1,15,426.58
Total of Fixed Rate Financial Liabilities	1,46,441.09	1,15,426.58



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

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

Sensitivity analysis for Loan Book

A movement of 50 basis point in interest rates is likely to impact the Net Interest Income by ₹ 208.32 lakhs (₹ 285.25 lakhs for the year ended 31st March 2023).

ii. Price risk

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

Particulars	Impact on the company's equity and profit or OCI	
	As at March 31, 2024	As at March 31, 2023
	(₹ in lakhs)	
1% movement from fair prices as on reporting date on		
- Investment in CCIL (at FVTOCI)	487.19	432.85
- Other Equity Investmnts (at FVTOCI)	-	0.88
- Equity, MF Investmnts (at FVTPL)	150.14	25.03
Total	637.33	458.76

36. Changes in liabilities arising from financing activities

Particulars	(₹ in lakhs)						
	1-Apr-23	Cash flows	Changes in fair values	Exchange differences	Accrued Interest	Other *	31-Mar-24
Debt securities	-	-	-	-	-	-	-
Borrowings other than debt securities	1,15,170.13	31,014.51	-	-	34.92	(156.73)	1,46,062.83
Total liabilities from financing activities	1,15,170.13	31,014.51	-	-	34.92	(156.73)	1,46,062.83

Particulars	(₹ in lakhs)						
	1-Apr-22	Cash flows	Changes in fair values	Exchange differences	Accrued Interest	Other *	31-Mar-23
Debt securities	-	-	-	-	-	-	-
Borrowings other than debt securities	57,101.42	58,316.03	-	-	8.53	(255.85)	1,15,170.13
Total liabilities from financing activities	57,101.42	58,316.03	-	-	8.53	(255.85)	1,15,170.13

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****37. Maturity Analysis of Assets & Liabilities**

(₹ in lakhs)

	As at March 31, 2024			As at March 31, 2023		
	Within 12 Months	After 12 months	Total	Within 12 Months	After 12 months	Total
ASSETS						
Financial Assets						
Cash & Cash equivalents	1,389.69		1,389.69	6,365.67	-	6,365.67
Bank Balances other than above		100.19	100.19	-	-	-
Receivables						
(i) Trade Receivables				1.50	-	1.50
(ii) Other Receivables	1.36		1.36	3.65	-	3.65
Loans	1,61,173.30	1,10,208.52	2,71,381.82	1,40,018.41	96,766.65	2,36,785.06
Investments	15,013.57	67,468.50	82,482.07	2,503.38	60,447.59	62,950.97
Other Financial Assets	566.00	43.62	609.62	577.28	19.14	596.42
Non-financial Assets						
Tax assets(net)	-	950.45	950.45	-	306.82	306.82
Property, Plant and Equipment	-	1,983.26	1,983.26	-	1,999.07	1,999.07
Other Intangible assets	-	25.96	25.96	-	2.83	2.83
Intangible Assets under development	-	370.81	370.81			
Right of Use Asset	-	313.31	313.31	-	77.62	77.62
Other Non-Financial assets	161.24	0.25	161.49	132.91	2.92	135.83
Total Assets	1,78,305.16	181,464.87	3,59,770.03	1,49,602.80	1,59,622.64	3,09,225.44
LIABILITIES AND EQUITY						
Financial Liabilities						
Payables						
(i) Trade Payables	122.86	-	122.86	78.06	-	78.06
(ii) Other Payables	-	-	-	1.84	-	1.84
Debt Securities	-	-	-	-	-	-
Borrowings (Other than Debt Sec.)	64,150.51	81,912.32	1,46,062.83	53,076.26	62,093.87	1,15,170.13
Other Financial Liabilities	656.22	256.68	912.90	946.30	59.77	1,006.07
Non-Financial Liabilities						
Provisions	1,011.24	307.92	1,319.16	894.66	293.44	1,188.10
Deferred Tax Liabilities	-	7,781.67	7,781.67	-	6,325.28	6,325.28
Other Non-Financial Liabilities	41.98	-	41.98	100.47	-	100.47
Total Liabilities	65,982.81	90,258.59	1,56,241.40	55,097.59	68,772.36	123,869.95
Net	1,12,322.35	91,206.28	2,03,528.63	94,505.21	90,850.28	1,85,355.49

38. Other Statutory Information :

- To the best of available information, the company has not entered into any transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
- The company has not traded or invested in Crypto currency or Virtual Currency.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

- d) The company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
- (I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- e) The company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:
- (I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- f) The company, being a Non-Banking Financial Company (“NBFC”) registered with the Reserve Bank of India as a systematically important NBFC, the provisions of Section 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.
- g) The company has not been declared as a willful defaulter by any bank or financial institution or any other lender.
- h) There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- i) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.

39. Disclosures in terms of the provisions of Non-Banking Financial Companies, Prudential Norms :

a) Capital to Risk Weighted Asset Ratio

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	CRAR (%)	57.86%	60.28%
(ii)	CRAR – Tier I Capital (%)	56.82%	59.21%
(iii)	CRAR – Tier II Capital (%)	1.04%	1.07%
(iv)	Amount of subordinated debt raised as Tier-II capital	Nil	Nil
(v)	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

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

b) Investments

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
1	Value of Investments:		
(i)	Gross Value of Investments (including accrued interest)		
	(a) In India	82,482.07	62,950.97
	(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	82,482.07	62,950.97
	(b) Outside India	Nil	Nil
2	Movement of Provisions held towards depreciation on Investments:		
(i)	Opening Balance	-	260.79
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Write-off / write-back of excess provisions during the year	-	260.79
(iv)	Closing balance	-	-

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, 2024.

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
(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, 2024.

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
(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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

iii) Qualitative Disclosure

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

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

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, 2024.

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

d) Disclosure relating to Securitisation:

- During the year, Company has not securitized any of its assets and does not have any outstanding position in respect thereof as on March 31, 2024.
- 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, 2024.

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

(₹ in lakhs)									
	Upto 30/31 days	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month upto 6 month	Over 6 month to 1 year	Over 1 year upto 3 years	Over 3 years Upto 5 years	Over 5 Years	Total
As at March 31, 2024									
Assets									
Deposits	-	-	-	-	-	-	-	-	-
Advances *	2,266.65	12,308.31	30,155.16	49,992.96	35,279.42	83,129.20	39,029.97	8,169.32	2,60,330.99
Investments	15,013.57	-	-	-	-	3,750.00	-	63,718.50	82,482.07
Liabilities **									
Borrowings	8,476.25	-	17,744.57	9,661.57	28,268.12	55,212.99	26,137.07	999.79	1,46,500.36

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in lakhs)

	Upto 30/31 days	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month upto 6 month	Over 6 month to 1 year	Over 1 year upto 3 years	Over 3 years Upto 5 years	Over 5 Years	Total
Foreign Currency:									
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-
As at March 31, 2023									
Assets									
Deposits	-	-	-	-	-	-	-	-	-
Advances *	4,003.93	18,956.93	43,167.50	33,684.86	25,810.70	68,708.45	34,738.37	11,229.27	2,40,300.01
Investments	2,503.38	-	-	-	-	2,163.09	-	58,284.50	62,950.97
Liabilities **									
Borrowings	1,691.35	-	3,153.00	26,083.00	22,148.91	33,888.00	28,486.67	-	1,15,450.93
Foreign Currency:									
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

* Excluding Interest accrued but not due and unamortised upfront fee

** Excluding unamortised borrowing cost

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

(₹ in lakhs)

Category		As at March 31, 2024	As at March 31, 2023
Direct Exposure*			
1	Residential Mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	Nil	Nil
2	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, & construction etc) including non-fund based (NFB) limits	61,128.82	58,779.77
3	Investments in Mortgage-Backed Securities (MBS) and other securitised exposures		
a	Residential	Nil	Nil
b	Commercial Real Estate	Nil	Nil



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Category	(₹ in lakhs)	
	As at March 31, 2024	As at March 31, 2023
Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	11,311.64	11,997.49
Total	72,440.46	70,777.26

*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.

ii) Exposure to Capital Market

Particulars		(₹ in lakhs)	
		As at March 31, 2024	As at March 31, 2023
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:	63,718.50	58,372.59
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:	Nil	Nil
3	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	77,600.00	79,632.00
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:	7,500.00	7,625.00
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	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
9	Financing to stockbrokers for margin trading	Nil	Nil
10	All exposures to Alternative Investment Funds: (both registered and unregistered)	3,750.00	2,075.00
Total Exposure to Capital Market		152,568.50	1,47,704.59

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****iii) Sectoral exposure:**

(₹ in lakhs)

Sectors	As on March 31, 2024			As on March 31, 2023		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry						
i. All Engineering	2,009.26	2,009.26	4.28%	6,906.01	6,906.01	18.14%
ii. Basic Metal & Metal Product	-	-	-	1,875.00	1,875.00	4.93%
iii. Construction	2,777.78	-	-	5,000.00	-	-
iv. Gems & Jewellery	0.00	-	-	2,000.00	-	-
v. Infrastructure - Electricity Generation	6,750.00	-	-	4,500.00	-	-
vi. Textiles	2,250.00	-	-	328.44	-	-
vii. Vehicles, Vehicle Parts & Transport Equipment	6,500.00	-	-	6,500.00	-	-
viii. Others	26,673.70	5,735.02	12.21%	10,960.02	5,735.02	15.06%
Total of Industry	46,960.74	7,744.28	16.49%	38,069.47	14,516.03	38.13%
3. Services						
i. NBFC	61,892.46	-	-	52,147.77	-	-
ii. CRE	61,128.82	5,959.98	4.32%	58,779.77	-	-
iii. Transport Operator	2,718.43	-	-	-	-	-
iv. Tourism, Hotel and Restaurants	6,000.00	-	-	6,000.00	-	-
v. Wholesale Trade	2,783.11	2,783.11	2.02%	3,000.00	-	-
vi. Others	3,497.43	-	-	3,000.00	-	-
Total of Services	1,38,020.25	8,743.09	6.34%	1,22,927.54	-	-
4. Personal Loans	-	-	-	-	-	-
Total of Personal Loans	-	-	-	-	-	-
5. wOthers	-	-	-	-	-	-
Loan Against Shares	75,350.00	-	-	79,303.00	-	-
Total of Other Loans	75,350.00	-	-	79,303.00	-	-
Total (1+2+3+4+5)	260,330.99	16,487.37	6.33%	240,300.01	14,516.03	6.04%

iv) Intra-group exposures:

No.	Particulars	2023-24	2022-23
i.	Total amount of intra-group exposures	Nil	Nil
ii.	Total amount of top 20 intra-group exposures	Nil	Nil
iii.	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	Nil	Nil

The company has not made any advances to its group entities.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

- v) Unhedged foreign currency exposure:

Particulars	2023-24	2022-23
Unhedged Foreign Currency Exposure	Nil	Nil

- vi) Details of financing of parent company product – Not Applicable
- vii) Company has not exceeded prudential Single Borrower Limit (SGL)/Group Borrower Limit (GBL) during the year.
- viii) Unsecured Advances – ₹ 5,444.00 lakhs (PY - ₹ 13,003.75 lakhs). (The loan exposures as on 31.03.24 has been treated as unsecured in view of impending security creation.

g) Miscellaneous

- i) Registration obtained from other financial sector regulators – Nil
- ii) Disclosure of Penalties imposed by RBI and other regulator: Nil (PY –Nil)
- iii) Details of Company's Credit Rating are as under.

(₹ in lakhs)

Rating Agencies	Rating programme	31.03.2024		31.03.2023	
		Rating Assigned	Rating Amount	Rating Assigned	Rating Amount
ICRA	Short Term (CP)	ICRA A1+	30,000.00	ICRA A1+	30,000.00
ICRA	Long Term Debt (NCD)	ICRA AA-	35,000.00	ICRA AA-	35,000.00
ICRA	Long Term Bank Lines	ICRA AA-	1,70,000.00	ICRA AA-	1,70,000.00
CARE	Short Term (CP)	CARE A1+	30,000.00	CARE A1+	30,000.00
CARE	Long Term Debt (NCD)	CARE AA-	35,000.00	CARE AA-	35,000.00
CARE	Long Term Bank Lines	CARE AA-	1,70,300.00	CARE AA-	1,70,300.00

During the year, Credit Rating Agencies have reaffirmed the credit rating for borrowing programme of the Company.

- iv) Information viz., area, country of operation and joint venture partners with regard to Joint Ventures and Overseas Subsidiaries:

Company operates primarily through its Head Office in Mumbai and has few branch offices across the country. Company does not have any overseas presence either through its branches or by way of any joint venture or overseas subsidiaries.

h) Additional Disclosures

- i) Information on all provisions and contingencies booked as expenditure in Profit and Loss Account:

(₹ in lakhs)

Particulars	2023-24	2022-23
Net Provision towards Advances - (Impairment on financial instruments)	2,392.58	(664.30)
Provision towards Income Tax on Total Comprehensive Income (incl. deferred tax)	6,481.39	4,201.98
Other Provision (employee related)	992.29	877.57

- ii) Draw Down from Reserves –Nil

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****iii) Concentration of Advances, Exposures and NPAs****a) Concentration of Advances/Exposures**

(₹ in lakhs)

Particulars	2023-24	2022-23
Total Advances/exposure to twenty largest borrowers/ customers	136,625.80	1,43,055.61
% of Advances/exposure to twenty largest borrowers to total advances/exp.	52.48%	59.53%

b) Concentration of NPAs

(₹ in lakhs)

Particulars	2023-24	2022-23
Total Exposure to top four NPA accounts	16,487.37	13,641.03

c) Sector-wise NPAs

(₹ in lakhs)

Sr No.	Sector	Percentage of NPAs to Total Advances in that sector	
		2023-24	2022-23
1	Agriculture & Allied activities	-	-
2	MSME	-	-
3	Corporate borrowers (includes LLP and partnership firms/Trusts)	6.44%	6.08%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-
8	Others (Individual Borrowers)	-	3.91%

iv) Movement of NPAs (Stage 3 Accounts)

(₹ in lakhs)

No.	Particulars	2023-24	2022-23
(i)	Net NPAs to Net Advances (%)	0.49%	0.65%
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	14,516.03	17,887.68
(b)	Additions during the year	9,202.20	4,864.03
(c)	Reductions during the year (including write off)	7,230.86	8,235.68
(d)	Closing balance	16,487.37	14,516.03
(iii)	Movement of NPAs (Net)		
(a)	Opening balance	1,481.22	2,596.87
(b)	Additions during the year	543.10	(217.77)
(c)	Reductions during the year (including write off)	828.94	897.88
(d)	Closing balance	1,195.38	1,481.22



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

No.	Particulars	2023-24	2022-23
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	13,034.81	15,290.81
	(b) provisions during the year	8,659.10	5,081.80
	(c) Write-off / write-back of excess provisions	6,401.92	7,337.80
	(d) Closing balance	15,291.99	13,034.81

- v) Company does not have any overseas assets.
vi) Company does not have any off-balance sheet sponsored SPV's.

i) Customer Complaints

(₹ in lakhs)

No.	Particulars	2023-24	2022-23
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	1*	Nil
(c)	No. of complaints redressed during the year	Nil	Nil
	Of which, number of complaints rejected by the NBFC		
	No. of complaints redressed during the year		
(d)	No. of complaints pending at the end of the year	1*	Nil
(e)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	Nil	Nil
	- Of which number of complaints resolved in favour of the NBFC by Office of Ombudsman		
	i) Of which, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman		
	ii) Of which, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC		
(f)	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

Top five grounds of complaints received by the NBFCs from customers-

*During the year, the Company has received one customer grievance regarding issuance of capex loan Certificate.

- j) Breach of covenant of loan availed or debt securities issued – During the year, Company has generally complied with all the loan covenants.
k) Divergence in Asset Classification and Provisioning- Nil

l) Disclosure of Restructured Accounts

No Loan account has been restructured during the year and accordingly disclosure in terms of Para 9 (Annexure 4) of RBI Notification No. DNBS (PD) No. 271/CGM (NSV)-2014 dated January 23, 2014, is not applicable. Loan accounts where moratorium was provided in terms of COVID19 Regulatory Package during FY 20-21 is not considered as restructuring.

- m) There is no Loan resolution under "Resolution Framework for COVID-19-related Stress" dt August 6, 2020. Accordingly, disclosure in terms of Para 9 (Annexure 4) of RBI Notification No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 is not applicable.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

With the subsiding of COVID 19, the additional provisioning of 10% in respect of Stage II accounts has been discontinued. However, Company has continued to maintain higher provisions in respect of stage III assets.

n) Loans to Directors, Senior Officers, and Relatives of Directors

(₹ in lakhs)

Particulars	FY 23-24	FY 22-23
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior Officers and their relatives	-	-

o) Other Disclosure :

(₹ in lakhs)

Sr No.	Particulars	Amount Outstanding		Amount Overdue	
		As at 31.3.2024	As at 31.3.2023	As at 31.3.2024	As at 31.3.2023
	Liabilities Side				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid: *				
	(a) Debenture				
	Secured	Nil	Nil	Nil	Nil
	Unsecured	Nil	Nil	Nil	Nil
	(other than falling within the meaning of Public deposit)				
	(b) Deferred Credit	Nil	Nil	Nil	Nil
	(c) Term Loans	134,797.35	1,03,949.02	Nil	Nil
	(d) Inter Corporate Loans and Borrowing	Nil	Nil	Nil	Nil
	(e) Commercial Paper	Nil	Nil	Nil	Nil
	(f) Others Loans (Working Capital Demand Loan/TREPS)	11,703.01	11,501.91	Nil	Nil
	*excluding unamortised borrowing cost				
	Assets Side				
		Amount Outstanding 2023-24 (₹ in lakhs)		Amount Outstanding 2022-23 (₹ in lakhs)	
2	Break-up of Loans & Advances including bills receivables (other than those included in (4) below (for financing business of the company) **				
	(a) Secured (Gross)		254,886.99		2,27,300.01
	(b) Unsecured		5,444.00		13,000.00
	**excluding TREPS lending, EIR adj & Interest accrued not due				
3	Break up Leased Assets and stock on hire and and other assets counting towards AFC activities				
	(i) Lease assets including lease rentals				
	(a) Finance Lease		Nil		Nil
	(b) Operating Lease		Nil		Nil
	(ii) Stock on hire including hire charges				
	(a) Assets on hire		Nil		Nil
	(b) Repossessed Assets		Nil		Nil



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

Sr No.	Particulars	Amount Outstanding		Amount Overdue	
		As at 31.3.2024	As at 31.3.2023	As at 31.3.2024	As at 31.3.2023
	(iii) Other loans counting towards AFC activities				
	(a) loans where assets have been repossessed		Nil		Nil
	(b) loans other than (a) above		Nil		Nil

Sr. No.	Particulars	Amount Outstanding	Amount Outstanding
		2023-24 (₹ in lakhs)	2022-23 (₹ in lakhs)
4	Break-up of Investments		
	Current Investment		
	1. Quoted		
	(i) Shares: a) Equity	Nil	Nil
	b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	15,013.52	2,503.33
	(iv) Government Securities	0.05	0.05
	(v) others	Nil	Nil
	2. Unquoted		
	(i) Shares: a) Equity	Nil	Nil
	b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) others (Commercial papers)	Nil	Nil
	Long Term Investments		
	1. Quoted		
	(i) Shares : (a) Equity	Nil	88.09
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) others	Nil	Nil
	2. Unquoted		
	(i) Shares : (a) Equity	63,718.50	58,284.50
	(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)	3,750.00	2,075.00
		82,482.07	62,950.97

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

5 Borrower group-wise classification of assets financed as in (2) and (3) above as on March 31, 2024					
Category		Amount Net of Provisions (₹ in lakhs)			
		Secured	Unsecured	Total	
1. Related Parties					
(a) Subsidiaries		Nil	Nil	Nil	
(b) Companies in the same group		Nil	Nil	Nil	
(c) other related parties		Nil	Nil	Nil	
2. Other than related parties		2,36,674.20	4,651.28	2,41,325.48	
Total		2,36,674.20	4,651.28	2,41,325.48	
6 Investor group-wise classification of all Investments in shares and securities (quoted & unquoted)					
Category		Market Value (₹ in lakhs)		Book Value (₹ in lakhs) Without Fair Value Adj.	
		2023-24	2022-23	2023-24	2022-23
1. Related Parties					
(a) Subsidiaries		15,000.00	15,000.00	15,000.00	15,000.00
(b) Companies in the same group		Nil	Nil	Nil	Nil
(c) other related parties		2,503.01	2,503.33	2,500.00	2,500.00
2. Other than related parties		64,979.06	45,447.64	13,888.31	1,663.64
Total		82,482.07	62,950.97	31,388.31	19,163.64
7 Other Information		As on March 31, 2024		As on March 31, 2023	
Particulars					
(i)	Gross Non-Performing Assets				
	(a) Related parties	Nil		Nil	
	(b) Other than related parties	16,487.37		14,516.03	
(ii)	Net Non-Performing Assets				
	(a) Related parties	Nil		Nil	
	(b) Other than related parties	1,195.38		1,481.22	
(iii)	Assets acquired in satisfaction of Debts	Nil		Nil	

p) Disclosure in terms of RBI notification - Implementation of Indian Accounting Standards dt 13.03.2020

(₹ in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109 *	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage 1	237,343.62	2,920.80	234,422.82	949.37	1,971.43
	Stage 2	6,500.00	792.72	5,707.28	26.00	766.72
Subtotal		243,843.62	3,713.52	240,130.10	975.37	2,738.15
Non-Performing Assets (NPA)						
Substandard	Stage 3	8,743.09	7,849.09	894.00	874.31	6,974.78
Doubtful -						
up to 1 year	Stage 3	2,009.26	1,707.88	301.38	401.85	1,306.03
1 to 3 years	Stage 3	5,735.02	5,735.02	-	1,720.50	4,014.52



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109 *	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		7,744.28	7,442.90	301.38	2,122.35	5,320.55
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		16,487.37	15,291.99	1,195.38	2,996.66	12,295.33
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	237,343.62	2,920.80	234,422.82	949.37	1,971.43
	Stage 2	6,500.00	792.72	5,707.28	26.00	766.72
	Stage 3	16,487.37	15,291.99	1,195.38	2,996.66	12,295.33
	Total	260,330.99	19,005.51	241,325.48	3,972.03	15,033.48

*Including ECL prov. in respect of accrued interest on loans.

q) Disclosure in term of RBI Notification on Liquidity Risk Management Framework

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Particulars	Number of significant Counterparties	Amount (₹ in lakhs)	% of total Deposits	% of Total Liabilities
As on March 31, 2024	12	1,45,000.67	-	92.81%
As on March 31, 2023	8	1,15,450.93	-	93.20%

“Significant counterparty” refers to a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of total liabilities.

ii) Top 20 large deposits - Not Applicable

iii) Top 10 borrowings- ₹ 1,40,625.67 lakhs (96% of total borrowings) as on March 31, 2024
₹ 1,15,450.93 lakhs (100% of total borrowings) as on March 31, 2023

iv) Funding Concentration based on significant instrument/product

Particulars	Name of the instrument/product	Amount (₹ In lakhs)	% of total liabilities
As on March 31, 2024	Long Term Loans	1,13,793.69	72.83%
	Cash Credit/Overdraft/Short Term Loan	32,706.67	20.93%
As on March 31, 2023	Long Term Loans	82,945.77	66.96%
	Cash Credit/Overdraft/Short Term Loan	32,505.16	26.24%

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****v) Stock Ratios:**

As on March 31, 2024

Particulars	Commercial papers		NCD - (original maturity less than 1 year)		Other Short-term liabilities	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023	31.3.2024	31.3.2023
as a % of total public funds	-	-	-	-	45.04%	47.72%
as a % of total liabilities	-	-	-	-	42.23%	44.48%
as a % of total assets	-	-	-	-	18.34%	17.82%

For the purpose of above disclosure

“Public Funds” refers to funds raised through inter-corporate deposits, bank finance, Commercial Papers, debentures etc.

“Total Liabilities” refer to Total outside liabilities i.e. Balance sheet total excluding Equity

“Other Short term liabilities” refers to Financial Liabilities and non financial liabilities payable within a year (excluding CP and NCD with original maturity of less than 1 year)

vi) Institutional set-up for liquidity risk management: Please refer para on liquidity risk under Note no 35 - Financial Risk Management.

- 40.** There have been no significant events after the reporting date that require disclosure in these financial statements.
- 41.** The Board of Directors at its meeting held on May 03, 2024, has recommended a final dividend of 12% (₹1.20/- per equity share of ₹10/- each) for the financial year 2023-24, which is subject to approval by shareholders at the Annual General Meeting. The proposed dividend will lead to outflow of ₹ 4,560.00 lakhs.
- 42.** Previous year’s figures have been reworked, regrouped, rearranged, and reclassified wherever necessary to make them comparable with the current year figures. Figures are rounded off to the nearest lakh Rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

As per our report of even date

For and on behalf of

RSVA & Co.

Chartered Accountants
Firm Registration No.110504W

Jagadish B. Shetty

Partner
Membership No.048042
UDIN : 24048042BKCN1Y9543

Gopal Singh Gusain
Director
DIN : 03522170

Abhijit Bose
Director
DIN : 10041742

Kamlesh Rathi
Chief Financial Officer

Sidheswar Patra
Director
DIN : 05227796

Reena Banerjee
Director
DIN : 10329776

V. Narayanamurthy
Managing Director & CEO
DIN : 00555704

Suparna Sharma
Company Secretary

Place : Mumbai
Date : May 3, 2024

Place : Mumbai
Date : May 3, 2024



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Form AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(₹ in Lakhs)

Name of the subsidiary	STCI Primary Dealer Limited	STCI Commodities Limited*
The date since when subsidiary was acquired	31-Oct-06	10-Mar-08
Reporting period for the subsidiary	31-Mar-24	31-Mar-24
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	0.00
Reserves & surplus	82,271.08	0.00
Total Assets	1,588,679.11	0.00
Total Liabilities	1,491,408.03	0.00
Investments	1,467,397.11	0.00
Turnover / Revenue	125,272.01	0.00
Profit before taxation	26,565.20	0.00
Provision for taxation	6,788.92	0.00
Profit after taxation	19,776.28	0.00
Proposed Dividend - interim	0.00	0.00
% of shareholding	100.00%	Nil
Names of subsidiaries which are yet to commence operations		Not Applicable
Names of subsidiaries which have been liquidated or sold during the year		
* Pursuant to the commencement of voluntary liquidation of Company's wholly owned subsidiary STCI Commodities Limited on March 11, 2022, an application was made with NCLT on June 25, 2022 for dissolution of STCI Commodities Limited under the IBC 2016. The application is pending for disposal.		
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

RSVA & Co.

Chartered Accountants
Firm Registration No.110504W

Jagdish B. Shetty

Partner
Membership No.048042
UDIN : 24048042BKCN1Y9543

Gopal Singh Gusain
Director
DIN : 03522170

Sidheswar Patra
Director
DIN : 05227796

Reena Banerjee
Director
DIN : 10329776

Abhijit Bose
Director
DIN : 10041742

V. Narayanamurthy
Managing Director & CEO
DIN : 00555704

Kamlesh Rathi
Chief Financial Officer

Suparna Sharma
Company Secretary

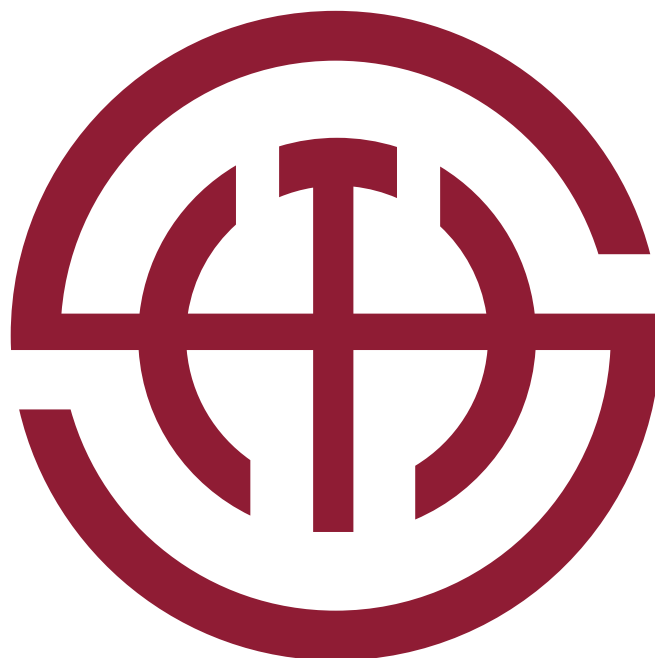
Place : Mumbai
Date : May 3, 2024

Place : Mumbai
Date : May 3, 2024

**LIST OF SHAREHOLDING AND SHAREHOLDING PATTERN AS ON 31.03.2024**

Sr No.	Name of shareholders	Shares held	% held
1	Bank of India	113,837,810	29.96
2	State Bank of India	39,211,420	10.32
3	IDFC First Bank Limited	35,301,360	9.29
4	Punjab National Bank	27,300,970	7.18
5	IDBI Bank Ltd.	25,076,100	6.60
6	Life Insurance Corporation of India	21,523,470	5.66
7	Canara Bank- Mumbai	20,084,580	5.29
8	Indian Bank	17,245,120	4.54
9	ICICI Bank Ltd.	14,005,280	3.69
10	Bank of Baroda	12,535,440	3.30
11	Central Bank of India	11,501,000	3.03
12	Union bank of India	11,039,050	2.91
13	Administrator of the Specified Undertaking of the Unit Trust Of India- Unit Scheme 1964	4,940,430	1.30
14	UCO Bank	4,648,920	1.22
15	General Insurance Corporation of India	4,328,750	1.14
16	The New India Assuarnace Company Limited	3,681,750	0.97
17	IFCI Ltd.	3,374,000	0.89
18	Bank of Maharashtra	2,650,320	0.70
19	Indian Overseas Bank	2,540,780	0.67
20	Punjab and Sind Bank	2,255,000	0.59
21	The Oriental Insurance Company Limited	1,372,900	0.36
22	SIDBI Venture Capital Limited	820,450	0.22
23	National Insurance Company Ltd.	725,100	0.19
	Total	380,000,000	100

STCI FINANCE LIMITED



CONSOLIDATED ACCOUNTS

**ANNUAL REPORT
FOR THE YEAR ENDED
31st MARCH, 2024**



II. CONSOLIDATED ACCOUNTS

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INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF STCI Finance Limited

(Formerly known as Securities Trading Corporation of India Limited)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **STCI Finance Limited** (hereinafter referred to as “the Holding Company”) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss, (including Other Comprehensive Income) ,the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) and other the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, of consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

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

S. No.	Key audit matter	Auditor’s response
1	<p>Impairment of Loans and Advances:</p> <ul style="list-style-type: none"> As at 31st March 2024, the Company has reported gross loan assets (at amortised cost) of Rs. 2,60,392.94 lacs against which an impairment loss of Rs. 19,005.51 lacs has been recorded. The Company has recognized the impairment loss as per the Expected Credit Loss Model as per IND AS-109 – Financial Instruments. <p>The estimation of ECL on financial instruments is a “three stage model” for impairment based on key factors such as Probability of Default (PD), Loss Given Default (LGD). Further, the estimation of ECL in case of Stage 2 loans involves assessment of significant increase in credit risk. Since the calculation of ECL involves significant management judgements, and estimates made by the Company, we have identified the same as a key audit matter.</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> We have reviewed the ECL calculations which were done using an excel based model developed by an independent expert entity. We have relied on the PD and LGD calculations which have been generated from the said model. We have verified the accuracy and completeness of the data in the ECL Calculations. We have verified the parameters of DPD Status of loans and their classification into Stage 1, Stage 2 and Stage3. We have evaluated the reasonableness of the estimates and judgements used by the management, appropriateness of the Company’s determination of Significant Increase in Credit Risk (SICR), and the basis of such assumptions, including consideration of external factors for the purpose of Calculation of ECL, especially in Stage 2 and Stage 3. Refer Accounting Policy No 1(iii)(a)(4)



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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and the other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates



that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Other Matter

1) We did not audit the financial statements of subsidiary, whose financial statements reflect total assets of Rs. 15,88,679.11 lakhs as at 31st March, 2024, total revenues of Rs. 1,25,272.01 lakhs and net cash inflows amounting to Rs 814.17 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

The audit Report of the subsidiary does not present any qualified/ modified opinion. However, the auditor of the subsidiary has pointed out that in case of reversal entries passed as reflected in the audit Trail required explanation, against which the Management of Subsidiary has assured that there would be no financial impact due to the same.

- 2) As per RBI prudential norms, interest on non performing assets (credit impaired asset) is booked on receipt basis. However, as per Ind AS, interest income on credit impaired asset should be recognized on the net carrying amount. Taking into account RBI guidelines and prudence, interest on non performing assets is booked on receipt basis by the group.
- 3) Pursuant to the commencement of voluntary liquidation of Company's wholly owned subsidiary STCI Commodities Limited on March 11, 2022, the final liquidation proceeds of ₹ 188.06 lakhs were received during the year. Subsequently, an application was made to NCLT on June 25, 2022 for dissolution of STCI Commodities Limited under the IBC 2016. The application is pending for disposal.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on other legal and regulatory requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:
- 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.
 - In our opinion, proper books of account, as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.



- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors of the Holding company as on March 31, 2024, and taken on record by the Board of Directors of the Holding company, and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the group Companies incorporated in India are disqualified as on March 31, 2024, 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 A” which is based on the auditor’s reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein; and
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- h. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the group – Refer Note 26 to the consolidated financial statements;
 - The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 27 to the consolidated financial statements;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31st March, 2024 by the group.
 - (a) The respective Managements of the Company and its subsidiaries have represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of its subsidiaries to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of its subsidiaries (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The respective Managements of the Company and its subsidiaries have represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of its subsidiaries from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or any of its subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - (a) The final dividend proposed in the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.
 - (b) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
 - Based on our examination which included test checks, performed by us on the Company and its subsidiaries incorporated in India, have used accounting softwares for maintaining their respective books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of audit, we have not come across any instance of the audit trail feature being tampered with. However, in case of the subsidiary, there were reversal entries as reflected in Audit Trail which required management explanation. The Management of subsidiary has assured that there would be no financial impact due to the reversal entries.
 - As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, and thus, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.
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, 2024, we report that:

- a) Whether the group has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Yes, the group has the system in place to process all the accounting transactions through IT system. However, the Ind AS adjustments made to the financial statements has been made outside the IT systems by using excel sheets eg. ECL calculations, amortized cost using effective interest rate, calculation of lease liability etc.. However, there are no financial implications of processing of accounting transactions outside IT system on the integrity of accounts.

- b) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, the lender is a Government company, then its direction is also applicable for statutory auditor of lender company).

On the basis of information and explanation given to us, there had been no restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.

Holding Company as a lender, has not restructured any loans of borrowers during the year.

During the year, Holding Company as a lender, has written off loan of its borrowers with principal outstanding of Rs 42.04 Cr (excluding uncharged penal interest, uncharged management fees, unpaid TDS & other legal expenses).

On the basis of information provided by the management, during the year, the Holding Company has not waived off prepayment charges.

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

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



- d) As required by additional directions issued by the Office of the Comptroller and Auditor General of India for the year ended March 31, 2024 to statutory auditors of other Non-Banking Financial Companies U/s 143(5) of the Companies Act and in pursuance of such directions, we report that:

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

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

Whether the investible funds received by Company were invested in accordance with the directions of the applicable Statutory Regulators (regulations and rules framed by them)

The Company is a Non Deposit Taking NBFC and is not receiving /accepting funds for onwards investment activities. Further, based on the information provided by the management, we confirm that the Company has invested its own investible funds in compliance with the provision of Companies Act 2013 and RBI Guidelines.

Whether the funds invested under the schemes/ products by the Company are in compliance with the directions of the Investment Committee, Risk Committee, constituted by Board, Investment Manual etc, which prescribes the process/ procedure, threshold, exposure limits, quality of security etc.

Based on the information provided by the management, we confirm that the funds invested under the schemes/ products by the Company are in compliance with the directions of the Investment Committee, Risk Committee, constituted by Board, Investment Manual etc, which prescribes the process/ procedure, threshold, exposure limits, quality of security.

However, in case of subsidiary, the auditor opined that the risk MIS sheets showing stop losses are being prepared manually, which is prone to clerical error and needs to be incorporate in the system for real time monitoring. The company should maintain discipline in matters of stop loss, improve their preventive controls, corrective controls and the duties and responsibilities of the job activities should be detailed.

3. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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

JAGADISH B SHETTY
Partner
Membership No. 048042
UDIN: 24048042BKCNI4480

Place : Mumbai
Date : 03.05.2024



Annexure – A to the Independent Auditor’s Report

Referred to in paragraph 1 (f) under “Report on other legal and regulatory requirements “ of our report of even date

Report on the Internal financial Controls 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 31st March 2024, we have audited the internal financial controls over financial reporting of STCI Finance Ltd. (“THE Holding Company”) and its subsidiary companies which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on Company and its subsidiary companies’ internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiaries, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under section 143 (3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to subsidiary company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. The audit report of the subsidiary does not present any qualified/ modified opinion with respect to the effectiveness of the Internal Financial Control over Financial Reporting. However the auditor of the subsidiary has pointed out that the reversal entries passed as reflected in the audit trail required explanation, against which the Management of Subsidiary has assured that there would be no financial impact due to the same.

For and on behalf of

RSVA & Co.

Chartered Accountants

Firm Registration No. 110504W

JAGADISH B SHETTY

Partner

Membership No. 048042

UDIN: 24048042BKCNI4480

Place : Mumbai

Date : 03.05.2024

**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 2024**

The preparation of consolidated financial statements of STCI Finance Limited for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 3 May 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of STCI Finance Limited for the year ended 31 March 2024 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of STCI Finance Limited but did not conduct supplementary audit of the financial statements of STCI Primary Dealer Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

(Guljari Lal)

Director General of Audit (Shipping), Mumbai

Place : Mumbai

Date : 29.07.2024

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2024**

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
1 Financial Assets			
(a) Cash & Cash equivalents	2 a	2,269.00	6,430.81
(b) Bank Balances other than (a) above	2 b	15,669.88	222.08
(c) Derivative financial instruments	3	86,081.07	76,529.54
(d) Receivables			
(i) Trade Receivables	4	50.27	2.70
(ii) Other Receivables		56.98	40.12
(e) Loans	5	282,940.31	236,785.06
(f) Investments	6	1,534,879.18	1,531,244.83
(g) Other Financial Assets	7	5,182.17	4,070.57
2 Non-financial Assets			
(a) Tax assets(net)		1,598.48	402.66
(b) Property, Plant and Equipment	8	3,462.34	3,496.30
(c) Other Intangible assets	8	26.21	4.35
(d) Intangible Assets under development	8	370.81	-
(e) Right of Use Asset	8	384.31	125.69
(f) Other Non-Financial assets	9	474.89	345.77
Total Assets		1,933,445.90	1,859,700.48
LIABILITIES AND EQUITY			
1 Financial Liabilities			
(a) Derivative financial instruments	3	86,782.00	77,980.48
(b) Payables			
(i) Trade Payables	10		
total outstanding dues of micro enterprises and small enterprises		2.84	0.82
total outstanding dues of creditors other than micro enterprises and small enterprises		207.55	169.63
(ii) Other Payables	10		
total outstanding dues of micro enterprises and small enterprises			
total outstanding dues of creditors other than micro enterprises and small enterprises		39.04	40.26
(c) Borrowings (Other than Debt Securities)	11	1,528,130.13	1,503,485.11
(d) Deposits	12	19,384.88	19,373.23
(e) Other Financial Liabilities	13	1,021.24	1,276.37



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2024

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
2	Non-Financial Liabilities			
(a)	Provisions	14	2,424.16	1,359.87
(b)	Deferred Tax Liabilities	36	9,542.65	6,498.17
(c)	Other Non-Financial Liabilities	15	111.69	162.56
3	Equity			
(a)	Equity Share capital	16	38,000.00	38,000.00
(b)	Other Equity	17	247,799.72	211,353.98
	Total Liabilities and Equity		1,933,445.90	1,859,700.48
	Material accounting policies, key estimates and judgments	1		
The accompanying notes form an integral part of the consolidated financial statements.				

As per our report of even date

For and on behalf of

RSVA & Co.Chartered Accountants
Firm Registration No.110504W**Jagdish B. Shetty**Partner
Membership No.048042
UDIN : 24048042BKCNI24480**Gopal Singh Gusain**
Director
DIN : 03522170**Abhijit Bose**
Director
DIN : 10041742**Kamlesh Rathi**
Chief Financial Officer**Sidheswar Patra**
Director
DIN : 05227796Place : Mumbai
Date : May 3, 2024

For and on behalf of the Board of Directors

Reena Banerjee
Director
DIN : 10329776**V. Narayanamurthy**
Managing Director & CEO
DIN : 00555704**Suparna Sharma**
Company SecretaryPlace : Mumbai
Date : May 3, 2024

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in lakhs)

	Particulars	Note No.	For the Year ended March 31, 2024	For the Year ended March 31, 2023
(I)	Revenue from operations			
(i)	Interest Income	18	133,157.17	109,039.14
(ii)	Dividend Income		310.61	129.30
(iii)	Fees and commission Income		433.34	181.40
(iv)	Net gain on fair value changes	19	23,239.60	-
	Total Revenue from operations		157,140.72	109,349.84
(II)	Other Income	20	262.73	193.17
(III)	Total Income (I+II)		157,403.45	109,543.01
	Expenses			
(i)	Finance Costs	21	104,157.74	75,356.64
(ii)	Net loss on fair value changes	19	-	5,795.93
(iii)	Impairment on financial instruments	22	1,248.05	2,208.97
(iv)	Employee Benefits Expenses	23	4,878.74	3,187.39
(v)	Depreciation, amortization and impairment	8	245.04	229.36
(vi)	Others expenses	24	3,519.36	2,985.87
(IV)	Total Expenses		114,048.93	89,764.16
(V)	Profit / (loss) before exceptional items and tax (III-IV)		43,354.52	19,778.85
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V+VI)		43,354.52	19,778.85
(VIII)	Tax Expense:	36		
	- Current Tax		9,796.85	5,281.63
	- Tax pertaining to earlier periods		3.62	(854.47)
	- Deferred Tax		1,368.88	180.47
(IX)	Profit/(loss) for the year (VII - VIII)		32,185.17	15,171.22
(X)	Other Comprehensive Income			
A	(i) Items that will not be reclassified to profit and loss		10,920.29	4,167.21
	(ii) Income Tax relating to items that will not be reclassified to profit and loss	36	2,099.72	869.78
	Subtotal (A) (i-ii)		8,820.57	3,297.43
B	(i) Items that will be reclassified to profit and loss		-	-
	(ii) Income Tax relating to items that will be reclassified to profit and loss		-	-
	(iii) Reclassification adjustment		-	-
	Subtotal (B) (i-ii-iii)		-	-
	Other Comprehensive Income (A + B)		8,820.57	3,297.43



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

	Particulars	Note No.	For the Year ended March 31, 2024	For the Year ended March 31, 2023
(XI)	Total Comprehensive Income for the year (IX + X)		41,005.74	18,468.65
(XII)	Earnings per equity share for equity shares of par value ₹10/- each			
	Basic & Diluted (in ₹)	31	8.47	3.99
	Material accounting policies, key estimates and judgments	1		
	The accompanying notes form an integral part of the consolidated financial statements.			

As per our report of even date

For and on behalf of

RSVA & Co.

Chartered Accountants
Firm Registration No.110504W

Jagadish B. Shetty

Partner
Membership No.048042
UDIN : 24048042BKCNI4480

Gopal Singh Gusain

Director
DIN : 03522170

Abhijit Bose

Director
DIN : 10041742

Kamlesh Rathi

Chief Financial Officer

Sidheswar Patra

Director
DIN : 05227796

Reena Banerjee

Director
DIN : 10329776

V. Narayanamurthy

Managing Director & CEO
DIN : 00555704

Suparna Sharma

Company Secretary

For and on behalf of the Board of Directors

Place : Mumbai

Date : May 3, 2024

Place : Mumbai

Date : May 3, 2024

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

(₹ in lakhs)

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning	380,000,000	38,000.00	380,000,000	38,000.00
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	380,000,000	38,000.00	380,000,000	38,000.00
Changes in the equity share capital during the period	-	-	-	-
Balance as at the end	380,000,000	38,000.00	380,000,000	38,000.00

B. Other Equity

(₹ in lakhs)

Particulars	Reserves & Surplus					Equity Instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
	Statutory Reserve	General Reserve	Reserve & Surplus HTM - CGS A/c	Capital Reserve	Capital Redemption Reserve			
As at April 01, 2022	67,656.73	319.22	2,126.63	27.53	17,000.00	76,743.08	(1.65)	197,445.33
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2022	67,656.73	319.22	2,126.63	27.53	17,000.00	76,743.08	(1.65)	197,445.33
Total Comprehensive Income for the year	-	-	-	(27.53)	-	15,171.22	8.08	18,468.65
Other Adjustments	-	-	-	-	-	27.53	-	-
Dividend	-	-	-	-	-	(4,560.00)	-	(4,560.00)
Transfer to/from retained earnings	3,485.67	-	-	-	-	(3,485.67)	-	-
As at March 31, 2023	71,142.40	319.22	2,126.63	-	17,000.00	83,896.16	6.43	211,353.98
As at April 01, 2023	71,142.40	319.22	2,126.63	-	17,000.00	83,896.16	6.43	211,353.98
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2023	71,142.40	319.22	2,126.63	-	17,000.00	83,896.16	6.43	211,353.98
Total Comprehensive Income for the year	-	-	-	-	-	32,185.17	(8.10)	41,005.74
Other Adjustments	-	-	-	-	-	(4,560.00)	-	-
Dividend	-	-	-	-	-	(8,731.78)	-	(4,560.00)
Transfer to/from retained earnings	6,754.52	1,977.26	-	-	-	-	-	0.00
As at March 31, 2024	77,896.92	2,296.48	2,126.63	-	17,000.00	102,789.55	(1.67)	247,799.72

As per our report of even date

For and on behalf of

RSVA & Co.

Chartered Accountants

Firm Registration No.110504W

Jagadish B. Shetty

Partner

Membership No.048042

UDIN : 24048042BKCNI24480

Place : Mumbai

Date : May 3, 2024

For and on behalf of the Board of Directors

Gopal Singh Gusain

Director

DIN : 03522170

Sidheswar Patra

Director

DIN : 05227796

Reena Banerjee

Director

DIN : 10329776

Abhijit Bose

Director

DIN : 10041742

V. Narayanamurthy

Managing Director & CEO

DIN : 00555704

Kamlesh Rathi

Chief Financial Officer

Suparna Sharma

Company Secretary

Place : Mumbai

Date : May 3, 2024



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before exceptional items and tax	43,354.52	19,778.85
Adjustments :		
Depreciation, amortization and impairment	245.04	229.36
(Profit) / Loss on sale of Property, plant and equipment (Net)	(1.63)	(3.43)
Finance Cost	104,157.74	75,356.64
Interest Income	(133,157.17)	(109,039.14)
Dividend Income from Investments	(310.61)	(129.30)
Impairment on financial instruments	6,596.92	4,582.62
Unrealised gain on fair value changes	(7,062.34)	1,037.41
Write Back of Provisions & Other Payables	(89.80)	(59.37)
	13,732.67	(8,246.36)
Interest Paid	(103,158.39)	(75,266.76)
Interest Received	109,418.17	85,530.52
Operating Profit / (loss) before working capital changes	19,992.45	2,017.40
Changes in Working Capital:		
(Increase)/ Decrease in Receivable	(64.43)	(21.75)
(Increase)/ Decrease in Loans	(51,992.92)	(88,847.61)
(Increase)/ Decrease in Investments	4,894.01	(16,297.03)
(Increase)/ Decrease in Other Financial Assets	(1,085.34)	103.94
(Increase)/ Decrease Other Non-Financial Assets	(129.12)	10.61
(Increase)/ Decrease Derivative Financial Instruments	(750.01)	1,089.62
Increase/ (Decrease) in Payable	38.72	29.71
Increase/ (Decrease) in Other Financial Liabilities	(518.61)	332.95
Increase/ (Decrease) Other Non-Financial Liabilities	1,092.40	157.52
	(48,515.30)	(103,442.04)
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	(28,522.85)	(101,424.64)
Taxes Paid	11,420.41	3,299.07
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	(39,943.26)	(104,723.71)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed deposit with banks having original maturity over three months	(15,447.80)	8,323.05
Purchase of tangible / intangible assets	(533.67)	(160.53)
Sale of tangible / intangible assets	5.72	7.70
Dividend Income from Investments	310.61	129.30
Sales of FVOCI debt instrument	3,910.21	437.01
(Purchase)/Sales of Investment measured at amortised cost	10,500.01	(98,321.17)
Interest received on debt securities - Amortised cost	18,008.37	15,776.19
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	16,753.45	(73,808.45)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in lakhs)

Particulars		For the Year ended March 31, 2024	For the Year ended March 31, 2023
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Payment of Dividend	(4,560.00)	(4,560.00)
	Funds borrowed/ Repaid (other than debt securities)	23,687.72	177,262.68
	Increase/ (Decrease) in deposits	(11.86)	136.00
	Payment towards lease liabilities	(87.86)	(69.34)
	NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	19,028.00	172,769.34
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(4,161.81)	(5,762.82)
Cash and Cash Equivalents at beginning of year (Refer Note 2 (a))		6,430.81	12,193.63
Cash and Cash Equivalents at end of year (Refer Note 2(a))		2,269.00	6,430.81
The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (Ind AS) -7 "Cash Flow Statements".			

As per our report of even date

For and on behalf of

RSVA & Co.Chartered Accountants
Firm Registration No.110504W**Jagdish B. Shetty**Partner
Membership No.048042
UDIN : 24048042BKCNI24480**Gopal Singh Gusain**
Director
DIN : 03522170**Abhijit Bose**
Director
DIN : 10041742**Kamlesh Rathi**
Chief Financial OfficerPlace : Mumbai
Date : May 3, 2024Place : Mumbai
Date : May 3, 2024

For and on behalf of the Board of Directors

Sidheswar Patra
Director
DIN : 05227796**Reena Banerjee**
Director
DIN : 10329776**V. Narayanamurthy**
Managing Director & CEO
DIN : 00555704**Suparna Sharma**
Company Secretary



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 1: Material accounting policies, key accounting estimates and judgments

i) Corporate Information

STCI Finance Limited ("STCI" or "the Holding Company") is a Public limited company domiciled in India with its registered office at A/B 1-802, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G K marg, Lower Parel (w) Mumbai – 400013. The Company was incorporated on May 10, 1994, vide certificate of incorporation no. U51900MH1994PLC078303 issued by the Registrar of Companies Maharashtra, Mumbai and the Legal Entity identifier no is 335800LJRPAAIKRNY9644. The Company is presently registered with Reserve Bank of India (RBI) as Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC_ND_SI). Company is classified as a NBFC - Investment and Credit Company (NBFC-ICC) and falls under Middle Layer Category (NBFC-ML) of RBI's scale based Regulations.

These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group'). The Group's principal business is financing, advancing loans and underwriting, bidding, market making & trading in Government Securities, fixed income securities and other money market instruments.

ii) Basis of Preparation

a) Statement of Compliance

These Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, RBI directions to NBFCs and Division III to Schedule III of the Act. Refer Note no. 25 showing subsidiary companies considered in the preparation of the consolidated financial statements.

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

b) Basis of Consolidation

STCI consolidates entities which it owns or controls. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases. The consolidated financial statements comprise the financial statements of the Company, its controlled subsidiaries.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain/loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded. The financial statements of the subsidiaries are drawn up to the same reporting date as that of parent company.

c) Functional and Presentation Currency

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

d) Basis of Preparation, Presentation and Disclosure of Financial Statements

Consolidated financial statements have been prepared under historical cost convention on accrual basis, modified to include the fair valuation of certain financial instruments, to the extent required or permitted under Ind AS as set out



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

in the relevant accounting policies. The Group presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. Further, Assets and liabilities are classified as per the normal operating cycle (determined at 12 months) and other criteria set out in Schedule III of the Act.

e) Use of Judgment and Estimates

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

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

f) Fair Value Measurement

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

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

Category	Valuation Method
Government Securities & SDL	As Published by Financial Benchmarks India Pvt Ltd (FBIL)
Corporate bonds/debentures	As per FIMMDA Valuation
Derivative Debt Instruments	As per FBIL Valuation
Quoted Equity shares and Equity Derivatives	Stock Exchange Prices
Unquoted Equity shares	DCF method, Market multiples method & Others
Units of Mutual Fund	At latest repurchase Price/NAV declared by the Fund
Venture Capital Fund Units	At latest NAV declared by the Fund

g) Effective Interest Rate (EIR) method

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

iii) Material Accounting policies

a) Financial Instruments

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

1) Financial Assets

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

Financial assets are subsequently classified as measured at

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

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

- **Loans and Advances :**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

- **Debt Instruments:**

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

Measured at Amortised Cost:

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

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

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

Debt Instruments at FVTOCI

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

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

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

Debt Instruments at FVTPL

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

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

- **Equity Instruments**

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

- **Reclassification of Financial Assets**

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

- **De-recognition of Financial Assets**

The Group de-recognises a financial asset only when

- The contractual rights to receive the cash flows from the asset have expired; or
- The Group has transferred the financial asset and substantially all risks and rewards of ownership of the asset to another entity; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

2. Financial Liabilities and Equity Instruments issued by the Group

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

- **Equity Instruments**

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

- **Financial Liabilities**

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

- **Financial Liabilities at FVTPL:**

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

- **Financial Liabilities at Amortised Cost:**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

- **De-recognition of Financial Liabilities**

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

3. Derivative Financial Instruments

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

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

4. Impairment of Financial Instruments

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

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

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

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

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

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

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

Additionally, the financial assets may also be classified as Stage 2 assets based on certain other qualitative factors that significantly impacts the borrower's ability to meet its debt obligations.

Measurement of Expected Credit Loss

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

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

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

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

- For Loan against Shares, historical recovery data is used to arrive at the actual loss percentages.
- For other collaterals, in absence of historical recovery data, basel prescribed LGD haircuts are used.

- **Exposure at Default (EAD)** : EAD represents the expected exposure in the event of a default, taking into account the repayment of principal and interest from the balance sheet date to the default event. Stage wise EAD computation is as under.

- For Stage 1 and 3, Current outstanding are used as EAD.
- For Stage 2 accounts, the expected principals outstanding (as contracted) at the end of reporting period are used as EAD.

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

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

Computation of ECL is summarized as under.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

- **Write-offs of Credit-Impaired Instruments**

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

- **Presentation of Allowance for ECL in the Balance Sheet**

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

5. Offsetting

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

b) Cash and Cash Equivalents

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

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

Statement of Cash Flow

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

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

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

2. Subsequent Measurement

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

3. Depreciation and Amortisation

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

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

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

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

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

d) Impairment of Non-Financial Assets (Tangible and Intangible Assets)

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****e) Provisions and Contingencies**

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

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

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

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

f) Employee Benefits**1. Short-Term Employee Benefits**

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

2. Long-Term Employee Benefits

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

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

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

3. Post-Employment and Termination Benefits**• Defined Contribution Plan (Provident Fund):**

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

• Defined Benefit Obligation (Gratuity)

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Defined benefit costs are categorised as follows:

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

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

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

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

g) Borrowing Cost

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

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

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

h) Revenue Recognition

1. Interest

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

2. Fees Income

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****3. Dividend Income**

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

4. Income from Securities

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

i) Leases

The Group's lease assets primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

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

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

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers any significant leasehold improvements undertaken over the lease term.

j) Income Tax

Income tax expense comprises of current tax and deferred tax.

1. Current Tax

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

2. Deferred Tax

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

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

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

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

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

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

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

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

k) Earnings Per Share (EPS)

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

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

l) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. The Group's management has identified Lending Business and Treasury Operations as two reportable segment based on risk, return and the regulatory authorities for reporting. The segmental assets and liabilities include all directly attributable to the respective segment. All other



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

assets and liabilities not attributable to any particular segment have been grouped under Unallocated Assets and Liabilities. The segmental revenues and expenses include all directly attributable to the respective segment. Administrative expenses, personnel costs and depreciation on fixed assets cannot be identified with any particular segment and are considered as unallocable.

m) Dividend Distribution to Equity Holders of the Company

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-2 (a) : Cash and Cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Cash on hand	0.13	0.06
b) Balance with Bank (In current and deposit accounts) As at March 31, 2024 ₹ 667.00 lakh (Nil as at March 31, 2023) is kept as ASBA deposit for IPO application.	2,268.87	6,430.75
Total (a+b)	2,269.00	6,430.81

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

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits with Bank (Original maturity of more than 3 months) (includes interest accrued but not due) *As at March 31, 2023, FDs have been lien marked in favour of stock exchanges for Base Minimum Capital requirement in Currency Derivatives Segment amounting to ₹ 21.75 Lakhs (as at March 31, 2023 ₹ 21.75 Lakhs) and FDs of ₹ 14,338.76 lakh are kept as ASBA FD with banks for IPO application.	14,469.88	22.08
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	1,200.00	200.00
Total	15,669.88	222.08

Note-3 : Derivative Financial Instruments

(₹ in lakhs)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Equity linked derivatives	-	-	-	-	-	-
Interest rate derivatives :						
Forward Rate Agreements and Interest Rate Swaps	3,878,598.90	86,081.07	86,782.00	3,249,394.04	76,529.54	77,980.48
Futures	-	-	-	-	-	-
Total derivatives Financial Instruments	3,878,598.90	86,081.07	86,782.00	3,249,394.04	76,529.54	77,980.48
PART - II, Included in above (part I) are derivatives held for hedging and risk management purposes as follows:						
Undesignated Derivatives	3,878,598.90	86,081.07	86,782.00	3,249,394.04	76,529.54	77,980.48
Total derivatives Financial Instruments	3,878,598.90	86,081.07	86,782.00	3,249,394.04	76,529.54	77,980.48

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Note-4 : Receivables**

Particulars	(₹ in lakhs)	
	As at March 31, 2024	As at March 31, 2023
a) Trade Receivables		
a) Secured, considered good ;	-	-
b) Unsecured, considered good; and	50.27	2.70
c) Credit Impaired	-	-
Subtotal (a+b+c)	50.27	2.70
Less: Allowance for impairment loss	-	-
NET Receivables	50.27	2.70
b) Other Receivables	56.98	40.12
TOTAL (a+b)	107.25	42.82

Dues from Directors & Others officers in above

Nil

Nil

Trade & Other Receivables ageing Schedule

(₹ in lakhs)

Particulars	Unbilled/ Not Due	Outstanding for following periods from due date of payment						Total
		Less than 6 months	6 months to 1 year	1 year to 2 year	2 year to 3 year	more than 3 year		
As on March 31, 2024								
(i) Undisputed Trade/Other receivables – considered good	105.89	1.36	-	-	-	-	-	107.25
(ii) Undisputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade/Other Receivables–considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	105.89	1.36	-	-	-	-	-	107.25
As on March 31, 2023								
(i) Undisputed Trade/Other receivables – considered good	37.67	5.15	-	-	-	-	-	42.82
(ii) Undisputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade/Other Receivables–considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade/Other Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade/Other Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	37.67	5.15	-	-	-	-	-	42.82



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-5 : Loans (At Amortised Cost)

(₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
a)	Loans (at amortised cost) :		
	Term Loans & Others	260,392.94	239,603.08
	Others - TREPS / REPO / SDF	41,552.88	13,794.91
	Total (Gross)	301,945.82	253,397.99
	Less : Impairment loss allowance	(19,005.51)	(16,612.93)
	Total (Net)	282,940.31	236,785.06
b)	i) Secured by tangible assets	254,948.94	226,599.33
	ii) Secured by intangible assets	-	-
	iii) Covered by bank / Government guarantees	-	-
	iv) Covered by CCP's	40,452.50	13,794.91
	v) Unsecured *	6,544.38	13,003.75
	Total (Gross)	301,945.82	253,397.99
	Less : Impairment loss allowance	(19,005.51)	(16,612.93)
	Total (Net)	282,940.31	236,785.06
c)	I) Loans in India		
	a) Public Sector	-	-
	b) Others	301,945.82	253,397.99
	Total (Gross)	301,945.82	253,397.99
	Less : Impairment loss allowance	(19,005.51)	(16,612.93)
	Total (Net)	282,940.31	236,785.06
	II) Loans outside India (Net)	-	-
	Total C (I) & C(II)	282,940.31	236,785.06

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

Loans and Advances of ₹ 1,43,158.69 lakhs (₹ 1,01,368.86 lakhs as on March 31, 2023) have been charged in favour of Banks/ NBFCs for outstanding Secured Term Loans of ₹ 1,13,745.80 lakhs (₹ 82,926.58 lakh as on March 31, 2023).

* includes loans of ₹ 5,444.00 lakhs where charge creation is pending.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-6 : Investments

(₹ in lakhs)

Particulars	As at March 31, 2024					As at March 31, 2023				
	Amortised Cost 1	FVTOCI 2	FVTPL (3=1+2)	Others at Cost 4	Total (5=3+4)	Amortised Cost 6	FVTOCI 7	FVTPL (8=6+7)	Others at Cost 9	Total (10=8+9)
Investments										
Mutual funds	-	-	15,013.52	-	15,013.52	-	-	2,503.33	-	2,503.33
Government securities (Incl. SDL) *	247,580.43	-	969,449.13	-	1,217,029.56	260,020.38	-	1,108,800.15	-	1,368,820.53
Other approved securities	-	-	4,188.20	-	4,188.20	-	-	2,801.31	-	2,801.31
Debt securities (FI Bonds) *	-	-	244,980.51	-	244,980.51	-	-	111,672.07	-	111,672.07
Equity instruments										
- Quoted Equity Shares	-	-	1,198.89	-	1,198.89	-	88.09	-	-	88.09
- Equity Investment in CCIL (unquoted)	-	48,718.50	-	-	48,718.50	-	43,284.50	-	-	43,284.50
Investment in Venture Capital Fund **	-	3,750.00	-	-	3,750.00	-	2,075.00	-	-	2,075.00
Total – Gross (A)	247,580.43	52,468.50	1,234,830.25	-	1,534,879.18	260,020.38	45,447.59	1,225,776.86	-	1,531,244.83
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	247,580.43	52,468.50	1,234,830.25	-	1,534,879.18	260,020.38	45,447.59	1,225,776.86	-	1,531,244.83
Total – Gross (B)	247,580.43	52,468.50	1,234,830.25	-	1,534,879.18	260,020.38	45,447.59	1,225,776.86	-	1,531,244.83
Total Investments (A) = (B)	247,580.43	52,468.50	1,234,830.25	-	1,534,879.18	260,020.38	45,447.59	1,225,776.86	-	1,531,244.83
Less: Impairment loss allowance (C)	-	-	-	-	-	-	-	-	-	-
Total – Net D = (A) - (C)	247,580.43	52,468.50	1,234,830.25	-	1,534,879.18	260,020.38	45,447.59	1,225,776.86	-	1,531,244.83

* Including accrued Interest.

Securities having FV of ₹ 11,97,531.00 Lakhs (P.Y. ₹ 13,15,275.00 Lakhs) have been kept as collateral for various borrowings and settlement.

** Tata Venture Capital Funds- class A units 25,00,00,000 of ₹1/- each. Net amount paid per unit - ₹ 0.3553 (PY ₹ 0.4644) after considering redemption of ₹ 0.5554 (PY ₹ 0.44628) per unit.

Investment in Equity Shares of Clearing Corporation of India Limited (CCIL), Tata Capital Growth Fund - I and other long term investments in quoted equity shares have been classified as at FVTOCI in view of the long term investment horizon. Refer Note No 39 for Valuation of Investments.

Note-7 : Other Financial Assets

Particulars	As at March 31, 2024		As at March 31, 2023	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Security and other deposits (Measured at amortised cost)	417.04	404.57	417.04	404.57
Margin Money With CCIL & Others	4,722.00	3,666.00	4,722.00	3,666.00
Profit/ (Loss) on account of trade on reporting date accounting	43.13	-	43.13	-
Total	5,182.17	4,070.57	5,182.17	4,070.57

(₹ in lakhs)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note - 8 : Property, Plant & Equipment and Intangible Assets

Particulars	Tangible Assets										Total	Intangible Assets	Right to Use Asset	Total Assets		
	Air-Conditioners	Buildings	Improvement to Leasehold Property	Computers	Electrical Installations	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software and Licenses						
Gross Block																
As at March 31, 2022	34.54	3,705.15	49.77	263.26	12.86	111.26	20.46	58.46	4,255.76	132.87	319.77	4,708.40				
Adjustment to Opening Gross Block	0.19	-	-	6.57	-	2.50	0.37	(1.18)	8.45	-	-	8.45				8.45
Additions	7.93	-	23.78	74.89	-	13.47	15.81	22.22	158.10	2.43	38.09	198.62				
Disposals	-	-	-	13.47	-	0.16	1.25	15.20	30.08	-	0.97	31.05				
As at March 31, 2023	42.66	3,705.15	73.55	331.25	12.86	127.07	35.39	64.30	4,392.23	135.30	356.89	4,884.42				
Adjustment to Opening Gross Block	-	-	-	-	-	-	-	-	-	-	-	-				-
Additions	-	-	-	88.47	-	10.59	18.02	18.47	135.55	27.31	332.79	495.65				
Disposals	-	-	-	5.29	-	0.45	-	11.68	17.42	-	162.69	180.11				
As at March 31, 2024	42.66	3,705.15	73.55	414.43	12.86	137.21	53.41	71.09	4,510.36	162.61	526.99	5,199.96				
Depreciation																
As at March 31, 2022	21.15	413.09	29.83	175.69	12.86	79.10	11.45	21.06	764.23	111.41	170.44	1,046.08				
Adjustment to Opening Accumulated Deprn.	0.19	-	-	6.57	-	2.50	0.37	(1.18)	8.45	-	-	8.45				8.45
Additions	2.78	69.26	10.27	50.16	-	4.59	4.51	7.49	149.06	19.54	60.76	229.36				
Disposals	-	-	-	13.47	-	0.13	1.25	10.96	25.81	-	-	25.81				25.81
As at March 31, 2023	24.12	482.35	40.10	218.95	12.86	86.06	15.08	16.41	895.93	130.95	231.20	1,258.08				
Adjustment to Opening Accumulated Deprn.	-	-	-	-	-	-	-	-	-	-	-	-				-
Additions	3.05	69.44	10.10	61.28	-	6.54	7.28	7.73	165.42	5.45	74.17	245.04				
Disposals	-	-	-	4.99	-	0.08	-	8.26	13.33	-	162.69	176.02				
As at March 31, 2024	27.17	551.79	50.20	275.24	12.86	92.52	22.36	15.88	1,048.02	136.40	142.68	1,327.10				
Net Carrying Amount																
As at March 31, 2023	18.54	3,222.80	33.45	112.30	-	41.01	20.31	47.89	3,496.30	4.35	125.69	3,626.34				
As at March 31, 2024	15.49	3,153.36	23.35	139.19	-	44.69	31.05	55.21	3,462.34	26.21	384.31	3,872.86				

*a) Cost of building includes ₹ 0.10 lakhs being the cost of shares held for membership of the Co-operative society.

b) Title deeds of all the immovable property (other than properties where the Holding Company/Group Company is the lessee) are held in the name of the respective Holding or Group companies.

c) The company has not revalued its Property, Plant & Equipment and Intangible Assets (including Right-of-Use Assets) during the financial year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Intangible assets under development - Ageing Schedule :**

(₹ in lakhs)

Intangible assets under development	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As on March 31, 2024					
- Software under development	370.81	-	-	-	370.81
- Projects temporarily suspended	-	-	-	-	-
Total	370.81	-	-	-	370.81
As on March 31, 2023					
- Software under development	-	-	-	-	-
- Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

The Holding Company is in the process of implementing a new loan management software and the same is disclosed as Intangible assets under development. The implementation of new software is expected to be completed before the end of next financial year. The above amount includes partial payments made towards directly attributable cost and related taxes for the implementation of new loan management software.

Note-9 : Other non-financial asset

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured - Considered good (Unless otherwise stated)		
Prepaid Expenses	181.40	173.59
Input Tax Credit	283.36	162.55
Other Advances	10.13	9.63
Total	474.89	345.77

Note-10 : Payables

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	2.84	0.82
(ii) total dues of creditors other than micro enterprises and small enterprises	207.55	169.63
Subtotal (i+ ii)	210.39	170.45
b) Other Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total dues of creditors other than micro enterprises and small enterprises	39.04	40.26
Subtotal (i+ ii)	39.04	40.26
Total (a+b)	249.43	210.71



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Trade & Other Payables aging Schedule

(₹ in lakhs)

	Particulars	Unbilled/ Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
	As on March 31, 2024						
i)	MSME	-	2.84	-	-	-	2.84
ii)	Others	222.55	24.04	-	-	-	246.59
iii)	Disputed dues – MSME	-	-	-	-	-	-
iv)	Disputed dues - Others	-	-	-	-	-	-
	Total	222.55	26.88	-	-	-	249.43
	As on March 31, 2023						
i)	MSME	0.82	-	-	-	-	0.82
ii)	Others	116.54	93.35	-	-	-	209.89
iii)	Disputed dues – MSME	-	-	-	-	-	-
iv)	Disputed dues - Others	-	-	-	-	-	-
	Total	117.36	93.35	-	-	-	210.71

The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') based on and to the extent of the information received by the Group from the suppliers regarding their status under the MSMED Act.

(₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
i)	Principal and interest amount remaining unpaid (not due)	2.84	0.82
ii)	Interest due thereon remaining unpaid	-	-
iii)	Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
iv)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
v)	Interest accrued and remaining unpaid	-	-
vi)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise	-	-

Note-11: Borrowings (Other than Debt Securities) at amortised cost

(₹ in lakhs)

	Particulars	As at March 31, 2024	As at March 31, 2023
(a)	Term loans		
	(ia) from Banks - Long Term	92,386.74	67,942.13
	(ib) from Banks - Long Term - Related Party (BOI)	15,003.77	15,003.64
	(ic) from Others - Long Term	6,403.18	-
	(iia) from Banks - Short Term	5,999.99	6,000.00
	(iib) from Banks - Short Term - Related Party (BOI)	15,003.67	15,003.25
	(iii) Unamortised Borrowing cost for above term loans	(437.53)	(280.80)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(b) Loans repayable on demand		
(i) from Banks (OD)	3,199.02	2,500.00
(ii) from Banks (OD) - Related Party (BOI)	8,503.99	9,001.91
(iii) from Banks under call and term money	267,806.64	153,650.13
(c) Other loans		
Borrowing under Tri-Party Repo (TREPS) (Secured)	167,341.70	149,822.68
Borrowing under REPO (Secured)	802,175.43	965,586.80
Borrowing under LAF/Refinance from RBI (Secured)	144,743.53	119,255.37
Total	1,528,130.13	1,503,485.11
Borrowings in India	1,528,130.13	1,503,485.11
Borrowings outside India	-	-
Total	1,528,130.13	1,503,485.11

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

Secured Long Term Loans are secured by way of first charge on specific receivables (Loan & Advances) with an overall asset cover ranging from 110% to 120%. Details of Long term loan from Banks/ NBFC is as under.

(₹ in lakhs)

Name of the Lender	Repayment details	As at March 31, 2024		As at March 31, 2023	
		Principal Maturity Value		Principal Maturity Value	
		Current	Non Current	Current	Non Current
Bank of Baroda	8 Qtrly Installments of Rs 2,500.00 lakhs w.e.f. 30.06.22	-	-	9,926.91	-
State Bank of India -I	18 Qtrly Installments of Rs.1,667.00 lakhs w.e.f. 30.04.23	6,668.00	16,662.06	6,668.00	23,331.68
Canara Bank	18 Qtrly Installments of Rs.278.00 lakhs w.e.f. 27.06.23	1,112.00	2,775.92	1,112.00	3,887.99
Canara Bank-II	18 Qtrly Installments of Rs.278.00 lakhs w.e.f. 27.12.23	1,112.00	3,331.92	556.00	4,444.00
Bank of India	8 Half Yearly Installments of Rs.1875.00 lakhs w.e.f. 31.08.24	3,750.00	11,250.00	-	15,000.00
Central Bank	8 Half Yearly Installments of Rs.1250.00 lakhs w.e.f. 30.09.24	2,500.00	7,499.86	-	10,000.00
Axis Bank	8 Qtrly Installments of Rs.375.00 lakhs w.e.f. 30.06.23	1,499.68	-	1,500.00	1,500.00
Punjab & Sind Bank -I	19 Qtrly Installments of Rs.263.00 lakhs w.e.f.30.09.23	1,052.63	3,157.75	789.00	4,211.00
Union Bank I	20 Qtrly Installments of Rs.250.00 lakhs w.e.f.31.12.2023	1,000.00	3,499.93	-	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

Name of the Lender	Repayment details	As at March 31, 2024		As at March 31, 2023	
		Principal Maturity Value		Principal Maturity Value	
		Current	Non Current	Current	Non Current
DCB Bank	14 Qtrly Installments of Rs.214.29 lakhs w.e.f.30.06.2024	857.14	2,142.86	-	-
State Bank of India-II	20 Qtrly Installments of Rs.1000.00 lakhs w.e.f. 31.07.2024	3,000.00	16,999.79	-	-
RBL Bank	12 Qtrly Installments of Rs.250.00 lakhs w.e.f. 28.03.2024	1,000.00	1,750.00	-	-
Karur Vysya Bank	11 Qtrly Installments of Rs.454.55 lakhs w.e.f. 30.06.2024	1,818.18	3,181.81	-	-
Punjab & Sind Bank -II	19 Qtrly Installments of Rs.131.58 lakhs w.e.f. 30.06.2024	526.32	1,973.68	-	-
Union Bank-II	19 Qtrly Installments of Rs.250 lakhs w.e.f.31.03.2024	1,000.00	3,749.92	-	-
Indian Overseas Bank	8 Half Yearly Installments of Rs.312.50 lakhs w.e.f. 30.09.25	-	2,499.35	-	-
Aditya Birla Finance Ltd	8 Qtrly Installments of Rs.375.00 lakhs w.e.f.01.10.2023	1,500.00	375.00	-	-
Tata Capital Limited	8 Qtrly Installments of Rs.750.00 lakhs w.e.f.05.10.2023	3,000.00	1,500.00	-	-
Interest accrued but not due for above loans		47.89		19.19	
Total		31,443.84	82,349.85	20,571.10	62,374.67

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

(₹ in lakhs)

Name of the Lender	Repayment details	Type	As at March 31, 2024	As at March 31, 2023
Union Bank of India	25.04.2024 (PY - 20.09.2023)	Unsecured	5,999.99	6,000.00
Bank of India (Related Party)	27.06.2024 (PY - 28.08.2023)	Unsecured	15,000.00	5,000.00
Bank of India (Related Party)	Nil (PY - 29.09.23)	Unsecured	-	10,000.00
Interest Accrued but not due on above			3.67	3.25
Total			21,003.66	21,003.25

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

(₹ in lakhs)

Name of the Lender	Type	As at March 31, 2024	As at March 31, 2023
Bank Of India (Related Party)	Unsecured	8,496.28	9,000.00
Union Bank of India	Unsecured	3,199.02	2,500.00
Interest Accrued but not due on above		7.71	1.91
Total		11,703.01	11,501.91

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Other Details :**

- a) Borrowings under TREPS of ₹ 94,856.81 lakhs (PY ₹ 1,49,822.68 lakhs) is secured by Collateral of Government Securities & Treasury Bills and carries interest rate between 6.85% - 7.06% (PY 6.70% - 7.20%) and is repayable within 2 days (PY- 3 days).
Borrowings under TREPS of ₹ 72,484.89 lakhs is secured by Collateral of Corporate Bonds and carries interest rate between 7.50% - 7.65% (PY Nil) and is repayable within 2 days (PY- Nil)
- b) Borrowings under Repo is secured by Collateral of Government Securities & Treasury Bills and carries interest rate between 6.79% - 7.30% (PY - 7.00% - 8.00%) and is repayable within 2 days (PY- 3 days)
- c) Borrowings under LAF/Refinance is secured by Collateral of Government Securities & Treasury Bills and carries interest rates of 6.50% - 6.73% (PY - 6.50%) and is repayable within 2 to 81 days (PY - 5 to 75 days).
- d) Unsecured Loans from Banks under call/short notice/term market carrying interest rate between 6.30% - 7.75% (PY - 6.10% to 7.71%) and repayable within 2 - 15 days. (PY- within 3 - 13 days)

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

Note 12 : Deposits

Borrowings under Inter Corporate Deposits carries interest rates between 6.75% - 7.08% (PY - 6.36% to 8.04%) and is repayable within 2 - 79 days (PY 3-73 days). Group has not defaulted either on principal or interest payment for any of the above borrowings.

Note 13 : Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Margin money	575.50	913.97
b) Lease Liability (Refer Note No 28)	396.65	133.17
c) Net Fair value changes for settlement date	-	8.02
d) Others	49.09	221.21
Total	1,021.24	1,276.37

Note 14 : Provisions

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Provision for Employee benefits	614.02	559.80
(b) Provision for PLVP/Bonus	1,810.14	800.07
Total	2,424.16	1,359.87

Note 15 : Other Non-Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Dues	111.69	162.56
Total	111.69	162.56



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-16 : Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
50,00,00,000 (PY - 50,00,00,000) Equity shares of ₹10/-each (PY ₹10/-)	50,000.00	50,000.00
	50,000.00	50,000.00
Issued, subscribed, and fully paid up		
Equity Share Capital		
38,00,00,000 (PY - 38,00,00,000) Equity shares of ₹10/-(PY ₹10/-) each fully paid up	38,000.00	38,000.00
Total	38,000.00	38,000.00

a) Details of Shareholding of Holding Company :

- 11,38,37,810 number of equity shares of ₹10/- each are held by Bank of India, the largest shareholder of holding company.
- Shareholders holding more than 5% of equity shares of the holding company are as under.

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	113,837,810	29.96%	113,837,810	29.96%
State Bank of India	39,211,420	10.32%	39,211,420	10.32%
IDFC First Bank Limited	35,301,360	9.29%	35,301,360	9.29%
Punjab National Bank	27,300,970	7.18%	27,300,970	7.18%
IDBI Bank Limited	25,076,100	6.60%	25,076,100	6.60%
LIC of India	21,523,470	5.66%	21,523,470	5.66%
Canara Bank	20,084,580	5.29%	20,084,580	5.29%

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

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

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

Particulars	As at March 31, 2024	As at March 31, 2023
No. of shares Outstanding as at the beginning of the year (FV ₹ 10/-)	380,000,000	380,000,000
Add: Shares issued	-	-
Less: Share bought back / forfeited	-	-
Number of shares at the end of year (FV ₹10/- per share)	380,000,000	380,000,000

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

f) Details of Shares held by Promoters :

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Note 17 : Other Equity**

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Reserve u/s 45-IC of The RBI Act, 1934	77,896.92	71,142.40
Reserve & Surplus HTM - CGS	2,126.63	2,126.63
Capital redemption Reserve	17,000.00	17,000.00
General Reserve	2,296.48	319.22
Retained Earnings	102,789.55	83,896.16
Other Comprehensive Income	45,690.14	36,869.57
Total	247,799.72	211,353.98

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

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

Note 18 : Interest Income

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Financial Assets measured at Amortised Cost		
Interest on Loans	28,334.96	24,157.66
Interest on deposits with Banks	1,121.51	170.98
Interest income from debt instruments	16,068.43	15,356.54
Other interest Income	603.69	404.92
Financial Assets measured at fair value through profit or loss		
Interest income from debt instruments	87,028.58	68,949.04
Total	133,157.17	109,039.14



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 19 : Net gain/ (loss) on fair value changes

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	23,412.78	(4,321.70)
- Derivatives	(173.18)	(1,474.23)
Others	-	-
Total	23,239.60	(5,795.93)
Fair Value changes:		
- Realised	16,177.26	(4,758.52)
- Unrealised	7,062.34	(1,037.41)
Total	23,239.60	(5,795.93)

Note 20 : Other Income

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Net gain/(loss) on derecognition of property, plant and equipment	1.63	3.43
Provisions & Other write back	89.80	59.37
Miscellaneous Income	171.30	130.37
Total	262.73	193.17

Note 21 : Finance Cost

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Interest on Financial liabilities measured at Amortised Cost		
Borrowings other than debt securities	102,328.04	73,949.43
Debt securities	-	-
Deposits	1,326.32	1,099.20
Intraday Liquidity charges	142.96	149.40
Other interest expense	360.42	158.61
Total	104,157.74	75,356.64

Note 22 : Impairment on Financial Instruments Measured at Amortised Cost

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Loan		
- Expected credit losses	2,392.58	(664.30)
- Write off of Loans	(1,144.53)	2,873.27
Total	1,248.05	2,208.97

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Note 23 : Employee Benefits Expenses**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Salaries and wages	4,597.93	2,980.91
Contribution to provident and other funds	158.64	136.98
Staff welfare expenses	122.17	69.50
Total	4,878.74	3,187.39

Note 24 : Other expenses

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Rent, taxes and energy costs	68.58	71.36
Repairs and maintenance	183.54	174.77
Communication Costs	77.07	66.17
Printing and stationery	21.55	19.12
CSR Expenditure (Refer Note No 32)	604.83	564.61
Director's fees, allowances and expenses	100.49	103.75
Auditor's fees and expenses (Refer Note No 29)	34.50	32.50
Legal and Professional charges	581.92	501.49
Insurance	174.93	91.53
Information services	177.35	160.50
Business Development Expenses	4.23	26.65
Travelling Expenses	149.86	105.62
Transaction and settlement charges	1,061.25	790.53
Other expenditure	279.26	277.27
Total	3,519.36	2,985.87

Notes forming part of financial statements**25. The following subsidiary companies have been considered in the preparation of the consolidated financial statements:**

Name of the entity	Relationship	Country of incorporation	Ownership held by	% of holding and voting power as at	
				March 31, 2024	March 31, 2023
STCI Primary Dealer Limited	Subsidiary	India	STCI Finance Ltd.	100%	100%
STCI Commodities Limited (Pending for dissolution)	Subsidiary	India	STCI Finance Ltd.	-	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Details of entities considered in the consolidated financial statements

Name of the entity in the Group	Net Assets* (Total Assets minus Total Liabilities)		Share in Profit or Loss (PAT)*		Share in Other Comprehensive Income		Share in Total Comprehensive Income*	
	% of consolidated net assets	Amount (₹ in lakhs)	% of consolidated profit or loss (PAT)	Amount (₹ in lakhs)	As % of consolidated OCI	Amount (₹ in lakhs)	As % of total comprehensive income	Amount (₹ in lakhs)
STCI Finance Limited (parent)	65.97%	1,88,528.65	38.55%	12,408.89	100.04%	8,824.25	51.78%	21,233.14
Subsidiaries – Indian								
STCI Primary Dealer Limited	34.03%	97,271.07	61.45%	19,776.28	(0.04)%	(3.68)	48.22%	19,772.60
STCI Commodities Limited	-	-	-	-	-	-	-	-
Subsidiaries – Foreign	-	-	-	-	-	-	-	-
Non-controlling Interests in all subsidiaries	-	-	-	-	-	-	-	-
Associates - Indian (as per eq. method)	-	-	-	-	-	-	-	-
Associates - Foreign (as per eq. method)	-	-	-	-	-	-	-	-
Joint Ventures - Indian (as per eq. method)	-	-	-	-	-	-	-	-
Joint Ventures – Foreign (as per eq. method)	-	-	-	-	-	-	-	-
Total	100.00%	285,799.72	100.00%	32,185.17	100.00%	8,820.57	100.00%	41,005.74

*After adjusting for Inter group investments and profit.

STCI PD was incorporated in October 2006 as a wholly owned subsidiary of the company for undertaking Primary Dealership business of government securities.

STCI Commodities Limited was incorporated on September 20, 2004 with the object of carrying on the business of trading and broking in commodities on the various Commodity Exchanges. The business operations of STCI Commodities Limited were discontinued with effect from 20th September 2011. Shareholders of STCI Commodities Limited in its EGM held on 11th March, 2022 has approved the proposal of its voluntary liquidation and also appointed Mr. Anil Rajkotia, Insolvency Professional, as its Liquidator. Pursuant to commencement of voluntary liquidation, the final liquidation proceeds of ₹ 188.06 lakhs were received during the financial year 2022-23. Subsequently, an application was made to NCLT on June 25, 2022 for dissolution of STCI Commodities Limited under the IBC 2016. The application is pending for disposal.

26. Contingent Liabilities (to the extent not provided for)

i) Claims against the Group not acknowledged as debt:

- The Company had received a notice in March 2002 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.
- No provision has been made in respect of disputed tax dues of ₹ 480.12 lakhs (PY ₹480.12 lakhs) under Income Tax act 1961.

ii) Capital and other commitments:

- The Company has contractually committed ₹ 918.79 lakhs (PY -Nil) towards purchase, implementation and future support and maintenance of new loan management software and other related cost.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

- b) The face value of the securities purchased and sold on March 28, 2024, which shall be accounted on April 02, 2024 i.e Settlement date, are as under.

(₹ in lakhs)

S No.	Particulars	March 31, 2024	March 31, 2023
1	Purchase of securities	86,573.40	88,637.10
2	Sale of securities	82,600.00	81,148.70

A subsidiary company has been dealing in Government Securities on behalf of its Constituents through the Constituent SGL account opened with RBI. The transactions undertaken include purchase and sale transactions on behalf of Constituents. As on March 31, 2024 the face value of the securities held by subsidiary Company on behalf of its constituents is ₹ 63,92,510.70 Lakhs (March 31, 2023 - ₹ 56,64,554.00 lakhs).

27. Details of Provisions is as under.

(₹ in lakhs)

Particulars	Performance Linked Variable Pay	
	2023-24	2022-23
Carrying amount at the beginning	800.07	825.00
Additional provisions made in the year	1,810.14	800.07
Amounts used/recognised during the year	(710.27)	(732.93)
Unused amounts reversed	(89.80)	(92.07)
Carrying amount at the end of the year	1,810.14	800.07

Provision of ₹ 1,810.14 lakhs (PY - ₹ 800.07 lakhs) made during the year for PLVP.

28. Leases

The leases entered into by the Group are primarily operating leases on payment of monthly rentals for its branch offices. The lease arrangements provide an option of renewal on expiry of the term and periodic escalations in the rentals. Maturity analysis of lease liabilities is as under.

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	90.34	49.40
Between one and five years	300.40	83.77
More than five years	5.91	-

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

The following is the movement in lease liabilities during the year ended March 31, 2024:

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	133.17	153.82
Additions	332.79	38.09
Finance cost accrued during the year	18.55	10.60
Payment of lease liabilities	(87.86)	(69.34)
Balance at the end of the year	396.65	133.17



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

29. Remuneration to Statutory Auditors

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Payment to auditors (excluding taxes)		
a) Statutory Audit Fees	18.00	17.00
b) Taxation matters (Tax Audit Fees)	3.75	3.75
c) Certification Fees & Other services	12.25	11.50
d) Reimbursement of expenses	0.50	0.25
Total	34.50	32.50

30. Related Party Transactions

List of related parties

i) Bank of India (BOI) and its subsidiary by virtue of its shareholding in the Holding Company being in excess of 20%

ii) **Name of other related parties with whom the Group had transactions during the year.**

Key Management Personnel:-

- a) Mr. V. Narayanamurthy - Managing Director & CEO
- b) Mr. Arun Kumar Mandal - Non-Executive Director
- c) Mr. Gopal Singh Gusain - Non-Executive Director
- d) Mr. Sidheswar Patra - Non-Executive Director
- e) Mr. Abhijit Bose - Nominee Director of Bank of India
- f) Mr. Nitin G. Deshpande - Nominee Director of Bank of India (w.e.f. 30.06.2023)
- g) Mrs. Reena Banerjee – Non-Executive Director (w.e.f. 28.11.2023)
- h) Ms. Thankom T. Mathew - Non-Executive Director (upto 20.09.2023)
- i) Mr. Bikram Mishra - Nominee Director of BOI (upto 17.06.2023)
- j) Mr. Kamlesh Rathi - Chief Financial Officer
- k) Ms. Suparna Sharma - Company Secretary

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

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

(₹ in lakhs)

Nature of transaction	For the year ended March 31, 2024	For the year ended March 31, 2023
Transactions during the year with Bank of India		
Sale of Govt. Securities / Commercial Papers	-	97,528.63
Purchase of Bonds Issued by BOI	10,000.00	-
Purchase/Subscription of Equity shares issued by BOI under OFS	608.66	-
Fresh Long-Term Loans availed	-	15,000.00
Loans availed *	500,292.06	1,63,574.69
Repayment of Loan availed *	500,795.78	1,63,866.21

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in lakhs)

Nature of transaction	For the year ended March 31, 2024	For the year ended March 31, 2023
Maximum Loan (availed) Outstanding during the Year	39,240.00	39,000.00
IDL Borrowings & Repayment	4,780,000.00	48,80,000.00
Finance Cost (Interest on loans availed)	2,047.21	1,025.53
Dividend Paid (including interim)	1,366.05	1,366.05
Other financial payments (incl IDL Charges)	71.05	100.71
Sitting fees paid	10.00	11.80
Interest Income received on FDR	-	(1.26)
Fixed Deposits matured During the Year	-	137.43
Transaction during the year with Subsidiaries of Bank of India		
Purchase of Mutual Fund Units **	138,255.00	22 000.00
Sale of Mutual Fund Units	138,385.96	22,017.96
Sale of Corporate Bonds ***	10,000.54	-
Transaction Charges/Arranger fee Received ****	15.00	-
Outstanding at the end of the year		
Loan availed (including OD)	38,496.28	39,000.00
Mutual Fund Units Held **	2,503.01	2,503.33
Interest accrued but not due (Payable)	15.15	8.80
Balance in Current/OD account	18.16	9.41

* Incl. aggregate amount availed and repaid during the period from overdraft & short term loan accounts (sanctioned limit of ₹ 25,000 lakhs).

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

*** With BOI employee Pension Fund

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

As per the directions of the High Court of Delhi, net realisation from the auction of the property pertaining to earlier written off loan account and reinvested interest aggregating to ₹ 6,440.36 lakhs as on 31.3.24 (₹ 6,021.32 lakhs as on 31.03.23) were to be kept in Fixed Deposit with Bank. The same has been deposited with Bank of India and is not included in the above transactions with BOI.

Compensation to Key management personnel

Break up of the Compensation to Key management personnel is as under.

(₹ in lakhs)

Sr. No.	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(i)	Short term employee benefits	407.52	373.27
(ii)	Post employment benefits	11.51	10.13
(iii)	Other long-term benefits	-	-
(iv)	Sitting fees to Non-Executive Directors #	50.20	52.00

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

31. Earning Per Share (EPS)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net Profit attributable to equity holders (₹ in Lakhs)	32,185.17	15,171.22
Weighted-Average Number of Equity Shares Outstanding (Face Value ₹10/- each)	38,00,00,000	38,00,00,000
Basic and diluted earnings per share (in ₹)	8.47	3.99

32. CSR Expenses

During the year, Group has spent ₹ 604.83 lakhs (PY ₹ 564.61 lakhs) towards CSR activities, in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules. Details of CSR expenses for the year are as under.

(₹ in lakhs)

Sr. No.	Particulars	FY 2023-24	FY 2022-23
a)	Gross amount required to be spent during the year	603.85	571.36
b)	Amount of expenditure incurred and spent during the year on:		
	- Construction/acquisition of any asset – Capital Expenditure	-	-
	- Others (other than above)	604.83	564.61
	Amount set off from the excess spent of last year*	0.00	7.42
	Total	604.83	572.03
c)	Amount spent during the year		
	Expenses paid	604.83	564.61
	Expenses yet to be paid for (Shortfall for the year)	-	-
d)	Total of previous years shortfall	-	-
e)	Reason for shortfall	NA	NA
f)	Related party transactions in relation to CSR expenditure	Nil	Nil

* Excess CSR spent of NIL (PY ₹ 7.42 Lakh) of earlier year's has been set off against current years CSR expenditure.

Nature of CSR activities

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

33. Capital Management

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

Ratio	Numerator	Denominator	31.03.2024	31.03.2023	% Variance
CRAR (%)	Total Capital	Total risk weighted assets	57.86%	60.28%	(4%)
CRAR - Tier I capital (%)	Tier I capital		56.82%	59.21%	(4%)
CRAR - Tier II Capital (%)	Tier II capital		1.04%	1.07%	(3%)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

34. Segment Reporting

Business Segment : The Group's management has identified Lending Business and Treasury Operations as two reportable segment based on risk, return and the regulatory authorities for reporting. Since the business operations of the Group are concentrated in India, the Group is considered to operate only in the domestic segment and therefore there is no reportable geographic segment. The detailed segmental information is as under.

(₹ in lakhs)

Segment Information	Treasury		Lending		Unallocated		Total	
	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23
REVENUES								
External Clients	1,27,684.90	84,969.30	28,714.09	24,197.86	1,004.46	375.85	1,57,403.45	109,543.01
Inter-segment	-	-	-	-	-	-	-	-
Total Revenue	1,27,684.90	84,969.30	28,714.09	24,197.86	1,004.46	375.85	1,57,403.45	109,543.01
Segment Result Profit/(Loss)	32,230.15	7,226.06	17,353.61	17,546.76	-	-	49,583.76	24,772.82
Unallocated income net of expenses							(5,984.20)	(4,764.61)
Operating Profit/(Loss)							43,599.56	20,008.21
Depreciation							245.04	229.36
Profit before Tax							43,354.52	19,778.85
Direct Taxes Expenses including Deferred Tax							(11,169.35)	(4,607.63)
Profit/(Loss) after Tax							32,185.17	15,171.22
OTHER INFORMATION								
Segment Assets	16,16,699.38	1,577,982.30	2,41,387.43	222,990.15	75,359.09	58,728.03	19,33,445.90	1,859,700.48
Segment Liabilities	14,88,321.71	1,485,763.26	1,46,638.33	116,084.10	12,686.14	8,499.14	16,47,646.18	1,610,346.50

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

The Group makes contributions towards PF, in respect of qualifying employees. The amount recognised as an expense and included in Note-23 "Employee Benefits Expenses" under the head "Contribution to Provident and Other Funds" are as under.

(₹ in lakhs)

Particulars	FY 2023-24	FY 2022-23
Employer's Contribution to Provident Fund	135.96	112.29

Defined Benefit Plan - Gratuity

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

(₹ in lakhs)

Particulars	March 31, 2024	March 31, 2023
I. Assumption		
Mortality rate	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Interest / Discount Rate	6.97%-7.21%	7.17% -7.42%
Rate of increase in compensation	5%-10%	5%-8%
II. Reconciliation of net defined benefit asset/(liability)		
(a) Reconciliation of present value of defined benefit obligation		
Opening Defined Benefit Obligation	279.32	267.83
Interest Cost	19.34	17.08
Current Service Cost	21.63	22.64
Actuarial (Gains) / Losses	11.33	(11.49)
Benefits Paid	(24.93)	(16.74)
Closing Defined Benefit Obligation	306.69	279.32
(b) Reconciliation of present value of plan asset		
Fair value of plan assets at the beginning of year	293.32	263.18
Interest Income	21.05	17.48
Contributions	39.10	30.08
Benefits paid	(24.93)	(16.74)
Return on Plan Assets excluding Interest Income	0.51	(0.69)
Fair value of plan assets at the end of year	329.05	293.32
(c) Reconciliation of net defined benefit asset/(liability)		
Present value of obligation as at the end of year	306.69	279.32
Fair value of plan assets as at the end of year	329.05	293.32
Funded status - Recognised in Balance Sheet - Asset / (Liability)	22.36	14.00
III. Actuarial (Gain)/Loss on Obligation		
Due to Demographic Assumption	-	(0.80)
Due to Financial Assumption	6.23	(12.01)
Due to Experience	5.10	1.32
Net Actuarial (Gain)/ Loss on obligation	11.33	(11.49)
IV. Actual Return on Plan Assets		
Actual Interest Income	21.56	16.79
Expected Interest Income	21.05	17.48
Return on Plan Assets excluding Interest Income	0.51	(0.69)
V. Net Interest		
Interest Expense	19.34	17.08
Interest Income	21.05	17.48
Net Interest Exp/(Income)	(1.71)	(0.40)
VI. Expenses Recognised in Profit and Loss account under Employee benefit expenses		

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in lakhs)

Particulars	March 31, 2024	March 31, 2023
Current Service Cost	21.63	22.64
Net Interest Exp/(Income)	(1.71)	(0.40)
Expenses recognised in Profit and Loss Account	19.92	22.24
VII. Remeasurements recognised in Other Comprehensive Income		
Net Actuarial (Gain)/ Loss on obligation	11.33	(11.49)
Return on Plan Assets excluding Interest Income	(0.51)	0.69
Total Actuarial (Gain)/ Loss recognised in OCI	10.82	(10.80)
VIII. Others		
Investment Details - Gratuity Fund (LIC of India)	329.05	293.32
Projected Service Cost	29.02	21.63

Experience Adjustment – Gratuity

(₹ in lakhs)

Particulars	31.03.2024	31.03.2023	31.03.2022	31.03.2021	31.03.2020
Defined Benefit Obligation	306.69	279.32	267.83	262.26	242.85
Plan assets	329.05	293.32	263.18	237.45	215.57
Surplus/(Deficit)	22.36	14.00	(4.65)	(24.81)	(27.28)
Experience adj. on plan assets	0.51	(0.69)	2.47	1.17	0.49

Sensitivity analysis: Sensitivity analysis for significant actuarial assumptions, showing how defined benefit obligation would be affected, considering increase/decrease of 100 basis points as at 31.03.24 is as under:

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Change in rate of Discount Rate + 100 basis points	286.15	261.02
Change in rate of Discount Rate- 100 basis points	329.91	300.02
Change in rate of Salary Escalation Rate + 100 basis points	317.99	289.01
Change in rate of Salary Escalation Rate - 100 basis points	295.99	269.71

The Expected Payout as at 31st March 2024 are as under:

(₹ in lakhs)

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to year ten
As at March 31, 2024	34.73	26.25	21.85	17.39	23.20	167.83
As at March 31, 2023	26.60	44.01	21.42	16.60	13.67	134.34

The Group's liability on account of compensated absences is not funded and hence the disclosures related to the planned assets are not applicable. Expenses incurred towards compensated absences of ₹ 144.39 lakhs (Previous year ₹ 89.65 lakhs) are included in Note - 23 "Employee Benefits Expenses". Total provision as on March 31, 2024 for compensated absences is of ₹ 636.38 lakhs (Previous year ₹ 573.80 lakhs).

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

36. Income tax expense

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

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Income tax expense:		
Current tax	9,796.85	5,281.63
Tax expense / (reversal) pertaining to prior years	3.62	(854.47)
Deferred tax - origination and reversal of temporary differences	1,368.88	180.47
Total	11,169.35	4,607.63

- ii) Amounts recognised in Other Comprehensive Income

(₹ in lakhs)

Particulars	For Year ended March 31, 2024			For Year ended March 31, 2023		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Items that will not be reclassified subsequently to the P&L						
Equity Instruments & VCF at FVTOCI	10,931.11	2,102.44	8,828.67	4,156.41	867.06	3,289.35
Remeasurement of the defined benefit plan	(10.82)	(2.72)	(8.10)	10.80	2.72	8.08
	10,920.29	2,099.72	8,820.57	4,167.21	869.78	3,297.43
Items that will be reclassified subsequently to the P&L						
Debt Instruments at FVTOCI	-	-	-	-	-	-
Total	10,920.29	2,099.72	8,820.57	4,167.21	869.78	3,297.43

- iii) Reconciliation of effective tax rate:

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

(₹ in lakhs)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Profit before income tax	43,354.52	19,778.85
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	10,911.47	4,977.94
Effect of:		
Expenses that are not deductible for tax purposes	188.59	552.59
Tax on Inter group income	377.52	544.11
Deductions available under income tax	(455.51)	(656.27)
Other	143.66	43.72
Income tax expense	11,165.73	5,462.10
Short/(Excess) provision for tax for earlier years	3.62	(854.47)
Income Tax Expense	11,169.35	4,607.63
Effective Tax Rate	25.76%	23.30%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****iv) Other tax assets and current tax liabilities** (₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Other tax assets	1,598.48	402.66
Current tax liabilities	-	-

v) Recognized deferred tax assets and liabilities (₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred Tax Asset :		
Loans & Advances (EIR Adj and Net ECL Prov.)	3,846.49	3,606.91
Provisions	620.57	397.92
Other Liabilities	20.97	14.36
Total Deferred Tax Asset	4,488.03	4,019.19
Deferred Tax Liability:		
Fair Value Gains & EIR Adj. on Investments	13,444.53	9,993.33
Property, Plant and Equipment & Intangible & ROU assets	476.03	453.36
Unamortised Borrowings Costs	110.12	70.67
Total Deferred Tax Liability	14,030.68	10,517.36
Net Deferred Tax Asset/(Liability)	(9,542.65)	(6,498.17)

vi) Movement in temporary differences (₹ in lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(a) Credit / (Charge) in the Statement of Profit and Loss		
Investments	(1,772.88)	94.98
Loans & Advances	239.58	(212.67)
Property, Plant and Equipment & Intangible assets	(22.67)	(12.01)
Borrowings	(39.45)	(64.39)
Provisions	219.93	19.85
Other Liabilities	6.61	(6.22)
Total (a)	(1,368.88)	(180.46)
(b) Credit / (Charge) in the OCI during the year		
Provisions - employee benefits	2.72	(2.72)
Investment measured at fair value through OCI	(1,678.32)	(867.06)
Total (b)	(1,675.60)	(869.78)
(c) Net deferred income tax asset at the beginning	(6,498.17)	(5,447.93)
(d) Net deferred tax asset/(Liabilities) at the end of the year d) = (a) + (b) + (c) + (d)	(9,542.65)	(6,498.17)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

37. Change in liabilities arising from financing activities

(₹ in lakhs)

Particulars	1-Apr-23	Cash flows	Changes in fair values	Exchange differences	Accrued Interest	Other*	31-Mar-24
Debt securities	-	-	-	-	-	-	-
Borrowings other than debt securities	15,03,485.11	23,687.72	-	-	1,114.03	(156.73)	15,28,130.13
Deposits	19,373.23	(11.86)	-	-	23.51	-	19,384.88
Total liabilities from financing activities	15,22,858.34	23,675.86	-	-	1,137.54	(156.73)	15,47,515.01

Particulars	1-Apr-22	Cash flows	Changes in fair values	Exchange differences	Accrued Interest	Other*	31-Mar-23
Debt securities	-	-	-	-	-	-	-
Borrowings other than debt securities	1,326,225.03	177,262.66	-	-	253.27	(255.85)	1,503,485.11
Deposits	19,155.34	136.00	-	-	81.89	-	19,373.23
Total liabilities from financing activities	1,345,380.37	177,398.66	-	-	335.16	(255.85)	1,522,858.34

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

38. Offsetting

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis. The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet.

Financial Assets subject to offsetting, netting arrangements

(₹ in lakhs)

Particulars	Derivative assets	March 31, 2024	March 31, 2023
Offsetting recognised on the balance sheet	Gross assets before offset	86,081.07	76,529.54
	Offset with gross liabilities ²	-	-
	Net assets recognised on the balance sheet	86,081.07	76,529.54
Netting potential not recognised on the balance sheet	Financial liabilities	86,782.00	77,980.48
	Collaterals received	-	-
	Assets/ Liabilities after consideration of netting potential ³	(700.93)	(1,450.94)
Assets not subject to netting arrangements ¹	Assets recognised on the balance sheet	-	-
Total assets	Recognised in the balance sheet	86,081.07	76,529.54
Maximum exposure to risk	After consideration of netting potential	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Financial Liabilities subject to offsetting, netting arrangements**

(₹ in lakhs)

Particulars	Derivative assets	March 31, 2024	March 31, 2023
Offsetting recognised on the balance sheet	Gross Liabilities before offset	86,782.00	77,980.48
	Offset with gross assets ²	-	-
	Net Liabilities recognised on the balance sheet	86,782.00	77,980.48
Netting potential not recognised on the balance sheet	Financial Assets	86,081.07	76,529.54
	Collaterals received	-	-
	Assets/ Liabilities after consideration of netting potential ³	-	-
Liabilities not subject to netting arrangements ¹	Assets recognised on the balance sheet	-	-
Total Liabilities	Recognised in the balance sheet	86,782.00	77,980.48
Maximum exposure to risk	After consideration of netting potential	-	-

¹ Represents items not subject to enforceable netting arrangements and other out-of-scope items

² "Netting with gross liabilities" column represents amounts that can be offset under Ind AS 32. These numbers are the same amount as those presented in the "Netting with gross assets" column in the liabilities table

³ Amounts have been capped by the relevant netting agreement so as not to exceed the net amount financial assets presented on the balance sheet; (i.e., over-collateralisation, where it exists, is not reflected in the table, given surplus collateral would not be recognisable in an event of default.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

39. Financial Instruments

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

As at March 31, 2024	Carrying amount			Fair value hierarchy				Total
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3	Total	
Financial Assets								
Investment in equity instruments	1,198.89	48,718.50	-	1,198.89	-	48,718.50	-	49,917.39
Investment in debt instruments – G Sec	9,73,637.33	-	2,47,580.43	9,57,076.45	16,560.88	-	-	9,73,637.33
Investment in Other debt instruments	2,44,980.51	-	-	2,15,007.30	29,973.21	-	-	2,44,980.51
Investment in Mutual fund Units	15,013.52	-	-	15,013.52	-	-	-	15,013.52
Investment in Venture Capital Fund	-	3,750.00	-	-	-	3,750.00	-	3,750.00
Derivative Instruments	86,081.07	-	-	-	86,081.07	-	-	86,081.07
Cash and cash equivalents	-	-	2,269.00	-	-	-	-	-
Other Bank Balances	-	-	15,669.88	-	-	-	-	-
Trade & Other receivables	-	-	107.25	-	-	-	-	-
Loans & Advances	-	-	282,940.31	-	-	-	-	-
Others financial assets	-	-	5,182.17	-	-	-	-	-
Total	1,320,911.32	52,468.50	553,749.04	1,188,296.16	132,615.16	52,468.50		1,373,379.82
Financial liabilities								
Derivative Instruments	86,782.00	-	-	-	86,782.00	-	-	86,782.00
Trade and Other Payables	-	-	249.43	-	-	-	-	-
Borrowings (Other than Debt Securities)	-	-	15,28,130.13	-	-	-	-	-
Deposits	-	-	19,384.88	-	-	-	-	-
Other Financial liabilities	-	-	1,021.24	-	-	-	-	-
Total	86,782.00	-	1,548,785.68	-	86,782.00	-	-	86,782.00

There were no significant changes to the valuation or levelling approaches during FY 2023-24.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

As at March 31, 2023	Carrying amount			Fair value hierarchy			Total
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3	
Financial Assets							
Investment in equity instruments	-	43,372.59	-	88.09	-	43,284.50	43,372.59
Investment in debt instruments – G Sec	11,11,601.46	-	2,60,020.38	9,82,926.87	128,674.59	-	11,11,601.46
Investment in Other debt instruments	1,11,672.07	-	-	83,083.76	28,588.31	-	111,672.07
Investment in Mutual fund Units	2,503.33	-	-	2,503.33	-	-	2,503.33
Investment in Venture Capital Fund	-	2,075.00	-	-	-	2,075.00	2,075.00
Derivative Instruments	76,529.54	-	-	-	76,529.54	-	76,529.54
Cash and cash equivalents	-	-	6,430.81	-	-	-	-
Other Bank Balances	-	-	222.08	-	-	-	-
Trade & Other receivables	-	-	42.82	-	-	-	-
Loans & Advances	-	-	2,36,785.06	-	-	-	-
Others financial assets	-	-	4,070.57	-	-	-	-
Total	13,02,306.40	45,447.59	5,07,571.72	10,68,602.05	233,792.44	45,359.50	13,47,753.99
Financial liabilities							
Derivative Instruments	77,980.48	-	-	-	77,980.48	-	77,980.48
Trade and Other Payables	-	-	210.71	-	-	-	-
Borrowings (Other than Debt Securities)	-	-	1,503,485.11	-	-	-	-
Deposits	-	-	19,373.23	-	-	-	-
Other Financial liabilities	-	-	1,276.37	-	-	-	-
Total	77,980.48	-	1,524,345.42	-	77,980.48	-	77,980.48



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

ii) Valuation of level 3 Financial Assets

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

The valuation of shares held in CCIL as on March 31, 2024, is categorized under level 3 and is based on Net Asset Value (book value) as per the latest available audited financial statements of CCIL, viewed in conjunction with data on last transaction value.

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

Particulars	(₹ in lakhs)	
	March 31, 2024	March 31, 2023
Gains/(losses) included in Other Comprehensive Income	10,897.04	4,178.51
Changes in fair value (realized)	3,515.24	362.71
Changes in fair value (unrealized)	7,381.80	3,815.80

iii) Reconciliation of Level 3 fair values

Particulars	(₹ in lakhs)	
	March 31, 2024	March 31, 2023
Opening Balance	45,359.50	41,618.00
Purchases, issuance, and settlements (Net)	(272.80)	(74.30)
Net change in fair value (unrealised)	7,381.80	3,815.80
Transfer in fair value hierarchy	-	-
Closing Balance	52,468.50	45,359.50

iv) Sensitivity analysis for Level 3 Assets

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

Significant unobservable inputs	(₹ in lakhs)	
	Impact on the Group's equity and profit or OCI	
	March 31, 2024	March 31, 2023
NAV (5% movement)	187.50	103.75
Equity Share Price (5% movement)	2,435.93	2,164.23

40. Financial Risk Management

The Board of Directors of the holding and other group companies has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

i. Credit risk

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

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

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

a) Maximum Exposure to the Credit Risk

This table belows shows the Group's maximum exposure to the credit risk.

Particulars	(₹ in lakhs)	
	At March 31 2024	At March 31 2023
Financial Assets at amortised cost - Loans & Advances (Gross)	260,392.94	239,603.08
Less: Impairment loss allowance	19,005.51	16,612.93
Financial Assets at amortised cost - Loans & Advances – (Net)	2,41,387.43	2,22,990.15
Financial Assets measured at FVTPL - Debt instruments	2,44,980.51	88,116.68
Trade Receivables	107.25	42.82
Total	4,86,475.19	3,11,149.65

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

b) Credit quality analysis

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

Inputs, assumptions and techniques used for estimating impairment

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

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Company primarily considers the DPD status of the loans. Credit risk is deemed to have increased significantly when an asset is more than 30 days past due (DPD). Significant increase in Credit risk is also assessed on the other qualitative factors, which may significantly impacts the borrower's ability to meet its debt obligations.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Calculation of expected credit losses

Expected credit losses (ECLs) are calculated using three main parameters i.e. a Probability of Default (PD), a Loss Given Default (LGD) and an Exposure at Default (EAD). These parameters are generally derived from internally developed statistical models combined with historical and other available information. Following table sets out information about credit quality of financial assets - loans measured at amortised cost.

(₹ in lakhs)

Particulars	At March 31 2024	At March 31 2023
Gross stage 1 (DPD≤30)	2,37,343.62	2,17,783.98
Less: Impairment loss allowance *	2,920.80	2,653.63
Net Stage 1 Assets	2,34,422.82	2,15,130.35
ECL Prov. Coverage	1.23%	1.22%
Gross Stage 2	6,500.00	8,000.00
Less: Impairment loss allowance *	792.72	924.49
Net Stage 2 Assets	5,707.28	7,075.51
ECL Prov. Coverage	12.20%	11.56%
Stage 3 (DPD>90)	16,487.37	14,516.03
Less: Impairment loss allowance	15,291.99	13,034.81
Net Stage 3 Assets	1,195.38	1,481.22
ECL Prov. Coverage	92.75%	89.80%
Total Loans & Adv	2,60,330.99	240,300.01
Less: Impairment loss allowance *	19,005.51	16,612.93
Net Loans & Advances	2,41,325.48	223,687.08
ECL Prov. Coverage	7.30%	6.91%

*Including ECL prov. in respect of interest accrued but not due on loans.

Credit impairment charge to the income statement

(₹ in lakhs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
New and increased provisions (incl. write off)	8,836.09	6,809.60
Write-backs of specific provisions	(2,197.58)	(2,226.98)
Recoveries from written off accounts	(5,390.46)	(2,373.65)
Total charge to the income statement	1,248.05	2,208.97

Write-offs still under enforcement activity

All the contractual amount ₹4,204.34 lakhs (PY ₹5,110.81 lakhs) (principal outstanding) of loans and advances that were written off during the year ended March 2024, are still subject to enforcement measures.

As per the directions of the High Court of Delhi, net realisation from the auction of the property pertaining to earlier written off loan account and reinvested interest thereon aggregating to ₹ 6,440.36 lakhs as on 31.03.24 (₹ 6,021.32 lakhs as on 31.03.23) has been kept in Fixed Deposit with Bank. Company has not appropriated the realised amount as recovery towards its dues in view of ongoing litigation and court order.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

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

Particular	Movement in Gross Exposure to Loans & Adv.			Movement in ECL *				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as at March 31, 2022	1,44,534.47	8,072.08	17,887.68	1,70,494.23	1,009.54	976.88	15,290.81	17,277.23
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL	-	-	-	-	-	-	-	-
- Transferred to lifetime ECL -significant increase in credit risk	(8,000.00)	8,000.00		-	(102.47)	102.47		-
- Transferred to lifetime ECL credit – impaired	-	(4,864.03)	4,864.03	-		(581.25)	581.25	-
Increase due to financial assets originated	1,21,904.06			1,21,904.06	1,889.36			1,889.36
Decrease due to loans derecognised on full payment	(34,910.17)	(3,208.05)	(480.00)	(38,598.22)	(168.08)	(282.69)	(408.00)	(858.77)
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	(5,744.38)		(2,644.87)	(8,389.25)	25.28	709.08	2,681.56	3,415.92
Amounts written off during the year	-	-	(5,110.81)	(5,110.81)	-	-	(5,110.81)	(5,110.81)
Balance as at March 31, 2023	2,17,783.98	8,000.00	14,516.03	240,300.01	2,653.63	924.49	13,034.81	16,612.93
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL	-	-	-	-	-	-	-	-
- Transferred to lifetime ECL -significant increase in credit risk	(6,500.00)	6,500.00		-	(202.24)	202.24		-
- Transferred to lifetime ECL credit – impaired	6,419.09	(2,783.11)	9,202.20	-	(120.39)	(377.01)	497.40	-
Increase due to financial assets originated	1,04,687.27			104,687.27	1,545.03			1,545.03
Decrease due to loans derecognised on full payment	(52,481.44)	(5,000.00)		(57,481.44)	(680.95)	(547.48)		(1,228.43)
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	(19,727.10)	(216.89)	(3,026.52)	(22,970.51)	(274.28)	590.48	5,964.12	6,280.32
Amounts written off during the year	-	-	(4,204.34)	(4,204.34)	-	-	(4,204.34)	(4,204.34)
Balance as at March 31, 2024	2,37,343.62	6,500.00	16,487.37	2,60,330.99	2,920.80	792.72	15,291.99	19,005.51

*Includes ECL prov. in respect of interest accrued but not due on loans.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

d) Collateral and other credit enhancements

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

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

As collateral is a source of mitigating credit risk, assessment of the condition of the securities and their value is undertaken on regular basis. There were no significant changes in the collateral policy of the Group during the Financial Year 2023-24.

The collateral cover in respect of credit impaired assets as at March 31, 2024 was 320% and 225% as on March 31, 2023.

e) Credit Concentration

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

Particular	At March 31 2024	At March 31 2023
Loan Against Shares	28.95%	33.00%
Real Estate	23.48%	24.46%
Others	47.57%	42.54%

ii. Liquidity risk

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

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

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

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

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

During the year, Group has not approached any of its lender banks for extending moratorium on payment of instalments and/or interest.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

(₹ in lakhs)

As at March 31, 2024	Contractual Cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Debt Securities	-	-	-	-	-
Other Borrowings	15,28,567.66	14,46,217.81	55,212.99	26,137.07	999.79
Deposits	19,384.88	19,384.88	-	-	-
Trade and Other Payables	249.43	249.43	-	-	-
Other Financial Liabilities	1,021.24	714.93	163.29	137.11	5.91
	15,49,223.21	14,66,567.05	55,376.28	26,274.18	1,005.70

(₹ in lakhs)

As at March 31, 2023	Contractual Cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Debt Securities	-	-	-	-	-
Other Borrowings	15,03,765.91	14,41,391.24	33,888.00	28,486.67	-
Deposits	19,373.23	19,373.23	-	-	-
Trade and Other Payables	210.71	210.71	-	-	-
Other Financial Liabilities	1,276.37	1,151.02	110.34	15.01	-
	15,24,626.22	14,62,126.20	33,998.34	28,501.68	-

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

Market risk is represented by the below two categories

i. **Interest rate risk**

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

Exposure to interest rate risk

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

(₹ in lakhs)

Particulars	At March 31 2024	At March 31 2023
Financial Assets at amortised cost - Loans & Advances	2,60,330.99	2,39,603.08
Financial Assets at amortised cost - Debt instruments	2,47,580.43	2,60,020.38
Financial Assets measured at FVTPL - Debt instruments	12,18,617.84	12,23,273.53
Total of Fixed Rate Financial Assets	17,26,529.26	17,22,896.99



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

Particulars	At March 31 2024	At March 31 2023
Financial liabilities at amortised cost Debt securities	-	-
Financial liabilities at amortised cost Other Borrowings	15,28,130.13	15,03,485.11
Deposits	19,384.88	19,373.23
Total of Fixed Rate Financial Liabilities	15,47,515.01	15,22,858.34

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

Sensitivity analysis for Loan Book

A movement of 50 basis point in interest rates is likely to impact the Net Interest Income for the year ending March 31, 2024 by ₹ 208.32 lakhs (₹ 285.25 lakhs for the year ended 31st March 2023).

Fair value sensitivity analysis for fixed-rate instruments

One basis point movement in interest rates is likely to impact the profit or loss (before tax) for the year ending March 31, 2024 by ₹ 373.64 Lakhs (March 31, 2023 ₹249.35 Lakhs).

ii. Price risk

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

(₹ in lakhs)

Particulars	Impact on the Group's equity and profit or OCI	
	At March 31 2024	At March 31 2023
On 1% movement from fair prices as on reporting date		
- Investment in CCIL (at FVTOCI)	487.19	432.85
- Other Equity Investments (at FVTOCI)	-	0.88
- Equity, MF Investments (at FVTPL)	162.13	25.03
Total	649.32	458.76

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****41. Maturity Analysis of Assets & Liabilities**

(₹ in lakhs)

	As at March 31, 2024			As at March 31, 2023		
	Within 12 Months	After 12 months	Total	Within 12 Months	After 12 months	Total
ASSETS						
Financial Assets						
Cash & Cash equivalents	2,269.00	-	2,269.00	6,430.81	-	6,430.81
Bank Balances other than above	15,569.69	100.19	15,669.88	222.08	-	222.08
Derivative financial instrument	34,070.25	52,010.82	86,081.07	48,227.01	28,302.53	76,529.54
Receivables						
(i) Trade Receivables	50.27	-	50.27	2.70	-	2.70
(ii) Other Receivables	56.98	-	56.98	40.12	-	40.12
Loans	1,72,731.79	1,10,208.52	2,82,940.31	1,40,018.41	96,766.65	2,36,785.06
Investments	12,88,660.11	2,46,219.07	15,34,879.18	12,40,138.94	2,91,105.89	15,31,244.83
Other Financial Assets	5,113.38	68.79	5,182.17	4,029.43	41.14	4,070.57
Non-financial Assets						
Tax assets(net)	648.03	950.45	1,598.48	95.84	306.82	402.66
Property, Plant and Equipment	-	3,462.34	3,462.34	-	3,496.30	3,496.30
Other Intangible assets	-	26.21	26.21	-	4.35	4.35
Intangible assets under development	-	370.81	370.81	-	-	-
Right of Use Asset	-	384.31	384.31	-	125.69	125.69
Other Non-Financial assets	244.71	230.18	474.89	342.85	2.92	345.77
Total Assets	15,19,414.21	4,14,031.69	19,33,445.90	14,39,548.19	4,20,152.29	18,59,700.48
LIABILITIES AND EQUITY						
Financial Liabilities						
Derivative financial instrument	34,392.86	52,389.14	86,782.00	48,450.36	29,530.12	77,980.48
Payables						
(i) Trade Payables	210.39	-	210.39	170.45	-	170.45
(ii) Other Payables	39.04	-	39.04	40.26	-	40.26
Borrowings (Other than Debt Sec.)	14,46,217.81	81,912.32	15,28,130.13	14,41,391.24	62,093.87	15,03,485.11
Deposits	19,384.88	-	19,384.88	19,373.23	-	19,373.23
Other Financial Liabilities	748.10	273.14	1,021.24	1,151.02	125.35	1,276.37
Non-Financial Liabilities						
Provisions	1,599.39	824.77	2,424.16	918.99	440.88	1,359.87
Deferred Tax Liabilities	-	9,542.65	9,542.65	-	6,498.17	6,498.17
Other Non-Financial Liabilities	111.69	-	111.69	162.56	-	162.56
Total Liabilities	15,02,704.16	1,44,942.02	16,47,646.18	15,11,658.11	98,688.39	16,10,346.50
Net	16,710.05	2,69,089.67	2,85,799.72	(72,109.92)	321,463.90	249,353.98

42. Other Statutory Information :

- To the best of available information, the Group has not entered into any transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- The Group does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

- c) The Group has not traded or invested in Crypto currency or Virtual Currency.
- d) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
- (I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
- (II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- e) The Group has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- (I) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (II) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- f) The clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Group.
- g) The Group Companies have not been declared as a willful defaulter by any bank or financial institution or any other lender.
- h) There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- i) The Group has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.
43. The Board of Directors of the Holding Company at its meeting held on May 3, 2024 has recommended a final dividend of 12% (₹1.20/- per equity share of ₹10/- each) for the financial year 2023-24, which is subject to approval by shareholders at the Annual General Meeting. The proposed dividend will lead to outflow of ₹4,560.00 lakhs.
44. Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary to make them comparable with the current year figures. Figures are rounded off to the nearest lakh Rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

As per our report of even date

For and on behalf of the Board of Directors

For and on behalf of

RSVA & Co.

Chartered Accountants
Firm Registration No.110504W

Jagdish B. Shetty

Partner
Membership No.048042
UDIN : UDIN-24048042BKCNIZ4480

Gopal Singh Gusain
Director
DIN : 03522170

Abhijit Bose
Director
DIN : 10041742

Kamlesh Rathi
Chief Financial Officer

Sidheswar Patra
Director
DIN : 05227796

Reena Banerjee
Director
DIN : 10329776

V. Narayanamurthy
Managing Director & CEO
DIN : 00555704

Suparna Sharma
Company Secretary

Place : Mumbai
Date : May 3, 2024

Place : Mumbai
Date : May 3, 2024

STCI FINANCE LIMITED



STCI PRIMARY DEALER LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED
31st MARCH, 2024**



III. STCI PRIMARY DEALER LIMITED

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DIRECTORS' REPORT

TO THE SHAREHOLDERS OF STCI PRIMARY DEALER LIMITED (CIN: - U67110MH2006PLC165306)

Your Directors are pleased to present the 18th Annual Report on the business, operations and the state of affairs of the Company together with the Audited Accounts of the Company for the year ended March 31, 2024.

1. FINANCIAL RESULTS

The Financial Performance of the Company for the year ended March 31, 2024, is as under: -

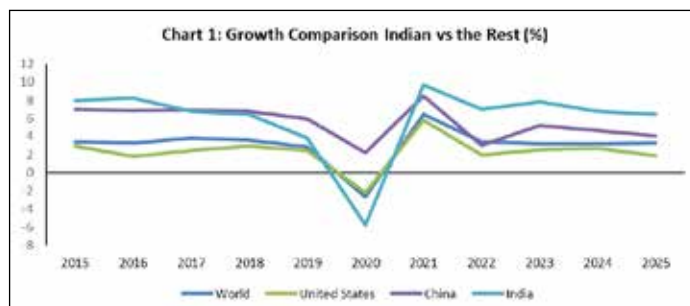
	(₹ in lakh)	
Particulars	FY2023-24	FY 2022-23
Income		
Revenue	1,25,236.47	78,824.60
Other income	35.54	24.56
A. Total income	1,25,272.01	78,849.16
Expenses		
Operating expenditure	4,220.99	2,901.59
Depreciation and amortization expense	89.86	88.58
Finance costs	94,395.96	71,157.03
B. Total Expenses	98,706.81	74,147.20
C. Profit before tax (A-B)	26,565.20	4,701.96
D. Tax expense	6,788.92	1,274.97
E. Profit for the year attributable to owners of the company/ Profit after Tax (C-D)	19,776.28	3,426.99
F. Opening balance of retained earnings	33,999.06	33,357.74
G. Dividend (including tax on dividend)	(1,500.00)	(2,100.00)
H. Transfer to statutory reserve	(3,954.52)	(685.67)
I. Transfer to general reserve	(1,977.26)	-
J. Closing balance of retained earnings [(E+F)-(G+H+I)]	46,343.56	33,999.06

Your Company was able to deliver a remarkable financial performance for the FY2023-24. Your Company has made a net profit (Profit after Tax) of ₹ 197.76 crore for the FY2023-24 as against a net profit (Profit after Tax) of ₹ 34.27 crore for the FY2022-23.

2. MANAGEMENT DISCUSSION AND ANALYSIS

a. The Economy

FY2023-24 presented a mixed picture in terms of growth, as major advanced economies witnessed robust growth, while China, the second largest producer and consumer of goods and services remained sluggish with sub-5 per cent growth. Geopolitics and geo-economics continued to play a prominent role for supply chains, and although the two ongoing conflicts remained confined to local geographies, world trade continued with minimal disruption. The World Bank revised upwards its growth forecast for calendar year 2024 from 2.9 per cent to 3.1 per cent and for 2025 from 3.1 per cent to 3.2 per cent.

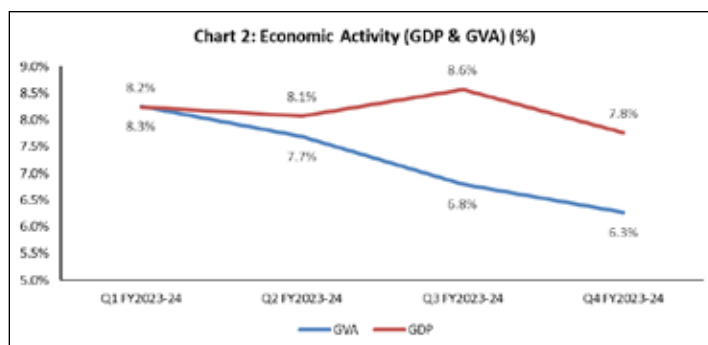




DIRECTORS' REPORT

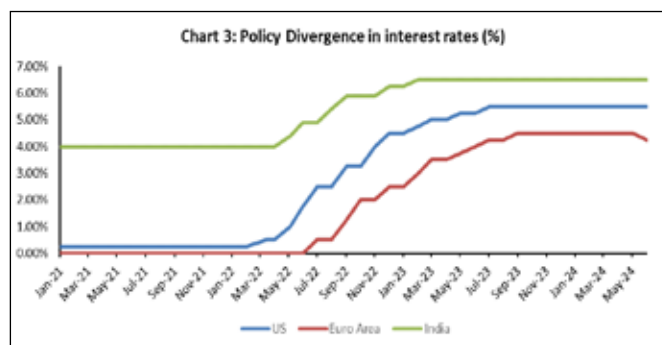
Source: IMF

The Indian economy grew at a robust pace of 8.2 per cent in FY2023-24 and retained the distinction of one of the fastest growing economies in the world. While the effect of the unprecedented monetary tightening of 250 basis points of the previous financial year was visible in the Gross Value-Added (GVA) figures i.e. actual economic activity, which declined from 8.3 per cent in Q1FY2023-24 to 6.3 per cent in Q4FY2023-24, headline GDP growth remained robust on the back of strong net indirect taxes, due to reduction in subsidy payouts on products. The government focus on increasing capital expenditure which was close to 3 per cent of GDP for FY2023-24, supported growth and prevented it from decelerating further. Sectors including manufacturing, trade, electricity, and construction on the output side played an important role with strong growth in financial and public administration and defense services on the expenditure front. Climate change became more visible, with Asia in general, and India in particular, reeling under severe heatwaves, affecting lives, crops and water levels. Weak growth was seen in agriculture during the year with the annual growth rate for agriculture at a measly 1.4 per cent on the back of a patchy monsoon and crop destruction owing to heat waves.



Source: MoSPI

Trends in inflation across the globe also remained mixed, and specific trends emerged across geographies giving rise to monetary policy divergence amongst global central banks. Global inflation must be seen with the dichotomy of Advanced Economies (AEs) vis-à-vis the Emerging Markets (EMs). While many of the advanced economies have seen moderation in headline inflation due to non-services inflation moderating, while service inflation remaining sticky, emerging markets have seen core inflation moderating while headline inflation remaining sticky due to the food and fuel components being on the higher side. Thus, even as Europe was expected to cut interest rates ahead of other G7 economies, the expectations of reduction in interest rates by the US Federal Open Market Committee (FOMC) remained contingent on mixed data signals with respect to inflation and unemployment and the US FOMC therefore was expected to maintain its focus on bringing inflation under control.



Source: RBI, US FRED, ECB

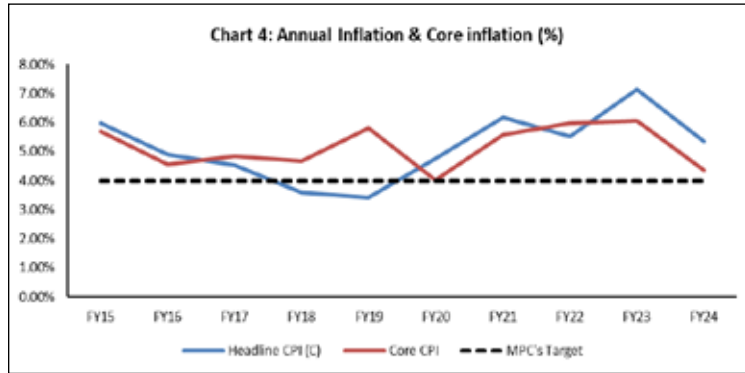
Headline CPI inflation in India remained volatile during the year and saw a peak reading of 7.44 per cent in July 2023. Subsequently, CPI numbers moderated due to a steep decline in retail core inflation to record lows of 3 per cent by the end of the financial year. The decline in core inflation indicates in some measure the effect of tight monetary policy, and



DIRECTORS' REPORT

while food inflation in general and vegetable inflation in particular have kept headline retail inflation on the higher side, there is a partial validation that the tighter monetary policy adopted by the RBI is bringing major non-food elements of CPI inflation lower.

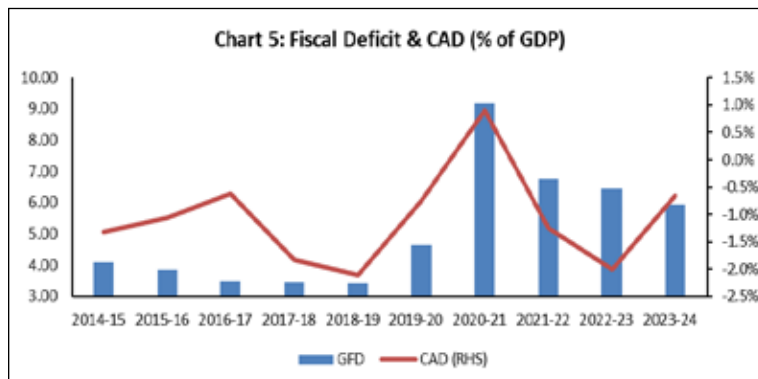
There were other factors involved in this trend, as core inflation also responded to conditions in the global economies like the slowdown in China which created a supply glut of some of the non-service items in core inflation leading to lower readings. In view of the RBI, benign core inflation sustaining around levels of 3.5-4 per cent is favorable since the central bank holds the view that headline inflation will eventually converge with the core. The RBI acknowledged that a sustained alignment of actual inflation would only be achieved in FY2025-26, with the FY2024-25 target of the headline inflation being 4.5 per cent, 0.5 per cent above the nominal anchor of 4 per cent.



Source: MoSPI

The Central Government continued the path of fiscal consolidation, with the fiscal deficit narrowing from 6.4 per cent in FY2022-23 to 5.9 per cent in FY2023-24 and was actually lower at 5.6 percent than the budgeted, on account of higher revenue realization and lower expenditure. For FY2023-24, revenue collection remained robust, with GST revenues for FY2023-24 at ₹ 20.2 lakh crore, and gross tax revenues at ₹ 34.6 lakh crore, indicating a growth of 13.4 per cent over the previous financial year. Quality of spending improved with a slowdown in revenue expenditure by the Central government in FY2023-24, while capital spending following the budgeted trajectory. Also, since nominal GDP estimates were revised vis-à-vis the provisional estimates the GFD-GDP ratio was better at 5.6 per cent as compared to the 5.9 per cent envisaged in the budget estimates.

External balances remained healthy and the FY2023-24 estimates of the current account deficit (CAD) remained quite benign and within manageable limits of 0.7 per cent of GDP. This should give more space for both the government and the RBI for policy formulation and managing the currency, with minimum stress on the fiscal front and interest rates. Moreover, the fact that India will be receiving passive inflows worth ~USD 24 billion in FY2024-25 by way of its index inclusion in the J.P Morgan's Global Bond Index-Emerging Markets (GBI-EM) is redeeming for a capital deficient country like India.





DIRECTORS' REPORT

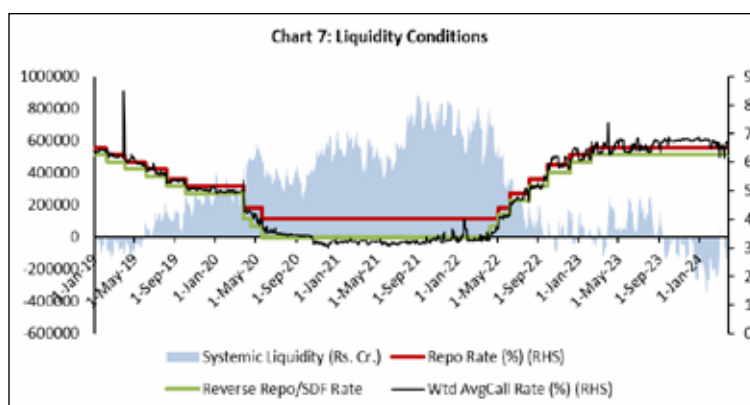
Source: RBI

b. Developments in Money and Securities Market

Monetary policy in India has been in the stance of “withdrawal of accommodation” for almost sixteen (16) months, with eight (8) MPC meetings seeing no change in policy interest rates. This remains the longest pause on rates in recent times, barring the period when policy rates were kept at 4 per cent during the exceptional pandemic period.

Money market conditions remained tight with the significant build-up of government cash balances over the year. Strong tax revenues, GST in particular, led to an outflow on the banking system while the government chose to spend frugally through the year leading to liquidity tightness. In addition, Q3FY2023-24 saw the seasonal expansion in currency-in-circulation around the festive season adding to the liquidity tightness. As such, the weighted average call rate (WACR) remained within the policy corridor and close to the ceiling of the LAF corridor in the second half of the year. WACR crossed the threshold of the MSF rates, especially in the third and fourth quarters. RBI managed liquidity surplus/deficit by announcing the VRRR/VRR auctions as needed. The WACR eventually eased and settled near the policy repo rate around Feb-March 2024, with average spread of the WACR over repo at +13 basis points as compared to -12 basis points in the previous financial year indicating the changes in the liquidity situation.

“Withdrawal of accommodation” is an unconventional monetary policy stance adopted by the RBI MPC, as it signifies the withdrawal of that accommodation which was given as an impetus to the economy during the pandemic period. Although the RBI has delinked the stance of monetary policy and the liquidity stance, the RBI is expected to keep liquidity on a tight leash, especially with credit expected to grow at close to 16 per cent and to curb the future inflationary effects of excess liquidity. Real interest rates have been tighter with the policy repo rate at 6.5 per cent, and inflation for FY2023-24 averaging at 5.4 per cent indicating a real rate of 1.1 per cent, which is expected to widen to 2 per cent by the end of FY2024-25.

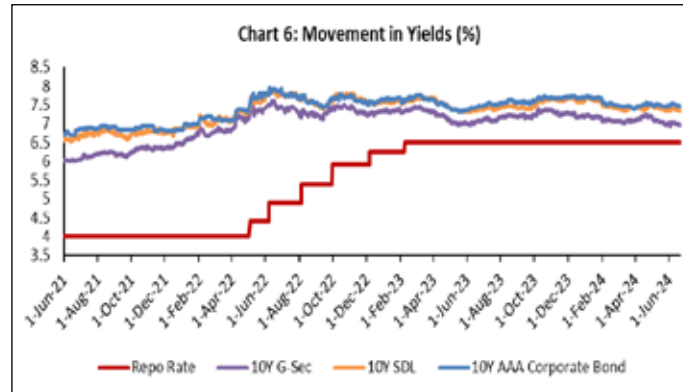


The benchmark 10Y G-Sec yield remained range bound within the 6.90-7.40 per cent range with relative stability on the fiscal front, current account deficit remaining manageable and crude oil prices remaining contained for the better part of the year. Episodic volatility such as the 10Y yield rising to 7.40 per cent, were on the back of the likelihood of the RBI using OMO sales, if necessary, in the face of significant FX flows due to bond index inclusion announced in September 2023. There was a flattening of the yield curve during the year with the 10Y-5Y year spread narrowing from 14 basis points in March 2023 to 4 basis points in March 2024, and there were signs of inversion in Q2FY2023-24 with the spread between the 5Y and 10Y inverting to 1 basis points. Q3FY2023-24 saw a sharp decline in short tenor yields with the 5Y yield dropping by 10 basis points to 7.13 per cent by the end of the quarter. During Q4FY2023-24 yields softened further as the Union budget for FY2024-25 projected a fiscal deficit of 5.1 per cent, which was lower than market expectations.



DIRECTORS' REPORT

Moreover, gross borrowings of the government were lower than market expectations by almost ₹ 1.3 lakh crore which buoyed sentiments towards the end of the financial year.



Source: RBI, CCIL, FBIL

Source:RBI

The 364-day T-bill yields were higher at 7.21 per cent at the beginning of the financial year but eased to 7.08 per cent by the end of FY2023-24. 10Y G-Sec yields averaged at 7.15 per cent in FY2023-24 as compared to 7.33 per cent in FY2022-23, due to the government’s commitment to fiscal consolidation and the strong undercurrent of the bond index inclusion story. 10Y SDL yields remained somewhat sticky averaging at 7.49 per cent in FY2023-24 as compared to the previous year’s average of 7.62 per cent.

The Central Government remained committed on the path of fiscal consolidation and reduced its fiscal deficit from 6.4 per cent in FY2022-23 to 5.9 per cent in FY2023-24. Gross borrowings though were the highest on record at ₹ 15.43 lakh crore in FY2023-24, on account of the higher allocations given to capital expenditure at ₹ 10 lakh crore, nearing 3 per cent of GDP, and nearly 33 per cent higher than the previous year’s capital spending. This was an effort on the part of the government to crowd-in private capex which has shown promise but is not up to the expected level of supporting growth yet. There was no devolvement of G-Secs on Primary Dealers during the year, as demand for G-Secs remained robust across investor segments. The RBI bought ₹ 80 crore in open market operations and sold ₹ 18,585 crore during FY2023-24.

Issuances of corporate bonds reached a record high of ₹ 10.05 lakh crore as compared to the previous year’s total of ₹ 8.52 lakh crore, with almost 70 per cent of the issuances led by PSU entities. Corporate bond yields also softened in tandem with the G-Sec yields. The average yield on 3Y AAA rated public sector undertakings (PSU), financial institutions (FIs), banks, NBFCs and corporates softened by nearly 12-14 basis points in March 2024 as compared to the levels in March 2023. Corporate bond yields hardened with the RBI’s announcement of regulatory measures in H2FY2023-24 aimed at curbing consumer credit and bank credit to NBFCs. 10Y AAA corporate bond traded on average at 7.56 per cent in FY2023-24 as compared to an average of 7.64 per cent in FY2022-23. Some of the major issuers during the year were NABARD, REC, HDFC Ltd, PFC, Small Industries Development Bank of India (SIDBI), SBI.

Equity markets in India during FY2023-24, remained buoyant on the back of strong macroeconomic fundamentals and corporate profitability, and the BSE Sensex gained 24.9 per cent to close at a high of 73,651 by March end. The primary market saw resource mobilization through preferential allotments and QIPs increase to ₹ 1.1 lakh crore from ₹ 0.9 lakh crore in the previous financial year. The optimism of the secondary market spilled over to the primary market as the IPOs, FPOs and rights issues increased to ₹ 0.8 lakh crore from ₹ 0.7 lakh crore. Most global equity markets remained positive except China and UK. Indian equity markets were in the top three best performing markets after Japan and US. All the sectoral indices were positive with PSU banks, Energy, Auto, Infra, Pharma being the leaders while Private banks, FMCG, IT being the laggards. FPI flows in the Indian equity markets were positive to the tune of ₹ 2.11 lakh crore in FY2023-24 vs outflow of ₹ 0.37 lakh crore in FY2022-23. DIIs were buyers for the third consecutive financial year aggregating to a total of ₹ 2.02 lakh crore in FY2023-24, ₹ 2.55 lakh crore in FY2022-23 and ₹ 2.21 lakh crore in FY2021-22.



DIRECTORS' REPORT

c. Operations review

(i) Financial Performance

Your Company has made a Net Profit (Profit after Tax) of ₹ 197.76 crore for FY2023-24. Your Company was able to deliver such a remarkable financial performance in a challenging market environment marked by volatile CPI inflation, lagged effects of monetary policy tightening resulting in demand compression and continuing geopolitical tensions with the Russia-Ukraine war and the Israel-Hamas conflicts.

For the FY2023-24, in accordance with the RBI Master Directions as applicable to Standalone Primary Dealers and as per the Dividend Distribution Policy of the Company, your Company has declared first interim dividend for FY2023-24 in March 2024 at the rate of 10 per cent amounting to ₹ 1/- (Rupee One only) per share, of the face value of ₹ 10/- (Rupees Ten only) each, entailing a total payout of ₹ 15,00,00,000/- (Rupees Fifteen Crore only) subject to applicable Tax Deducted at Source (TDS). Your Directors do not recommend any final dividend for FY2023-24.

(ii) Performance of the Company as a Primary Dealer in Government Securities Market

For FY2023-24, the Company has achieved a turnover of 3.90 times in respect of minimum outright secondary market turnover in G-Secs, as against the stipulated minimum turnover of 1.5 per cent of the average Central Government Dated Securities outright secondary market turnover during the previous three financial years (Apr – Mar). The Company achieved a success ratio of 45.75 per cent in respect of bids tendered for primary issuance of Treasury Bills, as against the stipulated minimum success ratio of 40 per cent.

(iii) Risk Management

The Company has in place a comprehensive Business Investment and Risk Policy to monitor market, credit, liquidity, forex, settlement, and operational risks associated with the business operations of the Company. The Risk Management Department of the Company is an independent unit, headed by the Chief Risk Officer (CRO) who functionally reports to the Risk Management Committee (RMC), and is responsible for measurement and monitoring of risk limits within the risk management framework of the Company. The responsibilities of the Risk Management Department include establishment of policies and procedures, development of models for estimation of risk and management of risks in a holistic manner across the Company. The function performs critical functions related to identification of risk, conducting risk analysis (including assessment and measurement), conducting data analytics, and reporting observations/insights. The Chief Risk Officer (CRO) is responsible for identification, measurement and monitoring of the adherence to prudential limits laid down in the Business Investment and Risk Policy and RBI regulatory limits. The Chief Risk Officer (CRO) meets the Risk Management Committee (RMC) directly without the presence of the Managing Director on a quarterly basis.

The Company has an internal Credit Evaluation Committee for evaluating and on-going monitoring of the credit quality of entities for investing in their debt instruments. The Company also has an Asset–Liability Committee (ALCO) of the executives of the Company for monitoring the issues related to liquidity risk and deciding on the strategy to address the same including specific and systemic risk.

In terms of the Reserve Bank of India (RBI) guidelines on implementation of an Internal Capital Adequacy Assessment Process (ICAAP) framework, the Company has established a Board-approved ICAAP Policy and framework, which makes a realistic assessment of existing and future capital requirements based on a thorough internal assessment of the need for capital, proportionate with the size, level of complexity, scope of operations and risks in the business and intended to ensure availability of adequate capital to support all risks in business as also to develop and use better internal risk management practices. The Company has put in place robust policies and processes to measure, monitor, report all material risks and adopt an efficient capital planning process to ensure that sufficient capital is available to meet any unforeseen contingencies.

(iv) Internal Audit and Control Systems

A robust internal audit function plays an important role in contributing to the overall effectiveness of the internal control systems. It helps the organization in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.



DIRECTORS' REPORT

In terms of the Reserve Bank of India (RBI) guidelines on implementation of a Risk Based Internal Audit (RBIA) framework, the Internal Audit function, led by the Head of Internal Audit (HIA) performs the independent review of the processes and controls of the various organizational functions. The scope of their audit includes 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, adherence to Accounting Standards, Accounting Policy and Procedures of the Company and regulatory changes thereto. The Internal Audit function through the Head of Internal Audit (HIA), reports the findings of the audit directly to the Audit Committee of the Board (ACB) without the presence of the Managing Director on a quarterly basis. The Head of Internal Audit (HIA) functionally reports to the Audit Committee of the Board (ACB) and interacts with the Board through the Audit Committee, on a quarterly basis.

For the period under review, the Company had appointed M/s. Borkar and Muzumdar, Chartered Accountants as the Concurrent Auditors of the Company, to review the processes and controls for the money and securities market transactions undertaken by the organization. The Audit Committee of the Board (ACB) reviews the findings of the Concurrent Auditor and takes cognizance of any adverse concerns thereon.

(v) **Regulatory Compliance and Systems**

The Company has in place a compliance management framework by means of a Compliance Policy for ensuring timely reporting and adherence with legislative and regulatory requirements/guidelines. The compliance function monitors and evaluates the effectiveness of the internal controls and systems of the organization's functions to ensure compliance with relevant laws, regulations, and internal rules and policies.

The Company being a Standalone Primary Dealer (SAPD), has been categorized as a NBFC-Middle Layer (NBFC-ML) as per the guidelines announced by the Reserve Bank of India (RBI) to strengthen the regulatory framework in the NBFC sector, including the Scale Based Regulations (SBR) and therefore, is governed within the regulatory provisions under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

In terms of the Reserve Bank of India (RBI) guidelines on Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs, the Compliance Function led by the Chief Compliance Officer (CCO) ensures compliance of regulatory/ supervisory directions given by RBI in both letter and spirit, in a time-bound and sustainable manner. The Compliance Function plays a significant role in the identification of the levels of compliance risk in the organization and acts as the nodal point of contact between the NBFC and the regulators/ supervisors. The Compliance Function through the Chief Compliance Officer (CCO) independently apprise the Audit Committee of the Board (ACB) without the presence of the Managing Director on a quarterly basis. The Chief Compliance Officer (CCO) functionally reports to the Audit Committee of the Board (ACB) and interacts with the Board through the Audit Committee of the Board (ACB), on a quarterly basis.

Further, the Company has complied with the applicable guidelines prescribed by Reserve Bank of India (RBI) for the Standalone Primary Dealers (SAPD) and NBFCs, regarding accounting standards, income recognition, valuation of securities, capital adequacy, single and group exposure norms, ICAAP Framework, etc. The Company has complied with all the mandatory regulatory provisions as required under the Companies Act, 2013, various tax statutes and other regulatory bodies, to the extent as applicable.

(vi) **Credit Rating**

The Company has obtained the highest credit rating of A1+ from the credit rating agency 'CRISIL' for ₹ 200 crore for its short-term debt (STD) programme.

(vii) **Debt and Macro Economic - Research**

The Company has a dedicated fixed income and macroeconomic research desk, which releases reports at regular intervals covering detailed study and in-depth analysis of macro-economic developments, economic events



DIRECTORS' REPORT

and data releases, and forecasts various macro-economic parameters, both for the Company's esteemed and valued clients/market participants, as well as for the dealing team to assist them in taking informed trading decisions. Other regular research contributions include a series of reports in the form of daily and weekly debt market updates and fortnightly economic updates. It also releases periodic reports covering the Monetary Policy Committee (MPC) meeting expectations, review of MPC decisions and policy outcomes, analysis and fiscal impact of the Union Budget, update on State Government finances, analysis and impact of the Government Borrowing calendar, and occasional write-ups on issues of topical interest.

(viii) Human Resources

The Company's Human Resources Department caters to the operational HR support within the organization through review of Company's HR policies, compensation structure, key hiring plan, new employee on-boarding, skill and capability building for employees, and other regular HR engagement activities, interventions and initiatives. The Company's staff strength as on March 31, 2024, was 50 employees.

(ix) Internal Financial Controls and their adequacy

The Company has in place an adequate Internal Financial Control framework commensurate with the nature, size and scale of operations of the Company. The controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically.

d. Outlook for the Current Year

Overall, the current year has many positives in store, though there are some risk factors that also warrant attention. First, the occurrence of an above normal monsoon is imperative since the patchy monsoon of FY2023-24 has left water levels in most reservoirs dangerously low, which in turn has also affected hydroelectric power generation, putting an extra load on the carbon led energy resources like coal, apart from creating a pronounced negative effect on agricultural output. This could influence food inflation and may disrupt the RBI's expected trajectory of inflation. Supply chains remain fragile in the face of geopolitical conflicts and geo-economic fragmentation and a key risk for inflation management. An export led growth strategy needs a business-as-usual environment in global scenario, but at present the world seems to be caught in conflicts and fragmentation, in addition to possibility of a growth slow down and even fears of recession in some major economies spelling worry for Indian exports. The real GDP growth is projected for FY2024-25 at 7.1 per cent, after coming off a high base of 8 per cent plus recorded for last year.

The current financial year FY2024-25 is set to witness a paradigm shift in the demand supply dynamics for Indian fixed income markets. A significant positive factor is the Union Government's resolve to abide by the glide path of fiscal consolidation and trim the fiscal deficit to 4.5 per cent of GDP by FY2026-27. In line with this trajectory, the Finance Minister has estimated the fiscal deficit for FY2024-25 at 5.1 per cent, 20-30 basis points lower than expected. Moreover, FY2024-25 will see entirely new demand dynamics for which the tone has already been set, with December 2023 seeing a record foreign capital inflow of ~USD 32 billion, with global investors front-running the news that India will be included in the JP Morgan Global Bond Index-Emerging Markets (GBI-EM) Global Index suite from June 28, 2024. Estimated foreign capital inflows from global bond index inclusion are ~USD 20-30 billion since GBI-EM GD accounts for 90 per cent of the USD 236 billion benchmarked to the GBI-EM family of indices.

The next probable inclusion of the Indian Government Bonds (IGBs) will be in the Bloomberg Local Currency Bond index starting a 10-month similar inclusion process in January 2025. For FY2024-25, liquidity will be tightly controlled and regular fine-tuning operations like the VRR/VRRR shall be continued by the RBI. For FY2024-25, we expect core liquidity to remain in deficit within a range of ₹ 1.5-3.5 lakh crore, with systemic liquidity of ₹ +/-0.8-1 lakh crore and government cash balances of ₹ 2.5-4.5 lakh crore.

Fiscal deficit for FY2024-25 is estimated at ₹ 16.9 lakh crore (5.1% of GDP) compared to revised estimate of ₹ 17.3 lakh crore for FY2023-24 (5.8% of GDP). The Union Government's gross borrowings are estimated at ₹ 14.1 lakh crore in FY2024-25, ₹ 1.3 lakh crore lower than the previous year. This amount translates into a net market borrowing of ₹ 12.3 lakh crore of which ₹ 11.8 lakh crore is to be borrowed through dated securities while ₹ 0.5 lakh crore through T-bills. The net market borrowing (G-Sec +T-Bills) is estimated to finance 73% of the fiscal deficit as per the budget estimates for



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FY2024-25. For FY2024-25, the government expects to finance 27% of the fiscal deficit by issuing securities against small savings accounts. Also, the Government estimates a drawdown of cash balance of Rs.0.4 Lakh Crore for FY2024-25.

The demand supply dynamics are positive for bond markets as demand will likely outstrip supply this year as the reduction in gross supply is accompanied by the presence of the demand emanating from the bond inclusion process due to begin in June 2024. As per our estimates the total net supply of (G-Sec & SDL) of close to ₹ 20 lakh crore should be easily absorbed by the market and if at all the RBI intervenes it could be in the form of OMO sales to sterilize the strong dollar inflows expected due to the FII/FPI investments in G-Sec and SDL.

We expect the 10Y yield to trade within the range of 6.50-7.10% for FY2024-25, on the back of strong demand for G-Secs, a sincere effort by the government to hold on to fiscal consolidation and any interest cuts implemented by the RBI as headline inflation draws closer to the target level of 4 per cent. Growth impulses remain resilient, though there are signals of weak growth in some economies. For India, growth has been robust so far. Even if the RBI were to hold the rates at the current level, the external demand in terms of FII/FPI flows in sovereign debt will ensure a positive market sentiment. The real rates for FY2024-25 remain uncomfortably high at 2 per cent as per the RBI's own definition. Hence, there is room for the RBI to cut interest rates by 50 basis points at least, which should lead to a slight bull steepening in the domestic yield curve. This could also lead the 10Y yield to ease towards the 6.50 per cent mark in the medium term.

Cautionary Statement

Statements in this Management Discussion and Analysis may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied, due to various factors. The views expressed are not to be treated as advisory or recommendatory in nature.

3. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES AND POLICY

Corporate Social Responsibility (CSR) is a process with the aim to include responsibility for the Company's actions as a good corporate citizen and encourages a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and society at large. In accordance with the requirements of Section 135 of the Companies Act, 2013, and the rules framed thereto, your Company has formulated a CSR Policy and has constituted a CSR Committee of the Board to review the CSR Initiatives of the Company. The Company's CSR policy is designed with the intent to make a material, visible and lasting difference and impact the lives of the disadvantaged/underprivileged sections of society.

During FY2023-24, the Company through its CSR initiatives has made a significant contribution, supporting a diverse range of cause and beneficiaries. The Company has provided healthcare support to patients across various age groups for the initial diagnosis of cancer and treatment thereon. In addition, the Company has also focused on providing essential medical equipment such as Ophthalmic Microscope, Argos Biometer, Multispot Green Laser, Biochemistry Analyser machine, 160 KVA CPCB-IV DG Set, etc. to aid diagnosis and treatment. Along with health care, the Company has also supported the cause of poverty and hunger alleviation by expanding the kitchen capacities through procurement of various kitchen utilities such as Vegetable cutter, UV Conveyor Tunnel, etc. The Company has also extended its support towards sustainability initiatives by installing Solar Street lights in the vicinity of the kitchen, contributing to a safer and more sustainable environment. Additionally, the Company has supported installing of Solar rooftop system for power generation, promoting renewable energy usage and reducing the carbon footprint. The Company has also provided its support in the field of research by procurement of an Industry grade 3D polymer printer, for M. Tech and M. Des students and researchers at the Indian Institute of Science (IISc), Bengaluru. The Company has supported and created an impact towards a large group of disabled beneficiaries through procurement of aids and appliances under the Jaipur Foot for patients suffering from loco-motor disabilities thereby improving their mobility and quality of life.

Your Company encourages the engagement of employees in the CSR activities of the Company with a view to fostering community participation and societal development. The Company, as part of its HR initiatives, recognises and felicitates employees who volunteers for participating in the CSR activities of the Company.

Your Company also embraces operational excellence by optimizing resource efficiency and minimizing the negative impact on people, planet, and communities. Through an Environmental, Social and Governance perspective, the Company aims at achieving inclusive growth, social equity and sustainable development for the betterment of society.



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The disclosures under Corporate Social Responsibility Activities in FY2023-24, in accordance with the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, are annexed to the report as "Annexure III". The Company's CSR policy is available on the Company's website www.stcipd.com

4. COMPOSITION OF BOARD

As on March 31, 2024, the Board comprised of seven (7) Directors. The Board includes Independent Directors, Non-Executive Directors and a Managing Director as under: -

- Mr. T. V. Rao, Independent Director
- Mr. Prakash Vartak, Independent Director
- Ms. Varda Pendse, Independent Director
- Mr. V. Narayanamurthy, Non-Executive Director
- Mr. Pradeep Madhav, Non-Executive Director
- Mr. Sasidharan Mangalamkat, Non-Executive Director
- Mr. Prasanna Patankar, Managing Director

Changes in Board of Directors or Key Managerial Personnel during the FY2023-24

a) Cessation/ Resignation

Mr. R Venkataramani, Non-Executive Director, retired from the office of directorship on the Board of the Company, from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023.

The Board acknowledges and expresses its deep and sincere gratitude and appreciation to him for his valuable contribution, guidance and insights provided while serving as a Director on the Board of the Company.

b) Appointment/ Re-appointment

Mr. T.V. Rao, Independent Director on the Board of the Company was appointed for an initial term of five (5) years with effect from January 23, 2019, till January 22, 2024. The Board of Directors at their meeting held on October 21, 2023, had considered the re-appointment of Mr. T. V. Rao as an Independent Director of the Company for another term of five (5) years effective from January 23, 2024, upto January 22, 2029, subject to the approval of the Members. At the Extra-Ordinary General Meeting (EGM) of the Company held on October 30, 2023, the Members approved the re-appointment of Mr. T. V. Rao as an Independent Director on the Board of the Company, for another term of five (5) years, effective from January 23, 2024, till January 22, 2029.

c) Retirement by rotation at the ensuing AGM

Mr. Pradeep Madhav, Non-Executive Director (DIN: 00267422) of the Company, would be eligible for retirement by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as a Director liable to retire by rotation at the ensuing AGM. His brief profile, along with the appropriate resolution seeking the approval of the Members is given in the Explanatory Statement annexed to the Notice for the ensuing AGM.

5. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013. The Independent Directors confirm to have complied with the Code for Independent Directors as prescribed in Schedule IV of the Companies Act, 2013. The Independent Directors confirm to have registered with the Independent Directors Databank (IDDB) and passed the proficiency test, as applicable to them.

**DIRECTORS' REPORT****6. MEETING OF THE BOARD OF DIRECTORS**

The Board met six (6) times during the year under review.

Date of Board Meeting		Apr 22, 2023	July 24, 2023	Aug 29, 2023	Oct 21, 2023	Jan 25, 2024	Mar 22, 2024
Details of Directors							
1	Mr. T. V. Rao	✓	✓	✓	✓	✓	✓
2	Mr. Prakash Vartak	✓	✓	✓	✓	✓	✓
3	Ms. Varda Pendse	✓	✓	✓	✓	✓	✓
4	Mr. R. Venkataramani*	✓	✓	✓	Refer Note		
5	Mr. Sasidharan Mangalamkat#	×	✓	✓	✓	×	×
6	Mr. Pradeep Madhav	✓	✓	✓	✓	✓	✓
7	Mr. V. Narayanamurthy	✓	✓	✓	✓	✓	✓
8	Mr. Prasanna Patankar	✓	✓	✓	✓	✓	✓

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

#Ceased to be director on the Board of the Company from the close of business hours of May 31, 2024

7. COMMITTEES OF THE BOARD

The Committees of the Board play a crucial role and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board of Directors to carry out defined roles.

The Company has the following Committees of the Board: -

(i) Audit Committee

As on March 31, 2024, the Audit Committee of the Board (ACB) comprised of Mr. Prakash Vartak, Mr. T. V. Rao, Ms. Varda Pendse and Mr. Pradeep Madhav. The Board of Directors had duly appointed Mr. R Venkataramani as the Chairperson of the Audit Committee of the Board (ACB) for the FY2023-24. However, on account of the retirement of Mr. R. Venkataramani as a Non-Executive Director of the Company, with effect from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023, the Audit Committee of the Board (ACB) at their meeting held on October 21, 2023, had unanimously elected Mr. Prakash Vartak as the Chairperson of the Audit Committee of the Board (ACB) for remaining period of FY2023-24.

The terms of reference covering the scope and functions of the Audit Committee includes:

- Recommendation for appointment, remuneration and terms of appointment of concurrent, secretarial & statutory auditors of the Company;
- Reviewing and monitoring the auditor's (Head of Internal Audit, Concurrent Auditor, Secretarial and Statutory Auditor) independence and performance, and effectiveness of audit process;
- Examination of the financial statements and the auditors' report thereon;
- Approval or any subsequent ratification of transactions of the Company with related parties; Provided that the Audit Committee may give omnibus approval for related party transactions proposed to be entered into by the Company; Provided further that in case of transaction, other than transactions referred to in Section 188 of the Companies Act, 2013, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board;



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- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Calling for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and also discussing any related issues with the Head of Internal Audit (HIA) and statutory auditors and the Senior Management of the Company;
- Dealing with or investigating any matter in relation to the items herein or referred to it by the Board of Directors of the Company, Reserve Bank of India or any other regulator;
- Establishing & overseeing whistle blower policy/vigil mechanism for directors and employees to report concerns in such manner as may be prescribed;
- Reviewing the Company's arrangements for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud, violation of the Company's code of conduct and terms of service;
- Reviewing Information System Audit of the internal systems and processes is conducted, once a year to assess operational risks faced by the Company.
- Monitoring of all outsourced activities covered under the RBI Directions.
- Reviewing and monitoring the compliance framework within the organization through assessment of compliance risk, compliance failures, if any, and also reviewing the independence and performance of the Chief Compliance Officer (CCO).
- Interact with the HIA & CCO, separately & individually, without the presence of the Managing Director, at least on a quarterly basis, as applicable under the RBI Directions or RBI SBR Direction, from time to time.
- 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 have been convened, as and when required, for review of various businesses/functional aspects of the Company, business risk assessment, internal audit, etc.

The Audit Committee met five (5) times during the year.

Date of Committee Meeting		Apr 22, 2023	July 24, 2023	Oct 21, 2023	Jan 25, 2024	Mar 22, 2024
Details of Directors						
1	Mr. R. Venkataramani*	✓	✓	Refer Note		
2	Mr. Prakash Vartak	✓	✓	✓	✓	✓
3	Ms. Varda Pendse	✓	✓	✓	✓	✓
4	Mr. T. V. Rao	✓	✓	✓	✓	✓
5	Mr. Pradeep Madhav [#]	Refer Note			✓	✓

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

[#]Inducted as a Committee Member w.e.f October 21, 2023

(ii) Risk Management Committee

As on March 31, 2024, the Risk Management Committee (RMC) of the Board comprised of Mr. T. V. Rao, Mr. Prakash Vartak, Mr. V. Narayanamurthy and Mr. Pradeep Madhav. The Board of Directors had duly appointed Mr. T. V. Rao as the Chairperson of the Risk Management Committee (RMC) for the FY2023-24.



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The Company has in place a comprehensive Business Investment and Risk Policy, which is reviewed at regular intervals and modified, if required, to align it with the changing business dynamics of the Company or regulatory requirements. The Risk Management Committee (RMC) meets at regular intervals to review the Company's risk exposure, performance and monitor adherence to various prudential limits.

The terms of reference covering the scope and functions of the Risk Management Committee (RMC) includes:

- Reviewing compliance with the RBI prudential norms and internal business risk policy parameters;
- Reviewing risk policies, procedures and reporting mechanisms;
- Reviewing risk management reports on a periodic basis and suggesting modifications to the Business Investment and Risk Policy of the Company to the Board for its final approval;
- Reviewing and recommending to the Board the policies of the Company that may carry legal risk, operational risk, compliance risk and reputational risk;
- Evaluating the overall risks faced by the Company and implementation of the approved ERM framework;
- Approving the risk appetite statement and ensure the Company is operating within the same;
- Ensuring the Company's overall risk exposure is maintained at prudent levels and is consistent with available capital;
- Reviewing and recommending the capital plan detailing the Company's capital needs, anticipated capital utilization, desired level of capital, limits related to capital erosion and a contingency plan;
- Taking strategic actions to mitigate the risk associated with the nature of the business;
- Apprising the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy;
- Overseeing and managing the overall liquidity profile of the Company, including reviewing liquidity measures that describe the nature of the Company's Liquidity Risk;
- Interacting with the Chief Risk Officer (CRO) without the presence of the Managing Director, at least on a quarterly basis, for reviewing the risk profile of the Company;
- All such acts and functions as may be delegated by the Board of Directors.

The Risk Management Committee (RMC) met five (5) times during the year.

Date of Committee Meeting		Apr 22, 2023	July 24, 2023	Oct 21, 2023	Jan 25, 2024	Mar 22, 2024
Details of Directors						
1	Mr. T. V. Rao	✓	✓	✓	✓	✓
2	Mr. R. Venkataramani*	✓	✓	Refer Note		
3	Mr. Pradeep Madhav	✓	✓	✓	✓	✓
4	Mr. Prakash Vartak	✓	✓	✓	✓	✓
5	Mr. V. Narayanamurthy#	Refer Note			✓	✓

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

#Inducted as a Committee Member w.e.f October 21, 2023



DIRECTORS' REPORT

(iii) Nomination and Remuneration Committee

As on March 31, 2024, the Nomination and Remuneration Committee of the Board comprised of Ms. Varda Pendse, Mr. T. V. Rao, Mr. V. Narayanamurthy and Mr. Pradeep Madhav. The Board of Directors duly appointed Ms. Varda Pendse as the Chairperson of the Nomination and Remuneration Committee (NRC) for FY2023-24.

The Nomination and Remuneration Committee (NRC) plays an active role in HR development, performance management and talent retention and reviews HR policies.

The terms of reference covering the scope and functions of the Nomination and Remuneration Committee (NRC) includes:

- To identify 'Fit & Proper' persons who are qualified to become directors. To identify persons who are qualified to be appointed in senior management in accordance with the criteria laid down in the Nomination and Remuneration Policy and recommend to the Board their appointment and removal;
- To specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance thereof;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management. While formulating the policy, the following shall be ensured:
 - a. the remuneration is reasonable and sufficient to attract and retain Directors;
 - b. relationship of remuneration to performance is clear and transparent appropriate performance benchmarks for Senior Management and Key Management Personnel; and
 - c. remuneration to key managerial personnel and senior management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- To review HR Strategy, key initiatives and key HR metrics, compensation structure and policies with a view to retain and motivate the company's employees;
- To closely coordinate with the Risk Management Committee (RMC) of the Company to achieve effective alignment between compensation & risks assumed for the Key Managerial Personnel & Senior Management;
- 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 Nomination and Remuneration Committee (NRC) met three (3) times during the year.

Date of Committee Meeting	July 24, 2023	Oct 21, 2023	Jan 24, 2024
Details of Directors			
Ms. Varda Pendse	✓	✓	✓
Mr. T. V. Rao	✓	✓	✓
Mr. R. Venkataramani*	✓	Refer Note	
Mr. V. Narayanamurthy	✓	✓	✓
Mr. Pradeep Madhav [#]	Refer Note		✓

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

[#]Inducted as a Committee Member w.e.f October 21, 2023



DIRECTORS' REPORT

(iv) Corporate Social Responsibility (CSR) Committee

As on March 31, 2024, the Corporate Social Responsibility (CSR) Committee of the Board comprised of Mr. Prakash Vartak, Mr. Pradeep Madhav, Ms. Varda Pendse and Mr. Prasanna Patankar. The Board of Directors duly appointed Mr. Prakash Vartak as the Chairperson of the Corporate Social Responsibility (CSR) Committee for the FY2023-24.

The CSR Committee of the Board shall recommend the guidelines for CSR activity to the Board of Directors for their approval. The projects/beneficiaries of the CSR initiatives of the Company are clearly laid down in the CSR policy of the Company and approved by the Board of Directors.

The terms of reference covering the scope and functions of the Corporate Social Responsibility Committee includes:

- Formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken as specified in Schedule VII of the Companies Act, 2013.
- Recommending the amount of CSR expenditure to be incurred on the CSR activities referred to in above clause
- Monitoring the utilization and implementation of the CSR projects or programs or activities undertaken by the Company;
- Formulating and recommending to the Board, an annual action plan for a financial year, disclosing:
 - a. The list of CSR projects or programmes that are approved to be undertaken;
 - b. The manner of execution of CSR projects or programmes;
 - c. The modalities of utilization of funds and implementation schedules for the projects or programmes;
 - d. Monitoring and reporting mechanism for the projects or programmes; and
 - e. Details of need and impact assessment, if applicable, for the projects undertaken by the company;
 - f. Review the CSR Policy of the Company on Annual basis.

The Corporate Social Responsibility (CSR) Committee met two (2) times during the year.

Date of Committee Meeting		July 24, 2023	Oct 21, 2023
Details of Directors			
1	Mr. Prakash Vartak	✓	✓
2	Mr. R. Venkataramani*	✓	Refer Note
3	Mr. Pradeep Madhav	✓	✓
4	Ms. Varda Pendse#	Refer Note	
5	Mr. Prasanna Patankar	✓	✓

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

#Inducted as a Committee Member w.e.f October 21, 2023

(v) IT Strategy Committee

RBI Master Directions on Information Technology Governance, Risk, Controls and Assurance Practices, 2023 became applicable from April 01, 2024. (The erstwhile RBI Master Directions on Information Technology Framework for the NBFC Sector stands repealed with effect from March 31, 2024), and the applicable rules, regulations, directions, including any statutory modifications(s) or re-enactment(s) or updation(s) thereof, from time to time, the IT Strategy Committee of the Board is in place, which is responsible to monitor the adequacy and compatibility of the IT Systems, review IT



DIRECTORS' REPORT

Governance, IT Operations, IT Policy as well as advising on the timely upgrade of the IT infrastructure in line with the Company's emerging business requirements.

As on March 31, 2024, the IT Strategy Committee of the Board comprised of Mr. T. V. Rao, Mr. V. Narayanamurthy, Mr. Nagamohan Gollangi (external domain expert member) and Mr. Praveen Mata (external domain expert member). The Board of Directors duly appointed Mr. T. V. Rao as the Chairperson of the IT Strategy Committee for the FY2023-24. Mr. Pradeep Madhav has been inducted as a member of the IT Strategy Committee with effect from April 01, 2024.

The terms of reference of the IT Strategy Committee as per the aforesaid applicable RBI circular covering the scope and functions of the IT Strategy Committee includes:

- To ensure that the Company has put an effective IT strategic planning process in place;
- To ensure that the strategy(s) on the IT infrastructure aligns with the overall strategy of the Company towards accomplishment of its business objectives;
- To define IT Governance and Information Security Governance structure within the organization through adequately skilled resources, well defined objectives and accountability responsibilities for each level in the organization;
- To ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks;
- To ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilized in a manner intended for meeting the stated objectives; and
- To review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.
- Approving IT strategy and policy documents and ensuring that the Company has put an effective strategic planning process towards IT infrastructure and systems in place;
- Ascertaining that the Company has implemented processes and practices to ensure that the IT hardware and infrastructure is robust and adequate to support the business operations of the Company;
- Ensuring IT investments represent a balanced trade-off between risks and benefits and are commensurate with the size and complexity of the business operations of the Company;
- Monitoring the use of IT resources needed to achieve strategic goals;
- Ensuring that there is a robust Cyber Security plan in place which has been developed and tested adequately;
- Ensuring that an Information System Audit of the internal systems and processes is conducted, once a year to assess operational risks faced by the Company;
- All such acts and functions as may be delegated by the Board of Directors.

The IT Strategy Committee met three (3) times during the year.

Date of Committee Meeting		June 12, 2023	Dec 06, 2023	Jan 24, 2024
Details of Directors				
1	Mr. T. V. Rao	✓	✓	✓
2	Mr. V. Narayanamurthy	✓	✓	✓
3	Mr. Nagamohan Gollangi	✓	✓	✓
4	Mr. Praveen Mata	✓	✓	✓



DIRECTORS' REPORT

8. CORPORATE GOVERNANCE

The Company firmly believes that good corporate governance and compliance practices are of paramount importance to maintain the trust and confidence of its stakeholders and enhance the reputation of the Company. The Company has proactively adopted the best corporate governance practices to ensure transparency, fairness and objectivity in an organization's functioning. In accordance with the guidelines prescribed by Reserve Bank of India on 'Scale Based Regulation' (SBR) – A Revised Regulatory Framework for NBFCs, unlisted NBFCs are required to disclose specified information within the corporate governance section. The report on Corporate Governance for FY2023-24 is annexed to the report as "Annexure I"

9. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of unethical behavior.

The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The ICC is responsible for redressal of complaints related to sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed of during the year:

- (a) Number of complaints pending at the beginning of the year - NIL.
- (b) Number of complaints received during the year – NIL.
- (c) Number of complaints disposed of during the year – NIL.
- (d) Number of cases pending at the end of the year - NIL.

10. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3)(c) of the Companies Act, 2013, and the rules framed thereto and any other provisions, if any, the Directors confirm: -

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) that they had selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- (c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that they had prepared the annual accounts on a going concern basis; and
- (e) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems have been adequate and operating effectively.

11. AUDITORS

M/s. S K Lulla & Co., Chartered Accountants, bearing ICAI firm registration number 002336C, were appointed as the Statutory Auditors of the Company, by the Comptroller and Auditor General of India (C&AG) for the FY2023-24.



DIRECTORS' REPORT

M/s. V Laxman & Co., firm of Practicing Company Secretaries, were appointed as the Secretarial Auditor of the Company for the FY2023-24. The Secretarial Audit Report as received from M/s. V Laxman & Co. is annexed as “Annexure V”.

12. DISCLOSURE OF PARTICULARS

The Company is a Standalone Primary Dealer as defined and regulated by the Reserve Bank of India and is not a manufacturing Company, hence the particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 and the rules framed thereto are not applicable to the Company.

The information required pursuant to Section 197(12) of the Act, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not applicable to the Company but available upon request. In terms of Section 136 of the Act, the report and accounts are being sent to members excluding the information on employee's particulars which is available for inspection by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing General Meeting. Interested members may write to the Company for the same.

The details of foreign exchange earnings, if any, as well as foreign exchange outgo, if any, are mentioned in the Notes to Accounts of the Audited Financial Statements for FY2023-24.

13. RELATED PARTY TRANSACTIONS

All related party transactions which were entered into during the financial year were on an arm's length basis and were in the ordinary course of business operations. All related party transactions are placed before the Audit Committee of the Board (ACB) and the Board of Directors. There are no materially significant transactions made by the Company with Promoters, Directors, Key Managerial Personnel or any other related parties that may have a potential conflict with the interest of the Company at large. Accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. However, disclosure on related party transactions as per IND AS-24 has been provided in the Notes to Accounts of the Audited Financial Statements for FY2023-24. The 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.stcipc.com and enclosed as “Annexure IV”.

14. WHISTLE BLOWER POLICY

The Company has established a vigil mechanism through the Audit Committee of the Board (ACB), to address any complaint related to internal controls, auditing matters, or the reporting of all information to the shareholders, the regulators and/or the government and the financial markets. The vigil mechanism allows for disclosure by a whistle blower internally, of such matters without fear of reprisal, discrimination or adverse employment consequences and addresses the disciplining of those responsible. The vigil mechanism provides adequate safeguards against victimization of whistle blower and makes provision for direct access to the Chairman of the Audit Committee of the Board (ACB) on reporting issues concerning the interests of the Company and its employees. The Company has formulated a Whistle Blower Policy / Vigil Mechanism 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.stcipc.com.

15. FAIR PRACTICES CODE

The Company has adopted the Fair Practices Code prepared in accordance with the guidelines as prescribed by RBI as well as the publications/code/general market practice guidelines released by FIMMDA/PDAI. The Code is available on the Company's website www.stcipc.com.

16. POLICY ON NOMINATION AND REMUNERATION OF DIRECTORS

The Company has formulated a policy in accordance with the requirements of Section 178 of the Companies Act, 2013 and the rules framed thereto. The policy on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes and independence of a Director is available on the Company's website www.stcipc.com.



DIRECTORS' REPORT

17. ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, and the Rules framed thereunder, the annual return as on March 31, 2024, shall be made available on the Company's website www.stcipc.com within the prescribed timelines.

18. FORMAL ANNUAL EVALUATION

The Company has adopted a framework on performance evaluation of the Board of Directors and that of its Committees and individual Directors. During FY2023-24, the Company had undertaken the annual evaluation exercise which was carried out by the Board on collective basis, committees of the Board and individual director in the matter as stipulated under the Act. As per the provisions of Schedule IV of the Companies Act, 2013, a separate meeting of Independent Directors was held during the year.

19. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the company which have occurred between March 31, 2024, and the date of the report.

20. KEY MANAGERIAL PERSONNEL

During the FY2023-24, the Company had the following Key Managerial Personnel (KMP) in line with the requirements and as defined by the Companies Act, 2013 and the rules framed thereto.

- (i) Mr. Prasanna Patankar, Managing Director
- (ii) Mr. Kalpesh Mody, Company Secretary and Chief Financial Officer (CFO)

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. CHANGE OF NATURE OF BUSINESS

There has been no change in the nature of the business of the Company during the year under review.

23. MAINTENANCE OF COST RECORDS

The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services rendered by the Company.

24. 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.

25. 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, disclaimers or reservations made by the Secretarial Auditors, Statutory Auditors as well as Comptroller and Auditor General of India (C&AG). In the matter of adequacy of Internal Financial Controls over Financial Reporting (ICFR), the Statutory Auditor had sought explanation regarding some reversal entries, which was duly provided to them. The Management also assured the Statutory Auditor that there was no financial impact due to the reversal entries and the Company has, in all material respects, adequate internal financial controls over financial reporting which are operating effectively.



DIRECTORS' REPORT

26. SHARES

The Company is a wholly owned subsidiary of STCI Finance Limited, and the shares are held by STCI Finance Limited through its nominee shareholders. There has been no change in shareholding pattern for FY2023-24. The details of the transfer(s) of share(s), if any, has been mentioned in Annual Return, which is available on the Company's website www.stcipc.com.

27. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to the provisions of Section 186(4) and (11) of the Companies Act, 2013, requiring disclosure in the financial statements of the particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security is not applicable to Non-Banking Financial Company registered under Chapter III of the Reserve Bank of India Act, 1934 and whose principal business is acquisition of securities.

28. REGISTRAR AND SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited acts as the Registrar and Share Transfer Agent of the Company for FY2023-24.

29. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company, being a RBI regulated Primary Dealer, is prohibited from forming any subsidiary. Hence, the Company does not have any Subsidiary, Joint venture, or Associate Company.

30. PUBLIC DEPOSITS

During the year ended March 31, 2024, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998 as well as within the meaning of Chapter V of the Companies Act, 2013, and the rules framed thereto. The Company has been categorized as an NBFC- ML (Non-Banking Financial Company – Middle Layer)' under the Scale Based Regulations (SBR) and regulated by the Reserve Bank of India (RBI).

31. BRANCH OFFICES

The Company has a total of three (3) branch offices viz. New Delhi, Kolkata and Bengaluru which has been driving the business development efforts on a pan-India basis and procuring business from PSUs, Commercial Banks, Co-operative Banks, Small Finance Banks, Corporates, MNCs, Provident Funds, Pension and Gratuity Funds, Insurance Companies, Mutual Funds etc. The activities of these offices are being regularly assessed, reviewed, and monitored by the Board.

32. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)

The Company had subscribed to the Commercial Papers (CPs) issued by Infrastructure Leasing and Financial Services Limited (IL&FS) of face value of ₹ 100,00,00,000/- (Rupees One Hundred Crore Only) of which CP of face value of ₹ 50,00,00,000/- (Rupees Fifty Crore Only) were due to be repaid on September 17, 2018 and balance CP of face value of ₹ 50,00,00,000/- (Rupees Fifty Crore Only) was due to be repaid on March 05, 2019. IL&FS did not honour its repayment obligations towards the Company under both these CPs on the respective due dates.

The Company's claim as one of the "Financial Creditor" of IL&FS under the Insolvency and Bankruptcy Code, 2016 and the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 has been admitted. Further, the Company is part of the 'Committee of Creditors (CoC)' for the insolvency resolution plan of IL&FS.

Presently, the matter is subjudice and pending before the Hon'ble National Company Law Tribunal (NCLT), Mumbai and the Hon'ble National Company Law Appellate Tribunal (NCLAT), New Delhi. There is no further progress in the matter in FY2023-24, with respect to the receipt of outstanding claim.

33. DETAILS OF DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

There was no instance of a one-time settlement with any Bank or Financial Institution.



DIRECTORS' REPORT

34. SECRETARIAL STANDARDS:

The Company has complied with the applicable Secretarial Standards (as amended from time to time) issued by the Institute of Company Secretaries of India on meetings of the Board of Directors conducted during the year.

35. ACKNOWLEDGEMENT

Your Directors thank STCI Finance Limited (Holding Company), Reserve Bank of India, CCIL, SEBI, its Bankers, Depositories, Custodians, Stock Exchange(s), other commercial and cooperative banks, financial institutions, mutual funds, insurance companies, corporates and other esteemed customers for their business support and continued patronage. The Directors would also like to place on record their appreciation of the dedicated efforts and performance by the officers and staff of the Company.

**On behalf of the Board of Directors
For STCI Primary Dealer Limited**

V. Narayanamurthy
Director
DIN: 00555704

Prasanna Patankar
Managing Director
DIN: 07658714

Date: July 26, 2024
Place: Mumbai

Date: July 26, 2024
Place: Mumbai



REPORT ON CORPORATE GOVERNANCE

As per the guidelines issued by the Reserve Bank of India (RBI) prescribed on 'Scale Based Regulation' (SBR) – A revised Regulatory Framework for NBFC', the Company's Corporate Governance Report for the FY2023-24 is presented to the Members of the Company.

The Company has always been committed to developing sustainable value for all its stakeholders including employees, shareholders, suppliers, regulatory authorities and the communities that it operates in. In this pursuit, the Company believes in managing and conducting business by adopting strong value systems. This involves institutionalizing the highest standards of Corporate Governance across business activities, which is based on the principles of accountability, transparency, responsibility and fairness in all aspects of its operations.

The Company has an active, professional and independent Board of Directors that provide supervisory and strategic advice and direction. The entire governance system is supported by well-structured systems and procedures that ensure well informed decision making across the organization.

Disclosure Required by Reserve Bank of India Direction DOR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023, on Disclosure in Financial Statements – Section II

1. COMPOSITION OF THE BOARD

Sr No.	Name of Director	Director since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings during the directorship in FY2023-24		No. of other Directorships held	Remuneration Paid (₹ In lakh)			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee	Commission	
1.	Mr. T. V. Rao	January 23, 2019	Independent Director	05273533	6	6	8	-	8.70	-	-
2.	Mr. Prakash Vartak	October 22, 2021	Independent Director	09336265	6	6	-	-	6.90	-	-
3.	Ms. Varda Pendse	April 01, 2022	Independent Director	00152752	6	6	-	-	6.00	-	-
4.	Mr. R. Venkataramani [§]	May 25, 2015	Non-Executive Director	00829107	3	3	-	-	3.30	-	-
5.	Mr. Pradeep Madhav	October 22, 2021	Non-Executive Director	00267422	6	6	1	-	6.30	-	-
6.	Mr. V. Narayanamurthy	October 22, 2021	Non-Executive Director	00555704	6	6	3	-	6.00*	-	01 ⁺
7.	Mr. Sasidharan Mangalamkat [@]	March 25, 2023	Non- Executive Director	10052548	6	3	-	-	1.50 [#]	-	-
8.	Mr. Prasanna Patankar	November 18, 2016	Managing Director	07658714	6	6	2	177.83 [%]	-	-	01 ⁺

* sitting fees paid to STCI Finance Limited

sitting fees paid to Bank of India

+ share held in the capacity as a nominee of STCI Finance Limited

[§] Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

[@] Ceased to be a director from the close of business hours of May 31, 2024

[%] Includes perquisites and subject to applicable tax rate. Excludes amount of tax paid by the employer on behalf of employee.



Details of change in composition of the Board during the current FY2023-24

Sr No.	Name of Director	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, retirement, appointment)	Effective date
1.	Mr. R. Venkataramani	Non-Executive Director	Retirement	September 05, 2023
2.	Mr. T. V. Rao	Independent Director	Re-appointment	January 23, 2024

Details of changes in composition of the Board of Directors during previous FY2022-23

Sr No.	Name of Director	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, retirement, appointment)	Effective date
1.	Ms. Varda Pendse	Independent Director	Appointment	April 01, 2022
2.	Mr. Raghvendra Kumar	Non-Executive Director	Resignation	January 31, 2023
3.	Mr. Sasidharan Mangalamkat	Non-Executive Director	Appointment	March 25, 2023

2. COMMITTEES OF BOARD AND THEIR COMPOSITION for the FY2023-24

a. AUDIT COMMITTEE

Sr No.	Name of Director	Member of Committee since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee during the membership in FY2023-24		No of shares held in the Company
				Held	Attended	
1.	Mr. R. Venkataramani*	May 25, 2015	Chairperson - Non-Executive Director	2	2	-
2.	Mr. Prakash Vartak [#]	April 01, 2022	Chairperson - Independent Director	5	5	-
3.	Mr. T. V. Rao	April 24, 2019	Independent Director	5	5	-
4.	Ms. Varda Pendse	April 01, 2023	Independent Director	5	5	-
5.	Mr. Pradeep Madhav	October 21, 2023	Non-Executive Director	2	2	-

* Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

[#] Elected as Chairperson of the Committee w.e.f October 21, 2023

b. RISK MANAGEMENT COMMITTEE

Sr No.	Name of Director	Member of Committee since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee during the membership in FY2023-24		No of shares held in the Company
				Held	Attended	
1.	Mr. T. V. Rao	May 27, 2020	Chairperson -Independent Director	5	5	-
2.	Mr. R Venkataramani*	May 27, 2020	Non-Executive Director	2	2	-
3.	Mr. Pradeep Madhav	April 01, 2022	Non-Executive Director	5	5	-
4.	Mr. Prakash Vartak	April 01, 2023	Independent Director	5	5	-
5.	Mr. V Narayanamurthy	October 21, 2023	Non-Executive Director	2	2	01 ⁺

* Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

+ share held in the capacity as nominee of STCI Finance Limited



c. NOMINATION AND REMUNERATION COMMITTEE

Sr No.	Name of Director	Member of Committee since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee during the membership in FY2023-24		No of shares held in the Company
				Held	Attended	
1.	Ms. Varda Pendse	April 01, 2022	Chairperson -Independent Director	3	3	-
2.	Mr. T. V. Rao	August 23, 2021	Independent Director	3	3	-
3.	Mr. R Venkataramani*	July 19, 2017	Non-Executive Director	1	1	-
4.	Mr. V Narayanamurthy	April 01, 2022	Non-Executive Director	3	3	01 ⁺
5.	Mr. Pradeep Madhav	October 21, 2023	Non-Executive Director	1	1	-

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

+ share held in the capacity as nominee of STCI Finance Limited

d. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Sr No.	Name of Director	Member of Committee since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee during the membership in FY2023-24		No of shares held in the NBFC
				Held	Attended	
1.	Mr. Prakash Vartak	April 01, 2022	Chairperson -Independent Director	2	2	-
2.	Mr. R. Venkataramani*	April 24, 2019	Non-Executive Director	1	1	-
3.	Mr. Pradeep Madhav	April 01, 2022	Non-Executive Director	2	2	-
4.	Ms. Varda Pendse [#]	October 21, 2023	Independent Director	0	0	-
5.	Mr. Prasanna Patankar	February 13, 2017	Managing Director	2	2	01 ⁺

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

+ share held in the capacity as nominee of STCI Finance Limited

[#] No meetings were held after her induction into the Committee

e. IT STRATEGY COMMITTEE

Sr No.	Name of Director	Member of Committee since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee during the membership in FY2023-24		No of shares held in the NBFC
				Held	Attended	
1.	Mr. T. V. Rao	April 01, 2022	Chairperson -Independent Director	3	3	-
2.	Mr. V. Narayanamurthy	April 01, 2022	Non-Executive Director	3	3	01 ⁺
3.	Mr. Praveen Mata	March 06, 2012	External domain expert	3	3	-
4.	Mr. Nagamohan Gollangi	April 01, 2022	External domain expert	3	3	-

+ share held in the capacity as nominee of STCI Finance Limited

The terms of reference including the scope and function of the Committees of the Board have been stipulated in the Directors Report.



3. GENERAL BODY MEETINGS HELD DURING FY2023-24

Sr. No.	Type of Meeting (Annual/ Extra Ordinary)	Date and Place	Special resolutions passed
1.	17 th Annual General Meeting (AGM)	On September 04, 2023, held through Video Conferencing (VC) medium at the Registered Office of the Company.	1. Revision in the terms of remuneration payable to Mr. Prasanna Patankar, as the Managing Director of the Company. 2. Modification in the overall borrowing limit of the Company.
2.	Extra – Ordinary General Meeting (EGM)	On October 30, 2023, held at the Registered Office of the Company	1. Re-appointment of Mr. T. V.Rao as an Independent Director of the Company for a second term.

4. DETAILS OF NON-COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013

During the year under review, there has been no instances of any non - compliance with the requirements, to the extent applicable, of the provisions of the Companies Act, 2013, including compliance with accounting and secretarial standards.

5. DETAILS OF PENALTIES AND STRICTURES

During the year under review, no penalties or strictures have been imposed on the Company by the Reserve Bank of India or any other statutory authority.

6. BREACH OF COVENANT

During the year under review, the Company has not availed any term loan or issued any non-convertible debentures. Hence, the instances on any breach of covenant to any term loan availed or non-convertible debentures issued by the Company is not applicable for the FY2023-24.

7. DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING

The Company being a Standalone Primary Dealer with the primary business of dealing into Government Securities, State Development Loans (SDL), T-Bills and other money market instruments. The Company does not have any exposure to Loans (Assets) which can be restructured without downgrading the asset classification. Considering the permitted activities as a Standalone Primary Dealer, the said provisioning requirements is not applicable to the Company.

- a. The additional provisioning requirements assessed by RBI exceeds 5 per cent of the reported profits before tax and impairment loss on financial instruments for the reference period – Not Applicable
- b. Additional Gross NPAs identified by RBI exceeds 5 per cent of the reported Gross NPAs for the reference period – Not Applicable

On behalf of the Board of Directors

For STCI Primary Dealer Limited

V. Narayanamurthy
Director
DIN: 00555704

Prasanna Patankar
Managing Director
DIN: 07658714

Date: July 26, 2024
Place: Mumbai

Date: July 26, 2024
Place: Mumbai



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

*The Company has not entered into any contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of Companies Act, 2013. The other related party transactions include sitting fees paid to Directors and the remuneration paid to the Key Managerial Personnels (KMPs) of the Company, designated as per the Companies Act, 2013.

**On behalf of the Board of Directors
For STCI Primary Dealer Limited**

V. Narayanamurthy
Director
DIN: 00555704

Prasanna Patankar
Managing Director
DIN: 07658714

Date: July 26, 2024
Place: Mumbai

Date: July 26, 2024
Place: Mumbai



Details of material contracts or arrangement or transactions at arm's length basis & in ordinary course of business

Sr. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Amount (INR in lakh)	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any
1	STCI Finance Limited	Holding Company	CCIL Charges (Received)	2.02				
2	STCI Finance Limited	Holding Company	Reimbursement of Expenses (Payment)	11.45				
3	STCI Finance Limited	Holding Company	Rent Paid for premises	4.85				
4	STCI Finance Limited	Holding Company	Sitting fees Paid	6.00				
5	STCI Finance Limited	Holding Company	Other fee income received	2.02				
6	STCI Finance Limited	Holding Company	Dividend Paid	1,500.00				
		TOTAL		1,526.34				

Not Applicable as transactions are at arms length and in the ordinary course of business

**On behalf of the Board of Directors
For STCI Primary Dealer Limited**

**V. Narayanamurthy
Director
DIN: 00555704**

**Prasanna Patankar
Managing Director
DIN: 07658714**

**Date: July 26, 2024
Place: Mumbai**

**Date: July 26, 2024
Place: Mumbai**



ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR policy of the Company:

The Corporate Social Responsibility (CSR) Policy assists the Company in its vision to contribute to the social and economic development of the communities and society at large. The CSR Policy serves as the basic guiding document on directing our efforts towards building a better, sustainable way of life for the betterment of society. The Company's CSR policy is intended to make a material, visible and lasting difference to the lives of the disadvantaged/underprivileged sections of society and a dedicated CSR budget would be set aside out of profits of the Company based on the specifications as per the required law for its various CSR initiatives.

2. Composition of CSR Committee: As on March 31, 2024, the CSR Committee comprised of:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Prakash Vartak	Chairperson - Independent Director	2	2
2	Ms. Varda Pendse*	Independent Director	2	0
3	Mr. Pradeep Madhav	Non-Executive Director	2	2
4	Mr. Prasanna Patankar	Managing Director	2	2

*Inducted as a Committee member w.e.f. October 21, 2023 and no meetings were held after her induction as a member of the CSR Committee.

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company:

Composition of the CSR committee, CSR Policy and CSR projects approved by the Board, is available on the Company's website on www.stcipd.com.

4. Provide the executive summary along with the web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: NOT APPLICABLE

- 5. (a) Average net profit of the company as per sub-section (5) of section 135: ₹ 19,214.59 lakh**
- (b) Two percent of average net profit of the company as per sub-section (5) of section 135: The Company is required to spend ₹ 384.30 lakh towards CSR activities for FY2023-24.**
- (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: NIL**
- (d) Amount required to be set off for the financial year, if any: NIL**
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 384.30 lakh**
- 6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):**
₹ 384.30 lakh (Details attached herewith as Annexure III A)
- (b) Amount spent in Administrative Overheads – NIL**
- (c) Amount spent on Impact Assessment, if applicable – NOT APPLICABLE**
- (d) Total amount spent for Financial Year [(a)+(b) +(c)] – ₹ 384.30 lakh**



(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (₹ in lakh)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
₹ 384.30	NA		NA		

(f) Excess Amount for Set off, if any:

Sr. No	Particulars	Amount (₹ in lakh)
(1)	(2)	(3)
i	Two percent of average net profit of the company as per sub-section (5) of section 135	384.30
ii	Total amount spent for the Financial Year	384.30
iii	Excess amount spent for the Financial Year [(ii)-(i)]	-
iv	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
v	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

7. (a) Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr No.	Preceding Financial year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer	
1	FY2022-23				NIL		
2	FY2021-22				NIL		
3	FY2020-21				NIL		

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year (YES/NO): NO

If Yes, enter the number of Capital assets created/ acquired: NOT APPLICABLE

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
NOT APPLICABLE							



(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section 95) of section 135.** – Not Applicable, as the Company has spent the entire amount towards CSR that was required to be spent.

**On behalf of Corporate Social
Responsibility Committee
For STCI Primary Dealer Limited**

**Prakash Vartak
Director
DIN: 09336265**

**Date: July 26, 2024
Place: Mumbai**

**V. Narayanamurthy
Director
DIN: 00555704**

**Date: July 26, 2024
Place: Mumbai**

**On behalf of the Board of Directors
For STCI Primary Dealer Limited**

**Prasanna Patankar
Managing Director
DIN: 07658714**

**Date: July 26, 2024
Place: Mumbai**



Details on amount spent towards CSR Projects (Other than Ongoing Project) for the FY2023-24:

Sr. No.	Name of the CSR Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in lakh)	Mode of Implementation-Direct (Yes/No)	Mode of implementation through implementing agency.	
				State	District/ City			Name	CSR Registration Number
1	Project for financial assistance to cancer patients by extending support for surgery, radiation, or chemotherapy treatment under the 'Adopt a Cancer Patient Project'.	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	25.00	No	Cancer Patient Aid Association	CSR00000926
2	Project for financial assistance to the paediatric cancer patients at Tata Memorial Hospital towards procurement of ophthalmic microscope in children's ward.	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	24.13	No	ImPaCCT Foundation (Paediatric division of Tata Memorial hospital)	CSR00001287
3	Project for financial assistance on procurement of Ophthalmic Multispot Green Laser System, Biochemistry Analyser Machine, and 160 KVA CPCB-IV Diesel Generator set at Swami Sarvanand Hospital.	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Thane	50.00	No	Sunder Shewak Sabha	CSR00005294



Sr. No.	Name of the CSR Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in lakh)	Mode of Implementation-Direct (Yes/No)	Mode of implementation through implementing agency.	
				State	District/ City			Name	CSR Registration Number
4	Project for financial assistance towards initial cost of diagnosis and/or treatment of cancer through ICS-Arun Kurkure Initiation and Treatment Fund.	Clause(i) Promoting health care including preventive health care	Pan India basis	Pan India basis		25.00	No	Indian Cancer Society	CSR00000792
	Project for financial assistance towards procurement of medical equipment named 'Argos Biometer' at Eye hospital of Shri Sadguru Seva Sangh Trust.	Clause(i) Promoting health care including preventive health care	No	Madhya Pradesh	Chitrakoot	62.50	No	Shri Sadguru Seva Sangh Trust	CSR00001860
	Project for financial assistance towards expanding the kitchen capacity by installing solar utilities and funding towards kitchen utilities.	Clause(i) Eradicating hunger, poverty and malnutrition	No	Karnataka	Ballari (Bengaluru)	46.55	No	The Akshaya Patra Foundation	CSR00000286
Odisha				Bhubaneshwar					
Assam				Guwahati					
Maharashtra				Panvel (Navi Mumbai)					
Maharashtra				Pune					
Maharashtra				Thane (Mumbai)					
Gujarat				Surat					
Karnataka				Bengaluru					
Telangana				Hyderabad					
Uttar Pradesh	Vrindavan								



Sr. No.	Name of the CSR Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in lakh)	Mode of Implementation-Direct (Yes/No)	Mode of implementation through implementing agency.	
				State	District/ City			Name	CSR Registration Number
	Project for financial assistance towards procurement of one (1) Industry grade 3D polymer printer for the Teaching Lab' used by M.Des and M.Tech students and researchers at Centre for Product Design and Manufacturing (CDPM) department.	Clause(ii) Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	No	Karnataka	Bengaluru	24.34	No	Indian Institute of Science	CSR00007370
	Project for financial assistance towards procurement of aids and appliances to support disabled poor patients suffering from loco-motor disabilities.	Clause(i) Promoting health care including preventive health care	Yes	New Delhi	New Delhi	48.93	No	Shree Bhagwan Mahaveer Viklang Sahayata Samiti (New Delhi Branch)	CSR00001480
	Prime Minister's National Relief Fund (PMNRF)	Clause(viii) socio economic development	Pan India basis	Pan India basis		77.85	Yes	NA	NA
Total amount spent towards CSR Projects for the FY2023-24						384.30			



RELATED PARTY TRANSACTIONS POLICY

This policy has been framed as required under the “**Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016**” issued by Reserve Bank of India, as updated from time to time.

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

1. Definitions

- (i) **“Audit Committee”** or **“Committee”** means Committee of Board of Directors of the Company constituted as per Section 177 of the Act
- (ii) **“Board”** means Board of Directors of the Company
- (iii) **“Related Party Transaction”** or **“RPT”** means the following transactions /contracts /arrangements with related parties as laid down under clause (a) to (g) sub-section (1) of section 188 of the Act:
 - (a) sale, purchase or supply of any goods or materials;
 - (b) selling or otherwise disposing of, or buying, property of any kind;
 - (c) leasing of property of any kind;
 - (d) availing or rendering of any services;
 - (e) appointment of any agent for purchase or sale of goods, materials, services or property etc.
 - (f) such related party’s appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - (g) underwriting the subscription of any securities or derivatives thereof, of the Company.
- (iv) **“Material Related party Transactions”** mean related party transaction / transactions to be entered into individually or which taken together with previous transactions during a financial year, exceed the prescribed monetary limit given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014
- (v) **“Related Party”** means related party as defined under Section 2(76) of the Act as under;

Sec 2 (76) “Related Party” with reference to a Company, means-

 - (i) A director or his relative
 - (ii) Key Managerial Personnel or his/ her relative
 - (iii) A firm, in which a director, manager or his relative is a partner
 - (iv) A private company in which a director or manager or his relatives is a member or director
 - (v) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
 - (vi) A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except such advice is given in a professional capacity.
 - (vii) Any other person on whose advice, directions or instructions a director or manager is accustomed to act

Provided that nothing in sub-clause (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;



- (viii) Any company which is:
- A Holding, Subsidiary or an Associate company of such company or
 - A Subsidiary of a Holding company to which it is also a Subsidiary
- (ix) such other person as may be prescribed, i.e. as under:-
- A Director, other than an Independent Director, or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a Related Party.
- (vi) **“Relative”** means relative as defined under Section 2(77) of the Act as under;
- Section 2(77) “relative”, with reference to any person, means anyone who is related to another, if—
- (i) they are members of a Hindu Undivided Family;
 - (ii) they are husband and wife; or
 - (iii) one person is related to the other in such manner as may be prescribed; i.e. as under
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son’s wife
 - (e) Daughter
 - (f) Daughter’s husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)
- (vii) **“Key Managerial Personnel”** or **“KMP”** means key managerial personnel as defined under Section 2(51) of the Act as under:-
- Section 2(51) “Key managerial personnel”, in relation to a Company, means—
- (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the Chief Financial Officer;
 - (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - (vi) such other officer as may be prescribed

For the purpose of this Policy, Deputy Managing Director, appointed, if any, shall be regarded as KMP of the Company.

- (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 voting power, or of business decisions under an agreement.

For the purpose of this clause, “Joint Venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;



- (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 Party Transaction Policy, as amended from time to time.

Words or expressions used but not defined herein and defined under the Companies Act, 1956 or Companies Act, 2013 or in the RBI Act shall have the same meaning as assigned to them in the respective act as the case may be.

2. Governing Provisions

The **Related Party Transactions Policy (“RPT Policy”)** of STCI Primary Dealer Limited (“the Company”) has been prepared in accordance with the provisions of the Companies Act, 2013 as amended from time to time.

All Transactions with Related Parties including any subsequent modifications thereto must be reported to the Audit Committee of the Board (ACB) and approved/noted/referred for approval by the Committee in pursuance of this policy, as per the provisions of the Companies Act, 2013 as amended from time to time.

The Company is required to disclose this policy on dealing with Related Party Transactions on its website and in the Annual Report.

3. Identification

3.1. Identification of Related Parties

Every Director and Key Managerial Personnel shall at the beginning of every financial year disclose to the Company Secretary (CS), their related parties under section 2 (76) of the Act read with the rules framed there under, as amended from time to time and disclose any changes thereto during the financial year as immediately as practicable. Based on the disclosures, the list of related parties shall be identified.

3.2. Identification of Related Party Transactions

In case of any proposed transaction or arrangement with a Related Party, the concerned team/department in the Company shall furnish to the Company Secretary, relevant details of the proposed transaction which shall include the name of the related party, nature of relationship, nature of contract, duration and particulars of the contract/arrangement/transaction; reason for entering into the transaction, manner of determining price and other commercial terms, the draft contract/agreement and other supporting documents.

The Company shall, based on the details of transaction determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4. Approvals process for related party transactions

The Company generally undertakes transactions with related parties, in its ordinary course of business and at arms’ length basis and such transaction do not require prior approval under the Act. However, such transactions would be placed for noting to the Audit Committee of the Board (ACB) as well as the Board of Directors.



4.1. Audit Committee of the Board (ACB) 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 of the Board (ACB) 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 of the Board (ACB), may approve the transactions with related parties in accordance with provisions of the Companies Act read with the Rules made there under, as amended from time to time.

4.2. Board Approval

Related Party Transactions as defined under Section 188 of the Act which are not in ordinary course of business and/or not on arms’ length basis or any subsequent modification thereto, shall be placed before the Board for its approval.

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

The Board may approve all Related Party Transactions which are not at arm’s length and / or which are not in the ordinary course of business in accordance with provisions of the Companies Act read with the Rules made there under, as amended from time to time.

In addition to the above, contracts/ arrangements/ transactions which are in the ordinary course of business and at arms’ length and do not require approval of the Board under Section 188 of the Act may also be reviewed and noted by the Audit Committee of the Board (ACB) and the Board of Directors.

4.3. Approval of the Shareholders

The following Material Related Party Transactions which exceed the monetary limit prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (given below) and which are either not on arms’ length and/ or are not in the ordinary course of business, shall on recommendation of the Board be placed before the shareholders for its prior approval in accordance with the provisions of the Act and the Related Parties shall abstain from voting on such resolutions:

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

Explanation: Turnover or Net worth shall be computed based on the last Audited Financial Statement of the Company.



4.4. Summary of Approval process

Sr. No.	Particulars / Criteria	Audit Committee of the Board (ACB) 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	√ (prior approval)	√ (prior approval)	√ (prior approval)

* usually identified transaction for which omnibus approval for related party transactions is taken as well as other transactions which are in the ordinary course of business and at arm's length basis.

4.5. Related party Transactions not requiring approval of Audit Committee of the Board/ Board of Directors, etc.

Notwithstanding the foregoing, Related Party Transactions involving the providing of compensation to a director or Key Managerial Personnel (KMP) in connection with his or her duties to the Company including salary, reimbursement of business and travel expenses, halting allowance, entertainment expenses etc. incurred in the ordinary course of business, will not require the approval of the Audit Committee of the Board (ACB)/Board of Directors/shareholders.

4.6. Related Party Transactions not approved under this Policy

Where any contract or arrangement not in ordinary course of business and/or not on arms length basis is entered into by a Director or any other employee without obtaining the approval of Board or approval by a resolution in the general meeting under Section 188(1) of the Act, it shall be put up for ratification by the Board or by the shareholders at a meeting within three (3) months from the date on which such contract or arrangement was entered into.

In the event the Company becomes aware of a transaction with a Related Party that has not been approved within three (3) months as stated above, the matter shall be reviewed by the Board. The Board shall consider all the relevant facts and circumstances of such transaction/ arrangement and evaluate all options available to the Company, including ratification by the Board or shareholders, revision or termination of such transaction/arrangement and take any such action as it may deem appropriate.

5. Reporting & Disclosures

The particulars of contracts or arrangement with Related Parties referred to in section 188 shall be disclosed in the Board's report for each financial year in the prescribed format. The Company shall disclose this Policy on its website and in its annual report.

In compliance RBI Master Direction -(Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, (RBI SBR Direction), on disclosures in financial statement, the Company shall report on the related party transactions in the prescribed format in the annual financial statements.

5.1. 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.

5.2. Related Party Transactions as per Ind AS- 24

The Company shall report details of related party transactions as per Ind AS 24, on quarterly basis, to the Audit Committee of the Board (ACB) and the Board of Directors.

The Company shall report and disclose of such related parties and transaction with related parties in its Financials Statement.

6. Related Party Transactions with Holding Company

The Company is a wholly owned subsidiary of STCI Finance Limited (Holding Company) and in accordance with the definition of related party under Section 2(76) of the Companies Act, 2013 shall be required to comply with the relevant provisions of the Companies Act, 2013.

An overview of the relevant provisions of the Companies Act, 2013 and reporting process of such transactions is detailed in Annex I.

7. Amendments/ Review of the Policy

In the event of any regulatory modification(s)/amendment(s)/change(s) to any provisions contained in the Companies Act, 2013 or any Rules framed thereunder or to the applicable directions of RBI, SEBI Regulations etc., the provisions contained in the Regulatory Acts (as amended) will prevail to ensure consistency with the prevalent regulatory requirements.

The Board on its own and/ or due to any regulatory requirement/amendment can amend this Policy, as and when deemed fit. The Board reserves the right to alter, modify, add, delete, or amend any of the provisions of the Policy.

This Related Party Transactions Policy will be reviewed annually, or in the interim, should there be a change/amendment in regulations.



Related Party Transactions with Holding Company

Considering the structure of the Company, transactions with STCI Finance Limited (Holding Company) are entered in the ordinary course of business and at arms' length and placed before the Audit Committee of the Board (ACB) and the Board of Directors for an omnibus approval thereon.

At the beginning of a financial year, a list of certain pre-determined transactions shall be identified and an omnibus approval for each financial year shall be obtained from the Audit Committee of the Board (ACB) and the Board of Directors of the Company.

Thereafter, a reporting of transactions with STCI Finance Limited (Holding Company) entered into during a quarter, in accordance with the Companies Act, 2013, shall be placed before the Audit Committee of the Board (ACB) and the Board of Directors for noting purpose. These related party transactions shall form part of the Board Report at the end of a financial year.

Applicability/interpretation of relevant provisions of the Companies Act, 2013, with respect to transactions with STCI Finance Limited (Holding Company) are provided hereunder:

- i. Section 188 (1) of the Companies Act, 2013 provides for the contract/arrangement/transactions which shall be triggered as a related party transaction only if it is not in ordinary course of business and not at arm's length transactions between related parties.

Applicability: The transactions with STCI Finance Limited are executed in the ordinary course of business and at arm's length basis.

- ii. Section 177(4)(iv) of the Companies Act, 2013 entrusts power to the Audit Committee to grant omnibus approval for related party transactions which are repetitive in nature (in past or future) along with disclosure of certain information forming part of the agenda in this regard.

Applicability: The transactions with STCI Finance Limited are identified & predetermined, executed in the ordinary course of business operations and at arm's length basis and such transactions are repetitive in nature. Hence, an omnibus approval is obtained from the Audit Committee of the Board (ACB) and the Board of Directors for each financial year. Further, no monetary limit is applicable for such related party transaction.

- iii. An exception has been prescribed to Section 177(4)(iv) of the Companies Act, 2013, that any transaction between a holding company and its wholly owned subsidiary company is exempted from the requirement of Audit Committee of the Board (ACB) to grant omnibus approval if the transaction is in ordinary course of business and at arm's length.

Applicability: Though an exemption has been granted as per Section 177(4)(iv) of the Companies Act, 2013, from the requirement of Audit Committee of the Board (ACB) granting omnibus approval for transactions in the ordinary course of business and at arm's length between a holding company and its wholly owned subsidiary, as a matter of good corporate governance practice, omnibus approval of both the Audit Committee of the Board (ACB) and the Board of Directors of the Company is obtained for each financial year, on all identified and predetermined transactions with STCI Finance Limited (holding company),

- iv. Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, specifies that only when nature/type of transaction are not available, Audit Committee of the Board may grant omnibus approval for such transactions subject to their value not exceeding rupees One (1) Crore per transaction. i.e., the limit of Rs. One (1) Crore per transaction is applicable only if the details or specification of the nature of transaction is not pre-determined/unforeseen.

Applicability: As the nature/type of transactions with STCI Finance Limited (holding company) are predetermined, identified, repetitive and fully known, the limit of Rs. One (1) Crore per transaction is not applicable to the omnibus approval.



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

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

To,
The Members,
STCI PRIMARY DEALER LIMITED
A/B1-801 (A-Wing), 8th Floor,
Marathon Innova,
Marathon NextGen Compound,
Lower Parel, Mumbai - 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **STCI Primary Dealer Limited** having CIN No. U67110MH2006PLC165306 (hereinafter called "**the Company**") for the financial year ended 31st March, 2024. The 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 the 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, 2024 (hereinafter referred to as ("the audit period")) 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, 2024 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, 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, 2015; *[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.



- (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]*;
- (i) The Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992;
- (vi) RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.
- (vii) RBI Regulations, Guidelines, Notifications & Circulars to the extent applicable to Primary Dealers.
- (viii) 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 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 BSE Limited and National Stock Exchange of India Limited. *[Not applicable to the Company during the audit period]*

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 and Committees Meetings, agenda and detailed notes on agenda which were sent within stipulated time period except for some meetings which were held at shorter notice with consent of all directors and Committee members, 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 through majority 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:

- (i) The 17th Annual General Meeting held on 04th September, 2023 was convened at a shorter notice after receiving consent from all shareholders of the Company.
- (ii) At the 17th Annual General Meeting (AGM) held on 04th September 2023, the shareholders authorised the Board of Directors of the Company to fix the remuneration of Statutory Auditors to be appointed by Comptroller and Auditor General of India (C&AG) for the financial year 2023-24, since the communication from C&AG in this regard was awaited. Further, as per the communication received from C&AG, vide their letter dated September 12, 2023, M/s. S K Lulla & Co, Chartered Accountants have been appointed as the Statutory Auditors of the Company for the financial Year 2023-24.
- (iii) Mr. R. Venkataramani (DIN 00829107) ceased to be director of the Company due to retirement by rotation as he had not sought reappointment at the 17th Annual General Meeting of the Company held on 04th September, 2023. Further, the vacancy caused due to retirement by rotation was not filled up at the said Annual General Meeting.
- (iv) Mr. Sasidharan Mangalamkat (DIN 10052548) was appointed as Non-Executive Director of the Company at the 17th Annual General Meeting held on 04th September, 2023.



- (v) At the 17th Annual General Meeting of the Company, the shareholders have approved the revision in terms of managerial remuneration payable to Mr. Prasanna Patankar (DIN 07658714), Managing Director of the Company with effect from April 01, 2023 by means of Special Resolution.
- (vi) In compliance with Section 180(1)(c) of Companies Act, 2013, the shareholders have approved the increase in the overall borrowing limits of the Company to Rs. 20,000 Crores by means of Special Resolution at the 17th Annual General Meeting of the Company.
- (vii) The Extra-ordinary General Meeting held on 30th October, 2023 was convened at a shorter notice after receiving consent from all the shareholders of the Company.
- (viii) Mr. T. V. Rao (DIN 05273533) was reappointed as an Independent Director of the Company for a 2nd term of 5 years with effect from 23rd January, 2024 to 22nd January, 2029 by the shareholders at the Extra-ordinary General Meeting of the Company held on 30th October, 2023.
- (ix) The Board of Directors of the Company, at their meeting held on 22nd March 2024 declared first Interim Dividend for the FY2023-24 at a rate of 10% on the face value of Rs.10 per share of the Company i.e., Rs.1/- per share in respect of 15,00,00,000 outstanding equity shares of face value of Rs.10/- each aggregating to Rs.15,00,00,000/- (Rupees Fifteen Crore Only), subject to the applicable Tax Deduction at Source (TDS).
- (x) The Company has contributed towards Corporate Social Responsibility in the Financial year 2023-24 in accordance with provisions of the Companies Act, 2013.

**For V. LAXMAN & CO.
Company Secretaries**

Valakati Laxman

FCS: 1513

CP 744

UDIN No. : F001513F000245790

Date : 26-04-2024

Place : Mumbai

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



ANNEXURE 'A'

To,
The Members,
STCI PRIMARY DEALER LIMITED
A/B1-801 (A-Wing), 8th Floor,
Marathon Innova,
Marathon NextGen Compound,
Lower Parel, Mumbai - 400013

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

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

For V. LAXMAN & CO.
Company Secretaries

Valakati Laxman
FCS: 1513
CP 744

UDIN No. : F001513F000245790

Date : 26-04-2024
Place : Mumbai



ANNEXURE 'B'

To,
The Members,
STCI PRIMARY DEALER LIMITED
A/B1-801 (A-Wing), 8th Floor,
Marathon Innova,
Marathon NextGen Compound,
Lower Parel, Mumbai - 400013

The following documents were verified, on test-check basis, during the course of audit: -

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the Financial year ended March 31, 2023;
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, IT Strategy Committee and Corporate Social Responsibility Committee held during the financial year in the review, along with the attendance registers;
4. Internal Compliance Checklist/s of the Company.
5. Minutes of the General Meetings held in the financial year under review;
6. Statutory registers viz.
 - Registers of Directors and KMP and directors' shareholding
 - Register of loans guarantees and security and acquisition/s made by the company
 - Register of Charges
 - Register of Related Party Transactions-Transactions are in the ordinary course of business at Arm's Length Basis
 - Register of Members
7. Agenda papers submitted to all the directors/members for the meetings of the Board and its Committees;
8. Declaration received from the Directors of the Company / Key Managerial Personnel, as per the provisions of Section 184(1), Section 164(2), Section 149(3) and Section 149(7) of the Companies Act, 2013;
9. E-forms filed by the Company, from time to time, under applicable provisions of the Companies Act 2013, as amended from time to time, along with the attachments thereof during the financial year under review.

For V. LAXMAN & CO.
Company Secretaries

Valakati Laxman
FCS: 1513
CP 744

UDIN No. : F001513F000245790

Date : 26-04-2024
Place : Mumbai



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
STCI PRIMARY DEALER LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of **STCI PRIMARY DEALER LIMITED** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended on that date, and Notes to the financial statements, including a summary of the material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under sub section 10 of section 143 of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 34 of the financial statements, Provision to PLVP amount of Rs. 900.00 Lakhs is created on estimated basis. As per past trend, based on performance assessment, some reversal is done in next year.

Key Audit Matters

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

Key audit matter	How the matter was addressed in our audit
<p>1. Information Technology (IT)</p> <p><u>IT systems and controls</u></p> <p>The Company's key financial accounting and reporting processes are dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could impact the financial accounting and reporting significantly. The Company uses SAP system for its overall financial reporting.</p> <p>The Company's General Ledger system used in financial reporting is interfaced with other IT systems which process transactions of account relevant for financial reporting.</p>	<p>Our audit procedures to assess the IT systems and controls included the following:</p> <p>a) Understanding IT application controls for the audit period for significant accounts, testing interfaces, reports, reconciliations and system processing for significant accounts determined by us during our risk assessment. We tested the controls to determine that these controls remained unchanged during the audit period and in case of changes, were the changes followed the standard change management process.</p> <p>b) Understanding IT infrastructure records for the in-scope systems i.e., operating systems and databases. Based on procedures performed above, wherever required, we extended our audit procedures over other IT application controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing.</p> <p>c) Assessed and tested, the Company's IT systems and controls including IT infrastructure, which is duly supported by the opinion of Internal Auditors of the company, IFC auditors of the company and IT & IS Auditors of the company.</p> <p>d) <i>The SAP software is 15 years old and the company has assured that any errors will be systematically taken care of in the new software which is under process.</i></p>



Key audit matter	How the matter was addressed in our audit
<p>2. BUSINESS INVESTMENT RISK POLICY</p> <p>The Company has a Business Investment Risk Policy of the Company which lays down the investment and risk management guidelines. The said policy provides a brief description of various threshold limits, etc.</p>	<p>Business Investment Risk Policy of the Company has been reviewed, amended and duly approved by the Risk Management Committee (RMC) and the Board in their respective meetings held on March 25, 2023, which lays down the investment and risk management guidelines.</p> <p>a) The said policy provides a brief description of various threshold limits, etc.</p> <p>b) The stop loss triggers on a real time basis for traded securities. However, in case of securities which have not been traded, prices are released by FBIL/CCIL for valuation purposes only at the end of the day (EOD).</p> <p>c) The Risk Management Committee (RMC) ensures a regular, continuous & close oversight of the Company's risk management function and subsequently, any point of concern is reported / appraised through the RMC at the Board level.</p> <p>d) <i>The risk MIS sheets showing stop losses are being prepared manually, which is prone to clerical error and needs to be incorporate in the system for real time monitoring.</i></p> <p>e) <i>The company should maintain discipline in matters of stop loss, improve their preventive controls, corrective controls and the duties and responsibilities of the job activities should be detailed.</i></p>
<p>3. KEY EMPLOYEE'S</p> <p>In accordance with Revised Standard on audit 570 "Going Concern" issued by ICAI;</p> <p>a. key employees of the organisation</p> <p>b. About succession planning for replacing and delegate tasks to qualified staff.</p> <p>c. Documents of key processes, procedures</p> <p>d. Identify and prioritize critical tasks to ensure ongoing operations.</p>	<p>The Nomination and Remuneration Committee (NRC) of the Company reviews the HR matters and the manpower planning exercise of the Company. The manpower planning exercise covers aspects of the likely attrition, recruitment, and capacity building for each department.</p> <p>The Management has represented that the Nomination and Remuneration Committee (NRC) of the Company is in the process of making a formal policy for the succession planning for replacing and delegate tasks to qualified key employees, Identify and prioritize critical tasks to ensure ongoing operations and documents of key processes & procedures.</p> <p><i>In accordance with Revised Standard on audit 570 "Going Concern" issued by ICAI, there is a need for proper policy for succession planning for replacing and delegate tasks to qualified key employees, Identify and prioritize critical tasks to ensure ongoing operations and documents of key processes & procedures.</i></p>

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Overview, Board's Report including Annexures to Board's Report, and Shareholder's Information but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect



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

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

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

Auditor's Responsibility for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in;



- (i) planning the scope of our audit work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by sub-section (3) of Section 143 of the Act, based on our audit, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) In pursuance to the Notification No. G.S.R. 463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, sub-section 2 of section 164 of the Act pertaining to disqualification of directors not applicable to the Government Company. As informed to us by the Company the Board of Directors has taken on record written representations received from the directors as on March 31, 2024. As per written representation received, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of the sub-section 16 of Section 197 of the Act, as amended, In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - *Refer Note No 49 to the standalone financial statements;*
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – *Refer Note No. 34 to the standalone financial statements; and*
 - iii. As at March 31, 2024 there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.
 - a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - c) Based on such audit procedures we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
 - v. The Company has complied with Section 123 of the Act for the purpose of declaration and payment of dividend during the year. Also refer Note No. 68 to the standalone financial statements.
 - vi. Based on our examination, which included test checks, the Company has used accounting software's for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. *However, there were reversal entries which required explanation. Management has assured that there is no financial impact due to the reversal entries*
 - vii. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.
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 audit of annual accounts of STCI Primary Dealer Limited, we give a report in the attached Annexure "C".

For **S K LULLA & Co.,**
(Chartered Accountants)
Firm Registration No.: 002336C

CA. Shiv Kumar Sharma
(Partner)
Membership No. 421955
UDIN: 24421955BKCANQ3935

Place: Mumbai
Date: April 26, 2024



ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of STCI Primary Dealer Limited of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
(B) The Company has maintained proper records showing full particulars of Intangible assets.
- (b) As explained to us, the Property, Plant and Equipment were physically verified during the year by the Management in accordance with a regular schedule of verification which, in our opinion, provides for physical verification of all the Property, Plant and Equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in Note No. 13 to the standalone financial statements, are held in the name of the Company.
- (d) According to the information and explanations given to us, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The Company's Investments ('stock') mainly consists of Treasury bills and Dated Government Securities which are held in the form of Subsidiary General Ledger (SGL) account maintained with the Reserve Bank of India and the said stock is verified with the confirmation certificate received from Clearing Corporation of India Limited ('CCIL') on a daily basis. The stock of other securities is held by the Company in de-materialized form with ICICI Bank, and the same are verified with the confirmation certificates received from them at the year end. In our opinion, the coverage and procedure of such verification is reasonable and as explained to us, the Company is maintaining proper records of securities held as stock-in-trade and no material discrepancies were noticed on such verification as compared to the book records.
(b) According to the information and explanation given to us, during any point of time of the year the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Thus, paragraph 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanation given to us, the Company has not made investments in, provided any guarantee or security or granted any loans, secured or unsecured to companies, firms, limited liability partnerships or any other parties. Thus, reporting under paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act are applicable to the Company. Thus, reporting under paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, in respect of deposits by the company or amounts which are deemed to be deposits, no amount has been accepted to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules made there under apply and hence, reporting under paragraph 3(v) of the Order is not applicable to the Company.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Companies Act. Thus, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, and the records of the company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable



in respect of income tax, goods and service tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no disputed amounts payable in respect material statutory dues referred to in sub-clause (a) which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (viii) According to the information and explanations given to us, there are no transactions which are not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.
(b) In our opinion and according to the information and explanations given to us, the Company is not declared a wilful defaulter by any bank or financial institution or other lender.
(c) According to the information and explanations given to us, no term loan was obtained by the Company during the year. Thus, reporting under paragraph 3(ix)(c) of the Order is not applicable to the Company.
(d) According to the information and explanations given to us, the Company did not raise any fund on short term basis. Thus, reporting under paragraph 3(ix)(d) of the Order is not applicable to the Company.
(e) The Company does not have any subsidiary, associate, or joint venture. Accordingly, the requirement to report on paragraph 3(ix)(e) and (f) of the Order are not applicable to the Company.
- (x) (a) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us by the Management, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year under review. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
(b) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us by the Management, the Company has not made preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the Management, we report that no material fraud by the Company and on the Company has been noticed or reported during the year.
(b) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements, we report that no report under sub-section (12) of section 143 of the Companies Act has been filed by us in ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
(c) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the Management, we report that no whistle-blower complaints received during the year by the company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, reporting under paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, where applicable and the details have been disclosed in the note no. 37 to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) (a) In our opinion and according to the information and explanations given by the management, company has an internal audit system commensurate with the size and nature of its business.
(b) We have considered the internal audit reports for the year under audit.



- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Thus, reporting under paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) In our opinion and according to the information and explanations given to us, the Company is a NBFI/NBFC already registered under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and the registration certificate has been obtained.
- (b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act 1934.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) According to the information and explanation given to us, none of the group companies are CIC and hence reporting under paragraph 3(xvi)(d) of the Order is not applicable.
- (xvii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on paragraph 3(xviii) of the Order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in respect of other than ongoing projects, the company has no unspent amount to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.
- (xxi) The preparation of consolidated financial statements is not applicable to the Company. Hence reporting under paragraph (xxi) of the Order is not applicable to the Company.

For **S K LULLA & Co.,**
(Chartered Accountants)
Firm Registration No.: 002336C

CA. Shiv Kumar Sharma
(Partner)
Membership No. 421955
UDIN: 24421955BKCANQ3935

Place : Mumbai
Date : April 26, 2024



ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of STCI Primary Dealer Limited of even date)

We have audited the internal financial controls over financial reporting of **STCI Primary Dealer Limited** (hereinafter referred to as "the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management and Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk



that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, *except there were reversal entries which required explanation. Management has assured that there is no financial impact due to the reversal entries*, 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, 2024, 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 **S K LULLA & Co.,**
(Chartered Accountants)
Firm Registration No.: 002336C

CA. Shiv Kumar Sharma
(Partner)
Membership No. 421955
UDIN: 24421955BKCANQ3935

Place : Mumbai
Date : April 26, 2024



ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of STCI Primary Dealer Limited for the year 2023-24 issued by the Comptroller & Auditor General of India under Section 143 (5) of the Companies Act, 2013.

Sr. No.	Area Examined	Observations/Findings
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system of processing of accounting transactions partially through system with human intervention and partially by direct feeding manually. Various calculations in accordance with the requirements of Ind AS such as Amortized cost using effective interest rate, calculation of lease liability etc. needs to be processed through IT System, any manual intervention can lead to passing of wrong entries in the system and would directly affect the financial statements. Presently, said working have been maintained manually and verified by us.
2.	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, lender is a Government Company, then its direction is also applicable for statutory auditor of lender company).	There is no case of restructuring / waiver/ write off of debts / loans / interest reported by the management and / or observed during our audit of the year.
3.	Whether funds (grants/subsidy etc.) received / receivable for specific schemes from Central / State Government or its agencies were properly accounted for / utilized as per its terms and condition? List the cases of deviations.	There is no case of funds i.e., grants, subsidy etc. received / receivable for specific schemes from Central / State Government or its agencies reported by the management and / or observed during our audit of the year.

Additional Directions for Non-Banking Finance Companies and Funds Management Companies, under section 143 (5) of the Companies Act, 2013 for 2023-24

Sr. No.	Area Examined	Observations/Findings
4	RBI provided a window (vide circular dated 6 August 2020) under the prudential framework to implement a resolution plan to borrowers having stress on account of Covid 19, as per which existing loans can be restructured without downgrading the asset classification. Are there any cases of restructuring involving the new provision and if so, are they in compliance with the RBI Circular?	The company is registered as NBF1/NBFC. The company is a Standalone Primary Dealer and primary business of the company is dealing into Government Securities and T-Bills. The company does not have exposure to Loans (Assets). Thus, the company does not have existing loans which can be restructured without downgrading the asset classification and the RBI Circular on the same is not applicable to the company.
5	Whether the investible funds received by Company were invested in accordance with the directions of the applicable Statutory Regulators (regulations and rules framed by them).	Not Applicable. The Company does not receive any investible funds. The Company is a Standalone Primary Dealer and deals in Government Securities, other Fixed Income Products and other such products as permitted by the Reserve Bank of India (RBI).



Sr. No.	Area Examined	Observations/Findings
		<p>The Company invests its own funds and borrows as per RBI regulatory guidelines in the interbank call/notice/term/ money market, through CCIL CROMS, through CCIL TREPS, ICDs from RBI Liquidity Support and through Corporate Bond repos.</p> <p>All the investments as appearing in the Balance Sheet belong to the Company and they do not include any investments held on behalf / in beneficiary interest of / for any other person.</p>
6	Whether the funds invested under the schemes/products by the Company are in compliance with the directions of Investment Committee, Risk Committee constituted by Board, Investment Manual etc. which prescribes the process / procedure, threshold, exposure limits, quality of security etc.	<p>The Company is a Standalone Primary Dealer (SAPD) and deals in Government Securities, other Fixed Income Products and other such products as permitted by the Reserve Bank of India (RBI).</p> <p>The Company has a Business Investment Risk Policy of the Company which lays down the investment and risk management guidelines. The said policy provides a brief description of various threshold limits, etc.</p> <p>The funds invested by the Company are in compliance with the directions of Business Investment Risk Policy.</p> <p><i>The risk MIS sheets showing stop losses are being prepared manually, which is prone to clerical error and needs to be incorporate in the system for real time monitoring.</i></p> <p><i>The company should maintain discipline in matters of stop loss, improve their preventive controls, corrective controls and the duties and responsibilities of the job activities should be detailed.</i></p>

For S K LULLA & Co.,
(Chartered Accountants)
Firm Registration No.: 002336C

CA. Shiv Kumar Sharma
(Partner)
Membership No. 421955
UDIN: 24421955BKCANQ3935

Place : Mumbai
Date : April 26, 2024



INDEPENDENT AUDITORS' REPORT

To

The Board of Directors

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, 2024.

Management's Responsibility

The Management is responsible for the design and implementation of internal procedures, systems, processes and controls to ensure compliance with the Directions on an ongoing basis.

The Management is also responsible for ensuring that the Company complies with the requirements of the Directions and for providing all relevant information to RBI.

Auditor's Responsibility

Pursuant to the requirements of the directions it is our responsibility to examine the books and other records of the Company and report on the matters as prescribed by the RBI.

We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

Based on our examination of the books and records of the Company as produced for our examination, and the information and explanations given to us, we further report that:

- 1)
 - (a) The Company is engaged in the business of non-banking financial institution and has obtained a Certificate of Registration No. N-13.01865 dated May 23, 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, 2024.
 - (c) The Company is meeting the required net owned fund requirement as laid down in Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.
- 2)
 - (a) The Board of Directors has passed a resolution for the non-acceptance of any public deposits.
 - (b) The Company has not accepted any public deposits during the relevant year.
 - (c) The Company has complied with the prudential norms relating to income recognition, Indian accounting standards (IND AS), asset classification and provisioning for bad and doubtful debts as applicable to it.
 - (d) The capital adequacy ratio as disclosed in the return submitted to the Reserve Bank of India (RBI) in Form DNBS-03, has been correctly arrived at and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the Reserve Bank of India.
 - (e) The Annual Statement of Capital Funds, risk assets / exposures and risk asset ratio in form DNBS-03 has been submitted within the stipulated period.
 - (f) The Company is not NBFC Micro Finance Institutions (MFI) as defined in the Master Direction – Reserve Bank of India (Non-Banking Finance Company – Scale Based Regulation) Directions, 2023.



Restriction of use

This certificate is issued for submission to the Reserve Bank of India (RBI) and should not be used by any other person or for any other purpose. We neither accept nor assume 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 S K LULLA & CO.
(Chartered Accountants)
Firm Registration No.: 002336C

CA Shiv Kumar Sharma
(Partner)
Membership No.: 421955
UDIN: 24421955BKCANV7323

Place: Bhopal
Date : 03/05/2024



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 2024

The preparation of financial statements of STCI Primary Dealer Limited for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 April 2024.

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 2024 under section 143(6)(a) of the Act.

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

Guljari Lal
Director General of Audit (Shipping), Mumbai

Place: Mumbai
Date : 24.06.2024



Balance Sheet as at March 31, 2024

(₹ in lakh)

	Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
	ASSETS			
(I)	Financial assets			
	Cash and cash equivalents	3	879.31	65.14
	Bank balances other than cash and cash equivalents	4	15,569.69	222.08
	Derivative financial instruments	5	86,081.07	76,529.54
	Receivables			
	(i) Trade receivables	6	50.27	1.20
	(ii) Other receivables	7	55.62	36.47
	Loans	8	11,558.49	-
	Investments	9	1,467,397.11	1,483,293.86
	Other financial assets	10	4,575.80	3,477.40
(II)	Non-financial assets			
	Current tax assets (net)	11	648.03	95.84
	Deferred tax asset (net)	12	-	-
	Property, plant and equipment	13	1,479.09	1,497.24
	Right of Use asset	13	71.00	48.07
	Other intangible assets	13	0.23	1.50
	Other non-financial assets	14	313.40	209.94
	Total Assets		1,588,679.11	1,565,478.28
	LIABILITIES			
(I)	Financial liabilities			
	Derivative financial instruments	5	86,782.00	77,980.48
	Payables			
	(i) Trade payables	15		
	total outstanding dues of micro enterprises and small enterprises		-	0.82
	total outstanding dues of creditors other than micro enterprises and small enterprises		87.53	91.57
	(ii) Other payables	15		
	total outstanding dues of micro enterprises and small enterprises		-	-
	total outstanding dues of creditors other than micro enterprises and small enterprises		39.04	38.42
	Borrowings (other than debt securities)	16	1,382,067.30	1,388,314.98
	Deposits	17	19,384.88	19,373.23
	Lease liability	18	69.35	44.32
	Other financial liabilities	19	42.24	229.23
(II)	Non-financial liabilities			
	Current tax liabilities (net)	11	-	-
	Provisions	20	1,105.00	171.77
	Deferred tax liabilities (net)	12	1,760.98	172.89
	Other non-financial liabilities	21	69.71	62.09



Balance Sheet as at March 31, 2024

(₹ in lakh)

	Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
(III)	Equity			
	Equity share capital	22	15,000.00	15,000.00
	Other equity	23	82,271.08	63,998.48
	Total Liabilities and Equity		1,588,679.11	1,565,478.28
	Basis of preparation and measurement	1		
	Material accounting policies	2		

The accompanying notes are an integral part of financial statements

For and on behalf of the Board of Directors

In terms of our report of even date

STCI Primary Dealer Limited

M/s. S. K. Lulla & Co.

Chartered Accountants

Firm Registration No.- 002336C

Prakash Vartak

Director

DIN:09336265

Varda Pendse

Director

DIN:00152752

T. V. Rao

Director

DIN:05273533

CA Shiv Kumar Sharma

Partner

Membership No.: 421955

V. Narayanamurthy

Director

DIN:00555704

Prasanna Patankar

Managing Director

DIN:07658714

Kalpesh Mody

Company Secretary and

Chief Financial Officer

Date : April 26, 2024

Place : Mumbai



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations:			
Interest income	24	104,101.98	84,620.44
Dividend income	25	0.74	-
Fees and commission income	26	170.35	143.89
Trading profit/(loss) on investments	27	13,914.59	(4,898.99)
Net gain/(loss) on fair value changes	28	7,048.81	(1,040.74)
(I) Total revenue from operations		125,236.47	78,824.60
(II) Other income	29	35.54	24.56
(III) Total income (I+II)		125,272.01	78,849.16
Expenses :			
Finance costs	30	94,395.96	71,157.03
Transaction and settlement charges	31	1,045.65	780.02
Employee benefit expenses	32	2,205.05	1,028.15
Depreciation, amortisation and impairment	13	89.86	88.58
Other expenses	33	970.29	1,093.42
(IV) Total expenses		98,706.81	74,147.20
(V) Profit/(loss) before exceptional items and tax (III-IV)		26,565.20	4,701.96
(VI) Exceptional items		-	-
(VII) Profit/(loss) before tax (V -VI)		26,565.20	4,701.96
Tax expense/(income):			
Current tax		5,199.59	1,320.67
Deferred tax		1,589.33	(45.70)
(VIII) Total tax expense/(income)		6,788.92	1,274.97
(IX) Profit/(loss) for the year from continuing operations (VII-VIII)		19,776.28	3,426.99
(X) Profit/(loss) from discontinued operations		-	-
(XI) Tax expense of discontinued operations		-	-
(XII) Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
(XIII) Profit/(loss) for the year		19,776.28	3,426.99
(XIV) Other comprehensive income			
(i) Items that will not be reclassified to profit or loss		(4.92)	1.82
(ii) Income tax relating to items that will not be reclassified to profit or loss		1.24	(0.46)
Subtotal (A)		(3.68)	1.36
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
(iii) Reclassification adjustment		-	-
Subtotal (B)		-	-
Other comprehensive income (A+B)		(3.68)	1.36
(XV) Total comprehensive income for the year		19,772.60	3,428.35



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

	Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
(XVI)	Earnings per equity share (for continuing operations)			
	Basic (in ₹)		13.18	2.28
	Diluted (in ₹)		13.18	2.28
	Basis of Preparation and measurement	1		
	Material accounting policies	2		

The accompanying notes are an integral part of financial statements

For and on behalf of the Board of Directors

In terms of our report of even date

STCI Primary Dealer Limited

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Managing Director

DIN:07658714

Kalpesh Mody

Company Secretary and

Chief Financial Officer

Date : April 26, 2024

Place : Mumbai



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024

₹ in lakh

Particulars		For the year ended March 31, 2024		For the year ended March 31, 2023	
(I)	Cash flow from operating activities				
	<u>Net profit before tax</u>		26,565.20		4,701.96
	Adjustments for non-cash/ non-operating Items:				
	Depreciation and amortisation		89.86		88.58
	(Profit)/Loss on sale of Property, Plant and Equipment		(0.03)		(3.35)
	Interest income on investments at AC category		(16,068.43)		(15,356.54)
	Unrealised (gain)/loss on investment held in FVTPL		(7,022.55)		1,040.67
	Interest on lease liabilities		3.07		2.94
	Dividend received		(0.74)		-
	Operating profit before working capital changes		3,566.38		(9,525.74)
	Changes in working capital:				
	(Increase)/Decrease in Receivables	(68.22)		(16.60)	
	(Increase)/Decrease in Loans	(11,558.49)		-	
	(Increase)/Decrease in Investments at FVTPL (Trading portfolio)	17,390.67		(16,297.93)	
	Increase/(Decrease) in Derivatives	(750.01)		1,089.62	
	(Increase)/Decrease in Other financial assets	(1,098.40)		150.02	
	(Increase)/Decrease in Other non-financial assets	(103.46)		(75.44)	
	Increase/(Decrease) in Payable	(4.24)		46.01	
	Increase/(Decrease) in Other financial liability	(186.99)		(247.01)	
	Increase/(Decrease) in Provisions	928.31		(241.25)	
	(Increase)/Decrease in Accrued interest on investments at FVTPL	(6,911.32)		(8,584.45)	
	Increase/(Decrease) in Accrued interest on Borrowings	1,102.62		326.63	
	Increase/(Decrease) in Other non-financial liabilities	7.62		38.49	
	Cash flow from/(used in) operating activities		2,314.47		(33,337.65)
	Less: Taxes paid		(5,751.78)		(871.20)
	Net cash flow from/(used in) operating activities		(3,437.31)		(34,208.85)
(II)	<u>Investing activities</u>				
	(Purchase)/Maturity proceeds of investments at amortised cost		10,500.01		(98,321.19)
	Purchase of Property, Plant and Equipment		(45.33)		(66.84)
	Sales of Property, Plant and Equipment		0.03		7.59
	Purchase of intangible assets		-		(0.27)
	Dividend Received		0.74		-
	Fixed deposit with banks		(14,347.61)		-
	(Payment)/Realisation of margin money from bank		(1,000.00)		(100.00)
	Interest received on amortised cost securities		18,008.37		15,776.19
	Net cash flow from/(used in) investing activities		13,116.21		(82,704.52)
(III)	<u>Financing Activities</u>				
	Payment of dividend		(1,500.00)		(2,100.00)
	Borrowings and deposits taken/(repayment)		(7,338.65)		119,082.63



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024

₹ in lakh

Particulars		For the year ended March 31, 2024		For the year ended March 31, 2023	
	Payment of lease liability		(26.08)		(26.21)
	Net cash flow from financing activities		(8,864.73)		116,956.42
	Net increase/(decrease) in cash and cash equivalent (I+II+III)		814.17		43.05
	Cash and cash equivalent as at beginning of the year		65.14		22.09
	Cash and cash equivalent as at end of the year		879.31		65.14
	Net change in cash and cash equivalents		814.17		43.05
	Operational cash flows from interest and dividends				
	Interest paid		93,290.27		70,827.46
	Interest received		99,130.60		76,455.65
	Dividend received		0.74		-

Note: Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.

The accompanying notes are an integral part of financial statements

For and on behalf of the Board of Directors

In terms of our report of even date

STCI Primary Dealer Limited

M/s. S. K. Lulla & Co.

Chartered Accountants
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Managing Director
DIN:07658714

Kalpesh Mody
Company Secretary and
Chief Financial Officer

Date : April 26, 2024

Place : Mumbai



STATEMENT OF CHANGES IN EQUITY

I. Equity Share Capital

As at March 31, 2024

₹ in lakh

Balance as at April 01, 2023	Changes in equity share capital due to prior period errors	Restated balance as at April 01, 2023	Changes in equity share capital during the year	Balance as at March 31, 2024
15,000.00	-	15,000.00	-	15,000.00

As at March 31, 2023

₹ in lakh

Balance as at April 01, 2022	Changes in equity share capital due to prior period errors	Restated balance as at April 01, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
15,000.00	-	15,000.00	-	15,000.00

II. Other Equity

As at March 31, 2024

₹ in lakh

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus				Debt instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Redemption Reserve	Statutory Reserve	Reserve and Surplus HTM - CGS A/c	General Reserve				
Balance as at April 01, 2023	-	-	5,000.00	22,777.40	2,126.63	105.94	-	(10.55)	-	63,998.48
Total comprehensive income for the year	-	-	-	-	-	-	-	(3.68)	-	19,772.60
Dividend distributed	-	-	-	-	-	-	-	-	-	(1,500.00)
Transfer to/from retained earnings	-	-	-	3,954.52	-	1,977.26	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2024	-	-	5,000.00	26,731.92	2,126.63	2,083.20	-	(14.23)	-	82,271.08

As at March 31, 2023

₹ in lakh

Particulars	Share application money pending allotment	Equity component of financial instruments	Reserves & Surplus				Debt instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Redemption Reserve	Statutory Reserve	Reserve and Surplus HTM - CGS A/c	General Reserve				
Balance as at April 01, 2022			5,000.00	22,091.73	2,126.63	105.94	33,357.74	(11.91)	62,670.13	
Total comprehensive income for the year	-	-	-	-	-	-	3,426.99	1.36	3,428.35	
Dividend distributed	-	-	-	-	-	-	(2,100.00)	-	(2,100.00)	
Transfer to/from retained earnings	-	-	-	685.67	-	-	(685.67)	-	-	
Any other change	-	-	-	-	-	-	-	-	-	
Balance as at March 31, 2023	-	-	5,000.00	22,777.40	2,126.63	105.94	33,999.06	(10.55)	63,998.48	

The accompanying notes are an integral part of financial statements

For and on behalf of the Board of Directors
STCI Primary Dealer Limited

In terms of our report of even date

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Managing Director

DIN:07658714

Kalpesh Mody

Company Secretary and

Chief Financial Officer

Date : April 26, 2024

Place : Mumbai





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

1. Corporate Information

STCI Primary Dealer Ltd. ('the Company') is a Public Limited company domiciled in India with its registered office at A/B1, 801, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G. K. Marg, Lower Parel (w) Mumbai – 400013. The Company was incorporated under the provisions of the Companies Act, 1956 (as amended by the Companies Act, 2013) on October 31, 2006; vide CIN U67110MH2006PLC165306 issued by the Registrar of Companies, Maharashtra, Mumbai. The Legal Entity identifier no. is 335800QJFFJDBRUV9222. The Company is registered as a Non-Banking Financial Company and a Standalone Primary Dealer (PD) with Reserve Bank of India.

The Company is a wholly owned subsidiary of STCI Finance Limited and core activities of the Company comprises of underwriting, bidding, market making and trading in Government Securities, Treasury Bills and other fixed income securities. Apart from the above, the Company is an active participant in the money market. The Company plays an active role in all segments of the debt market i.e. in both the SLR and non-SLR segments and in the interest rate derivatives market. The Company runs a proprietary portfolio comprising of Government of India (GOI) dated securities (including Floating Rate Bonds, Inflation Indexed Bonds, etc.), GOI Special Bonds, State Development Loans, Treasury Bills, Corporate Bonds, Commercial Papers, Certificates of Deposits, etc. The Company also trades on proprietary account in equity instruments in both the cash and F&O segments and to a limited extent in the currency futures market.

1.1 Basis of preparation and measurement

1.1.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, Reserve Bank of India directions to Non-Banking Finance Companies (NBFCs) and as applicable to Primary Dealers; and Division III to Schedule III of the Act as notified by the Ministry of Corporate Affairs through notification dated October 11, 2018 and amendments thereto. The accounting policies are applied consistently to all the periods presented in the financial statements.

1.1.2 Functional and presentation currency

The Company's presentation and functional currency is Indian Rupee (INR). All figures appearing in the financial statements are rounded off to two decimal places and have been presented in lakh, except per share amount and unless otherwise indicated.

1.1.3 Basis of measurement

The financial statements have been prepared under historical cost convention on an accrual basis except for the following material items which have been measured at fair value as required by relevant Ind AS:

Items	Measurement Basis
Investments classified as fair value through profit or loss	Fair value
Investments classified as fair value through OCI	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations
Derivative financial instruments	Fair value

1.1 4 Use of judgment and estimates

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions in the application of accounting policies that affects the reported amount of assets, liabilities and the accompanying disclosures along with contingent liabilities as on the date of financial statements and revenue and expenses for the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from



the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise i.e. prospectively. Estimates and underlying assumptions are reviewed on an on-going basis based on the most recently available information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes.

- Fair value measurement of financial instruments
- Measurement of defined benefit obligations and actuarial assumptions;
- Recognition of deferred tax assets/liabilities;
- Determination of useful life of Property, Plant and Equipment
- Measurement of provision and contingencies.

Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

1.1.5 Fair value measurement

The Company measures financial instruments, such as investments and derivatives at fair values on each reporting date.

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

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

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price, then following is applied:

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities. The Company measures the fair value of an instrument using the quoted price in an active market for that instrument, if the same is available. A market is regarded as active, if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 — If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates most of the factors that market participants would consider in pricing a transaction.



Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The Company regularly reviews significant unobservable inputs and valuation adjustments. If the third-party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

The fair value of financial assets which are measured at FVTOCI or FVTPL is determined as under:

Category	Quoted / Unquoted	Valuation method
Central Government Securities	Quoted	FBIL valuation
State Government Securities	Quoted	FBIL valuation
Corporate bonds/debentures	Quoted	FIMMDA valuation
Equity shares	Quoted	Closing prices at Stock Exchange
Units of Mutual Fund	Quoted	Stock Exchange/ AMFI
Units of Mutual Fund	Unquoted	AMFI
Derivative equity instruments	Quoted	Stock Exchange
Derivative debt instruments	Quoted	FBIL valuation

2. Material Accounting Policies

2.1 Presentation and disclosure of financial statements

All assets and liabilities are presented in financial statements in order of liquidity in compliance with Division III of schedule III to the Companies Act, 2013.

2.2 Property, Plant and Equipment

i. Recognition and measurement:

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

If significant parts of an item of Property, Plant and Equipment have different useful lives, then they are accounted for as separate items (major components) of Property, Plant and Equipment.

ii. Subsequent measurement:

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

iii. Depreciation and amortisation:

Depreciation on Property, Plant and Equipment and amortization of intangible assets is recognised based on the remaining useful life at the end of the year as estimated by the management which are in line with the useful lives indicated in Schedule II to the Companies Act, 2013.

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

Land is not depreciated. However, where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, based on the estimated useful life of the buildings.



Estimated useful lives of the tangible assets are as under:

Description of asset	Estimated useful Life
Building	60 years
Computers	3 years
Computers servers	6 years
Air conditioners	10 years
Vehicles	8 years
Electrical installation	10 years
Furniture and fixtures	10 years
Office equipment	5 years

iv. De-recognition:

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

2.3 Intangible assets

Recognition and measurement

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

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

Description of asset	Estimated useful life
Computer Software	3 years
Value of license/right to use infrastructure	3 years
Right of use assets	Over the tenure of lease

2.4 Impairment of non-financial assets

Tangible and intangible assets

The carrying value of assets on each balance sheet date is reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount in Statement of Profit and Loss. Recoverable amount is the higher of the net selling price and value in use.

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

2.5 Financial instruments

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



A. Financial assets

i. Recognition and measurement:

Initial recognition

Financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition of financial assets for an item which is not measured at Fair Value through Profit or Loss is adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using settlement date accounting.

Under settlement date accounting, an asset is recognised on the date it is actually delivered to the Company and asset is derecognised and profit or loss is booked on the date it is actually delivered by the Company. In case of assets measured at fair value, the Company also accounts for any change in fair value of the asset to be received during the period between trade date and settlement date in the same way as it accounts for the already acquired asset in profit or loss or in other comprehensive income, as appropriate.

Subsequent measurement

Financial assets are subsequently classified as measured at

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

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

ii. Classification of financial assets:

Financial asset through amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

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

After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Debt instruments at fair value through OCI

A financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

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

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognised in the Statement of Profit and Loss. When the financial



asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss and recognised separately in the profit and loss account. Interest income from these financial assets is included in interest income using the effective interest rate method (EIR).

Debt instruments at fair value through profit or loss

A financial asset shall be classified and measured at Fair Value through Profit or Loss (FVTPL) unless it is measured at amortised cost or at fair value through OCI.

A gain or loss on a debt investment that is subsequently measured at Fair value through Profit or Loss and is not part of a hedging relationship is recognised in Statement of Profit or Loss in the period in which it arises. Interest income from these financial assets is included in interest income.

Equity instruments

Equity instruments which are held for trading are classified as at FVTPL with all changes recognised in Statement of Profit and Loss. For all other equity instruments, the Company decides to classify the same as whether at FVTOCI or FVTPL. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

iii. De-recognition of financial assets:

The Company de-recognises a financial asset only when rights to receive cash flows from the asset have expired or has transferred its rights to receive cash flows or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVTOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVTOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVTOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on derecognition. Profit or loss on sale of investments is determined based on weighted average price basis.

B. Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

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

i. Equity instruments:

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

ii. Financial liabilities:

Initial recognition and measurement

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



Subsequent measurement

a) Financial Liabilities at Fair Value through Profit or Loss (FVTPL):

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

b) Financial liabilities at amortised cost:

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate method.

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

De-recognition of financial liabilities

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

C. Derivative financial instruments

The Company presently deals in interest rate swaps and futures, currency futures, Equity and index Futures and Options to earn trading profit.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. In case of Interest rate swaps, the current MTM value receivable over and above notional amount of the contract is recognised as fair value of asset and current MTM value payable over and above notional amount of the contract is recognised as fair value of liability.

Currency futures, interest rate futures (i.e. exchange traded derivatives) are marked to market using closing price of the relevant futures contract as published by the NSE.

Interest rate swaps are marked to market using yield curves as published by Financial Benchmark India Private Limited (FBIL).

Equity and Index Futures and Options are marked to market using the closing price of the relevant contract as published by the NSE.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

D. Impairment of financial instruments

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

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

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



Stage 3 (Non-performing or Credit-impaired assets) includes financial assets that have objective evidence of impairment at the reporting date.

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

Criteria used for classification of assets are detailed below:

Stage 1 (12 months ECL)	Investments	No downgrade in external rating
Stage 2 (lifetime ECL)	Investments	Significant downgrade in the external rating
Stage 3 (lifetime ECL)	Investments	Bonds with default rating

Measurement of Expected Credit Loss

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

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

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

Exposure at default (EAD): EAD represents the expected exposure in the event of a default, taking into account the repayment of principal and interest from the balance sheet date to the default event. Stage wise EAD computation is as under.

- (i) For Stage 1 and 3, current outstanding is used as EAD.
- (ii) For Stage 2 accounts, the expected principals outstanding (as contracted) at the end of reporting period are used as EAD.

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

Computation of ECL is summarized as under.

Classification	ECL	ECL computation
Stage 1	12 Month ECL	1-year PD*LGD*Outstanding on computation Date
Stage 2	Lifetime ECL	Sum of discounted value of each year's ECL (ECL for each year would be product of forecasted PD, LGD and forecasted EAD at the end of each year)
Stage 3	Lifetime ECL	LGD*Outstanding on Computation Date

Presentation of allowance for ECL in the balance sheet

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



E. Write off

Debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

F. Offsetting

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

G. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and charges paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the ‘interest income’ line item.

H. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and for financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company’s senior management determines change in the business model as a result of external or internal changes which are significant to the Company’s operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Assets continue to be measured at fair value EIR is calculated based on the Fair value of the asset at the reclassification date.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.



2.6 Income tax

Income tax expense comprises of current tax and deferred tax.

A. Current tax:

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

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

B. Deferred tax:

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

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

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

Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Any changes in the deferred taxes due to a change in tax rates are recognized in the statement of Profit and Loss in the period of enactment of the change.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority.

C. Minimum Alternate Tax ('MAT') credit:

The Company has opted for lower Income Tax Rate as applicable u/s 115BAA of Income Tax Act, 1961 and accordingly provisions of MAT are not applicable to the Company.

2.7 Cash and bank balances

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

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

Statement of Cash Flow

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



2.8 Provisions and contingencies

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

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

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

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

2.9 Revenue recognition

A. Interest:

For all financial instruments measured at amortised cost and interest-bearing financial assets classified at FVTOCI, interest income or expense is recognised using the effective interest rate method from the day asset is recognised in the books of accounts.

For financial instruments measured at FVTPL, interest income is recognised at coupon rate from the day asset is recognised in the books of accounts.

Interest income on tax refunds is recognised on receipt basis.

B. Dividend income:

Dividend income from investments is recognised when the shareholder's rights to receive income have been established.

C. Income from derivative instruments:

Derivative instruments such as Equity and Index Futures and Options, Interest Rate Swaps (IRS), Currency and Interest Rate Futures are considered as trading derivatives and hence the open positions are marked to market on daily basis and net gains/losses, are recognised to profit and loss account.

Income from derivative instruments represents the net profit or loss on settled/expired positions in equity index and stock futures and options after adjusting for brokerage and other transaction costs.

D. Treasury Bills, Commercial Papers, Certificate of Deposits, Zero-Coupon Bonds and STRIPS:

The difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as income. The same is included in the carrying amount of these securities and the aggregate amount is regarded as cost for the purpose of valuation of investment.

In case of discounted instruments, discount income represents the income accrued from the date of acquisition to the date of sale/maturity. Profit/Loss on sale of discounted instruments is the difference between the sale price and its carrying cost and is part of the trading income.

E. Expenses/Income under Repo transactions:

In line with the revised guidelines issued by the Reserve Bank of India (RBI), repo/reverse repo transactions are treated as borrowing and lending transactions. Further, in line with the RBI guidelines, the difference between the total consideration (clean price and the accrued interest) between the 1st and 2nd leg of the



repo and reverse repo transactions is accounted as Repo Expenditure or Repo Income, as the case may be, over the period of the contract.

F. Triparty Repo (TREPS):

Transactions for borrowing and lending under TREPS are accounted for at their discounted values. The difference paid or received on redemption is treated as discount paid on TREPS in case of borrowing and discount earned on TREPS in case of lending. The difference between the discounted value on the borrowing date or the lending date, as the case may be, and the redemption value of the instrument, outstanding on the Balance Sheet date is apportioned on the time basis and recognized as expense or income respectively under the head "Interest/discount income or expenses". The same is included in the carrying amount of the borrowing or lending.

G. Underwriting commission/fees:

Underwriting commission/fee earned in respect of successful bids to the extent apportionable to the cost of securities purchased through auction is reduced from the cost of securities and the remaining amount is reckoned as income.

H. Cost of acquisition of securities includes brokerage and Securities Transaction Tax (STT), wherever applicable paid towards the transaction. At the time of sale of securities, brokerage and STT are reduced from consideration received.

Profit/Loss from trading in Equities and equity exchange traded derivatives is recognised on the basis of fair value on trade dates. Profit/Loss from trading in Government Securities, Corporate Bonds is recognised on the basis of fair value on settlement dates. Profit / (loss) is recorded on the trades entered into before reporting date and settled after reporting date.

2.10 Borrowing cost

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

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

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

2.11 Employee benefits

A. Short-term employee benefits:

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

B. Long-term employee benefits:

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

Long-term employee benefit primarily consists of leave encashment benefits wherein employees are entitled to accumulate leave subject to certain limits for future encashment/availment. Long-term compensated absences are provided for on the basis of an actuarial valuation at the end of each financial year using



Projected Unit Credit (PUC) Method. Actuarial gains/losses, if any, are recognised immediately in the statement of Profit and Loss.

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

C. Post-employment and termination benefits:

Defined contribution plan (Provident Fund):

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

Defined benefit obligation (Gratuity):

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

Defined benefit costs are categorised as follows:

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

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

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

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

2.12 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

Company assess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed (also known as modification).

**As a lessee**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116.

At the commencement date, Company recognises a right-of-use asset at cost and a lease liability at present value of the lease payments that are not paid at commencement date. The lease payments are discounted using appropriate interest rate on periodic basis.

Right of use asset is depreciated over lease term and lease liability is reduced as payments are made and an imputed finance cost on lease liability is recognised in statement of profit and loss.

If a lease, at the commencement date, has a lease term of 12 months or less, it is treated as short term lease.

Lease payments associated with short term leases are treated as an expense on systematic basis.

2.13 Earnings per share

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

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

2.14 Dividend distribution to equity share holders of the Company

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 3: Cash and cash equivalents

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	0.05	0.05
Balances with bank*	879.26	65.09
Total	879.31	65.14

*As at March 31, 2024, balance of ₹667.00 lakh (Nil as at March 31, 2023) is kept as ASBA deposit for IPO application.

Note- 4: Bank balances other than cash and cash equivalents

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed deposit with bank* (includes interest accrued but not due)	14,369.69	22.08
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	1,200.00	200.00
Total	15,569.69	222.08

*As at March 31, 2024, FDs of ₹21.75 lakh (as at March 31, 2023 ₹21.75 lakh) have been lien marked in favour of stock exchanges for base minimum capital requirement in currency derivatives segment and FDs of ₹14338.76 lakh are kept as ASBA FD with banks for IPO application.

Interest accrued on FDs as at March 31, 2024 is ₹9.18 lakh (as at March 31, 2023 ₹0.33 lakh)

Note- 5: Derivative financial instruments

₹ in lakh

Particulars	As at March 31, 2024			As at March 31, 2023		
	Notional amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional amounts*	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives	-	-	-	-	-	-
(ii) Interest rate derivatives						
Interest rate swaps	3,878,598.90	86,081.07	86,782.00	3,249,394.04	76,529.54	77,980.48
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives	-	-	-	-	-	-
Total	3,878,598.90	86,081.07	86,782.00	3,249,394.04	76,529.54	77,980.48

* Notional amount for IRS represents both assets and liabilities.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 6: Trade receivables

₹ in lakh

Particulars		As at March 31, 2024	As at March 31, 2023
	<u>Un-Secured</u>		
(i)	Undisputed trade receivables considered good		
	Not due	50.27	1.20
	Less than 6 months	-	-
	6 months - 1 year	-	-
	1-2 years	-	-
	2-3 years	-	-
	More than 3 years	-	-
(ii)	Undisputed trade receivables – which have significant increase in credit risk		
	Less than 6 months	-	-
	6 months - 1 year	-	-
	1-2 years	-	-
	2-3 years	-	-
	More than 3 years	-	-
(iii)	Undisputed trade receivables – credit impaired		
	Less than 6 months	-	-
	6 months - 1 year	-	-
	1-2 years	-	-
	2-3 years	-	-
	More than 3 years	-	-
(iv)	Disputed trade receivables—considered good		
	Less than 6 months	-	-
	6 months - 1 year	-	-
	1-2 years	-	-
	2-3 years	-	-
	More than 3 years	-	-
(v)	Disputed trade receivables – which have significant increase in credit risk		
	Less than 6 months	-	-
	6 months - 1 year	-	-
	1-2 years	-	-
	2-3 years	-	-
	More than 3 years	-	-
(vi)	Disputed trade receivables – credit impaired		
	Less than 6 months	-	-
	6 months - 1 year	-	-
	1-2 years	-	-
	2-3 years	-	-
	More than 3 years	-	-
	Total	50.27	1.20



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 7: Other receivables

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
Other receivables	55.62	36.47
Total	55.62	36.47

Note- 8: Loans (at amortised cost)

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
Secured (secured by collateral of G-Sec and T-Bill)		
Lending under TREPS	10,458.11	-
Unsecured		
SDF lending	1,100.00	
Accrued interest on SDF lending	0.38	
Total Gross	11,558.49	-
Less : Impairment loss allowance	-	-
Total Net	11,558.49	-
(i) Loans in India	11,558.49	-
(ii) Loans outside India	-	-

Note- 9: Investments*

₹ in lakh

Particulars	As at March 31, 2024						Total
	Amortised cost	At Fair Value				Others	
		Through other comprehensive income	Through profit and loss account**	Designated at fair value through profit and loss account	Subtotal		
	1	2	3	4	(5=2+3+4)	6	(7=1+5+6)
Investments							
G-Sec, SDL and T-Bill (i)	247,580.43	-	969,449.08	-	969,449.08	-	1,217,029.51
Cost	243,735.90	-	955,527.57	-	955,527.57	-	1,199,263.47
Accrued interest	3,844.53	-	13,921.51	-	13,921.51	-	17,766.04
Other approved securities (ii)	-	-	4,188.20	-	4,188.20	-	4,188.20
Cost	-	-	4,129.20	-	4,129.20	-	4,129.20
Accrued interest	-	-	59.00	-	59.00	-	59.00
Debt securities (iii)	-	-	244,980.51	-	244,980.51	-	244,980.51
Cost	-	-	239,025.71	-	239,025.71	-	239,025.71
Accrued interest	-	-	5,954.80	-	5,954.80	-	5,954.80
Equity instruments (iv)	-	-	1,198.89	-	1,198.89	-	1,198.89
Quoted equity shares	-	-	1,198.89	-	1,198.89	-	1,198.89
I. Gross investments (i+ii+iii+iv)	247,580.43	-	1,219,816.68	-	1,219,816.68	-	1,467,397.11
(i) Overseas investments	-	-	-	-	-	-	-
(ii) Investments in India	247,580.43	-	1,219,816.68	-	1,219,816.68	-	1,467,397.11



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

₹ in lakh

Particulars	As at March 31, 2024						
	Amortised cost	At Fair Value				Others	Total
		Through other comprehensive income	Through profit and loss account**	Designated at fair value through profit and loss account	Subtotal		
	1	2	3	4	(5=2+3+4)	6	(7=1+5+6)
II. Gross Investments	247,580.43	-	1,219,816.68	-	1,219,816.68	-	1,467,397.11
Total investment (I)=(II)	247,580.43	-	1,219,816.68	-	1,219,816.68	-	1,467,397.11
III. Impairment loss allowance		-	-	-	-	-	-
IV. Net investments (I-III)	247,580.43	-	1,219,816.68	-	1,219,816.68	-	1,467,397.11

* Including accrued interest

** As per business model of the Company these investments are measured at FVTPL

Securities having face value of ₹11,97,531.00 lakh have been kept as collateral for various borrowings and settlement.

₹ in lakh

Particulars	As at March 31, 2023						
	Amortised cost	At Fair Value				Others	Total
		Through other comprehensive income	Through profit and loss account**	Designated at fair value through profit and loss account	Subtotal		
	1	2	3	4	(5=2+3+4)	6	(7=1+5+6)
Investments							
G-Sec, SDL and T-Bill (i)	260,020.38	-	1,108,800.10	-	1,108,800.10	-	1,368,820.48
Cost	256,183.99	-	1,098,579.62	-	1,098,579.62	-	1,354,763.61
Accrued interest	3,836.39	-	10,220.48	-	10,220.48	-	14,056.87
Other approved securities (ii)	-	-	2,801.31	-	2,801.31	-	2,801.31
Cost	-	-	2,781.50	-	2,781.50	-	2,781.50
Accrued interest	-	-	19.81	-	19.81	-	19.81
Debt securities (iii)	-	-	111,672.07	-	111,672.07	-	111,672.07
Cost	-	-	108,888.37	-	108,888.37	-	108,888.37
Accrued interest	-	-	2,783.70	-	2,783.70	-	2,783.70
Equity instruments (iv)	-	-	-	-	-	-	-
Quoted equity shares	-	-	-	-	-	-	-
I. Gross investments (i+ii+iii+iv)	260,020.38	-	1,223,273.48	-	1,223,273.48	-	1,483,293.86
(i) Overseas investments	-	-	-	-	-	-	-
(ii) Investments in India	260,020.38	-	1,223,273.48	-	1,223,273.48	-	1,483,293.86
II. Gross Investments	260,020.38	-	1,223,273.48	-	1,223,273.48	-	1,483,293.86
Total investment (I)=(II)	260,020.38	-	1,223,273.48	-	1,223,273.48	-	1,483,293.86
III. Impairment loss allowance		-	-	-	-	-	-
IV. Net investments (I-III)	260,020.38	-	1,223,273.48	-	1,223,273.48	-	1,483,293.86

* Including accrued interest

** As per business model of the Company these investments are measured at FVTPL

Securities having face value of ₹13,15,275.00 lakh have been kept as collateral for various borrowings and settlement.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 10: Other financial assets

Particulars	₹ in lakh	
	As at March 31, 2024	As at March 31, 2023
Security and other deposits	28.42	29.15
<u>Others</u>		
Profit booked on account of trade date accounting	43.13	-
Margin money with CCIL	4,500.00	3,445.00
Margin money with others	4.25	3.25
Total	4,575.80	3,477.40

Note- 11: Current tax assets/(liabilities)

Particulars	₹ in lakh	
	As at March 31, 2024	As at March 31, 2023
Current tax assets (net of tax provisions) /(liabilities) (net of advance tax and TDS)	648.03	95.84
Total	648.03	95.84

Note- 12: Deferred tax assets/(liabilities)

Particulars	₹ in lakh	
	As at March 31, 2024	As at March 31, 2023
<u>Deferred tax assets</u>		
Provisions (towards gratuity, leave encashment)	51.56	43.23
Lease liability	17.45	11.16
Provision for PLVP	237.00	55.67
Total (i)	306.01	110.06
<u>Deferred tax liabilities</u>		
Investments	(62.90)	(60.04)
Property, plant and equipment and Intangible assets	(218.79)	(210.81)
Right of use asset	(17.86)	(12.10)
Unrealised gain on fair valuation	(1,767.44)	-
Total (ii)	(2,066.99)	(282.95)
Total (i+ii)	(1,760.98)	(172.89)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 13: Property, Plant and Equipment and Intangible assets

As at March 31, 2024

₹ in lakh

Particular	Tangible Assets						Sub-total (I)	Right-of-Use Assets (II)	Intangible Assets Software and Licenses (III)	Grand Total - (I+II+III)
	Buildings	Computers	Office Equipments		Furniture & Fixtures	Vehicles				
			Air-Conditioners	Other Office Equipments						
Gross block										
Opening balance as at April 01, 2023	1,578.29	176.30	15.90	14.31	51.49	22.22	162.98	41.89	2,063.38	
Additions during the year	-	40.51	-	3.16	1.66	-	48.04	-	93.37	
Deletions/retirements during the year	-	1.79	-	-	-	-	82.26	-	84.05	
Balance as at March 31, 2024	1,578.29	215.02	15.90	17.47	53.15	22.22	128.76	41.89	2,072.70	
Depreciation and amortisation										
Opening balance as at April 01, 2023	177.37	119.01	10.92	7.38	45.78	0.81	114.91	40.39	516.57	
Depreciation charge for the year	29.63	26.75	0.87	2.58	0.87	2.78	25.11	1.27	89.86	
On disposals	-	1.79	-	-	-	-	82.26	-	84.05	
Balance as at March 31, 2024	207.00	143.97	11.79	9.96	46.65	3.59	57.76	41.66	522.38	
Net block as at March 31, 2024	1,371.29	71.05	4.11	7.51	6.50	18.63	71.00	0.23	1,550.32	

(i) Cost of building includes ₹ 0.05 lakh being the cost of shares held for membership of the Co-operative society.

(ii) Right-of-Use Assets is derived as per the requirement of Ind AS 116.

(iii) Title deeds of all immovable properties (except leased assets) are in the name of the Company.

(iv) There are no adjustments in Property, Plant and Equipment related to revaluation or business combinations.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 13: Property, Plant and Equipment and Intangible assets
As at March 31, 2023

₹ in lakh

Particular	Tangible Assets						Sub-total (I)	Right-of-Use Assets (II)	Intangible Assets Software and Licenses (III)	Grand Total - (I+II+III)
	Buildings	Office Equipments		Furniture & Fixtures	Vehicles	Computers				
		Air-Conditioners	Other Office Equipments							
Gross block										
Opening balance as at April 01, 2022	1,578.29	15.71	11.89	48.99	16.38	140.40	163.95	41.62	2,017.23	
Adjustment to opening gross block	-	0.19	0.37	2.50	(1.18)	6.57	-	-	8.45	
Additions during the year	-	-	2.23	-	22.22	42.39	-	0.27	67.11	
Deletions/retirements during the year	-	-	0.18	-	15.20	13.06	0.97	-	29.41	
Balance as at March 31, 2023	1,578.29	15.90	14.31	51.49	22.22	176.30	162.98	41.89	2,063.38	
Depreciation and amortisation										
Opening balance as at April 01, 2022	147.82	9.61	5.27	42.54	10.72	103.32	88.20	36.27	443.75	
Adjustment to opening accumulated depreciation	-	0.19	0.37	2.50	(1.18)	6.57	-	-	8.45	
Depreciation charge for the year	29.55	1.12	1.92	0.74	2.23	22.19	26.71	4.12	88.58	
On Disposals	-	-	0.18	-	10.96	13.07	-	-	24.21	
Balance as at March 31, 2023	177.37	10.92	7.38	45.78	0.81	119.01	114.91	40.39	516.57	
Net block as at March 31, 2023	1,400.92	4.98	6.93	5.71	21.41	57.29	48.07	1.50	1,546.81	

(i) Cost of building includes ₹ 0.05 lakh being the cost of shares held for membership of the Co-operative society.

(ii) Right-of-Use Assets is derived as per the requirement of Ind AS 116.

(iii) Title deeds of all immovable properties (except leased assets) are in the name of the Company.

(iv) There are no adjustments in Property, Plant and Equipment related to revaluation or business combinations.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 14: Other non-financial assets

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	73.59	74.93
Advance payment to supplier	9.71	8.04
GST input tax credit	229.93	126.31
Others	0.17	0.66
Total	313.40	209.94

Note- 15: Trade payables

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
(I) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises		
<u>Undisputed dues</u>		
Unbilled	-	-
Not due	-	0.82
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Disputed dues	-	-
Subtotal (i)	-	0.82
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
<u>Undisputed dues</u>		
Unbilled	87.53	1.66
Not due	-	-
Less than 1 year	-	89.91
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Disputed dues	-	-
Subtotal (ii)	87.53	91.57
Subtotal (i+ii)	87.53	92.39
(II) Other payables*		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	39.04	38.42
Subtotal (i+ii)	39.04	38.42
Total (I+II)	126.57	130.81

*The amount outstanding in other payables is unbilled.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 16: Borrowings at amortised cost (other than debt securities)

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
Secured (by collateral of G-Sec and T-Bill)		
(i) Tri-Party Repo (TREPS) Segment	94,856.81	149,822.68
Borrowing amount	94,784.02	149,766.13
Interest accrued	72.79	56.55
(of the above, ₹ Nil is guaranteed by directors and/or others)		
(ii) Borrowing under REPO	802,175.43	965,586.80
Borrowing amount	801,548.30	965,387.44
Interest accrued	627.13	199.36
(of the above, ₹ Nil is guaranteed by directors and/or others)		
(iii) Borrowing under LAF/Refinance from RBI	144,743.53	119,255.37
Borrowing amount	144,500.00	119,200.00
Interest accrued	243.53	55.37
(of the above, ₹ Nil is guaranteed by directors and/or others)		
Secured (by collateral of Corporate Bonds)		
(iv) Tri-Party Repo (TREPS) Segment	72,484.89	-
Borrowing Amount	72,424.46	-
Interest Accrued	60.43	-
(of the above, ₹ Nil is guaranteed by directors and/or others)		
Unsecured		
(i) Loans repayable on demand (Money at call/notice/term)	267,806.64	153,650.13
Borrowing amount	267,345.00	153,575.00
Interest accrued	461.64	75.13
from banks (repayable at call/short notice/term)		
Total	1,382,067.30	1,388,314.98
Borrowings in India*	1,382,067.30	1,388,314.98
Borrowings outside India*	-	-

Note :

(i) The debt coverage has been complied with.

(ii) All the borrowed funds have been utilised for the purpose for which it was taken.

* Including interest accrued on borrowings.

Terms of repayment	As at March 31, 2024		As at March 31, 2023	
	Maturity pattern	Interest rate	Maturity pattern	Interest rate
(i) Tri-Party Repo (TREPS) Segment	2 days	6.85%-7.06%	3 days	6.70%-7.20%
(ii) Borrowing under REPO	2 days	6.79%-7.30%	3 days	7.00%-8.00%
(iii) Borrowing under LAF/Refinance from RBI	2 to 81 days	6.50%-6.73%	5 to 75 days	6.50%
(iv) Tri-Party Repo (TREPS) Segment collateral by corporate bond	2 days	7.50%-7.65%	-	-
(v) Money at Call	-	-	3 days	6.50%-7.71%
(vi) Money at Notice	2 to 3 days	6.30%-7.75%	3 to 5 days	6.10%-7.25%
(vii) Money at Term	2 to 15 days	6.95%-7.55%	3 to 13 days	6.80%-7.05%



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 17: Deposits at amortised cost*

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits - Unsecured		
Public deposits		
From banks		
From others (Inter corporate deposits)	19,222.24	19,234.10
Interest accrued on inter corporate deposit	162.64	139.13
Total	19,384.88	19,373.23

* Includes interest accrued on deposits.

(of the above, ₹ Nil is guaranteed by directors and/or others)

Terms of repayment	As at March 31, 2024	As at March 31, 2023
Maturity pattern	2 to 79 days	3 to 73 days
Interest rate	6.75%-7.08%	6.36%-8.04%

- The Company has not defaulted in repayment of deposit and interest during the year.

Note- 18: Lease liability

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liability	69.35	44.32
Total	69.35	44.32

Note- 19: Other financial liabilities

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
PLVP*	41.58	221.21
Loss booked on account of trade date accounting	-	8.02
Salary Payable	0.66	-
Total	42.24	229.23

* Balance as on March 31, 2024 represents remaining tranches of PLVP for FY2021-22 payable in next year.

Note- 20: Provisions

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
<u>Provision for employee benefits</u>		
Performance linked variable pay	900.00	0.07
Statutory bonus	0.14	-
Gratuity and leave encashment	204.86	171.70
Total	1,105.00	171.77



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 21: Other non-financial liabilities

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues	69.71	62.09
Total	69.71	62.09

Note- 22: Equity Share Capital

₹ in lakh

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
30,00,00,000 Equity shares of ₹10/-each	30,000.00	30,000.00
	30,000.00	30,000.00
Issued, subscribed, and fully paid up		
Equity Share Capital		
15,00,00,000 Equity shares of ₹10/- each fully paid up	15,000.00	15,000.00
Total	15,000.00	15,000.00

Note- 22.1: Reconciliation of the number of shares outstanding

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number	₹ in lakh	Number	₹ in lakh
Shares outstanding at the beginning of the year	150,000,000	15,000	150,000,000	15,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	150,000,000	15,000	150,000,000	15,000

Note- 22.2: Details of aggregate shareholding by holding company, subsidiary of holding company or associate of holding company

Name of Shareholder	As at March 31, 2024	As at March 31, 2023
	No. of shares	No. of shares
STCI Finance Limited (Holding Company)*	150,000,000	150,000,000

* Includes 6 shares held by nominees

Note- 22.3: Terms and rights attached to equity shares

Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of ₹10/- each. In the event of liquidation by the Company, the shareholder of equity share will be entitled to receive remaining assets of the Company after distribution of all the preferential amount. Distribution will be in proportion number of equity shares held by each shareholder.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note- 22.4: Shareholders holding more than 5 per cent of equity shares of the Company are as under

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of shares held	per cent of Holding	No. of shares held	per cent of Holding
STCI Finance Limited (Holding Company)*	150,000,000	100%	150,000,000	100%

* Includes 6 shares held by nominees

Note- 22.5: Shareholding of promoters

Shares held by promoters at the end of the year

S. No	Promoter name	No. of shares
1	STCI Finance Limited (Holding Company)*	150,000,000
Total		150,000,000

* Includes 6 shares held by nominees

Note- 23.1 Other equity

Particulars	₹ in lakh	
	As at March 31, 2024	As at March 31, 2023
General Reserve	2,083.20	105.94
Retained Earnings	46,343.56	33,999.06
Other comprehensive income :		
Debt instruments through other comprehensive income	-	-
Remeasurements of the net defined benefit plans	(14.23)	(10.55)
Other reserves:		
Statutory Reserve	26,731.92	22,777.40
Capital Redemption Reserve	5,000.00	5,000.00
Reserve and Surplus HTM - CGS	2,126.63	2,126.63
Total	82,271.08	63,998.48

Note- 23.2 Nature and purpose of Reserves

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

- General reserve : Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount of ₹105.94 lakh previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013. W.e.f. FY2023-24, the financial year in which the Company earns a net profit (after tax) of ₹8,000.00 lakh or higher, the Company transfers an amount equal to 10 per cent of its net profit (after tax) earned during the year to the general reserve, before declaration of dividend.
- Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.
- Statutory Reserve is created as per section 45-IC of the RBI Act, 1934 by transferring therein a sum not less than 20 per cent of its net profit every year and forms part of free reserves, Net owned funds and Tier I capital.
- Capital Redemption Reserve is created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of the Company's own shares in accordance with section 69 of the Companies Act, 2013.
- Reserve and Surplus HTM - CGS represents profit transferred to such reserve as per RBI guidelines on disposal of instruments classified under HTM category.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-24: Interest income

(₹ in lakh)

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	On financial assets measured at fair value through profit or loss	Total	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	On financial assets measured at fair value through profit or loss	Total
Interest income on loans	-	61.69	-	61.69	-	49.94	-	49.94
Interest income from investments	-	16,068.43	87,023.45	103,091.88	-	15,356.54	68,938.23	84,294.77
Interest on deposits with banks	-	747.31	-	747.31	-	130.96	-	130.96
Other interest income	-	201.10	-	201.10	-	144.77	-	144.77
Total	-	17,078.53	87,023.45	104,101.98	-	15,682.21	68,938.23	84,620.44

Note-25: Dividend income

(₹ in lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Dividend received on Equity Shares	0.74	-
Total	0.74	-

Note-26: Fees and commission income

(₹ in lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Underwriting commission income	80.52	141.18
Arranger fee/ incentive income	87.75	-
Other fee income	2.08	2.71
Total	170.35	143.89

Note-27: Trading profit/(loss) on investments

(₹ in lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
G-Sec	2,528.60	(2,734.23)
SDL	6,308.96	5,415.29
STRIPS	6.31	(91.90)
GOI Special Securities	(15.14)	32.00
T-Bill	(106.45)	(6,093.50)
Corporate bonds	1,137.10	(20.02)
Certificate of Deposits	8.45	(400.24)
Equity Shares	4,205.71	457.49
Equity Futures and Options	(27.88)	(58.87)
Interest Rate Swaps	(131.07)	(1,405.01)
Total	13,914.59	(4,898.99)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-27: Trading profit/(loss) on investments (Contd.)

		(₹ in lakh)	
	Trading Profit/(Loss) on securities	For the year ended March 31, 2024	For the year ended March 31, 2023
(i)	G-Sec	2,528.60	(2,734.23)
	Sales (net of brokerage)	23,238,815.20	12,632,722.58
	Add : Stock on hand as at the end of the year	552,535.41	479,036.11
	Less : (i) Purchases	(23,305,711.22)	(12,818,473.32)
	(ii) Stock on hand as at the beginning of the year	(479,036.11)	(300,938.27)
	Add/Less : Net impact of gain/(loss) on trade date basis	48.02	(7.31)
	Current year fair value gain/(loss)	(4,122.70)	(606.35)
	Reversal of fair Value (gain)/loss of previous year	-	5,532.33
(ii)	SDL	6,308.96	5,415.29
	Sales (net of brokerage)	3,543,156.38	3,505,506.23
	Add : Stock on hand as at the end of the year	347,100.28	174,084.67
	Less : (i) Purchases	(3,708,183.20)	(3,630,209.56)
	(ii) Stock on hand as at the beginning of the year	(174,084.67)	(44,732.63)
	Add/Less : Net impact of gain/(loss) on trade date basis	1.14	(11.40)
	Current year fair value gain/(loss)	(1,680.97)	507.67
	Reversal of fair Value (gain)/loss of previous year	-	270.31
(iii)	STRIPS	6.31	(91.90)
	Sales (net of brokerage)	26,394.95	10,874.15
	Add : Stock on hand as at the end of the year	1,129.13	7,616.73
	Less : (i) Purchases	(19,258.30)	(12,538.86)
	(ii) Stock on hand as at the beginning of the year	(7,616.73)	(5,567.12)
	(iii) Discount Income on STRIPS	(641.17)	(490.46)
	Current year fair value gain/(loss)	(1.57)	25.38
	Reversal of fair Value (gain)/loss of previous year	-	(11.72)
(iv)	GOI Special Securities	(15.14)	32.00
	Sales (net of brokerage)	4,673.57	11,841.45
	Add : Stock on hand as at the end of the year	4,129.20	2,781.50
	Less : (i) Purchases	(6,036.68)	(14,575.19)
	(ii) Stock on hand as at the beginning of the year	(2,781.50)	-
	Add/Less : Net impact of gain/(loss) on trade date basis	-	(3.18)
	Current year fair value gain/(loss)	0.27	(12.58)
(v)	T-Bill	(106.45)	(6,093.50)
	Sales (net of brokerage)	5,109,110.27	5,465,935.55
	Add : Stock on hand as at the end of the year	54,762.75	437,842.11
	Less : (i) Purchases	(4,714,550.25)	(5,101,996.58)
	(ii) Stock on hand as at the beginning of the year	(437,842.11)	(785,116.25)
	(iii) Discount Income on Treasury bills	(11,560.85)	(23,058.13)
	Add/Less : Net impact of gain/(loss) on trade date basis	2.00	1.48
	Current year fair value gain/(loss)	(28.26)	81.27
	Reversal of fair Value (gain)/loss of previous year	-	217.05



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

		(₹ in lakh)	
	Trading Profit/(Loss) on securities	For the year ended March 31, 2024	For the year ended March 31, 2023
(vi)	Corporate Bond	1,137.10	(20.02)
	Sales (net of brokerage)	316,840.14	201,228.25
	Add : Stock on hand as at the end of the year	225,910.39	85,332.98
	Less : (i) Purchases	(455,119.79)	(223,111.87)
	(ii) Stock on hand as at the beginning of the year	(85,332.98)	(64,601.30)
	Current year fair value gain/(loss)	(1,160.66)	1,089.07
	Reversal of fair Value (gain)/loss of previous year	-	42.85
(vii)	Certificate of Deposit	8.45	(400.24)
	Sales (net of brokerage)	47,672.57	79,121.03
	Add : Stock on hand as at the end of the year	-	23,555.39
	Less : (i) Purchases	(23,410.50)	(102,066.03)
	(ii) Stock on hand as at the beginning of the year	(23,555.39)	-
	(iii) Discount Income on Certificate of Deposit	(698.23)	(974.38)
	Add/Less : Net impact of gain/(loss) on trade date basis	-	-
	Current year fair value gain/(loss)	-	(36.25)
(viii)	Equity Shares	4,205.71	457.49
	Sales (net of brokerage)	19,702.68	2,192.63
	Add : Stock on hand as at the end of the year	1,198.89	-
	Less : (i) Purchases	(16,656.93)	(1,735.14)
	(ii) Stock on hand as at the beginning of the year	-	-
	Add/less: Current year fair value gain/(loss)	(38.93)	-
(ix)	Equity Futures and Options	(27.88)	(58.87)
	Profit and Loss including MTM on Equity futures and options	(27.88)	(58.87)
(x)	Interest Rate Swap	(131.07)	(1,405.01)
	Profit and Loss including MTM on IRS	(131.07)	(1,405.01)
(xi)	Commercial Papers	(0.00)	-
	Sales (net of brokerage)	10,000.00	-
	Add : Stock on hand as at the end of the year	9,304.07	-
	Less : (i) Purchases	(19,209.74)	-
	(ii) Stock on hand as at the beginning of the year	-	-
	(iii) Discount Income on Commercial Papers	(94.33)	-
	Add/less: Current year fair value gain/(loss)	-	-
(xii)	Zero Coupon Bonds	(0.00)	-
	Sales (net of brokerage)	7,500.00	-
	Add : Stock on hand as at the end of the year	3,811.25	-
	Less : (i) Purchases	(11,102.28)	-
	(ii) Stock on hand as at the beginning of the year	-	-
	(iii) Discount income on zero coupon bond	(219.24)	-
	Add/less: Current year fair value gain/(loss)	10.27	-
	Total	13,914.59	(4,898.99)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-28: Net gain/(loss) on fair value changes

(₹ in lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net gain/(loss) on financial instruments at fair value through profit and loss		
On trading portfolio		
- Investments	7,022.55	(1,040.67)
- Derivatives	26.26	(0.07)
Total	7,048.81	(1,040.74)
Fair value changes:		
- Realised	-	-
- Unrealised	7,048.81	(1,040.74)
Total	7,048.81	(1,040.74)

Note-29: Other income

(₹ in lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit on sale of Property, Plant and Equipment	0.03	3.35
Other income	35.51	21.21
Total	35.54	24.56

Note-30: Finance costs (at amortised cost)

(₹ in lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on deposits	1,326.32	1,099.20
Interest on borrowings	92,922.20	69,905.49
Intraday liquidity charges	142.96	149.40
Other interest expenses	4.48	2.94
Total	94,395.96	71,157.03

Note-31: Transaction and settlement charges

(₹ in lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
CCIL charges	1,032.77	770.75
Transaction and custody charges	12.88	9.27
Total	1,045.65	780.02



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note-32: Employee benefit expenses

(₹ in lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages	2,074.66	943.83
Gratuity	8.67	8.39
Contribution to provident and other funds	57.87	51.08
Staff welfare expenses	63.85	24.85
Total	2,205.05	1,028.15

Note-33: Other expenses

(₹ in lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Electricity charges	20.58	21.85
Rates and taxes	1.40	1.53
Repairs and maintenance	109.98	95.71
Communication cost	43.55	41.46
Printing and stationery	11.41	11.47
CSR expenditure	384.30	530.83
Director's sitting fee	42.51	56.90
Auditor's remuneration*	18.00	16.00
Legal, Professional and Consultancy charges	75.14	57.56
Insurance	39.53	33.31
Information services	127.09	117.42
Business development expenses	4.23	26.65
GST ITC (written off)	8.63	3.87
Office and other admin expenses	80.55	75.82
Conveyance expenses	3.39	3.04
Total	970.29	1,093.42

*Note : Auditors remuneration

(₹ in lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Statutory audit fee	9.00	8.00
Limited review fee	2.50	1.75
Tax audit fee	2.00	2.00
Certification and other services	4.00	4.00
Out of pocket expenses	0.50	0.25
Total	18.00	16.00



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note : 34

Provisions, Contingent Liabilities and Contingent assets:

Provisions:

(₹ in lakh)

Particulars	PLVP*	
	FY2023-24	FY2022-23
Carrying amount at the beginning of the year	0.07	225.00
Provision made during the year	900.14	0.07
Amount paid/transferred during the year	(0.07)	(192.30)
Amount written back during the year	-	(32.70)
Carrying amount at the end of the year	900.14	0.07

*Performance Linked Variable Pay – The Company pays PLVP to its employees on the basis of their performance. The provision made by the Company is approved by the Board of Directors in line with the Board approved PLVP Policy. In case the amount or portion thereof is unapproved, or the employee leaves the Company before the payment of the PLVP, then such amount is reversed in current year.

During the FY2023-24, the Company has made provision of ₹900.00 lakh towards PLVP and ₹0.14 lakh towards statutory bonus payable as per Payment of Bonus Act, 1965. The amount paid during the year FY2023-24 refers to the amount of statutory bonus paid for the FY2022-23 of ₹0.07 lakh.

Note: 35

Maturity analysis of assets and liabilities:

(₹ in lakh)

Particulars	As at March 31, 2024		
	Within 12 months	After 12 months	Total
Assets			
Financial Assets			
Cash and cash equivalents	879.31	-	879.31
Bank balances other than cash and cash equivalents	15,569.69	-	15,569.69
Derivative financial instruments	34,070.25	52,010.82	86,081.07
Receivables	105.89	-	105.89
Loans	11,558.49	-	11,558.49
Investments	1,273,646.54	193,750.57	1,467,397.11
Other financial assets	4,547.38	28.42	4,575.80
Non-financial Assets			
Current tax assets (net)	648.03	-	648.03
Property, plant and equipment	-	1,479.09	1,479.09
Right of Use asset	-	71.00	71.00
Other intangible assets	-	0.23	0.23
Other non-financial assets	83.47	229.93	313.40
Total Assets (A)	1,341,109.05	247,570.06	1,588,679.11
Liabilities			
Financial Liabilities			
Derivative financial instruments	34,392.86	52,389.14	86,782.00



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

Particulars	As at March 31, 2024		
	Within 12 months	After 12 months	Total
Assets			
Payables			
(i) Trade payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	87.53	-	87.53
(ii) Other payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	39.04	-	39.04
Borrowings (other than debt securities)	1,382,067.30	-	1,382,067.30
Deposits	19,384.88	-	19,384.88
Lease liability	49.64	19.71	69.35
Other financial liabilities	42.24	-	42.24
Non-Financial Liabilities			
Provisions	588.16	516.85	1,105.00
Deferred tax liabilities (net)	-	1,760.98	1,760.98
Other non-financial liabilities	69.71	-	69.71
Total liabilities (B)	1,436,721.36	54,686.68	1,491,408.03
Net (A-B)	(95,612.30)	192,883.39	97,271.08

(₹ in lakh)

Particulars	As at March 31, 2023		
	Within 12 months	After 12 months	Total
Assets			
Financial Assets			
Cash and cash equivalents	65.14	-	65.14
Bank balances other than cash and cash equivalents	222.08	-	222.08
Derivative financial instruments	48,227.01	28,302.53	76,529.54
Receivables	37.67	-	37.67
Loans	-	-	-
Investments	1,237,635.56	245,658.30	1,483,293.86
Other financial assets	3,455.40	22.00	3,477.40
Non-financial Assets			
Current tax assets (net)	95.84	-	95.84
Property, plant and equipment	-	1,497.24	1,497.24
Right of Use asset	-	48.07	48.07
Other intangible assets	-	1.50	1.50
Other non-financial assets	209.94	-	209.94
Total Assets (A)	1,289,948.64	275,529.64	1,565,478.28



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

Particulars	As at March 31, 2023		
	Within 12 months	After 12 months	Total
Assets			
Liabilities			
Financial Liabilities			
Derivative financial instruments	48,450.36	29,530.12	77,980.48
Payables			
(i) Trade payables			
total outstanding dues of micro enterprises and small enterprises	0.82	-	0.82
total outstanding dues of creditors other than micro enterprises and small enterprises	91.57	-	91.57
(ii) Other payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	38.42	-	38.42
Borrowings (other than debt securities)	1,388,314.98	-	1,388,314.98
Deposits	19,373.23	-	19,373.23
Lease liability	20.32	24.00	44.32
Other financial liabilities	187.65	41.58	229.23
Non-Financial Liabilities			
Provisions	24.33	147.44	171.77
Deferred tax liabilities (net)	-	172.89	172.89
Other non-financial liabilities	62.09	-	62.09
Total liabilities (B)	1,456,563.77	29,916.03	1,486,479.80
Net (A-B)	(166,615.13)	245,613.61	78,998.48

Note: 36

Change in liabilities arising from financing activities:

(₹ in lakh)

Particulars	As at April 01, 2023	Cash flows*	Changes in fair values	Exchange differences	As at March 31, 2024
Borrowings other than debt securities	1,388,314.98	(6,247.68)	-	-	1,382,067.30
Deposits	19,373.23	11.65	-	-	19,384.88
Total liabilities from financing activities	1,407,688.21	(6,236.03)	-	-	1,401,452.18

(₹ in lakh)

Particulars	As at April 01, 2022	Cash flows*	Changes in fair values	Exchange differences	As at March 31, 2023
Borrowings other than debt securities	1,269,123.61	119,191.37	-	-	1,388,314.98
Deposits	19,155.34	217.89	-	-	19,373.23
Total liabilities from financing activities	1,288,278.95	119,409.26	-	-	1,407,688.21

*Cash flows also include interest accrued but not due on borrowings.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 37

Related Party disclosures:

a. List of related parties:

i. Enterprises that directly or indirectly through one or more intermediaries control or controlled by or are under common control with the reporting enterprise:

Name of the Related Party	Relation
STCI Finance Limited	Parent Company holding 100 per cent of share capital in the Company
STCI Commodities Limited	Wholly owned Subsidiary of STCI Finance Limited
Bank of India	By virtue of its shareholding in Parent Company in excess of 20 per cent
BOI Employees Pension Fund	Entity is post-employment benefit plan for employees of Bank of India
BOI Merchant Bankers Limited	Subsidiary of Bank of India Limited

ii. Key managerial personnel and relatives of such personnel:

Mr. Prasanna Patankar	Managing Director
Mr. Kalpesh Mody	Chief Financial Officer and Company Secretary
Ms. Varda Pendse	Director
Mr. T. V.Rao	Director
Mr. Pradeep Madhav	Director
Mr. Prakash Vartak	Director
Mr. V. Narayanamurthy	Director
Mr. Sasidharan Mangalamkat	Director
Mr. R Venkataramani	Director (upto September 04, 2023)

b. Details of Related party transactions during the year:

(₹ in lakh)

Related Party and Nature of Transaction	FY2023-24	FY2022-23
1. STCI Finance Limited		
Purchase of securities	-	-
Sale of securities	-	-
CCIL charges (received)	2.02	2.70
Reimbursement of expenses (paid)	11.45	10.58
Reimbursement of expenses (received)	-	0.14
Rent paid	4.85	4.61
Sitting fees paid	6.00	5.80
Dividend paid	1,500.00	2,100.00
Other fee income received	2.02	2.69
2. Bank of India		
Purchase of securities	7,608.66	-
Sale of securities	-	97,528.63
Sitting fees paid	1.50	4.00
IDL charges paid	35.00	40.00



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

Related Party and Nature of Transaction	FY2023-24	FY2022-23
IDL borrowings (CY ₹200 crore for 239 days, PY ₹200 crore for 244 days)	4,780,000.00	4,880,000.00
3. Bank of India Employees Pension Fund		
Sale of securities	7,002.64	-
4. BOI Merchant Bankers Limited		
Arranger fee received	10.50	-
KMP (Directors)		
Sitting fees paid*	31.50	42.40

*Sitting Fee excludes sitting fees paid to STCI Finance Limited and Bank of India which has been shown separately. Sitting fees of Mr. V. Narayanamurthy being paid to STCI Finance Ltd. and sitting fees for Mr. Sasidharan Mangalamkat being paid to Bank of India and accordingly reported.

There are no transactions with other group companies during the year.

Key managerial personnel compensation*

(₹ in lakh)

Particular	FY2023-24	FY2022-23
Short-term employee benefits	233.78	258.77
Post-employment benefits	-	-
Other long-term benefits	-	-
Other	-	-
Total	233.78	258.77

*Includes Performance Linked Variable Pay (PLVP) for the said financial year and deferred installment of PLVP pertaining to the earlier financial years.

Performance Linked Variable Pay (PLVP), if any, to be paid for the financial year is paid based on the individual's performance and the Company's performance and as per the Board approved PLVP policy.

All related party transactions were made on terms equivalent to those that would otherwise prevail in an arm's length transaction provided that such terms can be substantiated.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 37 ...Continued

c. Related Party Disclosure summary (In terms of RBI Master Direction No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023):

Related party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint Ventures		Directors		Relatives of Directors		Key Management Personnel (Other than Directors)		Relatives of Key Management Personnel (Other than Directors)		Others*		Total		
Items	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others*	1,526.34	2,126.52	-	-	-	-	31.50	42.40	-	-	233.78	258.77	-	4,794,658.30	4,977,572.63	4,796,449.92	4,980,000.32		

*The details of transactions with related party is provided in point no. b of Note: 37



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 38

Earning per share:

Particulars	FY2023-24	FY2022-23
Profit attributable to equity share holders of the Company for basic and diluted earnings per equity share (₹ in lakh)	19,776.28	3,426.99
Issued ordinary shares (No's)	150,000,000	150,000,000
Weighted average number of shares at the end of the period for basic and diluted EPS	150,000,000	150,000,000
Basic and diluted earnings per share (₹)	13.18	2.28

There has been no transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of finalisation of these financial statements which would require the restatement of EPS.

Note: 39

Disclosure as per Ind AS 116 - Leases:

Leases as a Lessee:

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

Effective April 01, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts that were previously identified as lease under Ind AS 17 and existing as on April 01, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate on the date of transition and the right of use asset at its carrying amount.

- i) The following is the detailed breakup of Right-of-use assets (by class of underlying assets) included in Property, plant and equipment.

FY2023-24

(₹ in lakh)

Particulars	Gross block				Depreciation				Net carrying amount
	As at April 01, 2023	Additions/ adjustment	Reclassifications / Deductions on account of conclusion	As at March 31, 2024	As at April 01, 2023	For the year	Reclassifications / Deductions on account of conclusion	Up to March 31, 2024	As at March 31, 2024
Buildings	162.98	48.04	- 82.26	293.28	114.91	25.11	- 82.26	222.28	71.00
Total	162.98	48.04	- 82.26	293.28	114.91	25.11	- 82.26	222.28	71.00



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

FY2022-23

(₹ in lakh)

Particulars	Gross block				Depreciation				Net carrying amount
	As at April 01, 2022	Additions/ adjustment	Reclassifications / Deductions on account of conclusion	As at March 31, 2023	As at April 01, 2022	For the year	Reclassifications / Deductions on account of conclusion	Up to March 31, 2023	As at March 31, 2023
Buildings	163.95	(0.97)	-	162.98	88.20	26.71	-	114.91	48.07
Total	163.95	(0.97)	-	162.98	88.20	26.71	-	114.91	48.07

ii) The following expenses have been charged to Statement of Profit and Loss during the year:

(₹ in lakh)

Particulars	FY2023-24	FY2022-23
Interest on lease liabilities	3.07	2.93
Depreciation on Right of use asset	25.11	26.71
Expenses relating to short term leases	-	-
Expenses relating to leases of low value items	-	-
Expenses relating to variable lease payments (not included in measurement of lease liabilities)	-	-
Total	28.18	29.64

iii) Total cash outflow for leases during FY2023-24 is ₹26.08 lakh (FY2022-23 is ₹26.21 lakh).

iv) Income from sub leasing of Right-of-use assets recognised in statement of profit and loss during FY2023-24 is Nil (FY2022-23 is Nil).

v) Maturity analysis of lease liabilities as per Ind AS 116 Leases:

(₹ in lakh)

As at March 31, 2024	Contractual cash flows				
	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
Cash outflows	9.66	10.06	46.67	2.96	69.35

(₹ in lakh)

As at March 31, 2023	Contractual Cash Flows				
	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
Cash outflows	12.97	7.35	24.00	-	44.32



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

vi) The following is the movement in lease liabilities during the year:

(₹ in lakh)

Particulars	FY2023-24	FY2022-23
Balance at the beginning of the year	44.32	67.60
Additions during the year	48.04	-
Finance cost charged during the year	3.07	2.93
Payment of lease liabilities during the year	(26.08)	(26.21)
Balance at the end of the year	69.35	44.32

Note: 40

Income Taxes:

i) Amounts recognized in the statement of Profit and Loss:

(₹ in lakh)

Particulars	FY2023-24	FY2022-23
Income tax expense:		
Current tax	5,195.97	1,221.63
Short/(excess) provision for tax for earlier years	3.62	99.04
Deferred tax - origination and reversal of temporary differences	1,589.33	(45.70)
Total	6,788.92	1,274.97

ii) Reconciliation of effective tax rate:

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

(₹ in lakh)

Particulars	FY2023-24	FY2022-23
Profit before income tax (A)	26,565.20	4,701.96
Enacted income tax rate in India	25.168%	25.168%
Computed expected tax expense	6,685.93	1,183.39
Effect of:		
Difference in depreciation as per books and as per Income tax	(8.29)	(9.24)
Non-deductible expenses	99.01	143.49
Provisions recorded during the period (net)	189.09	6.39
Tax effect on exempt income	-	-
Deduction		(79.62)
Effect of adjustment of fair value as per Ind AS	(1,767.44)	-
Effect of adjustments as per ICDS	(2.34)	(22.79)
Income Tax Payable	5,195.96	1,221.62
Short/(Excess) provision for tax for earlier years	3.62	99.05
Deferred tax - origination and reversal of temporary differences	1,589.33	(45.70)
Income Tax Expense (B)	6,788.91	1,274.97
Final Effective Income Tax Rate {(B/A)*100}	25.556%	27.116%



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

iii) Recognized deferred tax assets and liabilities:

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax asset:		
Provisions (towards gratuity, leave encashment)	51.56	43.23
Lease liability	17.45	11.16
Provision for PLVP	237.00	55.67
Total deferred tax asset	306.01	110.06
Deferred tax liability:		
Investments	62.90	60.04
Property, plant and equipment and Intangible assets	218.79	210.81
Right of use asset	17.86	12.10
Unrealised gain on fair valuation	1,767.44	-
Total deferred tax liability	2,066.99	282.95
Net deferred tax asset/(liability)	(1,760.98)	(172.89)

iv) Movement in temporary differences:

(₹ in lakh)

Particulars	FY2023-24	FY2022-23
Net deferred tax assets/(liabilities) at the beginning of the year (a)	(172.89)	(218.14)
Credit/(Charge) in the statement of Profit and Loss during the year (b)		
Investments	(2.86)	95.57
Property, plant and equipment and Intangible assets	(7.98)	(10.45)
Provisions (towards gratuity, leave encashment)	7.09	(32.40)
Provision for PLVP	181.33	(8.13)
Lease liability	6.29	(5.85)
Right of use asset	(5.76)	6.97
Current year losses	-	-
Unrealised gain on fair valuation	(1,767.44)	-
Total (b)	(1,589.33)	45.71
Credit/(Charge) in the other comprehensive income during the period (c)		
Provisions - employee benefits	1.24	(0.46)
Total (c)	1.24	(0.46)
MAT CREDIT (d)	-	-
Net deferred tax assets/(liabilities) at the end of the year (e) = (a) + (b) + (c) + (d)	(1,760.98)	(172.89)

v) Other tax assets and current tax liabilities:

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Current tax assets/(liabilities)	648.03	95.84



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 41

Employee Benefits:

Defined Contribution Plan:

The Company makes contributions towards provident fund, in respect of qualifying employees.

(₹ in lakh)

	Particulars	FY2023-24	FY2022-23
i	Employer's contribution to provident fund	55.11	48.63

(above figure does not include administrative charges of ₹2.75 lakh (PY ₹2.45 lakh))

Defined Benefit Plan:

i) Gratuity:

The Company operates a post employment benefit plan that provides for gratuity benefit to the employees of the Company. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive gratuity as per applicable law at the time of retirement/exit. The gratuity contribution is paid to Life Insurance Corporation of India (LIC) under Group Gratuity Scheme of LIC. The estimates of the future salary increases considered in actuarial valuation include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The following table summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

(₹ in lakh)

	Particulars	FY2023-24	FY2022-23
I.	Assumption		
	Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
	Interest/Discount rate	7.21%	7.42%
	Rate of increase in compensation	10% for first year and 5% thereafter	5.00%
	Rate of return (expected) on plan assets	7.21%	7.42%
	Employee attrition rate	Service based: Upto 5 years - 20% 5 to 10 years - 15% 10 to 20 years - 5% Above 20 years - 0%	Service based: Upto 5 years - 20% 5 to 10 years - 15% 10 to 20 years - 5% Above 20 years - 0%
	Expected average remaining service (years)	8.24	8.27
II.	Changes in present value of obligations		
	PVO at beginning of the year	110.34	102.74
	Interest cost	7.78	6.80
	Current Service Cost	9.55	8.95
	Past service cost (vested benefits)	-	-
	Benefits paid	(3.65)	(4.67)
	Actuarial (gain)/loss on obligation	5.40	(3.48)
	PVO at end of the year	129.42	110.34



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

Particulars	FY2023-24	FY2022-23
I. Assumption		
III. Changes in fair value of plan assets		
Fair value of plan assets at beginning of the year	122.26	110.81
Adjustment to opening balance	-	-
Return on plan assets excluding interest income	0.48	(1.66)
Interest income	8.66	7.36
Contributions by employer	14.30	10.42
Benefits paid	(3.65)	(4.67)
Fair value of plan assets at end of the year	142.05	122.26

Particulars	FY2023-24	FY2022-23
IV. Actuarial (gain)/loss on obligation		
Due to demographic assumption	-	-
Due to financial assumption	3.84	(4.08)
Due to experience	1.56	0.60
Total Actuarial (gain)/loss	5.40	(3.48)
V. Amounts recognized in the balance sheet		
PVO at end of the year	129.42	110.34
Fair value of plan assets at end of the year	142.05	122.26
Funded status	12.63	11.92
Net asset/(liability) recognized in the balance sheet	12.63	11.92
VI. Expenses recognized in the statement of Profit and Loss a/c		
Current service cost	9.55	8.95
Net interest	(0.88)	(0.56)
Past Service Cost (vested benefits)	-	-
Expenses recognized in the statement of Profit and Loss a/c	8.67	8.39
VII. Other comprehensive income (OCI)		
Actuarial (Gain)/Loss recognized for the year	5.40	(3.48)
Return on plan assets excluding net interest	(0.48)	1.66
Total actuarial (gain)/loss recognized in OCI	4.92	(1.82)

Experience Adjustment:

(₹ in lakh)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined benefit obligation (DBO)	129.42	110.34	102.74	93.51	88.18
Plan assets	142.05	122.26	110.81	96.99	89.95
Surplus/(Deficit)	12.63	11.92	8.07	3.48	1.77
Experience adjustment on plan assets	0.48	(1.66)	0.99	0.44	(0.44)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Sensitivity analysis:

Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 1 per cent as at March 31, 2024 is as below:

(₹ in lakh)

Change in actuarial assumption	PVDBO	
	March 31, 2024	March 31, 2023
+1% change in rate of Discounting	120.27	102.45
-1% change in rate of Discounting	139.82	119.32
+1% change in rate of Salary increase/inflation	135.43	115.37
-1% change in rate of Salary increase/inflation	123.71	105.52

The expected future cash flows as at March 31, 2024 are as follows:

(₹ in lakh)

Estimated benefit payments from the fund	March 31, 2024	March 31, 2023
Expected outgo in first year	11.74	11.07
Expected outgo in second year	14.17	9.74
Expected outgo in third year	9.10	12.13
Expected outgo in fourth year	7.34	7.38
Expected outgo in fifth year	14.55	5.53
Expected outgo six to ten years	56.24	58.32
Expected outgo above ten years	63.37	37.64
The weighted average duration of the payment of these cash flows is 8.24 years (FY2023-24 is 8.27 years)		

(₹ in lakh)

Nature of plan assets	March 31, 2024	March 31, 2023
Insurer managed funds	142.05	122.26
Others	-	-
Total	142.05	122.26

ii) Leave Encashment:

The Company has booked the provision of ₹62.10 lakh (PY ₹16.95 lakh) for the year ended March 31, 2024 for leave encashment on actuarial valuation basis.

(₹ in lakh)

Particulars	March 31, 2024	March 31, 2023
Net present value of plan asset of gratuity	(12.63)	(11.92)
Net present value of obligation of leave encashment	217.49	183.62
Provision for employee benefits	204.86	171.70



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 42

Financial Instruments:

i) Accounting classification and fair values:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Financial assets and financial liabilities measured at fair value: (₹ in lakh)

As at March 31, 2024	Carrying amount*			Fair value hierarchy		
	FVTPL	FVOCI	Total	Level 1	Level 2	Total
Financial Assets						
Investments in						
G-Sec	562,248.91	-	562,248.91	562,248.91	-	562,248.91
SDL	351,308.29	-	351,308.29	351,308.29	-	351,308.29
Special securities	4,188.20	-	4,188.20	4,188.20	-	4,188.20
T-Bill	54,762.75	-	54,762.75	38,201.87	16,560.88	54,762.75
STRIPS	1,129.13	-	1,129.13	1,129.13	-	1,129.13
Debentures/Bonds	231,865.19	-	231,865.19	201,891.98	29,973.21	231,865.19
Certificate of deposits	-	-	-	-	-	-
Commercial paper	9,304.07	-	9,304.07	9,304.07	-	9,304.07
Zero coupon bonds	3,811.25	-	3,811.25	3,811.25	-	3,811.25
Equity Shares	1,198.89	-	1,198.89	1,198.89	-	1,198.89
Derivative instrument						
Interest rate swap	86,081.07	-	86,081.07	-	86,081.07	86,081.07
Total	1,305,897.75	-	1,305,897.75	1,173,282.59	132,615.16	1,305,897.75
Financial liabilities						
Derivative instrument						-
Interest rate swap	86,782.00	-	86,782.00	-	86,782.00	86,782.00
Total	86,782.00	-	86,782.00	-	86,782.00	86,782.00

* Carrying amount include accrued interest.

Financial assets and financial liabilities measured at amortized cost: (₹ in lakh)

As at March 31, 2024	Amount
Financial Assets	
Cash and cash equivalents	879.31
Bank Balances other than cash and cash equivalents	15,569.69
Loans	11,558.49
Investments (including accrued interest)	247,580.43
Trade and other receivables	105.89
Other financial assets	4,575.80
Total	280,269.61
Financial liabilities	
Borrowings (including accrued interest)	1,382,067.30
Deposits (including accrued interest)	19,384.88
Trade and other payables	126.57
Lease Liability	69.35
Other financial liabilities	42.24
Total	1,401,690.34



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, loans, trade and other receivables, other financial assets, borrowings, deposits, trade and other payables and other financial liabilities are considered to be same as fair value. The fair value of Investment measured at Amortized cost is ₹2,40,243.21 lakh.

Financial assets and financial liabilities measured at fair value:

(₹ in lakh)

As at March 31, 2023	Carrying amount*			Fair value hierarchy		
	FVTPL	FVOCI	Total	Level 1	Level 2	Total
Financial Assets						
Investments in						
G-Sec	487,350.30	-	487,350.30	487,350.30	-	487,350.30
SDL	175,990.96	-	175,990.96	175,990.96	-	175,990.96
Special securities	2,801.31	-	2,801.31	2,801.31	-	2,801.31
T-Bill	437,842.11	-	437,842.11	309,167.52	128,674.59	437,842.11
STRIPS	7,616.73	-	7,616.73	7,616.73	-	7,616.73
Debentures/Bonds	88,116.68	-	88,116.68	83,083.76	5,032.92	88,116.68
Certificate of deposits	23,555.39	-	23,555.39	-	23,555.39	23,555.39
Zero coupon bonds	-	-	-	-	-	-
Equity Shares	-	-	-	-	-	-
Derivative instrument						
Interest rate swap	76,529.54	-	76,529.54	-	76,529.54	76,529.54
Total	1,299,803.02	-	1,299,803.02	1,066,010.58	233,792.44	1,299,803.02
Financial liabilities						
Derivative instrument						
Interest rate swap	77,980.48	-	77,980.48	-	77,980.48	77,980.48
Total	77,980.48	-	77,980.48	-	77,980.48	77,980.48

* Carrying amount include accrued interest.

Financial assets and financial liabilities measured at amortized cost:

(₹ in lakh)

As at March 31, 2023	Amount
Financial Assets	
Cash and cash equivalents	65.14
Bank Balances other than Cash and cash equivalents	222.08
Investments	260,020.38
Trade and other receivables	37.67
Other financial assets	3,477.40
Total	263,822.67
Financial liabilities	
Borrowings (including accrued interest)	1,388,314.98
Deposits (including accrued interest)	19,373.23
Trade and other payables	130.81
Lease liability	44.32
Other financial liabilities	229.23
Total	1,408,092.57

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, other financial assets, borrowings, deposits, trade and other payables and other financial liabilities are considered to be same as fair value. The fair value of Investment measured at amortized cost is ₹2,50,996.05 lakh.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

ii) Financial risk management:

Risk management framework:

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has adopted a Board approved Business Investment and Risk Policy which lays down risk parameters, processes and procedures for managing the risk arising from the Company's business operations. The Risk Management Committee of the Board oversees the Company's risk management framework, and its responsibilities include reviewing and recommending the Business Investment and Risk Policy to the Board for its approval and also reviewing compliance with the approved/statutory risk parameters, processes, procedures, etc. by means of regular risk management reports.

The Risk Management Department of the Company is an independent unit under the Chief Risk Officer, functionally reporting to the Risk Management Committee and is responsible for measurement and monitoring of risk limits within the risk management framework of the Company. The Chief Risk Officer is responsible for identification, measurement and monitoring adherence to prudential limits laid down in the Business Investment and Risk Policy and RBI regulatory limits and meets to the Risk Management Committee directly without the presence of the Managing Director on a quarterly basis.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk,
- Liquidity risk,
- Market risk and
- Settlement risk

A. Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables, cash and cash equivalents and other bank balances, derivatives and debt securities. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

a. Exposure in SLR securities:

SLR securities consisting of G-Sec, SDL, SPL and T-Bill have zero credit risk as they are sovereign securities. Further, all SLR securities trades are settled by the Clearing Corporation of India Ltd. which provides novation and thus guaranteed settlement in respect of all these instruments.

b. Exposure in non- SLR securities:

Various prudential guidelines are laid down in Business Investment and Risk Policy to manage and mitigate credit risk arising in respect of holding of non-SLR securities. External credit ratings form the basic qualifying criteria for investing in any individual reference credit. The debt issuers are classified based on their credit rating and exposure limits are also stipulated for each issuing company/entity. A credit scoring model is also used to analyse the credit quality of the individual reference credits which meet the threshold external rating. The Credit Evaluation Committee is responsible for evaluating credit quality of individual credit references in whose corporate debt securities the Company proposes to invest and approving the proposed investment. It is also responsible for monitoring the credit quality of existing corporate debt securities portfolio including rating migrations. Additionally, a defeasance/holding period has also been prescribed for corporate debt securities to mitigate risk arising from holding corporate debt securities.

c. Exposure in Interest Rate Swaps:

Interest rate swaps which are not in the IRS Guaranteed Settlement segment of CCIL give rise to bilateral credit risk. However, currently all the IRS deals are dealt in IRS Guaranteed Settlement segment of CCIL and thus the Company is not exposed to credit risk in respect of its transactions in Interest Rate Swaps.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

B. Liquidity risk:

The Company has an Asset Liability Management Committee (ALCO) which monitors various issues related to liquidity risk on the basis of ALM statements and decides on the strategy to address the same. The Company uses duration gap analysis to monitor the ALM interest rate risk. As a Primary Dealer, the Company has access to the RBI PDLs facility in case of tight liquidity conditions in the inter-bank money market.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements.

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

Maturity analysis of significant financial liabilities:

(₹ in lakh)

As at March 31 2024	Contractual cash flows				
	Total	Less than 6 months	6 months to 12 months	1 to 5 years	More than 5 years
Borrowings and deposits	1,401,452.18	1,401,452.18	-	-	-
Trade and other payables	126.57	126.57	-	-	-
Lease liability	69.35	9.66	10.06	46.67	2.96
Other financial liabilities	42.24	42.24	-	-	-

(₹ in lakh)

As at March 31 2023	Contractual cash flows				
	Total	Less Than 6 months	6 months to 12 months	1 to 5 years	More than 5 years
Borrowings and deposits	1,407,688.21	1,407,688.21	-	-	-
Trade and other payables	130.81	130.81	-	-	-
Lease liability	44.32	12.97	7.35	24.00	-
Other financial liabilities	229.23	187.65	-	41.58	-

C. Market risk:

The Company uses measures including Value-at-Risk (VaR), Modified Duration and PV01 to monitor interest rate risk of its fixed income portfolios. The Company calculates Value-at-Risk (VaR) to measure market risk on a daily basis for a 1 day holding period with 99 per cent confidence level using the Historical Simulation methodology based on a data set of last 250 days. The Company also back tests the results of its VaR model for validating the model by comparing the VaR number with both the hypothetical portfolio MTM change as well as actual change. Based on the back-testing results, the Company scales up the applied multiplication factor to adequately compensate for any observed loss of accuracy. The Company also carries out interest rate sensitivity analysis based on an assumed adverse parallel shift of 25/50/100 basis points in the yield curve.

a. Interest rate risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, or in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk:

The Company's interest rate risk arises primarily from investments. The interest rate profile of the Company's interest-bearing financial instruments is as follows.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed-rate instruments		
Financial assets - measured at amortised cost		
Investment in debt instruments	247,580.43	260,020.38
Financial assets - measured at FVTPL or FVOCI		
Investment in debt instruments	1,218,617.79	1,223,273.48
Total of fixed rate financial assets	1,466,198.22	1,483,293.86
Financial liabilities - measured at amortised cost		
Borrowings	1,382,067.30	1,388,314.98
Deposits (Inter corporate deposit)	19,384.88	19,373.23
Total of fixed rate financial liabilities	1,401,452.18	1,407,688.21

b. Fair value sensitivity analysis for fixed-rate instruments:

The Company has investments in fixed-rate financial assets such as investments in G-Sec, SDL, Corporate Bonds etc. Accordingly, an increase in 1 basis point in interest rates is likely to decrease the profit or loss (before tax) for the year ending March 31, 2024 by ₹373.64 lakh (March 31, 2023 ₹249.35 lakh) and an decrease in 1 basis point in interest rates is likely to increase the profit or loss (before tax) for the year ending March 31, 2024 by ₹373.64 lakh (March 31, 2023 ₹249.35 lakh).

D. Settlement Risk:

The Company is a member of CCIL and enjoys the benefits of guaranteed settlement of trades put through CCIL. Accordingly, the Company does not face settlement risk arising from the G-Sec, SDL, SPL and T-Bill outright and repo transactions. The settlement of all non-SLR securities transactions is done on DVP-I basis through the clearing houses attached with the exchanges namely, NSCCL (NSE) and ICCL (BSE) and this reduces the counterparty and settlement risk. In case of IRS transactions, the settlement risk is mitigated by the interest exchanges taking place through the Clearing Corporation of India Ltd. which carries out guaranteed settlement of IRS transactions. In case of equity market and interest rate transactions, the settlement risk is mitigated as settlement is taking place through the clearing houses of the respective exchanges which act as CCP.

Note: 43**Fair Value Measurement:****i) Valuation principles:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in note no. 44

ii) Valuation governance:

The Company's fair value methodology and the governance framework include a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The Company is required to follow valuation methodology for its assets and liabilities as prescribed by the Reserve Bank of India. All new products and their valuation methodologies are subject to approvals by the Risk Management Committee of the Board as well as the Board of Directors of the Company. The responsibility of on-going measurement resides with the Risk Management Department.

Once submitted, fair value estimates are also reviewed and independently verified by the Chief Risk Officer (CRO) and the independent price verification process for financial reporting is ultimately the responsibility of the CRO.

The Risk Management team works together with the Finance function's accounting policy team and is responsible for ensuring that the final reported fair value figures are in compliance with Ind AS and will propose adjustments as and when needed.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

iii) Assets and liabilities by fair value hierarchy:

All assets and liabilities are based on quoted (unadjusted) market prices/yields in active markets for identical assets or liabilities.

Note: 44

Valuation techniques:

Government dated securities: All Central Government dated securities are valued as per prices published by Financial Benchmarks India Private Limited (FBIL) as prescribed by Reserve Bank of India.

State Development Loans: All State Government securities are valued as per prices published by Financial Benchmarks India Private Limited (FBIL) as prescribed by Reserve Bank of India.

Special Bonds: All Special Bonds are valued as per prices published by Financial Benchmarks India Private Limited (FBIL) as prescribed by Reserve Bank of India.

Treasury Bills: T-Bills which are traded, are valued at their last traded prices. T-Bills which are not traded are valued at market traded yields as per the T-Bill yield curve published by Financial Benchmarks India Private Limited (FBIL), as prescribed by Reserve Bank of India.

Commercial Papers: Commercial Paper shall be valued at the carrying cost as per the guidelines published by Fixed Income Money Market and Derivatives Association of India (FIMMDA).

Certificate of Deposits: CDs are valued at yields as per the CD curve published by Financial Benchmarks India Private Limited (FBIL).

Equity (cash and futures): Market value of equity shares is determined by the closing prices obtained from recognised stock exchange such as NSE/BSE.

Corporate bonds: Corporate bonds which are traded, are valued at their last traded prices. Corporate bonds which are not traded and for which the ISINs are covered under Security Level Valuation (SLV) publication by Fixed Income Money Market and Derivatives Association of India (FIMMDA) are valued at the published Security Level Valuation (SLV) prices. Other corporate bonds which are not traded and for which the ISINs are not covered under Security Level Valuation (SLV) publication by FIMMDA, are valued based on credit spreads published by FIMMDA over the base yield corresponding to the residual maturity as published by Financial Benchmarks India Private Limited (FBIL).

Zero coupon bonds: Zero coupon bonds which are traded are valued at their last traded prices. Zero coupon bonds which are not traded are valued based on the credit spreads published by Fixed Income Money Market and Derivatives Association of India (FIMMDA) over the zero coupon yield curve corresponding to the residual maturity as published by Financial Benchmarks India Private Limited (FBIL).

STRIPS: All STRIPS are valued as per prices published by Financial Benchmarks India Private Limited (FBIL) as prescribed by Reserve Bank of India.

Interest rate Futures: Interest Rate Futures contracts are valued at their respective closing settlement prices as published by recognized stock exchange such as NSE/BSE.

Interest Rate Swaps: Interest Rate Swaps are valued on the basis of traded swap yields as published by Financial Benchmarks India Private Limited (FBIL).

Currency Futures: Currency Futures contracts are valued at their respective closing settlement prices as published by recognized stock exchange such as NSE/BSE.

Note: 45

Valuation adjustments and other inputs and considerations:

No valuation adjustments have been made to the prices/yields provided for valuation by FBIL or the recognized stock exchanges.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 46**Analysis of risk concentration:**

The Company's business operations can be broadly classified into two major segments viz gilts and non-gilts. Gilts segment includes Government Dated Securities, State Development Loans, Special Bonds, Treasury Bills and STRIPS while non-gilt segment includes corporate bonds, CPs, CDs, Interest Rate Swaps and Equities.

Reserve Bank of India (RBI) prescribes guidelines to prevent concentration of risk by Primary Dealers (PDs) by stipulating that 50 per cent of total investments has to be in the gilt segment at all times. Further, in case of non-gilt investments, the RBI prescribes single and group borrower limits so as to prevent concentration of credit risk.

Additionally, the Business Investment and Risk Policy of the Company stipulates prudential limits on holding of each class of instrument. Concentration risk to a particular issuer is also limited by the internal prudential guidelines which stipulate counterparty exposure limits and maximum holding limits for each issuer (e.g. for each state government and individual reference credit) for debt securities, interest rate derivatives and equities.

The Company does not face any concentration risk arising from currency or geography as the Company operates only in the Indian fixed income market and it has a diversified pan-India presence through its Branches.

Note: 47**Events after reporting date:**

No events took place after the reporting date that require disclosure in these financial statements.

Note: 48**Capital Management:**

The Company's objective is to maximize the shareholders' value by maintaining an optimum capital structure. The Company maintains capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

Capital to Risk Weighted Assets Ratio (CRAR) is a measurement of the Company's available capital expressed as a percentage of a risk-weighted assets. The Capital includes Tier-I and II Capital. Primary Dealers are required to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 15 percent on an ongoing basis.

Sr No	Items	March 31, 2024	March 31, 2023
i	CRAR (%)	29.13	21.79
ii	CRAR - Tier-I capital (%)	29.13	21.79
iii	CRAR - Tier-II capital (%)	-	-
iv	Amount of subordinated debt raised as Tier-II capital	-	-
v	Amount raised by issue of Perpetual Debt Instruments	-	-
vi	Risk Weighted Assets (RWA) (₹ in lakh)	309,732.18	362,520.80
vii	Net Owned Funds (NOF) (₹ in lakh)	90,222.04	78,996.98
viii	Tier- I capital (₹ in lakh)	90,222.04	78,996.98
ix	Return on Average Net Owned Funds	23.37%	4.38%

Note:

- The net owned fund of the Company has been calculated in accordance with RBI Master Direction No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023.
- Liquidity Coverage Ratio (LCR)- In terms of RBI Master Direction No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (para 89.3), standalone primary dealers (SPD) are exempt from applicability of LCR norms.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 49

Pending litigation

- a. The company had invested in CPs issued by IL&FS as below:

Name	Date of investment	(₹ in lakh)
		Face Value
CP IL&FS Ltd due on 17-Sept-2018	09-Mar-18	5,000
CP IL&FS Ltd due on 05-Mar-2019	27-Mar-18	5,000

- b. An amount of ₹9,413.34 lakh being the book value of the investment made in CP of IL&FS has been written off in FY2018-19 owing to the fact that the instrument being unsecured in nature and on account of the fact that IL&FS has been classified by the resolution consultant and Ministry of Corporate Affairs, Govt. of India as a "Red Entity" i.e. the entity that cannot meet its payment obligations towards even senior secured financial creditors, as and when such payment obligation become due.
- c. In the order dated February 04, 2019, the Hon'ble NCLAT, New Delhi, permitted the operational and financial creditors of the IL&FS & its group companies to file Intervention Applications. Accordingly, the Company has filed Intervention Application before the Hon'ble NCLAT, New Delhi. The Intervention Application no. 9626 of 2019 filed by the Company has been admitted on February 11, 2019.
- d. Subsequent to the intervention application filed by the Company, the Company has been admitted to the Committee of Creditors (CoC), and the claim of ₹9,847.89 lakh (including accrued discount income till cut off date i.e. October 15, 2018) has been admitted by NCLT/NCLAT in FY2019-20. There is no further progress in the matter in FY2023-24 w.r.t. receipt of outstanding claim.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 50

Segment Reporting

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

Segment Information	Gilt Income		Non Gilt Income		Unallocated		Total	
	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24	FY2022-23
	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)
Interest and similar income	91,223.50	76,582.14	12,878.30	8,038.27	0.18	0.03	104,101.98	84,620.44
Interest and similar expense	85,126.04	66,723.23	9,265.44	4,430.86	4.48	2.94	94,395.96	71,157.03
Net interest income (expense)	6,097.46	9,858.91	3,612.86	3,607.41	(4.30)	(2.91)	9,706.02	13,463.41
Fee and commission income	170.35	143.89	-	-	-	-	170.35	143.89
Net fees and commission income	170.35	143.89	-	-	-	-	170.35	143.89
Trading Profit/(Loss) on investments	8,722.28	(3,472.34)	5,192.31	(1,426.65)	-	-	13,914.59	(4,898.99)
Net gain/(loss) on fair value changes	5,833.22	12.15	1,215.59	(1,052.89)	-	-	7,048.81	(1,040.74)
Other income	-	-	0.74	-	35.54	24.56	36.28	24.56
Depreciation of property and equipment	-	-	-	-	88.59	84.46	88.59	84.46
Amortisation of intangible assets	-	-	-	-	1.27	4.12	1.27	4.12
Other operating expenses	1,045.65	780.02	-	-	3,175.34	2,121.57	4,220.99	2,901.59
Total operating expense	1,045.65	780.02	-	-	3,265.20	2,210.15	4,310.85	2,990.17
Segment profit/(loss) before taxation	19,777.66	5,762.59	10,021.50	1,127.87	(3,233.96)	(2,188.50)	26,565.20	4,701.96
Income tax expense	-	-	-	-	6,788.92	1,274.97	6,788.92	1,274.97
Profit for the year for continuing operations	-	-	-	-	-	-	19,776.28	3,426.99

Segment Information	Gilt Income		Non Gilt Income		Unallocated		Total	
	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24	FY2022-23	FY2023-24	FY2022-23
	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)
Other Comprehensive Income	-	-	-	-	-	-	-	-
(i) Items that will not be reclassified to profit or loss	-	-	-	-	(4.92)	1.82	(4.92)	1.82
(ii) Income Tax relating to items that will not be reclassified to profit or loss	-	-	-	-	1.24	(0.46)	1.24	(0.46)
(i) Items that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
(ii) Income Tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Additions to Property plant and equipment	-	-	-	-	45.33	66.84	45.33	66.84
Additions to other intangible assets	-	-	-	-	-	0.27	-	0.27
Segment assets as at March 31, 2024	1,238,254.26	1,375,103.26	347,884.68	188,428.14	2,540.17	1,946.88	1,588,679.11	1,565,478.28
Segment liabilities as at March 31, 2024	1,183,610.93	1,355,457.34	304,710.78	130,305.92	100,357.40	79,715.02	1,588,679.11	1,565,478.28

The Gilt Segment comprises of G-Sec, SDL, T-Bill, SPL, STRIPS whereas Non-Gilt Segment comprises Derivatives, CDs, CPs, Bonds, Equity, Mutual Fund.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 51

Offsetting:

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis. The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet.

Financial assets subject to offsetting, netting arrangements

(₹ in lakh)

Particulars	Derivative assets	As at March 31, 2024	As at March 31, 2023
Offsetting recognised on the balance sheet	Gross assets before offset	86,081.07	76,529.54
	Offset with gross liabilities ²	-	-
	Net assets recognised in the balance sheet	86,081.07	76,529.54
Netting potential not recognised on the balance sheet	Financial liabilities	86,782.00	77,980.48
	Collaterals received	-	-
	Assets/(Liability) after consideration of netting potentials	(700.93)	(1,450.94)
Assets not subject to netting arrangements¹	Assets recognised on the balance sheet	-	-
Total assets	Recognised in the balance sheet	86,081.07	76,529.54
Maximum exposure to risk	After consideration of netting potential	-	-

Financial liabilities subject to offsetting, netting arrangements

(₹ in lakh)

Particulars	Derivative liabilities	As at March 31, 2024	As at March 31, 2023
Offsetting recognised on the balance sheet	Gross Liabilities before offset	86,782.00	77,980.48
	Offset with gross assets ²	-	-
	Net Liabilities recognised on the balance sheet	86,782.00	77,980.48
Netting potential not recognised on the balance sheet	Financial assets	86,081.07	76,529.54
	Collaterals received	-	-
	Asset/ Liability after consideration of netting potential ³	-	-
Liabilities not subject to netting arrangements¹	Assets recognised on the balance sheet	-	-
Total liabilities	Recognised in the balance sheet	86,782.00	77,980.48
Maximum exposure to risk	After consideration of netting potential	-	-

1. Represents items not subject to enforceable netting arrangements and other out-of-scope items.

2. "Netting with gross liabilities" column represents amounts that can be offset under Ind AS 32. These numbers are the same amount as those presented in the "Netting with gross assets" column in the liabilities table.

3. Amounts have been capped by the relevant netting agreement so as not to exceed the net amount of financial assets presented on the balance sheet; (i.e. over-collateralisation, where it exists, is not reflected in the table, given surplus collateral would not be recognisable in an event of default.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 52

Corporate Social Responsibility (CSR) Disclosure:

During the period, the Company has spent ₹384.30 lakh (March 31, 2023 ₹530.83 lakh) 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 lakh)			
Sr No	Particulars	FY2023-24	FY2022-23
a)	Gross amount required to be spent during the year	384.30	530.83
b)	Amount of expenditure incurred and spent during the year on:		
	- Construction/acquisition of any asset - capital expenditure	-	-
	- Others (other than above)	384.30	530.83
	- Amount set off from the excess spent of last year	-	-
	Total	384.30	530.83
c)	Amount spent during the year		
	Expenses paid	384.30	530.83
	Expenses yet to be paid for the period	-	-
d)	Total of previous years shortfall	-	-
e)	Reason for shortfall*	NA	NA

(₹ in lakh)				
Sr No	Particulars	Amount Spent	Pending to be Spent	Total
1	Construction/acquisition of any asset	-	-	-
2	On purposes other than (1) above-			
	Prime Minister's National Relief Fund	77.85	-	77.85
		(107.52)	-	(107.52)
	Cancer Patients Aid Association (CPAA)	25.00	-	25.00
		(50.00)	-	(50.00)
	ImpaCCT Foundation (Paediatric division of Tata Memorial hospital)	24.13	-	24.13
		(16.16)	-	(16.16)
	Shree Bhagwan Mahaveer Viklang Sahayata Samiti	48.93	-	48.93
		(29.85)	-	(29.85)
	Sunder Shewak Sabha	50.00	-	50.00
		(35.42)	-	(35.42)
	Deepstambh Foundation	-	-	-
		(24.04)	-	(24.04)
	Ramakrishna Mission, Belur Math, Howrah	-	-	-
		(20.73)	-	(20.73)
	Indian Cancer Society	25.00	-	25.00
		(50.00)	-	(50.00)
	Shri Sadguru Seva Sangh Trust	62.50	-	62.50
		(50.00)	-	(50.00)
	The Akshaya Patra Foundation	46.55	-	46.55
		(77.61)	-	(77.61)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

Sr No	Particulars	Amount Spent	Pending to be Spent	Total
	The Society for the Rehabilitation of Crippled Children	-	-	-
		(15.00)	-	(15.00)
	Indian Institute of Science, Bengaluru	24.34	-	24.34
		(31.55)	-	(31.55)
	Delhi Sikh Gurdwara Management Committee	-	-	-
		(22.95)	-	(22.95)
	Total (Current Year)	384.30	-	384.30
	Total (Previous Year)	(530.83)	-	(530.83)

Note: Figures in brackets denote figures for FY2022-23.

Note: 53

Intangible assets under development aging schedule

FY2023-24

(₹ in lakh)

Sr No	Intangible assets under development	Amount in CWIP for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Projects in progress	-	-	-	-	-
(ii)	Projects temporarily suspended	-	-	-	-	-

FY2022-23

(₹ in lakh)

Sr No	Intangible assets under development	Amount in CWIP for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Projects in progress	-	-	-	-	-
(ii)	Projects temporarily suspended	-	-	-	-	-

Regulatory Disclosures:

Note: 54

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 28, 2024, the transaction shall be accounted on April 02, 2024 i.e. settlement date. The face value of the securities purchased and sold on March 28, 2024 are as given in the table below:

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Purchase of securities	86,573.40	88,637.10
Sale of securities	82,600.00	81,148.70



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 55

The Company is a member of Primary Dealers Association of India (PDAI) and Fixed Income Money Market and Derivatives Association of India (FIMMDA); which are Companies limited by guarantee and incorporated under the Companies Act, 1956. The amount guaranteed by the Company on this amounts to Rupee One Hundred only, for each Association.

Note: 56

The Company is authorized by Reserve Bank of India (RBI) to offer Constituent SGL Account facility in the nature of Subsidiary General Ledger (SGL) account maintained with RBI on behalf of its constituents. The transactions undertaken include purchase and sale transactions on behalf of constituents. As on March 31, 2024 the face value of the securities held by the Company on behalf of its constituents is ₹63,92,510.70 lakh (March 31, 2023 – ₹56,64,554.00 lakh).

Note: 57

In terms of the Reserve Bank of India guidelines, details of Repo and Reverse Repo transactions during the year are given here under:

(₹ in lakh)				
Particulars for FY2023-24	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at March 31, 2024
Securities sold under repos				
Government securities	712,146.43	1,098,077.57	910,752.73	801,548.37
	(507,918.00)	(1,066,861.39)	(872,139.79)	(965,387.44)
Corporate debt securities	-	-	-	-
	-	-	-	-
Securities purchased under reverse repos				
Government securities	-	9,688.57	497.99	-
	-	(14,766.98)	(360.44)	-
Corporate debt securities	-	-	-	-
	-	-	-	-

Note: Figures in brackets denote figures for FY2022-23

Note: 58**Details of Transactions for securities borrowed/lent under GSL:**

In terms of RBI Direction No. FMRD.DIRD.No.05/14.03.061/2023-2024 dated December 27, 2023

(₹ in lakh)					
Particulars for FY2023-24	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Total volume of transaction during the year	Outstanding as on March 31, 2024
Securities lent through GSL transactions	-	-	-	-	-
Securities borrowed through GSL transactions	-	-	-	-	-
Securities placed as collateral under GSL transactions	-	-	-	-	-
Securities received as collateral under GSL transactions	-	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 59

Other disclosures - Schedule to the Balance Sheet as at March 31, 2024:

(in terms of para 31 of RBI Master Direction No. RBI/DoR/2023-24/106DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023)

(₹ in lakh)

Sr No	Particulars	Amount Outstanding		Amount Overdue	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
	Liabilities side				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	(a) Debenture				
	Secured	-	-	-	-
	Unsecured	-	-	-	-
	(other than falling within the meaning of Public deposit)				
	(b) Deferred credit	-	-	-	-
	(c) Term loans (includes term money)	126,043.66	32,950.55	-	-
	(d) Inter corporate loans and borrowing	19,384.88	19,373.23	-	-
	(e) Commercial paper	-	-	-	-
	(f) Public deposits				
	(g) Others loans				
	(i) Call/Notice	141,762.98	120,699.58	-	-
	(ii) TREPS	167,341.70	149,822.68	-	-
	(iii) RBI LAF	20,018.43	-	-	-
	(iv) RBI Refinance	124,725.10	119,255.37	-	-
	(v) Loan against fixed deposit	-	-	-	-
	(vi) REPO borrowing	802,175.43	965,586.80	-	-
	Assets side				
		Amount Outstanding	Amount Outstanding		
		As at March 31, 2024	As at March 31, 2023		
2	Break-up of loans and advances including bills receivables (other than those included in (4) below):				
	(a) Secured		10,458.11		-
	(b) Unsecured		1,100.38		-
3	Break up leased assets and stock on hire and other assets counting towards asset financing activities				
	(i) Lease assets including lease rentals under sundry debtors				
	(a) Finance Lease		-		-
	(b) Operating Lease		-		-
	(ii) Stock on hire including hire charges under sundry debtor				
	(a) Assets on hire		-		-
	(b) Repossessed assets		-		-
	(iii) Other loans counting towards asset financing activities				
	(a) loans where assets have been repossessed		-		-
	(b) loans other than (a) above		-		-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

		Amount Outstanding As at March 31, 2024	Amount Outstanding As at March 31, 2023
4	Break-up of Investments		
	Current Investment		
	<u>1. Quoted</u>		
	(i) Shares : (a) Equity	1,198.89	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	244,980.51	88,116.69
	(iii) Units of mutual funds	-	-
	(iv) Government Securities and T-bill	973,637.28	1,111,601.41
	(v) Others	-	-
	<u>2. Unquoted</u>		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities and T-Bill	-	-
	(v) others : Certificate of deposit	-	23,555.39
	Long Term Investments		
	<u>1. Quoted</u>		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	247,580.43	260,020.38
	(v) others	-	-
	<u>2. Unquoted</u>		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) others	-	-

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	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
2. Other than related parties	-	-	-
Total	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

6	Investor group-wise classification of all Investments (current and long term) in shares and securities (quoted and unquoted)	Market value		Book value (Net of provisions)	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
	Category				
	1. Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) other related parties	-	-	-	-
	2. Other than related parties	1,460,059.89	1,474,269.53	1,467,397.11	1,483,293.86
	Total	1,460,059.89	1,474,269.53	1,467,397.11	1,483,293.86
Sr No	Particulars	As at March 31, 2024		As at March 31, 2023	
		(₹ in lakh)		(₹ in lakh)	
7	Other Information				
	Particulars				
(i)	Gross Non-performing assets				
	(a) Related parties	-	-	-	-
	(b) Other than related parties	-	-	-	-
(ii)	Net Non-performing assets				
	(a) Related parties	-	-	-	-
	(b) Other than related parties	-	-	-	-
(iii)	Assets acquired in satisfaction of debts	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 60

Issuer composition of investments in non-government securities as at March 31, 2024

(Ref: RBI circular no. IDMD.PDRS.No.03/03.64.00/2003-04 dated March 08, 2004)

(₹ in lakh)

Sr No	Issuer	Amount*	Extent of private placement**	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
1	2	3	4	5	6	7
1	PSUs	47,877.46 (26,592.58)	2,571.46 -	- -	- -	- -
2	FIs	66,951.07 (26,747.06)	37,515.36 -	- -	- -	- -
3	Banks	51,404.14 (33,484.62)	9,814.70 -	- -	- -	- -
4	Other PDs	- -	- -	- -	- -	- -
5	Private Corporate	73,991.92 (22,064.11)	106.32 -	- -	- -	- -
6	Subsidiaries/ Joint ventures	- -	- -	- -	- -	- -
7	Others	- -	- -	- -	- -	- -
8	Provision held towards depreciation	- -	- -	- -	- -	- -
	Total	240,224.59 (108,888.37)	50,007.84 -	- -	- -	- -

Note: Figures in brackets are as at March 31, 2023.

All the investments in the above non-government securities are rated and are above investment grade securities.

* Represents amounts net of provision for depreciation, if any

** Represents original issue.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 61

Disclosure pursuant to RBI Master Direction No.

RBI/DoR/2023-24/106DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023

a. Capital to Risk Assets Ratio (CRAR)*

Sr No	Items	As at March 31, 2024	As at March 31, 2023
i.	CRAR (%)	29.13	21.79
ii.	CRAR - Tier I capital (%)	29.13	21.79
iii.	CRAR - Tier II Capital (%)	-	-
iv.	Amount of subordinated debt raised as Tier-II capital (₹ in lakh)	-	-
v	Amount raised by issue of Perpetual Debt Instruments (₹ in lakh)	-	-

*calculated as per RBI master circular no.RBI/DNBR/2016-17/42 Master Direction DNBR.PD.004/03.10.119/2016-17 dated August 23, 2016 (updated as on April 04, 2024)

b. Exposures

Exposure to real estate sector

(₹ in lakh)

Category		As at March 31, 2024	As at March 31, 2023
i.	Direct exposure		
	a. Residential mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Including non-fund based (NFB) limits)	Nil	Nil
	b. 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.) (Including non-fund based (NFB) limits)	Nil	Nil
	c. Investments in mortgage backed securities (MBS) and other securitized exposures -		
	i. Residential,	Nil	Nil
	ii. Commercial real estate.	Nil	Nil
ii.	Indirect exposure		
	Fund based and non-fund based exposures on National Housing Bank and housing finance companies	37,500.00	9967.42
	Total exposure to real estate sector	37,500.00	9,967.42



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Exposure to capital market

(₹ in lakh)

	Particulars	As at March 31, 2024	As at March 31, 2023
i	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;	1,198.89	Nil
ii	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
iii	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
iv	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
v	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil
vi	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
vii	Bridge loans to companies against expected equity flows/ issues;	Nil	Nil
viii	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
ix	Financing to stock broker for margin trading	Nil	Nil
x	All exposures to Alternative Investment Funds:		
	(i) Category I	Nil	Nil
	(ii) Category II	Nil	Nil
	(iii) Category III	Nil	Nil
	Total Exposure to capital market	1,198.89	Nil



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 61.... continued

Sectoral exposure-

(₹ in lakh)

Sectors	As at March 31, 2024			As at March 31, 2023		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
4. Personal loans	-	-	-	-	-	-
5. Others	-	-	-	-	-	-

Intra group exposure-

As at March 31, 2024, the Company has no intra group exposures.

Unhedged Foreign Currency exposure

As at March 31, 2024, the Company has no unhedged foreign currency exposure.

Note: 61..continued

c. Asset liability management - maturity pattern of certain items of assets and liabilities as at March 31, 2024****

(₹ in lakh)

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months to 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
Assets											
Deposits	14,347.54	-	-	-	-	9.09	5,717.31	3.96	3.25	21.21	20,102.36
	-	-	-	-	-	(9.01)	(3,661.32)	(11.11)	-	(18.04)	(3,699.48)
Advances*	11,558.49	-	-	-	-	-	-	-	-	-	11,558.49
	-	-	-	-	-	-	-	-	-	-	-
Investments**	1,220,318.00	691.81	297.07	1,291.68	1,682.70	2,873.02	49,555.19	190,687.64	-	-	1,467,397.11
	(1,223,273.48)	(681.37)	(301.75)	(795.74)	(676.91)	(1,884.93)	(10,021.38)	(219,857.52)	(25,800.77)	-	(1,483,293.85)
Liabilities											
Borrowings from banks***	218,239.96	24,540.82	25,025.86	-	-	-	-	-	-	-	267,806.64
	(132,731.28)	(20,918.85)	-	-	-	-	-	-	-	-	(153,650.13)
Market Borrowings	991,260.42	2,881.84	5,085.67	29,977.67	104,439.94	-	-	-	-	-	1,133,645.54
	(1,236,807.02)	(2,088.73)	(4,402.32)	(10,740.01)	-	-	-	-	-	-	(1,254,038.08)

Note: Figures in brackets are as at March 31, 2023

* Advances represent advances given in nature of loans.

** Investments in the nature of 'Securities held as Stock in Trade' are classified in the "one month bucket" and those in the nature of 'Non-current investments' are classified as per their residual maturity.

***Borrowings in Call/Notice/ Term represents borrowings from banks

**** The Company does not have any foreign currency assets and liabilities.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 61..continued

d. Investments

(₹ in lakh)

Sr No	Particulars	As at March 31, 2024	As at March 31, 2024
1	Value of investments :		
	(i) Gross value of investments		
	(a) In India*	243,735.90	256,183.99
	(b) Outside India	-	-
	(ii) Provisions for depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net value of investments		
	(a) In India*	243,735.90	256,183.99
	(b) Outside India	-	-
2	Movement of Provisions held towards depreciation on Investments :		
	(i) Opening balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less: Write-off/write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

* The above figures are investment classified as subsequently measured at amortised cost

e. The Company has not exceeded Single Borrower Limit (SBL)/Group Borrower Limit (GBL) as prescribed by the regulator.

f. Registration/license/authorisation obtained from financial sector regulators

- i. Reserve Bank of India – Certificate of Registration bearing No. 13.01865 dated May 23, 2007.
- ii. MCA – Certificate of Incorporation dated October 31, 2006 bearing Corporate Identity No. U67110MH2006PLC165306.
- iii. Primary dealership business authorisation granted by Reserve Bank of India has been renewed for the year 2022-25 and is valid upto March 31, 2025.

g. Disclosure of penalties imposed by RBI and other regulator: Nil (PY – Nil)

h. Ratings assigned by credit rating agencies and migration of ratings during the year

Rating Agencies	Rating programme	Rating Assigned	Migration	Rating amount (₹ in lakh)	
				March 31, 2024	March 31, 2023
CRISIL	Short Term	CRISIL A1+	-	20,000.00	20,000.00

i. Information on all provisions and contingencies booked as expenditure in Profit and Loss Account:

(₹ in lakh)

Sr No	Particulars	FY2023-24	FY2022-23
1	Provision for depreciation on investment	-	-
2	Provision towards NPA	-	-
3	Provision for standard assets	-	-
4	Provision made towards income tax (including deferred tax)	6,788.92	1,274.97
5	Other provision and contingencies (employee related including provision for bonus)	970.91	25.41



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 62

Derivatives

a. Interest Rate Swaps

(₹ in lakh)

Sr. No	Particulars	March 31, 2024	March 31, 2023
	Notional principal amount of IRS contracts		
a.	Hedging contracts	-	-
b.	Trading contracts	3,878,598.90	3,249,394.04
i.	Fair value of trading IRS	(700.93)	(1,450.94)
ii.	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii.	Likely impact of one percentage change in interest rate (100*PV01)	392.73	148.87
iv.	Collateral value made available towards derivatives margin	627.00	3,604.54
v.	Credit risk concentration [@]	-	-

@ Credit risk concentration is measured as the highest net receivable under swap contracts from a particular group of counterparties.

b. Interest rate future contracts

(₹ in lakh)

Sr No	Particulars	March 31, 2024	March 31, 2023
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year		
	IRF on Government Securities	-	-
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding (Interest Rate Futures)	-	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-

c. Disclosures on risk exposure in derivatives

Qualitative disclosure

During the year, the Company has entered into derivative transactions in equity and interest rate derivatives. The derivatives transactions entered into during the year are for the purpose of trading and market-making. The Business Investment and Risk policy of the Company lays down the risk management framework for derivatives trading. The Policy prescribes risk identification, measurement monitoring and risk mitigation. The compliance with the prudential limits for derivative transactions as laid down in the Risk Policy is done by the Risk Management Department which reports to the Chief Risk Officer. The Risk Management Committee of the Board oversees the risk management function of the Company. For accounting policy refer note 2.9 C of notes to the financial statements.

Quantitative disclosure

The company has not entered into currency and interest rate futures transactions during the year. The details of outstanding position is mentioned hereunder:



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

Sr No	Particular	Currency Derivatives	Interest Rate Futures
(i)	Derivatives (notional principal amount)		
	For hedging	-	-
(ii)	Marked to market Positions		
	a) Asset (+)	-	-
	b) Liability (-)	-	-
(iii)	Credit exposure	-	-
(iv)	Un-hedged exposure	-	-

d. Disclosure relating to securitisation:

- i) During the year, the Company has not securitized any of its assets and does not have any outstanding position in respect thereof as on March 31, 2024.
- ii) The Company has not sold any of its financial assets to Securitization/Reconstruction Company for asset reconstruction.
- iii) The Company has not undertaken any assignment transactions during the year.
- iv) The 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, 2024.

Note: 63

Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), below are the amounts due to MSME as at March 31, 2024.

(₹ in lakh)

Sr No	Disclosure under MSMED Act, 2006, to the extent the Company has received intimation from the suppliers regarding their status	As at March 31, 2024	As at March 31, 2023
i)	Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-
ii)	Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
iv)	Interest accrued and remaining unpaid at the end of each accounting year	-	-
v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise	-	-

Note: 64

The following information is submitted as required by the Reserve Bank of India's guidelines to Primary Dealers regarding publication of their audited annual results:

Net borrowings in call : Average net call borrowing during the year ended March 31, 2024 was ₹1,12,557.50 lakh and peak net call borrowing during the year ended March 31, 2024 was ₹2,02,900.00 lakh.

Leverage ratio: Average leverage ratio during the year was 17.80 and peak during the year was 18.45.

Quarterly CRAR	FY2023-24	FY2022-23
Quarter 1	23.48%	25.22%
Quarter 2	25.99%	19.54%
Quarter 3	25.55%	20.37%
Quarter 4	29.13%	21.79%

*RBI minimum stipulated CRAR is 15 per cent

Note: 65

Disclosure requirement pursuant to paragraph 2 of annexure to RBI circular no. RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020 - The Company does not have any assets under the class on which provision under IRAC norms or provision as per ECL is required, hence the disclosure is not applicable.

Note: 66

Loans to directors, senior officers and relatives of directors (Disclosure in terms of RBI Master Direction No. RBI/DoR/2023-24/106DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023)

(₹ in lakh)

Particulars	FY2023-24	FY2022-23
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior officers and their relatives	-	-

Note: 67

To the best of our knowledge there is no transaction with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

Note: 68

The Company has paid first interim dividend for FY2023-24 at 10 per cent (₹1/- per equity share of ₹10/- each) of ₹1,500.00 lakh (subject to applicable TDS) as declared by the Board of Directors in its meeting held on March 22, 2024.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note: 69

Disclosure of customer complaints (in terms of RBI Master Direction No. RBI/DoR/2023-24/106DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023)

Particulars		FY2023-24	FY2022-23
Complaints received by the NBFC from its customers			
1	No of complaints pending at the beginning of the year	-	-
2	No of complaints received during the year	-	-
3	No of complaints disposed during the year	-	-
3.1	Of which, No. of complaints rejected by the NBFC	-	-
4	No. of complaints pending at the end of the year	-	-
Maintainable complaints received by the NBFC from Office of Ombudsman			
5	Number of maintainable complaints received by the NBFC from office of ombudsman	-	-
5.1	Of 5, Number of complaints resolved in favour of the NBFC by office of ombudsman	-	-
5.2	Of 5, Number of complaints resolved through conciliation /mediation/ advisories issued by office of ombudsman	-	-
5.3	Of 5, Number of complaints resolved after passing of Awards by office of Ombudsman against the NBFC	-	-
6	Number of awards unimplemented within the stipulated time (other than those appealed)	-	-

Since no customer complaint is received during FY2023-24 and in FY2022-23, further disclosure relating to grounds of customer complaint is not applicable.

Note: 70**Other Statutory Information:**

- a. The Company does not have any benami property, where any proceeding has been initiated or pending against the company for holding any benami property;
- b. The Company has not traded or invested in Crypto currency or Virtual Currency.
- c. The company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- d. The company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- e. The company, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of Section 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.
- f. The company has not been declared as a willful defaulter by any bank or financial institution or any other lender.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

- g. There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets.
- h. During the financial years ending March 31, 2024 and March 31, 2023, the Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.

Note: 71

Figures of previous year have been regrouped / reclassified wherever necessary to conform to current year's classification.

The accompanying notes are an integral part of financial statements

For and on behalf of the Board of Directors

In terms of our report of even date

STCI Primary Dealer Limited

M/s. S. K. Lulla & Co.

Chartered Accountants

Firm Registration No.- 002336C

Prakash Vartak

Director

DIN:09336265

Varda Pendse

Director

DIN:00152752

T. V. Rao

Director

DIN:05273533

CA Shiv Kumar Sharma

Partner

Membership No.: 421955

V. Narayanamurthy

Director

DIN:00555704

Prasanna Patankar

Managing Director

DIN:07658714

Kalpesh Mody

Company Secretary and

Chief Financial Officer

Date : April 26, 2024

Place : Mumbai