

STCI FINANCE LIMITED



**22nd Annual Report
For The Year Ended
31st March, 2016**





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Corporate Information

- Board of Directors** :
- Mrs. V. R. Iyer, Chairperson
(Upto 31.05.2015)
 - Mr. Melwyn Oswald Rego, Director
(w.e.f.06.01.2016)
 - Mr. T. C. Venkat Subramanian, Director
 - Mr. K. Narasimha Murthy, Director
 - Mr. S. Ravi, Director
 - Mr. T. V. Rao, Director
(w.e.f. 28.04.2015)
 - Mrs. Thankom T Mathew, Director
(w.e.f. 27.08.2015)
 - Mr. S. Venkateswarlu, Managing Director
(Upto 30.04.2015)
 - Mr. Yogesh Gaat, Managing Director & CEO
(w.e.f.19.05.2015)
 - Mr. Ajeet Kumar, Deputy Managing Director/ Director
(from 29.05.2015 to 29.03.2016)
 - Mr. S.K.Behera, Deputy Managing Director
(w.e.f.04.05.2016)
- Statutory Auditors** : A. J. Shah & Co.
Fort Chambers, C-Block, 65 Tamarind Lane, Fort, Mumbai-400023
- Bankers** :
- | | |
|------------------|---------------------|
| HDFC Bank Ltd | Andhra Bank |
| Bank of India | Kotak Bank |
| Corporation Bank | State Bank of India |
| Union Bank | Axis Bank |
- Debenture Trustee** : IDBI Trusteeship Services Limited
Asian Building, Ground Floor 17, R. Kamani Road,
Ballard Estate, Mumbai - 400 001
Tel: +91 22 4080 7014
Fax: +91 22 6631 1776
- 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



BOARD OF DIRECTORS



Mrs. V. R. Iyer
Chairperson
Upto 31.05.2015



Mr. Melwyn Oswald Rego
Director
w.e.f. 06.01.2016



Mr. T. C. Venkat Subramanian
Director



Mr. K. Narasimha Murthy
Director



Mr. S. Ravi
Director



Mr. T. V. Rao
Director
w.e.f.28.04.2015



Mrs. Thankom T Mathew
Director
w.e.f. 27.08.2015



Mr. S Venkateswarlu
Managing Director
Upto 30.04.2015



Mr. Yogesh Gaat
Managing Director & CEO
w.e.f. 19.05.2015



Mr. Ajeet Kumar
Deputy Managing Director
/ Director
*from 29.05.2015
to 29.03.2016*



Mr. S. K. Behera
Deputy Managing Director
w.e.f. 04.05.2016



DIRECTORS' REPORT

TO THE SHAREHOLDERS OF

STCI FINANCE LIMITED

Your Directors have pleasure in presenting the Twenty Second Annual Report and the audited accounts of the Company for the year ended March 31, 2016.

1. FINANCIAL RESULTS

Rs. in Crore

Particulars	March 31, 2016	March 31, 2015
Total Income	454.65	461.23
Total Expenditure	334.48	285.91
Profit before dividend, tax and exceptional items	120.17	175.32
Dividend earned	1.67	1.99
Profit before tax and exceptional items	121.84	177.31
Exceptional Items	--	32.19
Profit before Tax	121.84	209.50
Less: Tax expenses	40.93	57.82
Profit after Tax for the year	80.91	151.68
Add: Balance brought forward from last year	191.18	106.85
Amount available for appropriation	272.09	258.53
Transfer to statutory reserves*	16.19	30.76
Proposed Dividend	-	30.40
Provision for Dividend Distribution Tax	-	6.19
Balance carried to balance sheet	255.90	191.18
Total	272.09	258.53
Basic and diluted earning per share (Rs.)	21.29	39.92

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

2. FINANCIAL PERFORMANCE

The highlights of the financial performance of the Company during the financial year ended March 31, 2016 are as under:

- The net interest income for the year ended March 31, 2016 was 15% higher at Rs. 195.47 crore as against Rs. 169.51 crore in the previous year.



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- The operating profit for the year ended March 31, 2016 was 5% higher at Rs. 196.58 crore as against Rs. 188.05 crore during the previous year.
- The provision towards loans and advances was 596% higher at Rs. 74.74 crore (including one time additional provision for NPAs) as against Rs. 10.74 crore in the previous year.
- The profit before tax and exceptional income was 31% lower at Rs. 121.84 crore as against Rs. 177.31 crore in the previous year.
- The profit after tax was 47% lower at Rs. 80.91 crore as against Rs. 151.68 crore in the previous year.
- As on March 31, 2016, the loan book was at Rs. 3329.36 crore as against Rs. 3655.97 crore as on March 31, 2015.

The higher net interest income on the back of growth of high yielding corporate loan book and lower borrowing cost contributed to higher operating profits during the year under review. However, the substantially higher provision on loans and advances primarily on account of one time additional provision made towards NPAs, reduced the Profit before tax during the year.

3. **TRANSFER TO RESERVES**

Your company has transferred 20% of its Profit after tax amounting to Rs. 16.19 crore to Statutory Reserve as required under Section 451C of the Reserve Bank of India Act, 1934.

4. **DIVIDEND**

Your Directors have not recommended any dividend for the financial year ended March 31, 2016 keeping in view the need to conserve the existing resources of the Company for its future growth.

5. **MANAGEMENT DISCUSSION & ANALYSIS**

I. **Macro economic Overview**

During 2015-16, global economic growth continued at a slow pace leaving the world economy more exposed to risks. The global recovery remains fragile amidst weak and uneven growth, a slowdown in world trade and prevailing uncertainties in financial and commodities markets. While macroeconomic stability is returning to some emerging market economies, geo-political tensions and high volatility in financial markets impede the resumption of momentum, and the outlook remains challenging. Emerging economies are expected to lead that growth and India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation and International Monetary Fund. According to the IMF World Economic Outlook Update (April 2016), the Indian economy is expected to grow at 7.5% during FY 17, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will be growing by more than seven per cent for the third successive year in 2016-17 and may even reach eight per cent or more in next two years.

Strong government reforms and RBI's sustained focus on reducing inflation combined with benign global commodity prices, provided the impetus needed to improve India's economic fundamentals in 2016. The economic fundamentals are showing healthy trends which corroborates a GDP



DIRECTORS' REPORT

growth well over 7% in 2015-16. With significant fall in global crude prices, the wholesale price index (WPI) inflation has continued to remain in the negative territory for the whole of 2015-16. Retail inflation has dipped to 5% levels and the current account deficit has fallen to 1% of GDP. With inflation well under control, RBI reduced the repo rate by 50 basis points from 7.25% in June 2015 to 6.75% in September 2015 and further reduced it to 6.50% in April 2016. To ensure a boost to investment and consumption, the RBI proposed a number of measures that would facilitate the pass-through of the rate cuts, such as a reduction in reserve requirements of banks, lending rates based on marginal cost of funds and a policy stance to inject adequate liquidity.

The investment cycle in India is showing positive growth and expenditure on consumption is increasing, although in a fluctuating trend. This growth is likely to be sustainable considering government's focus on industrial activities, infrastructure development and ease of doing business

The IMD forecast of good and above average rainfall in 2016 will help to revive the rural economy, and give a boost to the agricultural output.

With the global economy fraught with uncertainties, the Indian Government is sticking to its fiscal deficit target while pursuing the growth agenda. Government targets to narrow the fiscal deficit to 3.5% of GDP in 2016-17, after having comfortably met its 3.9% target for 2015-16.

Looking ahead, it appears that the improvement in India's macro economic fundamentals coupled with buoyant business climate and consumer sentiments is expected to provide necessary impetus to economic growth.

II. NBFC Sector & Developments

Overview of NBFC sector

NBFCs are emerging as an integral part of Indian Financial System and are contributing towards inclusive growth in the country by meeting the diverse financial needs of bank excluded customers. A study by the Boston Consulting Group, states that in the 10 year period between 2005 and 2015, the share of NBFCs in total credit rose from 10% to 13%. The growth of NBFCs has been driven by factors like their ability to lend to sectors and customers who find it difficult to obtain bank lending, ability to customise and offer more specialised services, quick turnaround time, ability to control risks and to adapt to changes. Credit penetration of NBFCs in India at 13% is well behind other emerging economies like China (33%), Thailand (27%) and Malaysia (26%). This growth is expected to further accelerate in the next 5-10 years.

As per Financial Stability Report of RBI dated June 28, 2016, as on March 31, 2016 there were 11,682 non-banking financial companies (NBFCs) registered with Reserve Bank of India, of which 202 were deposit accepting (NBFCs-D), 11,480 were non-deposit accepting (NBFCs-ND) and 220 were Systemically Important Non-Deposit accepting NBFCs (NBFCs-NDSI). The aggregated balance sheet of the NBFC sector grew by 15.5 per cent on a y-o-y basis in March 2016 as compared to 15.7 per cent in the previous year with an increase of 16.6 percent in loan and advances in March 2016 as compared to 17.1 percent in the previous year. The financial performance of NBFC sector remained unchanged in the last two years. The Return on Assets (ROA) remained at same level of 2.2 percent between March 2015 and March 2016 and profitability in terms of return on equity



DIRECTORS' REPORT

(ROE) stood at 10.6 percent during the year ended March 2016 as compared to 10.3 percent in previous year.

Challenges

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

- Higher provisioning on account of migration of NBFCs to tighter NPA recognition norms as per RBI's revised regulatory framework for NBFCs could lead to higher incremental credit costs. ICRA expects NBFCs incremental credit costs to be at elevated levels because of higher Gross NPAs following migration to tighter NPA recognition norms. ICRA expects an additional 15-20 bps hit in FY 2017 following migration from 150+ days norm to 120+ days norm. However, delinquencies are expected to come down which could partly mitigate the impact. Overall ICRA expects the ROA of NBFCs to remain in range of 1.6% - 1.7% which would translate into an ROE of 10-11% in FY 2017.
- Tightening of Prudential limits on investment by Mutual Funds in NBFCs pursuant to the recent SEBI amendment in Mutual Fund Regulations, 1996 in January 2016 led to increase in the incremental cost of funds through debt market instruments for NBFCs in the last quarter of FY 2016. While NBFCs continue to have access to bank funds, overall incremental cost of funds are expected to rise. However, the introduction of marginal cost of funds-based lending rate (MCLR) by Banks w.e.f April 01, 2016 and the systemic softening of interest rates could lower the cost of bank borrowing by NBFCs.
- The emergence of Small finance Banks in the second half of 2016 are likely to intensify competition in segments not being served by other Banks, which have traditionally been the domain of NBFCs.
- Improvement in the business environment could lead to rise in competitive pressures, which in turn could exert pressure on lending rates. Overall, ICRA expects the lending spreads of NBFCs to remain adequate in FY 2017.

Key Initiatives

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

- Budget 2016-17 announced that NBFCs shall be eligible to claim tax deduction to the extent of 5% of total income on account of provision for bad and doubtful debts (NPAs). This is a positive development for NBFCs especially in a rising NPA scenario.
- FDI will be allowed beyond the 18 specified NBFC activities under the automatic route in other activities which are regulated by financial sector regulators. This move will help in promoting ease of doing business and attracting overseas investments by doing away with the need of seeking government approvals.
- The Budget also proposed to provide additional options to banking companies and financial institutions, including non-banking financial companies, for reversal of input tax credits with respect to non-taxable services provided by them by way of extending deposits, loans and advances with effect from 1 April 2016.



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- Government initiatives like smart cities, urbanisation and infrastructure development, focus on ease of doing business, Digital India initiative, financial inclusion, etc, will fuel the growth of credit off take for underserved segments.
- Budget 2015-16 proposed that NBFCs with assets of 500 crore and above will be treated as financial institution for benefit under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act 2002. The announcement of the corresponding amendment in SARFAESI Act would facilitate faster enforcement of collateral for recovery of dues from the defaulting borrowers. Also, the new Insolvency & bankruptcy code 2016, once implemented would make collections through the judicial system much simpler.
- The implementation of the Real Estate (Regulation and Development) Bill by the States will enhance transparency in the real estate sector and thus make it less risky from the perspective of the buyers, Lenders and Investors. This will boost investment in the real estate sector.

While the year ahead is challenging on many fronts, the NBFC sector appears to be well placed to take advantage of the changing business environment and grow.

III. Business Review

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

(i) Lending operations

The Company's loan book is classified into two categories viz. Loan against Securities (LAS) and Corporate & other loans. The Company provides customized financial solutions to a wide spectrum of customers ranging from Corporates, firms and High Net worth Individuals through its product offerings of Loan against securities/Promoter Funding and Corporate & other loan products such as Loan to Real Estate Developers against receivables, property etc, Loan to Corporates against property/ receivables for business purposes, working capital term loan, bridge finance, Loan against lease rentals equipment finance, special situation lending etc. Over the last few years, the Company has strategically shifted its focus to the Corporate & other loans segment to diversify its loan portfolio. In line with this strategy, the Company's loan book has witnessed modest growth in the last few years with a steady increase in the proportion of the corporate & other loans segment. The Company operates from its Corporate office in Mumbai and representative office in Delhi.

As on March 31, 2016 the Company's loan book marginally shrank to Rs. 3329 crore from Rs.3656 crore on March 31, 2015 on account of large repayments/ pre-payments and selective LAS disbursements/ rollovers during the year. Your company consciously adopted a cautious approach and decided to be selective in lending in the LAS segment. Consequently, the loan product mix of the Company improved with increase in proportion of the Corporate & other Loans segment to 34% of the total loan book on March 31, 2016 from 29% at the end of the previous year and decline in the proportion of LAS segment to 66% of the total loan book on

**DIRECTORS' REPORT**

March 31, 2016 from 71% at the end of the previous year.

Details of the outstanding loan book as on March 31, 2016 are as under:

Particulars	31.03.2016 (Rs. in crore)	31.03.2015 (Rs. in crore)
Loan against shares/ Promoter Funding	2190.09 (66%)	2606.05 (71%)
Corporate & other loan products (Loan against property, Real estate Developer loans etc)	1139.27 (34%)	1049.92 (29%)
Total	3329.36 (100%)	3655.97 (100%)

The interest income on the loan book increased by 4% to Rs. 403.47 crore from Rs. 389.67 crore in the previous year primarily on account of higher interest income of Rs. 147.79 crore from the corporate & other loans segment as against Rs. 85.87 crore in the previous year. However, the lower interest income of Rs. 255.68 crore from the LAS segment as against Rs. 303.80 crore in the previous year on the back of reduced LAS portfolio and lower interest yield on the LAS portfolio impacted the interest income on the loan book.

Asset Quality

During the year there were no new NPA slippages or recoveries. The gross non-performing assets remained at the same level of Rs. 170.97 crore in absolute terms on March 31, 2016. However, due to marginal de-growth of the loan portfolio the gross NPA ratio increased to 5.14% on March 31, 2016 from 4.68% on March 31, 2015. Provision of Rs. 76.04 crore (including one time additional provision for prudent risk provisioning) was made during the year towards NPAs. Consequently, the net NPA ratio improved significantly to 2.25% on March 31, 2016 from 4.09% on March 31, 2015.

(ii) Treasury operations

During the period under review, your Company generated income of Rs.16.22 crore from the equity and fixed income securities segment as against Rs. 26.00 crore during the previous year on account of restrained trading and investment due to adverse market conditions during most part of the year.

Segment wise performance of the Company

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

(Rs in crore)

Segment Information	Lending		Treasury	
	2015-16	2014-15	2015-16	2014-15
Total Revenue	414.92	404.71	35.45	49.38
Segment Result Profit/Loss	112.21	156.06	21.21	27.45



DIRECTORS' REPORT

(iii) Resource Mobilisation

During the year under review, your Company continued to use diverse sources of funding by issue of Commercial Papers, Non-Convertible Debentures, Bank line of Credit and CBLO borrowing towards adequate asset liability management. Your Company continued to augment its long term sources of funds through private placement of its Secured, Redeemable, Listed, Non-Convertible Debentures under two options viz. "Option A" having maturity of 3 years and "Option B" having a maturity of 5 years in October 2015. The issue was fully subscribed by Provident and Pension Funds with Rs. 60 crore received under Option A and balance Rs. 90 crore under option B.

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

(iv) Credit rating

Your Company continues to enjoy the highest ratings of A1+ from rating agencies, CRISIL and ICRA, for its short term borrowing programme. During the year under review, the rating agencies, CARE and ICRA, assigned AA rating for the long term secured NCD programme of the Company. ICRA has also assigned AA rating for its long term Bank's Line of Credit.

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

(v) Capital To Risk Assets Ratio (CRAR)

The Company maintained CRAR well above the regulatory norms throughout the year. As on March 31, 2016, the CRAR is 25.22%. Although going forward, with growth in loan book, the CRAR is likely to slide, yet the same will remain well above the regulatory requirement.

(vi) Risk Management

Your Company, being in the business of lending and treasury operations has to manage various risks. The key risks faced by the Company are credit risk, liquidity risk, interest rate risk and operational risk. The company has in place policies and procedures for addressing the various risks associated with the Company's lending business and treasury operations. The overall management of interest rate risk is carried out through the matching of the maturities of assets and liabilities, as a part of the Asset-Liability Management process. The Asset Liability Management Committee reviews and monitor these risks at periodic intervals.



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Any lending activity is exposed to credit risk arising from the risk of default by borrowers. The issuer has in place credit appraisal, credit risk monitoring and management systems. It undertakes a periodic review of its entire loan portfolio with a view to determine to identify potential areas of action and devise appropriate strategies thereon. The operational risks of the Company are managed through internal control systems and procedures and key back up processes.

(vii) Internal Financial Controls and their adequacy

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

(viii) Regulatory Compliance

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

(ix) HR Resources

The Company aims to recruit and retain talent in the organisation by providing a productive work place environment. With a view to strengthening its human resources, the Company has been recruiting professionals with appropriate skills and experience at middle and senior management levels. Recognising the importance of knowledge enrichment of its employees and exposing officers to the latest developments in the financial sector, the Company deputed its officers for appropriate training programmes, seminars and conferences. The Company's HR functions have been outsourced to M/s Cerebrus Consultants who provide HR support by way of review of Company's HR policies, Performance Linked Variable Scheme, Key Hiring Plan, new Employee Selection and On-Boarding, Skill and Capability building for employees and other regular HR management activities.

The staff strength on March 31, 2016 is 36.

(x) Outlook for the current year

The Indian economy, backed by improvement in the macro-economic fundamentals, strong policy reforms and reviving global demand, is steadily moving upwards on its recovery trajectory.

Keeping in view the improving business environment, your Company expects steady growth in its lending business this year. The Company plans to re-balance and diversify its loan portfolio by increasing its focus on the corporate loan & other loans segment and adopting a cautious and selective approach towards lending in the Loan against securities (LAS) segment. The



DIRECTORS' REPORT

Company plans to expand its corporate & other loans segment by reaching out to a wider customer base and adding new loan products. In order to cater to a wider customer base, the Company will leverage its existing customer relationships and foray into new locations in a phased manner. The Company will remain focussed on maintaining a balance between growth and asset quality. The Company shall also continue with its efforts in establishing itself as a preferred partner with quick turnaround time and best practices.

The Debt Market yields are expected to head lower with hopes of a good monsoon and CPI inflation on track. Lower global interest rates with a relatively stable outlook on India and Rupee will attract overseas investors to the Indian Debt Market thereby pushing the yields further down. The Fixed income Desk will capitalize on the low yields to book profits at an appropriate time.

The gains from the equity market are expected to be very good considering the outlook of earnings growth (2nd Half FY 2016-17) based on consumption boon by the way of 7th CPC, stable and low interest rates, ongoing resolution to the NPA situation in banks and promise of good monsoon. The equity desk will add more stocks to the equity portfolio that have earning visibility for next couple of years.

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

6. SUBSIDIARY COMPANIES & THEIR PERFORMANCE

Your Company has the following subsidiaries:

STCI Primary Dealer Ltd (wholly owned subsidiary)

STCI Commodities Ltd (wholly owned subsidiary)

In terms of the provisions of Section 129(3) of the Companies Act, 2013, the Consolidated Financial Statements of the Company and its subsidiaries, STCI Primary Dealer Ltd and STCI Commodities Ltd for the year ended 31st March 2016 are prepared and the same along with the Auditors' Report form part of this Annual Report.

Pursuant to the first proviso of Section 129(3) of the Companies Act read with Rule 5 of the Companies (Accounts) rules 2014, a separate statement containing the salient features of the financial statement of its subsidiaries in the prescribed form AOC -I are annexed to the Company's audited financial statement for the year ended March 31, 2016. However, brief comments on their performance during the year are being given so as to present a consolidated position of the operations of STCI Group to the shareholders.

(i) **STCI Primary Dealer Limited**

STCI Primary Dealer Limited, your Company's subsidiary engaged in Primary Dealership business, reported a profit after tax of Rs 7.69 crore for the financial year ended March 31, 2016 as against a profit after tax of Rs. 80.67 crore during the previous financial year. The fall in the profit was primarily on account of trading losses in the fixed income securities portfolio due to adverse market conditions.



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The Audited financial statements along with the Auditors' Report and the Directors Report thereon of STCI Primary Dealer Limited for the financial year ended March 31, 2016 form part of this Annual Report.

(ii) STCI Commodities Limited

STCI Commodities Limited, your Company's subsidiary has been liquidating its assets, settling its pending legal cases and surrendering its Multi Commodity Exchange (MCX) and National Commodity and Derivative Exchange (NCDEX) licence, since discontinuance of its commodity broking operations in September 2011. As a result, STCI Commodities Limited reported a profit after tax of Rs.0.08 crore for the financial year ended March 31, 2016 as against Rs. 0.07 crore during the previous year.

The Audited financial statements along with the Auditors' Report and the Directors Report thereon of STCI Commodities Limited for the financial year ended March 31, 2016 form part of this Annual Report.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

(i) Changes in the Board of Directors

➤ Resignations & Retirements

Mr. S.Venkateswarlu, nominated by Bank of India, resigned as Managing Director of the company on completion of his tenure on the close of business of April 30, 2015. The Company was benefited by his active role and his long experience in the banking and finance field. The Board places on record appreciation for significant contributions made by Mr. S.Venkateswarlu as Managing Director of the Company during its growing phase as a Loan NBFC.

Smt. V.R Iyer, nominated by Bank of India, resigned as Chairperson of the Company with effect from June 01, 2015 consequent to her relinquishing office as Chairperson and Managing Director of Bank of India on her attaining superannuation. The Board places on record its deep appreciation for the significant contributions made by Smt. V.R Iyer and the valuable services rendered by her during her tenure as Chairperson of the Company and for her significant contributions at the Board Meetings.

Mr. Ajeet Kumar(DIN 07198324), nominee of Bank of India, was appointed by the Board of Directors as Additional Director and Deputy Managing Director of the Company w.e.f May 29, 2015 for a period of 1 year. Subsequently, the Shareholders of the Company at their 21st Annual General Meeting held on September 23, 2015 approved his appointment as Director liable to retire by rotation and as Deputy Managing Director of the Company w.e.f May 29, 2015 for a term of 1 year. Mr. Ajeet Kumar, demitted office as Deputy Managing Director w.e.f December 05, 2015 pursuant to his repatriation to Bank of India and resigned as Director of the Company w.e.f March 29, 2016. The Board places on record its appreciation for the valuable services rendered by him to the Company during his tenure as Deputy Managing Director/ Director of the Company.



DIRECTORS' REPORT

➤ **Appointments**

(a) Independent Directors

The Board of Directors, upon the recommendation of the Nomination, Remuneration & HRD Committee, appointed Mr. T.V Rao (DIN 05273533) as a Director of the Company w.e.f April 28, 2015 to fill in the casual vacancy in the category of Independent Director caused by the resignation of Mr. Jayant Sinha. The shareholders of the Company at their 21st Annual General Meeting held on September 23, 2015, on the recommendation of the Board, appointed Mr. T.V Rao as an Independent Director not liable to retire by rotation, for a term of two years upto the conclusion of 23rd AGM held in calendar year 2017 pursuant to Section 149, 152 read with Schedule IV of the Act.

The Board of Directors, upon the recommendation of the Nomination, Remuneration & HRD Committee, appointed Mrs. Thankom T. Mathew (DIN 00025326) as an Additional Director in the category of Independent Director with effect from August 27, 2015. The shareholders of the Company at their 21st Annual General Meeting held on September 23, 2015, on the recommendation of the Board, appointed Mrs. Thankom T. Mathew as an Independent Director not liable to retire by rotation, for a term of three years upto the conclusion of 24th AGM held in calendar year 2018, pursuant to Section 149, 152 read with Schedule IV of the Act.

(b) Managing Director & CEO

The Board of Directors, upon the recommendation of the Nomination, Remuneration & HRD Committee, appointed Mr. Yogesh Gaat (DIN 07189252), Chief Executive officer (CEO) of the Company, as an Additional Director and as Managing Director & CEO of the Company w.e.f May 19, 2015 for a tenure of three years. Subsequently, the shareholders of the Company at their 21st Annual General Meeting held on September 23, 2015 on the recommendation of the Board, approved the appointment Mr. Yogesh Gaat as a Director liable to retire by rotation and as Managing Director & CEO of the Company for a term of three years w.e.f from May 19, 2015.

(c) Nominee Directors

Bank of India nominated Mr. Melwyn Oswald Rego (DIN 00292670), Managing Director & CEO of Bank of India, as Director on the Board of the Company pursuant to the provisions contained in the Company's Articles of Association upon receipt of necessary approval from Government of India. The Board of Directors, on the recommendation of the Nomination, Remuneration & HRD Committee, appointed Mr. Melwyn Oswald Rego, as an Additional Director of the Company with effect from January 06, 2016. In terms of Section 161 of the Companies Act, 2013 ('the Act') read with Article 101 of the Company's Article of Association he holds office upto the date of the ensuing AGM and is eligible for appointment at such meeting. The Company has received notice in writing under Section 160 of the Act along with the requisite deposit proposing the appointment of Mr. Melwyn Oswald Rego for the office of Director. The Board recommends his appointment as a Director liable to retire by rotation at the ensuing Annual General Meeting of the Company.



DIRECTORS' REPORT

Subsequent to the year under review, Bank of India nominated Mr. S.K Behera (holding DIN 07480667), Deputy General Manager of Bank of India on deputation, as Director on the Board of the Company pursuant to the provisions of the Company's Articles of Association. The Board of Directors, upon the recommendation of the Nomination, Remuneration & HRD Committee, appointed Mr. S.K Behera (DIN 07480667) as an Additional Director and as a Whole Time Director designated as Deputy Managing Director of the Company for a term of 1 year w.e.f May 04, 2016. In terms of Section 161 of the Act read with Article 101 of the Company's Article of Association he holds office as an Additional Director upto the date of the ensuing AGM and is eligible for appointment at such meeting. The Company has received notice in writing under Section 160 of the Act along with the requisite deposit proposing the appointment of Mr. S.K Behera for the office of Director. The Board recommends his appointment as a Director liable to retire by rotation and Deputy Managing Director of the Company for the approval of the members at the ensuing Annual General Meeting.

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

➤ **Re-appointment**

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

(ii) Changes in Key Managerial Personnel

During the year under review, Mr. S.Venkateswarlu, resigned as Managing Director of the company on completion of his tenure on the close of business of April 30, 2015. Subsequently, the Board of Directors at its meeting held on May 08, 2015, appointed Mr. Yogesh Gaat, existing CEO and one of the Key Managerial personnel of the Company, as Managing Director & CEO with effect from May 19, 2015. Further, the Board at its meeting held on May 25, 2015, appointed Mr. Ajeet Kumar as Deputy Managing Director, with effect from May 29, 2015. Mr. Ajeet Kumar, demitted office as Deputy Managing Director w.e.f December 05, 2015 pursuant to his repatriation to Bank of India. Ms. Suparna Sharma, Company Secretary and Mr. Kamlesh Rathi, Chief Financial Officer are the other Key Managerial Personnel of the Company pursuant to the provisions of section 203 of the Companies Act, 2013 and the rules framed thereunder.

Subsequent to the year under review, the Board of Directors at its meeting held on May 04, 2016, appointed Mr. S.K Behera as a Whole Time Director designated as Deputy Managing Director of the Company w.e.f May 04, 2016.

8. **DECLARATION BY INDEPENDENT DIRECTORS**

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



DIRECTORS' REPORT

9. BOARD OF DIRECTORS

Composition

The Board of Directors comprise of professionals with wide experience and skills in the field of Banking and Finance. As on the date of the Report, the Board comprises of eight Directors consisting of (i) six Non-Executive Directors out of which four are Independent viz. Mr. Melwyn Oswald Rego (Non-Executive-nominee of Bank of India), Mr. T.C Venkat Subramanian (Non-Executive), Mr. K.Narasimha Murthy (Independent), Mr. S. Ravi (Independent), Mr. T.V Rao (Independent) and Mrs. Thankom T. Mathew (Independent) and (ii) Two Executive Directors viz. Mr. Yogesh Gaat, Managing Director & CEO and Mr. S.K Behera, Deputy Managing Director (nominee of Bank of India).

Meetings held during the financial year:

During the financial year 2015-16, eight Meetings of the Board were held on April 21, 2015, April 28, 2015, May 08, 2015, May 25, 2015, July 23, 2015, August 27, 2015, November 07, 2015 and February 01, 2016. The composition of the Board and attendance of Directors at the Board meetings held during the financial year under review are given below:

Name of Director	Category	Number of meetings attended /number of meetings held during the tenure of Director
Smt. V.R Iyer * (DIN 05242960)	Non-Executive Chairperson	4/4
Mr. Melwyn Oswald Rego** (DIN 00292670)	Non-Executive Director	1/1
Mr. T.C Venkat Subramanian (DIN00040526)	Non-Executive Director	7/8
Mr. K.Narasimha Murthy (DIN 00023046)	Independent Director	6/8
Mr. S.Ravi (DIN 00009790)	Independent Director	8/8
Mr. T.V Rao*** (DIN 05273533)	Independent Director	5/6
Mrs. Thankom T Mathew# (DIN 00025326)	Independent Director	2/2
Mr. S.Venkateswarlu ## (DIN 06583519)	Managing Director	2/2
Mr. Yogesh Gaat ### (DIN 07189252)	Managing Director & CEO	5/5
Mr. Ajeet Kumar@ (DIN 07198324)	Deputy Managing Director	3/4



DIRECTORS' REPORT

**Ceased to hold office as Chairperson w.e.f June 01, 2015*

*** Appointed as a Director w.e.f January 06, 2016*

**** Appointed as a Director w.e.f April 28, 2015*

Appointed as a Director w.e.f August 27, 2015

##Ceased to be the Managing Director w.e.f May 01, 2015

Appointed as Managing Director & CEO w.e.f May 19, 2015

@ Appointed as Deputy Managing Director w.e.f May 29, 2015. Demitted office as Deputy Managing Director w.e.f December 05, 2015 and as Director w.e.f March 29, 2016

10. **COMMITTEES OF THE BOARD**

On the date of Report, your Company has the following five Board Level Committees. The composition, scope and functions of these Committees, the number of meetings held during the financial year 2014-15 and attendance at the Committee meetings have been detailed below:

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

(i) **AUDIT COMMITTEE**

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

Composition

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

Scope and Functions

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

- recommend appointment and terms of appointment of auditors;
- review and monitor auditor's independence and performance and effectiveness of audit process,
- approval or any subsequent modification of transactions with related parties,
- scrutiny of inter-corporate loans and investment
- Overseeing financial reporting processes
- valuation of undertaking or assets of the Company,



DIRECTORS' REPORT

- oversee the functioning of vigil mechanism established under the Act for directors and employees and take suitable action where required.
- Reviewing periodic financial results, financial statements and evaluating the adequacy of internal financial control systems
- Reviewing the annual financial statements with the Management and Statutory Auditors and recommending consideration thereof to the Board of Directors
- Discussing and reviewing periodically the Internal and Concurrent Audit Reports and the scope and adequacy of the Internal Audit function.
- Reviewing the Audit/Inspection reports of the Comptroller & Auditor General of India, Reserve Bank of India etc

In addition to the above, the review of risk matters of the Company were entrusted to the Audit Committee upto July 22, 2015. However, on constitution of a separate Risk Management Committee by the Board of Directors with effect from July 23, 2015, the review of risk matters of the Company has been delegated to the Risk Management Committee of the board.

Meetings held during the financial year

During the financial year 2015-16, four Audit Committee meetings were held on April 28, 2015, August 27, 2015, November 07, 2015 and February 01, 2016. The composition of the Audit Committee and attendance of the members at the Committee meetings held during the financial year under review are given below:

Name of Director	Category	Number of meetings attended /number of meetings held during the tenure of Director
Smt. V.R Iyer *	Non-Executive Chairperson (Chairperson of Committee upto May 31, 2015)	1/1
Mr. K.Narasimha Murthy**	Independent Director	1/1
Mr. S.Ravi	Independent Director (Chairman of Committee w.e.f July 23, 2015)	4/4
Mr.T.CVenkatSubramanian***	Non-Executive Director	2/3
Mr. T.V Rao #	Independent Director	3/3
Ms. Thankom T Mathew ##	Independent Director	1/1

* Ceased to be Chairperson and member of the Committee w.e.f June 01, 2015

**Ceased to be a member of the Committee w.e.f July 23, 2015

*** appointed as a member of the Committee w.e.f July 23, 2015

appointed as a member of the Committee w.e.f July 23, 2015

appointed as a member of the Committee w.e.f November 07, 2015



DIRECTORS' REPORT

(ii) **NOMINATION, REMUNERATION & HRD COMMITTEE**

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

Composition:

Presently, the Nomination, Remuneration & HRD Committee comprises of five Directors consisting of one Executive Director and four Non-Executive Directors out of which three Directors including the Chairman of the Committee are Independent. Mr. S.Ravi (Independent) is the Chairman of the Committee and the other members are Mr. T.C Venkat Subramanian (Non-Executive), Mr. K.Narasimha Murthy, (Independent), Ms. Thankom T Mathew (Independent) and Mr. Yogesh Gaat (MD & CEO).

Scope and Functions

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

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

Meetings held during the financial year

During the financial year 2015-16, seven Meetings of the Nomination, Remuneration & HRD Committee were held on April 28, 2015, May 08, 2015, May 25, 2015, July 23, 2015, August 27, 2015, December 29, 2015 and March 30, 2016. 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 Director	Category	Number of meetings attended /number of meetings held during the tenure of Director
Mr. S.Ravi	Independent Director (Chairman of the Committee)	7/7
Mr. T.C Venkat Subramanian	Non-Executive Director	5/7
Mr. K.Narasimha Murthy	Independent Director	6/7
Ms. Thankom T Mathew*	Independent Director	2/2
Mr. S. Venkateswarlu**	Managing Director	1/1
Mr. Yogesh Gaat***	Managing Director & CEO	5/5

* Appointed as a member of the Committee w.e.f November 07, 2016

**Ceased to be a member of the Committee w.e.f May 01, 2015

*** Appointed as a member of the Committee w.e.f May 19, 2015

(iii) CSR Committee

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

On the date of the Report, the CSR Committee comprises of four Directors out of which two Directors including the Chairman of the Committee are Independent. Mr. T.V Rao, (Independent) is the Chairman of the Committee and the other members are Mr. K.Narasimha Murthy (Independent), Mr. S.K Behera (Deputy MD) and Mr. Yogesh Gaat (MD & CEO).

Scope and Functions

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

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

Meetings held during the financial year

During the financial year 2015-16, one Meeting of the CSR Committee of the Board was held on February 01, 2016. 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:

**DIRECTORS' REPORT**

Name of Director	Category	Number of meetings attended /number of meetings held in the tenure of Director
Mr. K.Narasimha Murthy	Independent Director (Chairman of the Committee upto 22.07.2015)	0/1
Mr. T.V Rao*	Independent Director (Chairman of the Committee w.e.f 23.07.2015)	1/1
Mr. T.C Venkat Subramanian**	Non-Executive Director	Nil
Mr. S. Venkateswarlu***	Managing Director	Nil
Mr. Yogesh Gaat#	Managing Director & CEO	1/1
Mr. Ajeet Kumar##	Deputy Managing Director	0/1

* Appointed as member and Chairman of the Committee w.e.f July 23, 2015

**Ceased to be a member w.e.f July 23, 2015

*** Ceased to be a member of the Committee w.e.f May 01, 2015

Appointed as a member of the Committee w.e.f May 19, 2015.

Appointed as a member of the Committee w.e.f July 23, 2015. Ceased to be member w.e.f March 29, 2016.

(iv) CREDIT AND INVESTMENT COMMITTEE (CIC)**Composition**

The Credit and Investment Committee of the Board presently comprises of four Directors consisting of one Executive Director and three Non-Executive Directors including the Chairman of the Committee out of which two are Independent. Mr. T. C. Venkat Subramanian is the Chairman of the Committee (Non-Executive) and the other members are Mr. K. Narasimha Murthy (Independent), Mr. T.V Rao (independent) and Mr. Yogesh Gaat (MD & CEO).

Scope and Functions

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

Meetings during the financial year

During the financial year 2015-16, eight meetings of Credit and Investment Committee were held on April 23, 2015, June 12, 2015, July 23, 2015, August 11, 2015, September 09, 2015, November 07, 2015, February 01, 2016 and March 15, 2016. The composition of the Committee and attendance of the members at the Committee meetings held during the financial year 2015-16 are given below:



DIRECTORS' REPORT

Name of Director	Category	Number of meetings attended /number of meetings held during the tenure of Directors
Mr. T.C Venkat Subramanian	Non-Executive Director (Chairman of the Committee)	8/8
Mr. K.Narasimha Murthy	Independent Director	6/8
Mr. T.V Rao*	Independent Director	5/5
Mr. S. Venkateswarlu**	Managing Director	1/1
Mr. Yogesh Gaat***	Managing Director & CEO	7/7

*Appointed as a member of the Committee w.e.f July 23, 2015.

**Ceased to be a member of the Committee w.e.f May 01, 2015

***Appointed as a member of the Committee w.e.f May 19, 2015

(v) Risk Management Committee of the Board (w.e.f July 23, 2015)

The Risk Management Committee was constituted by the Board at its meeting held on July 23, 2015 in line with the RBI corporate governance guidelines on constitution of a separate risk management committee for non-deposit taking systemically important NBFCs.

Composition

On the date of the Report, the Risk Management Committee comprises of three Directors out of which two Directors including the Chairman of the Committee are Independent. Mr. K.Narasimha Murthy (Independent) is the Chairman of the Committee and the other members are Mr. T.V Rao (Independent) and Mr. S.K Behera (Deputy MD)

Scope and Functions

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

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



DIRECTORS' REPORT

Meetings during the financial year

During the financial year 2015-16, one meeting of the Risk Management Committee was held on September 09, 2015. The composition of the Committee and attendance of the members at the Committee meetings held during the financial year 2015-16 are given below:

Name of Director	Category	Number of meetings attended /number of meetings held during the tenure of Directors
Mr. K.Narasimha Murthy	Independent Director (Chairman of the Committee)	1/1
Mr. T.V Rao, Member	Independent Director	1/1
Mr. Ajeet Kumar*	Deputy Managing Director	1/1

*Ceased to be a member of the Committee w.e.f March 29, 2016.

11. MANAGEMENT AND EXECUTIVE COMMITTEES

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

(i) **ALCO & Risk Management Committee**

ALCO and Risk Management Committee is responsible for (i) ensuring adherence to the prudential limits and guidelines set by the Board of Directors and the Audit Committee / Risk Management Committee of the Board (ii) formulating Risk Management Policies under the supervision of Audit Committee/Risk Management Committee of the Board and (iii) attending to all issues related to Asset-Liability Management. It comprises of the Managing Director and senior executives as nominated by Managing Director from time to time.

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

The Credit Committee considers and sanctions loan within the powers delegated to it by the Board. The Credit Committee comprises of the Managing Director & CEO, Deputy Managing Director, DGM (Credit), DGM (Risk) and AGM (credit).

(iii) **Investment Committee**

Investment Committee takes investment / divestment decisions and manages and supervises the long term investment portfolio in accordance with the prudential limits and long term investment guidelines approved by the Board. The Committee comprises of senior executives and is headed by the Managing Director.

(iv) **CSR Committee of Executives**

The CSR Committee of Executives implements and monitors the CSR activities of the Company within the Policy Framework under the overall supervision of the CSR Committee of the Board.



DIRECTORS' REPORT

The Committee comprises of Managing Director and four senior executives nominated by the Managing Director.

(v) Grievances Redressal Committee

The Grievances Redressal Committee reviews the complaints and grievances of staff and that of Customers/clients. The Committee comprises of the Managing Director and two senior executives as may be appointed by the Managing Director under his delegated powers.

12. EXTRACT OF ANNUAL RETURN

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

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

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

14. PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND DIRECTORS

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

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



DIRECTORS' REPORT

15. PARTICULARS OF RELATED PARTY TRANSACTIONS

All transactions entered into with the related parties referred to under section 188(1) of the Companies Act, 2013 during the year, were in the ordinary course of business and on arms length basis. There are no materially significant related party transactions made by the Company with the Directors or Key Managerial Personnel or other related parties that may have a potential conflict with the interest of the Company at large. All transactions with related parties under the Act are placed before the Audit Committee and the Board periodically. As required by RBI Circular dated November 10, 2014 on the Revised Regulatory Framework for NBFCs, 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 III. The particulars of contracts or arrangements entered into with related parties referred to under Section 188(1) in Form AOC-2 is annexed to this Report as Annexure IV.

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

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

17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has been contributing to the society through its CSR initiatives in the form of financial support to the underprivileged, development of rural/ underprivileged areas, promotion of education, making available free or affordable Medical facilities etc. The Board of Directors have constituted a Corporate Social Responsibility ("CSR") Committee to perform the scope and functions stipulated under Section 135 of the Companies Act, 2013 (the Act) read with the rules framed there under. The Board of Directors, on the recommendation of the CSR Committee, have adopted a detailed policy on Corporate Social Responsibility based on the provisions of the Act, specifying the CSR activities/ projects/programs to be undertaken by Company, the modalities of execution, implementation and monitoring process for the same. During the year under review, the Board of Directors, on the recommendation of the CSR Committee, approved a CSR Budget of Rs. 280.35 Lacs based on 2% of the average net profits made during the last 3 financial years highlighting the focus areas in which the CSR activities/ projects would be undertaken during the year in pursuance of the CSR Policy. The brief outline of the CSR Policy, the CSR activities undertaken by the Company and the amount spent on the CSR activities during the financial year 2015-16 is given as a part of Annual Report on CSR activities in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, annexed to this Report as Annexure V.

18. VIGIL MECHANISM

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 and the rules framed there under, the Company has established a vigil mechanism / Whistle Blower Policy to enable directors and employees report genuine concerns or grievances about unethical or improper behaviour, actual or suspected fraud or breach of the Company's code of conduct or company's policies and procedures, law or regulation. The vigil mechanism provides for adequate safeguards against victimisation of directors



DIRECTORS' REPORT

and employees who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee, in appropriate or exceptional cases. The Audit Committee oversees the vigil mechanism. The details of the vigil mechanism/ Whistle Blower Policy have been disclosed on the website of the Company www.stcionline.com

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

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

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

20. **AUDITORS**

Statutory Auditors & their Report

M/s AJ Shah & Co, Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company by the Comptroller & Auditor General of India (C&AG) for the year ended March 31, 2016. The Comptroller & Auditor General of India (C&AG) has re-appointed M/s AJ Shah & Co, Chartered Accountants, Mumbai as the Statutory Auditors of the Company for the financial year 2016-17.

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

The Statutory Auditors of its subsidiary, STCI Primary Dealer Limited have in their report for the year made a disclaimer on the Internal Financial Control keeping in view the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by ICAI. Accordingly, the Statutory Auditors' report on the Consolidated Accounts for the year has also reported the said disclaimer with respect of its subsidiary, STCI Primary Dealer Limited.

Secretarial Auditors & their report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company appointed M/s Nilesh Shah & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for FY2015-16. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2015-16 is appended to this Report as Annexure VII

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



DIRECTORS' REPORT

Comments of C&AG

C&AG have conducted a supplementary audit of the Company's Standalone and Consolidated Financial Statements for the year ended March 31, 2016 in terms of Section 143 (6)(b) of the Companies Act, 2013. CAG vide its letter No. GA/R-I/ STCI F /Accounts/2015-16/34 dated July 11, 2016 have issued a "Nil Comment" report on the standalone and consolidated financial statements stating that there is nothing significant which would give rise to any comment upon or supplement to Statutory Auditors' Report. The said report of C&AG forms part of this Annual report.

Internal & Concurrent Auditors

M/s Borkar & Muzumdar, Chartered Accountants, Mumbai were appointed as the Company's Internal & Concurrent Auditors for the financial year 2015-16. The scope of their internal audit included review of adequacy and effectiveness of the internal control systems, verification of compliance with policies, procedures, rules, guidelines, and the applicable laws and regulations. The Internal Audit is conducted at regular intervals and the Internal Audit Reports are reviewed by the Audit Committee of the Board periodically.

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

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

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

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

23. PUBLIC DEPOSITS

During the year the financial year 2015-16, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or under Chapter V of the Companies Act, 2013.

24. FAIR PRACTICES CODE

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

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

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



DIRECTORS' REPORT

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

The Company has in place an appropriate Policy for prevention of Sexual Harassment of Women at Workplace. During the period under review, no complaints have been reported under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

27. CHANGE IN REGISTRAR & SHARE TRANSFER AGENT

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

28. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

29. ANNEXURES FORMING PART OF THIS REPORT OF DIRECTORS

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

- (i) Extract of Annual Return in Form MGT-9- Annexure I.
- (ii) Policy on Directors appointment and remuneration for Directors/ KMP/senior management personnel / other employees-Annexure II



DIRECTORS' REPORT

- (iii) Policy on Related party transactions- Annexure III
- (iv) Related party transactions under Section 188(1) in Form AOC-2- Annexure IV
- (v) Annual report on CSR activities- Annexure V
- (vi) Ratio of remuneration to median employees remuneration as per Section 197 (12) of Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014-Annexure VI
- (vii) Secretarial Audit Report for financial year 2015-16 - Annexure VII

30. CAUTIONARY STATEMENT

Statements in this Directors' Report describing the Company's objectives, projections, estimates, outlook, expectations or predictions may be "forward-looking statements". Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and other incidental factors.

31. ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

August 26, 2016
Mumbai

Yogesh Gaat
Managing Director & CEO
(DIN 07189252)

Melwyn O Rego
Director
(DIN 00292670)



ANNEXURE I TO THE DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U51900MH1994PLC078303
ii)	Registration Date	10/05/1994
iii)	Name of the Company	STCI Finance Limited
iv)	Category / Sub-Category of the Company	Public Company limited by shares/NBFC
v)	Address of the Registered office and contact details	A/B 1-802, A-Wing, 8 TH Floor, Marathon Innova, Marathon Nextgen Compound, Off. Ganpatrao Kadam Marg, Lower Parel , Mumbai - 400 013. Tel: +91-22-6142 5115/100 Fax: +91-22 24991092 E-mail id: suparna@stcionline.com
vi)	Whether listed company	Yes. The Company is a listed company within the meaning of Section 2(52) of the Companies Act, 2013 as the Non-Convertible Debentures of the Company issued on private placement basis are listed on the wholesale debt market segment of NSE.
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any.	Sharepro Services (India) Private Limited Address: 13 AB, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri (East), Mumbai - 400 072. Tel: +91-22- 67720329 Fax: +91-22- 28508927 E-mail id:nileshb@shareproservices.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Lending Activity	64920- Other credit granting	90.93 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRI's- Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):	-	-	-	-	-	-	-	-	-
Total Shareholding Promoter (A) = (A)(1) + (A)(2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	34907662	-	34907662	91.86	34907662	-	34907662	91.86	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt. (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	2516250	-	2516250	6.62	2516250	-	2516250	6.62	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	576088	-	576088	1.52	576088	-	576088	1.52	-
Sub-total (B)(1):	38000000	-	38000000	100	38000000	-	38000000	100	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lac	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	38000000	-	38000000	100	38000000	-	38000000	100	-
Total Public Shareholding (B) = (B)(1)+ (B)(2)	38000000	-	38000000	100	38000000	-	38000000	100	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	38000000	-	38000000	100	38000000	-	38000000	100	-

ii) Shareholding of Promoter-

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

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

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



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

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Bank of India				
	At the beginning of the year	11383781	29.96	11383781	29.96
	Date wise increase/ decrease in shareholding during the year along with reasons	No change during the year			
	At the end of the year	11383781	29.96	11383781	29.96
2	IDFC Bank Limited				
	At the beginning of the year	-	-	-	-
	Date wise increase/ decrease in shareholding during the year along with reasons	Increase-Transfer of 3530136 equity shares to IDFC Bank Limited on 9/10/2015 pursuant to the Demerger of IDFC Limited into IDFC Bank Limited			
	At the end of the year	3530136	9.29	3530136	9.29
3.	State Bank of India				
	At the beginning of the year	2812415	7.40	2812415	7.40
	Date wise increase/ decrease in shareholding during the year along with reasons	No change during the year			
	At the end of the year	2812415	7.40	2812415	7.40
4.	IDBI Bank Ltd				
	At the beginning of the year	2507610	6.60	2507610	6.60
	Date wise increase/ decrease in shareholding during the year along with reasons	No change during the year			
	At the end of the year	2507610	6.60	2507610	6.60
5.	Punjab National bank				
	At the beginning of the year	1877564	4.94	1877564	4.94
	Date wise increase/ decrease in shareholding during the year along with reasons	No change during the year			
	At the end of the year	1877564	4.94	1877564	4.94



Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6.	Life Insurance Corporation of India				
	At the beginning of the year	1505400	3.96	1505400	3.96
	Date wise increase/ decrease in shareholding during the year along with reasons	No change during the year			
	At the end of the year	1505400	3.96	1505400	3.96
7.	Canara Bank				
	At the beginning of the year	1426298	3.75	1426298	3.75
	Date wise increase/ decrease in shareholding during the year along with reasons	No change during the year			
	At the end of the year	1426298	3.75	1426298	3.75
8.	ICICI Bank Ltd				
	At the beginning of the year	1400528	3.69	1400528	3.69
	Date wise increase/ decrease in shareholding during the year along with reasons	No change during the year			
	At the end of the year	1400528	3.69	1400528	3.69
9.	Bank of Baroda				
	At the beginning of the year	1253544	3.30	1253544	3.30
	Date wise increase/ decrease in shareholding during the year along with reasons	No change during the year			
	At the end of the year	1253544	3.30	1253544	3.30
10	Central Bank of India				
	At the beginning of the year	1150100	3.03	1150100	3.03
	Date wise increase/ decrease in shareholding during the year along with reasons	No change during the year			
	At the end of the year	1150100	3.03	1150100	3.03



v) Shareholding of Directors and Key Managerial Personnel:

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

V) INDEBTEDNESS

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

(Rs. In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	115000.00	193627.70	-	308627.70
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4381.40	61.05	-	4442.45
Total (i+ii+iii)	119381.45	193688.75	-	313070.15
Change in Indebtedness during the financial year				
i) Addition (issue of NCDs during the year) (Net)	15000.00	50000	-	65000.00
ii) Reduction (net)	31303.67	19711.05	-	51014.72
Net Change	(16303.67)	30288.95	-	13985.28
Indebtedness at the end of the financial year				
i) Principal Amount	98400	223934.58	-	322334.58
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4677.73	43.12	-	4720.85
Total (i+ii+iii)	103077.73	223977.70	-	327055.43

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. S. Venkateswarlu, Managing Director (upto 30.04. 2016)	Mr. Yogesh Gaat, Managing Director & CEO (w.e.f 19.05.2016)	Mr. Ajeet Kumar, Deputy Managing Director (from 29.05.2015 to 4.12.2015)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	58.84	59.29	7.54	125.67
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.66	1.30	1.27	3.23
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit - others, specify...				
5	Others, please specify	0.31	3.92	0.53	4.76
	Total (A)	59.81	64.51	9.34	133.66
	#Ceiling as per the Act				

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



B. Remuneration to other directors

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Mr.K. Narasimha Murthy	Mr. S. Ravi	*Mr. T.V Rao	**Mrs. Thankom T. Mathew	
	(a) Fee for attending board /committee meetings	4.20	4.00	3.20	1.20	12.60
	(b) Commission	-	-	-		
	(c) Others, please specify	-	-	-		
	Total (1)	4.20	4.00	3.20	1.20	12.60
2	Other Non-Executive Directors	***@ Mrs. V.R Iyer	# @Mr. Melwyn O. Rego	Mr. T.C Venkat Subramanian	##Mr. Ajeet Kumar	
	(a) Fee for attending board committee meetings	1.00	0.20	4.40	-	5.60
	(b) Commission	-	-	-	-	
	(c) Others, please specify	-	-	-	-	
	Total (2)	1.00	0.20	4.40	-	5.60
	Total (B)=(1+2) Total Managerial Remuneration (A) + (B)					18.20 151.86
	Overall Ceiling as per the Act -For (A) –Remuneration payable to MD/ Whole time Director all taken together -For (B)- Remuneration payable to other Directors by way of sitting fees for attending each meeting of Board or Committee					1231.77 (10% of net profits of the Company) 91.00 (Rs. 1 lakh for each meeting of Board or Committee thereof attended by each director)



* Mr T.V Rao was appointed as Independent Director w.e.f 28.04. 2015.

**Mrs. Thankom T Mathew was appointed as Independent Director w.e.f 27.08.2015

*** Mrs. V.R Iyer ceased to be Director w.e.f 1.06.2015

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

Mr. Melwyn O Rego was appointed as Director w.e.f 6.01.2016.

##Mr. Ajeet Kumar was a Non-Executive Director from 5.12.2015. He ceased to hold office as a Director w.e.f 29.03.2016.

C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO (upto 18.05.2016)	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.67	31.76	31.31	78.74
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.75	0.00	0.75
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission	-	-	-	
	- as % of profit	-	-	-	
	- Others, specify.....	-	-	-	
5	Others, please specify (Contribution to Provident Fund)	0.58	1.01	1.10	2.69
	Total	16.25	33.52	32.41	82.18

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

(Rs. in Lakhs)

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

For and on behalf of the Board of Directors

August 26, 2016
Mumbai

Yogesh Gaat
Managing Director & CEO
(DIN 07189252)

Melwyn O Rego
Director
(DIN 00292670)



ANNEXURE II TO THE DIRECTORS' REPORT

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

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

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

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

i. General

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

- a) The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.



- b) The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks.
- c) The remuneration to directors, senior management Personnel and Key Managerial Personnel should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

In determining the remuneration, due consideration shall be given to such factors as the Committee deems appropriate including but not limited to the Individual persons duties & responsibilities, level of skill, knowledge, experience and performance, core performance requirements, market trend, cost of living, industry practice and the prevailing laws and Regulations.

ii. Remuneration structure

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

iii. Remuneration to Managing Director/Whole time Director

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

iv. Remuneration to the Non-Executive & Independent Directors

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

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

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

vi. Increments

- (a) Increments/ revision of remuneration of Managing Director/Whole time Director shall be subject to the conditions and the applicable provisions of the Companies Act, 2013.



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

For and on behalf of the Board of Directors

August 26, 2016
Mumbai

Yogesh Gaat
Managing Director & CEO
(DIN 07189252)

Melwyn O Rego
Director
(DIN 00292670)



ANNEXURE III TO THE DIRECTORS' REPORT

RELATED PARTY TRANSACTION POLICY OF THE COMPANY

1. Preamble

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

2. Purpose

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

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

3. Definitions

- (i) **"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of the Act.
- (ii) **"Board"** means Board of Directors of the Company
- (iii) **Related Party Transaction" or "RPT"** means the following transactions /contracts /arrangements with related parties as given under clause (a) to (g) subsection (1) of section 188 of the Act:
 - (a) sale, purchase or supply of any goods or materials;
 - (ii) selling or otherwise disposing of, or buying, property of any kind;
 - (iii) leasing of property of any kind;
 - (iv) availing or rendering of any services;
 - (v) appointment of any agent for purchase or sale of goods, materials, services or property etc.
 - (vi) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - (vii) underwriting the subscription of any securities or derivatives thereof, of the Company.
- (iv) **"Material Related party Transactions"** mean related party transaction / transactions to be entered into individually or which taken together with previous transactions during a financial year, exceed the prescribed monetary limit given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014:



- (v) **“Related Party”** means related party under Section 2(76) of the Act as provided below:
- (b) A director or his relative
 - (c) Key Managerial Personnel or his/ her relative
 - (d) A firm, in which a director, manager or his relative is a partner
 - (e) A private company in which a director or manager or his relatives is a member or director
 - (f) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
 - (g) A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except such advice is given in a professional capacity.
 - (h) Any person on whose advice, directions or instructions a director or manager is accustomed to act, except such advice is given in a professional capacity
 - (i) Any company which is:
 - A Holding, Subsidiary or an Associate company of such company or
 - A Subsidiary of a Holding company to which it is also a Subsidiary
 - (i) A Director, other than an Independent Director, or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a Related Party.
- (vi) **“Relative”** As provided under Section 2(77) of the Companies Act, 2013 and the rules there under, relative with reference to any person, means anyone who is related to another, if-
- (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).
- (vii) **“Key Managerial Personnel”** means key managerial personnel as defined under Section 2(51) of the Companies Act, 2013 and includes (i) Managing Director (ii) a whole time director (iii) Chief Executive Officer (iii) Company Secretary; and (iv) Chief Financial Officer and (iv) such other officer prescribed under the Act.
- (viii) **“Associate Company”** - As per Section 2(6) of the companies Act, 2013, associate company in



relation to a Company means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

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

- (ix) **“Arms length transactions”** means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (x) **Ordinary Course of business:** All transactions or activities that are necessary, normal and incidental to the business of the Company as permitted by the Object Clause in the Memorandum of Association of the Company or transactions that are considered while computing the business income / revenue / turnover of the Company as opposed to “income from other sources shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial transactions.
- (xi) **Office or place of profit** means any office or place of profit:
 - (i) is held by a **director**, if the director holding it receives from the company anything by way of remuneration, over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) is held by an **individual** other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- (xii) **“Policy”** means this Related Transaction Policy

4. Policy

All Transactions with related parties including any subsequent modifications thereto must be reported to the Audit Committee and approved or referred for approval by the Committee in pursuance of this policy as per the provisions of the Companies Act, 2013 as amended from time to time.

4.1 Identification of Related Parties:

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

4.2 Identification of related Party Transactions:

In case of any proposed transaction or arrangement with a Related Party, the concerned functional Department in the Company shall furnish to the CS function, relevant details of the proposed transaction which shall include the name of the related party; nature of relationship; nature of



contract, duration and particulars of the contract/arrangement/transaction; reason for entering into the transaction, manner of determining price and other commercial terms, the draft contract/agreement and other supporting documents. The Company shall based on the details of transaction determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.3 Approvals/ process for related party transactions

(i) Audit Committee review / approval:

All related party transactions / arrangements or any modifications thereof, will be referred to the Audit Committee for review and approval with the details of related party, nature of transaction, reason for undertaking the transaction, particulars of the contract/arrangement, pricing terms, whether on arms length and in the ordinary course of business and other relevant information. Any member of the Committee who has a potential interest in any reported Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction. The Audit Committee, on the recommendation of the management, may approve the transactions with related parties in accordance with provisions of the Companies Act read with the Rules made there under (as amended from time to time).

(ii) Board Approval

Related Party Transactions as defined under Section 188 of the Act which are not in ordinary course of business and/or not on arms length basis or any subsequent modification thereto, shall be placed before the Board for its approval. Where any director is interested in any transaction or contract or arrangement with a Related Party, such director shall abstain himself from discussion and voting on the approval of the related party transaction. The Board may approve all Related Party Transactions which are not at arm's length and / or which are not in the ordinary course of business in accordance with provisions of the Companies Act read with the Rules made there under (as amended from time to time).

In addition to the above, contracts/ arrangements/ transactions which are in the ordinary course of business and at arms length and do not require approval of the Board under Section 188 of the Act may also be referred by the Audit Committee to the Board for its review as a matter of abundant caution.

(iii) Approval of the Shareholders

The following Material Related party transactions which exceed the monetary limit prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (given below) and which are either not on arms length and/ or are not in the ordinary course of business, shall on recommendation of the Board be placed before the shareholders for its prior approval in accordance with the provisions of the Act and the Related Parties shall abstain from voting on such resolutions:



Sr. No.	Prescribed Related Party Transaction	Monetary limit
1	Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding ten percent of the annual turnover of the Company or Rs. 100 crore, whichever is lower
2.	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	exceeding ten percent of net worth or Rs.100 crore, of the Company whichever is lower
3.	Leasing of property of any kind	exceeding ten percent of the net worth or exceeding ten percent of turnover or Rs. 100 crore of the Company, whichever is lower
4	Availing or rendering of any services directly or through appointment of agents	Exceeding ten percent of annual turnover or Rs. 50 crore of the Company, whichever is lower
5.	Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding two and half lakh rupees
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the company	Exceeding one percent of the net worth

Explanation:

Turnover or Net worth shall be computed based on the last Audited Balance Sheet of the Company.

(iv) Related party Transactions not requiring approval of Audit Committee/Board etc

Notwithstanding the foregoing, Related Party Transactions involving the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company including salary, reimbursement of business and travel expenses, halting allowance, entertainment expenses etc incurred in the ordinary course of business, will not require the approval of the Audit Committee/Board/shareholders.

5. Related party Transactions not approved under this Policy

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



arrangement and take any such action as it may deem appropriate.

6. Disclosures

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

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

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

8. Applicability

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

9. Amendments to the Policy

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

For and on behalf of the Board of Directors

August 26, 2016
Mumbai

Yogesh Gaat
Managing Director & CEO
(DIN 07189252)

Melwyn O Rego
Director
(DIN 00292670)



ANNEXURE IV TO THE DIRECTORS' REPORT

FORM NO. AOC.2

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

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

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

2. Details of *material contracts or arrangement or transactions at arm's length basis:
All transactions entered into by the Company with related parties during the year ended March 31, 2016 are in ordinary course of business and at arms length basis. The details of *material contracts or arrangement or transactions at an aggregate level for the financial year ended March 31, 2016 are :

S.N	Name(s) of the related party and nature of relationship	Nature of contract/ arrangement	Duration of contract/ arrangement/ transaction	Salient terms of the contract/ arrangements/ transactions including value, if any	Amount (in Rs lakh)	Date of Board approval, if any	Amount paid as advances, if any (in Rs lakh)
1.	STCI Primary Dealer Ltd	Purchase of government securities		Purchase of government securities at market price	2887.05	N.A	-
2.	STCI Primary Dealer Ltd- wholly owned subsidiary	Reimbursement made for electricity charges		Reimbursement made for sharing of Electricity charges at Delhi Office, proportionate to the office space shared.	1.85	N.A	-



S.N	Name(s) of the related party and nature of relationship	Nature of contract/ arrangement	Duration of contract/ arrangement/ transaction	Salient terms of the contract/ arrangements/ transactions including value, if any	Amount (Rs in lakhs)	Date of Board approval, if any	Amount paid as advances, if any (Rs in lakhs)
3.	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.	8.04	N.A	-
4	STCI Primary Dealer Ltd- wholly owned subsidiary	Sitting fees received		Sitting fees received for each meeting of the Board attended by its Nominee.	0.20	N.A	-
5	STCI Commodities Ltd- wholly owned subsidiary	Sitting fees received		Sitting fees received for each meeting of Board attended by its Nominee.	0.35	-	-

The contract/transaction/ arrangement mentioned above at S.No. 1 is a material related party transaction as per the Company's Policy on Related Party Transactions. The above disclosure has been made as a matter of abundant precaution in absence of definition of material contract/ arrangement/ transaction under Section 188 of the Companies Act, 2013.

For and on behalf of the Board of Directors

August 26, 2016
Mumbai

Yogesh Gaat
Managing Director & CEO
(DIN 07189252)

Melwyn O Rego
Director
(DIN 00292670)



ANNEXURE V TO THE DIRECTORS' REPORT

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

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

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

The CSR Committee constituted by the Board recommends to the Board the CSR Policy, the amount of expenditure to be incurred each year on the CSR activities in pursuance of the Policy, monitors the CSR policy of the Company from time to time and institutes a monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company. The CSR Committee of Executives (CSRCE) comprising of Managing Director and senior executives nominated by the Managing Director implements and monitors the CSR activities of the Company within the Policy Framework under the overall supervision of the CSR Committee of the Board, reports to the CSR Committee the progress of the CSR activities/ programs from time to time and assists in achieving the objectives and purpose of CSR Policy.

Weblink to the CSR Policy and projects or programs

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

2. The Composition of the CSR Committee:

The present composition of the CSR Committee is as follows:

- (a) Shri T.V Rao, Chairman
- (b) Shri K.Narasimha Murthy, Member
- (c) Shri Yogesh Gaat, Member
- (d) Shri S.K Behera, Member

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

The Average net profit of the Company is Rs. 14017.41 Lakh

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

The prescribed CSR expenditure based on 2% of average net profits made during the last 3 financial years is Rs. 280.35 Lakh

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

- (a) Total amount to be spent for the financial year : Rs. 280.35 Lakhs;
- (b) Amount unspent, if any: Nil
- (c) Manner in which the amount spent during the financial year is detailed below.

(Rs. In Lakhs)

S.N	CSR project or activity identified	Sector in which Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects Sub – heads: 1. Direct expenditure on projects or programs 2. Over-heads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency*
1.	Contribution to Prime Minister’s National Relief Fund for socio economic development and relief and welfare	Socio economic development and relief and welfare	Contribution to the Prime Minister’s National Relief Fund for socio economic development and relief and welfare	262.11	Direct expenditure-262.11 Overhead- Nil	262.11	Direct
2.	Project for Patient care for deserving poor patients (children with blood cancer and women suffering from Breast Cancer) at Tata Memorial Hospital.	Promoting health care including preventive health care	Mumbai, Maharashtra	6.00	Direct Expenditure-6.00 Overhead- Nil	6.00	Through -Vasantha Memorial Trust



(Rs. in Lakhs)

S.N	CSR project or activity identified	Sector in which Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects Sub – heads: 1. Direct expenditure on projects or programs 2. Over-heads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency*
3.	Education to tribal children at 30 Ekal Vidyalayas (One teacher schools) in rural areas of Nasik	Promotion of Education & enhancing vocational skills especially among children	Ghoti-Nasik	6.00	Direct Expenditure-5.78 Overhead-0.22	6.00	Through -Friends of Tribals Society
4.	Supplementary education to children belonging to the slum communities of Dahisar & Borivali	Promotion of Education& enhancing vocational skills among children	Mumbai, Maharashtra	3.00	Direct Expenditure-3.00 Overhead- Nil	3.00	Through -Touching Lives Welfare Trust
5.	Provision of free ration to indigent senior citizens for a period of one year	Old age homes, day care centers & such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups etc	Mumbai, Maharashtra	3.24	Direct Expenditure-3.00 Overhead- Nil	3.24	Through -Dignity Foundation
	Total			280.35	280.35	280.35	-

*Give details of implementing agency.



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

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

For and on behalf of the Board of Directors

August 26, 2016
Place: Mumbai

Yogesh Gaat
Managing Director & CEO
(DIN 07189252)

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



ANNEXURE VI TO THE DIRECTORS' REPORT

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

- i. The ratio of the remuneration of each director to the median remuneration of employees of the company for the financial year 2015-16.

Name of Director (refer Note 1)	Designation	Total remuneration paid in FY 2015-16 (refer note 2) (Rs in Lakhs)	Ratio of remuneration of director to median remuneration of employees (Refer Note 3 & 4)
Mr.S.Venkateswarlu	Managing Director (upto 30.04.2015)	*59.81	7.57
Mr. Yogesh Gaat	Managing Director & CEO (w.e.f 19.05.2015)	64.51	5.56
Mr. Ajeet Kumar	Deputy Managing Director (from 29.05.2015 to 4.12.2015)	9.34	1.35

*Remuneration of Mr. S. Venkateswarlu includes performance linked variable pay of the previous financial year 2014-15.

- ii. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year ended March 31, 2016:

Name of Director & KMPs	Designation	Total Remuneration paid (Rs. in lakhs)		% increase (Refer note 5)
		FY 2015-16	FY 2014-15	
Mr. S.Venkateswarlu	Managing Director (Upto 30.04.2015)	59.81	88.25	14.20%
Mr. Yogesh Gaat	Managing Director & CEO (w.e.f 19.05.2015)	64.51	--	*Not applicable
Mr. Yogesh Gaat	Chief Executive Officer (upto 18.05.2015)	16.25	13.82	**8.47%
Mr. Ajeet Kumar	Deputy Managing Director (from 29.05.2015 to 4.12.2015)	9.34	--	*Not applicable
Mr. Kamlesh Rathi	Chief Financial Officer	32.41	29.25	10.80%
Ms. Suparna Sharma	Company Secretary	33.52	25.13	33.39%

*Percentage increase in remuneration is not given as they were not holding directorship/ position of KMP in the Company in FY 2014-15

**Percentage increase is on account of payment of performance linked variable pay.



iii. The percentage increase in the median remuneration of employees in the financial year ended March 31, 2016:

Median Remuneration of employees is Rs 13.32 lakhs and Rs 12.06 lakhs for FY 15-16 & FY 14-15 respectively. The percentage increase in the median remuneration of employees in the financial year 2015-16 is 10.45%.

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

The number of employees on the permanent payrolls of the Company as on March 31, 2016 is 36.

v. The explanation on the relationship between average increase in remuneration and Company performance:

The average increase in remuneration of employees in financial year 2015-16 as compared to the financial year 2014-15 was 22.86%. (Refer note 5)

The remuneration structure of employees comprises of a fixed pay component and a variable pay component. While recommending annual increase in the fixed remuneration, the Nomination, Remuneration & HRD Committee considers such factors as deemed appropriate including but not limited to the individual performance rating, inflation and benchmarking with the relevant peer group in the Industry. The variable remuneration is an integral part of the total remuneration and is based on the overall performance of the Company and individual performance as per the Performance linked Variable Pay Policy approved by the Board from time to time upon the recommendations of the Nomination, Remuneration & HRD Committee.

vi. Comparison of the remuneration of each Key Managerial Personnel against the performance of the company:

The aggregate remuneration paid to the Key Managerial Personnel during FY 2015-16 was approximately 1.77 % of the Profit before tax.

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

The average increase in the salaries of employees other than the Key Managerial Personnel for FY2015-16 is around 23.39% while the average increase in the remuneration of the Key Managerial Personnel is 16.72%. The increase in remuneration is in line with the factors mentioned above at v.

viii. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year.

Since only debentures of the Company are listed on the National Stock Exchange of India Limited, variations in the Net worth of the Company is given below:



Particulars	As on March 31, 2016 (Rs in Lakhs)	As on March 31, 2015 (Rs in Lakhs)	Variation
Net worth	106290.00	100776.68	5.47%

ix. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company

The comparison of remuneration of each KMP against the Profit before tax for FY 2015-16 is as under:

Key Managerial Personnel	Designation	% of profit before tax for FY 2015-16
Mr. S.Venkateswarlu	Managing Director (upto 30.04.2015)	0.49
Mr. Yogesh Gaat	Managing Director & CEO (w.e.f 19.05.2015)	0.53
Mr. Yogesh Gaat	Chief Executive Officer (upto 18.05.2015)	0.13
Mr. Ajeet Kumar	Deputy Managing Director (from 29.05.2015 to 4.12.2015)	0.08
Mr. Kamlesh Rathi	Chief Financial Officer	0.27
Ms. Suparna Sharma	Company Secretary	0.28

x. The key parameters for any variable component of remuneration availed by the directors:

The variable pay component is an integral part of the remuneration availed by the Managing Director/ Whole Time Directors. The key parameters for the variable pay component are based on the overall performance of the Company as set out in the Performance Linked Variable pay policy approved by the Board from time to time based on the recommendations of the Nomination, Remuneration & HRD Committee.

xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

Not applicable

xii. Affirmation that the remuneration is as per the remuneration policy of the company

Yes

Notes:

- The Non-Executive Directors including Independent Directors are only entitled to payment of sitting fees of Rs. 20,000/- per meeting for each meeting of the Board or Committee thereof attended by them, details of which are provided in the Extract of Annual Return in Form MGT-09 annexed to this Directors report. The Non-Executive Directors are, therefore, not considered for the purpose of (i) & (ii) above i.e Ratio of remuneration of director to the median remuneration of employees & percentage increase in remuneration for each director.



2. Total remuneration includes salary, perquisites, profits in lieu of salary defined under section 17 of the Income Tax Act, 1961 and Company's contribution to Provident Fund.
3. The median remuneration of employees and average increase in remuneration of employees does not include Managing Director's and Deputy Managing Director's remuneration.
4. The ratio of remuneration of director to the median remuneration of employees is determined based on their annualised remuneration.
5. The percentage increase in remuneration of director & KMPs and the average increase in remuneration for employees and the Key Managerial personnel is determined based on their annualised remuneration.

For and on behalf of the Board of Directors

August 26, 2016
Mumbai

Yogesh Gaat
Managing Director & CEO
(DIN 07189252)

Melwyn O Rego
Director
(DIN 00292670)



ANNEXURE VII TO THE DIRECTORS' REPORT

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016
[Pursuant to section 204 (1) of the Companies Act, 2013 and rule No. 9 of the
Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
STCI Finance Limited
A/B 1-802, A Wing, 8th Floor,
Marathon Innova,
Marathon Nextgen Compound,
Off Ganpatrao Kadam Marg,
Lower Parel (W), Mumbai 400 013.

Dear Sir / Madam,

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

Based on our limited verification of the Company's books, papers, minutes books, forms and returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended **31st March, 2016**, 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, minutes books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended **31st March, 2016**, according to the provisions of:

- (i) The Companies Act, 2013 and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;



- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - The same was not applicable to the Company, during the year under review;
- (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
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 w.e.f. 15th May, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (vi) Provisions of Reserve Bank of India Act, 1934 and Regulations / Guidelines issued by Reserve Bank of India from time to time as applicable to Non-deposit accepting NBFCs.

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

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013 w.e.f. 01st July, 2015.
- (ii) Applicable clauses of the Debt Listing Agreements entered into by the Company with National Stock Exchange of India Limited (till 1st December, 2015) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as made effective from 1st December, 2015.

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

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (to the extent applicable);
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.



- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Buy Back of Securities Regulations, 1998;

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

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

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

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of other Acts, Laws and Regulations applicable to the Company, we report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

Date: 21 April 2016
Place: Mumbai

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

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



'ANNEXURE A'

To
The Members,
STCI Finance Limited
A/B 1-802, A Wing, 8th Floor,
Marathon Innova,
Marathon Nextgen Compound,
Off Ganpatrao Kadam Marg,
Lower Parel (W), Mumbai 400 013.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and occurrence of events.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date: 21 April 2016
Place: Mumbai

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



INDEPENDENT AUDITOR'S REPORT

THE MEMBERS OF STCI FINANCE LIMITED (FORMERLY KNOWN AS SECURITIES TRADING CORPORATION OF INDIA LIMITED)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of STCI Finance Limited ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

THE MEMBERS OF STCI FINANCE LIMITED (FORMERLY KNOWN AS SECURITIES TRADING CORPORATION OF INDIA LIMITED)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profits and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act 2013, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account, as required by law, have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 6.1 to the financial statements
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2016.



INDEPENDENT AUDITOR'S REPORT THE MEMBERS OF STCI FINANCE LIMITED (FORMERLY KNOWN AS SECURITIES TRADING CORPORATION OF INDIA LIMITED)

3. As required by section 143(5) of the Act and in pursuance of directions issued by the Office of the Comptroller and Auditor General of India for the year ended March 31, 2016, we report that:
- i. According to the information and explanations given to us, and based on our examinations of the records of the Company, the Company does not own any freehold or leasehold land.
 - ii. According to the information and explanations given to us, there are no cases of write off of debts/ loans/interest etc. during the financial year 2015-16. The details of waiver of interest during the financial year 2015-16 along with the reasons are given in Annexure III.
 - iii. According to the information & explanation given to us, the Company does not have any inventories lying with third parties. The Company has not received any gifts/grant(s) from the Government or other authority.
 - iv. According to the information and explanations given to us, there are no cases of reversal of accounted fees which were due but not received/written off for the financial year 2015-16. The details of the waiver of fees for the financial year 2015-16 along with the reasons are given in Annexure IV.

For and on behalf of

A. J. Shah & Co.

Chartered Accountants

Firm Registration No. 109477W

Devendra J. Shrimanker

Partner

Membership No. 41920

Mumbai

May 04, 2016



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. As explained to us, the Company has decided to carry out physical verification of fixed assets once in every three years. As explained to us, fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The securities held as stock in trade are in dematerialized form with custodian. Statement of securities is received from the custodian on regular basis and the same is reconciled by the management at regular intervals. As securities are held in dematerialized form, the requirement of physical verification does not arise. The Company is maintaining proper records of securities held as stock in trade. As informed to us, the statements of securities obtained from custodians are verified with book records and no discrepancies were noticed during the year under audit.
- iii. As per the information and explanation given to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of clause 3(iii)(a), (b) and (c) are not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, the Company has not given any loans, guarantees & Security to any party covered by the provisions of section 185 of the Act.
- v. In our opinion and according to the information and explanation given to us, the Company had made investments in subsidiaries companies in the earlier years, which are continuing in the current year. The company has complied with the provisions of Section 186(1) of the Act, and in our opinion other provisions of section 186 are not applicable to the Company as the Company is a Registered Non-Banking Financial Company.

The Company has not accepted any deposits during the year from the public within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules made there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under Section (1) section 148 of the Act. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- vii. a. According to the information and explanations given to us and based on the records examined by us, except for stamp duty on transaction of Non Government securities, (Refer Note 19) the Company is regular in depositing undisputed statutory dues including provident fund, employees'



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Annexure I : Referred to in paragraph 1 under "Report on other legal and regulatory requirements" of our report of even date

state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. Amount relating to above and remaining outstanding as at the year end for a period of more than six months from the date it became payable is stamp duty on Non- Government securities aggregating to Rs.62.65 lakhs.

- b. According to the information and explanations given to us and based on the records examined by us, there are no dues of sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute. The demands in respect of tax deducted at source and income tax for the following years have not been deposited on account of disputes:

Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	8.06	Financial Year 2007-08	CIT (Appeal)
Income Tax Act, 1961	Tax deducted at source	3.54	Financial Year 2008 – 09	Assistant Commissioner of Income tax – TDS – 3(2)
Income Tax Act, 1961	Tax deducted at source	2.94	Financial Year 2009 – 10	Assistant Commissioner of Income tax – TDS – 3(2)
Income Tax Act, 1961	Tax deducted at source	10.72	Financial Year 2010 – 11	Assistant Commissioner of Income tax – TDS – 3(2)
Income Tax Act, 1961	Income tax	52.61	Financial Year 2011-12	CIT (Appeal)

- viii. According to the information and explanations provided to us and based on the records examined by us, the Company has not defaulted in repayment of dues to banks and debenture holders during the year. The Company has not raised any funds from financial institutions or the Government.
- ix. According to information and explanation given to us and based on the records examined by us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence, provisions of clause 3(ix) are not applicable to the Company.
- x. According to the information and explanations provided to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of the audit.
- xi. According to information and explanation provided to us and based on the records examined by us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act to be read with Schedule V to the Act.



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

- 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. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable.
- xv. According to the information and explanation provided to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with them. Accordingly, provisions of clause 3(xv) of the Order are not applicable.
- xvi. The company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has in accordance to the same obtained the Certificate of Registration.

For and on behalf of

A. J. Shah & Co.

Chartered Accountants

Firm Registration No. 109477W

Devendra J. Shrimanker

Partner

Membership No. 41920

Mumbai

May 04, 2016



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Annexure II : 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, 2016 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.



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of

A. J. Shah & Co.

Chartered Accountants

Firm Registration No. 109477W

Devendra J. Shrimanker

Partner

Membership No. 41920

Mumbai

May 04, 2016



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Annexure III : Referred to in paragraph 3 under "Report on other legal and regulatory requirements" of our report of even date

Cases of waiver of interest

Sr. No.	Number of cases of waiver of interest	Total Interest Waived (₹ In Lakhs)	Reasons for waiver as given by the company
1	12	22.70	Considering business exigencies and to maintain business relations, extension of time for repayment of principal amount and interest thereon was granted.
2	1	0.01	Penal interest on late payment of interest was waived due to the occurrence of floods in Chennai in the month of November 2015.
Total	13	22.71	

For and on behalf of

A. J. Shah & Co.

Chartered Accountants

Firm Registration No. 109477W

Devendra J. Shrimanker

Partner

Membership No. 41920

Mumbai

May 04, 2016



ANNEXURE TO THE INDEPENDENT AUDITOR’S REPORT

Annexure IV : Referred to in paragraph 3 under “Report on other legal and regulatory requirements” of our report of even date

Cases of waiver of fees

Sr. No.	Number of cases of waiver of Fees	Total Fees Waived (₹ In Lakhs)	Reasons for waiver as given by the company
1	1	17.00	As STCI Finance Limited had requested prepayment of loan on account of steep decline in value of security provided, penalty on prepayment of loan was waived.
Total	1	17.00	

For and on behalf of

A. J. Shah & Co.

Chartered Accountants

Firm Registration No. 109477W

Devendra J. Shrimanker

Partner

Membership No. 41920

Mumbai

May 04, 2016



AUDITORS' REPORT

To the Board of Directors of

STCI FINANCE LIMITED

(formerly known as Securities Trading Corporation of India Limited)

As required by Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 issued by Reserve Bank of India, we enclose a statement on the matters specified in paragraph 3 of the said directions on the basis of such checks of the books and records as were considered appropriate and according to the information and explanations given to us in the course of audit.

- A. i) The Company has applied for registration under section 45IA of Reserve Bank of India Act, 1934 (2 of 1934), and Reserve Bank of India has granted certificate of registration (CoR) bearing no. B-13.00005 dated 16.12.1997.
- ii) The Company is entitled to continue to hold such CoR in terms of its asset / income pattern as on 31.03.2016.
- iii) During the year, the Company continues to be classified as Loan Company as defined in Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- B. i) The Board of Directors has passed resolution on April 21, 2015 for non - acceptance of the public deposit.
- ii) The Company has not accepted public deposit during the year under review.
- iii) The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts, as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
- iv) a) The Company has correctly disclosed capital adequacy ratio in form NBS – 7 in the return submitted to the bank. It is in compliance with the minimum CRAR prescribed by the bank.
- b) Yes, the Company has furnished to the bank the annual statement of capital funds, risk assets/ exposures and risk asset ratio (NBS – 7) within the stipulated period.

For and on behalf of

A. J. Shah & Co.

Chartered Accountants

Firm Registration No. 109477W

Devendra J. Shrimanker

Partner

Membership No. 41920

Mumbai

May 04, 2016



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 2016

The preparation of Financial Statements of STCI Finance Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 04 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under section 143(6)(a) of the Act of the Financial Statements of STCI Finance Limited for the year ended 31 March 2016. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

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

(Sangita Choure)

Director General of Commercial Audit and
Ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai
Date : 11 July 2016



BALANCE SHEET AS AT MARCH 31, 2016

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share capital	1.1	38,000.00	38,000.00
(b) Reserves and surplus	1.2	71,604.69	63,513.93
Sub-Total - (1)		109,604.69	101,513.93
2 Non Current Liabilities			
(a) Long term borrowings	2.1	65,000.00	70,000.00
(b) Long term provisions	2.2	839.84	771.62
Sub-Total - (2)		65,839.84	70,771.62
3 Current Liabilities			
(a) Short term borrowings	3.1	237,334.58	208,627.70
(b) Trade payables	3.2		
- Total outstanding dues of micro enterprises and small enterprises		0.00	0.00
- Total outstanding dues of creditors other than micro enterprises and small enterprises		30.02	59.33
(c) Other current liabilities	3.3	26,811.47	36,109.20
(d) Short term provisions	3.4	1,179.70	5,024.29
Sub-Total - (3)		265,355.77	249,820.52
TOTAL (1+2+3)		440,800.30	422,106.07
II ASSETS			
1 Non-current Assets			
(a) Fixed assets (net)	4.1		
i) Tangible assets		2,331.02	2,469.64
ii) Intangible assets		21.00	0.33
(b) Non current investments	4.2	47,822.78	41,086.31
(c) Deferred tax assets (net)	4.3	3,112.84	473.19

**BALANCE SHEET AS AT MARCH 31, 2016**

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
(d) Long term loans and advances	4.4	133,274.52	137,972.00
(e) Other non current assets	4.5	94.02	113.54
Sub-Total - (1)		186,656.18	182,115.01
2 Current Assets			
(a) Current investments	5.1	15,182.36	3,878.06
(b) Inventories	5.2	39,403.08	158.70
(c) Trade receivables	5.3	311.40	20.63
(d) Cash and bank balances	5.4	2,957.02	1,894.48
(e) Short term loans and advances	5.5	191,612.40	226,432.75
(f) Other current assets	5.6	4,677.86	7,606.44
Sub-Total - (2)		254,144.12	239,991.06
TOTAL (1+2)		440,800.30	422,106.07

The accompanying notes are an integral part of the financial statements.

As per our report of even date
A. J. Shah & Co.
Chartered Accountants
Firm Registration No.- 109477W

Devendra J. Shrimanker
Partner
Membership No. 41920

Place: Mumbai
Date: May 4, 2016

On behalf of the Board of Directors

Melwyn Rego
Director
DIN: 00292670

Mrs. Thankom T. Mathew
Director
DIN: 00025326

Kamlesh Rathi
Chief Financial Officer

Place: Mumbai
Date: May 4, 2016

S. Ravi
Director
DIN: 00009790

Yogesh Gaat
Managing Director & CEO
DIN: 07189252

Suparna Sharma
Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
I Revenue from Operations			
a) Interest income	7.1	43,554.99	42,696.92
b) Other financial services	7.2	1,144.68	1,508.23
c) Profit/(Loss) on sale of securities	7.3	340.51	640.16
		45,040.18	44,845.31
II Other Income	8	591.83	1,476.92
III Total Revenue (I+II)		45,632.01	46,322.23
IV Expenses			
Employee benefit expenses	9	736.93	675.64
Finance costs	10	24,174.72	25,916.88
Depreciation and amortisation expenses	4.1	155.53	164.59
Other expenses	11	907.24	760.82
Provision against loans and advances	12	7,473.59	1,073.56
Total Expenses		33,448.01	28,591.49
V Profit before exceptional and extraordinary items and tax (III - IV)		12,184.00	17,730.74
VI Exceptional items		0.00	3,218.89
VII Profit before tax (V+VI)		12,184.00	20,949.63
VIII Tax expenses			
i) Current tax		6,730.00	6,400.00
ii) Deferred tax	4.3	(2,639.65)	(525.49)
iii) Short / (Excess) provision for tax of earlier year(s)		2.89	(92.86)

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
IX Profit for the year (VII-VIII)		8,090.76	15,167.98
X Earning per equity share of par value of ₹ 100/- each			
i) Basic earnings per share (EPS) in ₹	18	21.29	39.92
ii) Diluted earnings per share (EPS) in ₹	18	21.29	39.92

The accompanying notes are an integral part of the financial statements.

As per our report of even date
A. J. Shah & Co.
Chartered Accountants
Firm Registration No.- 109477W

Devendra J. Shrimanker
Partner
Membership No. 41920

Place: Mumbai
Date: May 4, 2016

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Managing Director & CEO
DIN: 07189252

Suparna Sharma
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) / Profit before tax and extraordinary items	12,184.00	20,949.63
Adjustments for:		
Depreciation	155.53	164.59
(Profit) / Loss on sale of fixed assets	(0.13)	(0.23)
(Profit) / Loss on sale of Investments	(235.12)	(3,152.41)
Interest and other income on investments	(3,017.87)	(3,651.19)
Provision for Wealth Tax	0.00	5.81
Dividend on investments	(163.60)	(193.51)
Amortisation of premium on investments	27.59	38.08
Provision against loans and advances	7,473.59	1,073.56
	4,239.99	(5,715.30)
Operating Profit / (loss) before working capital changes	16,423.99	15,234.33
Changes in Working Capital:		
Increase / (Decrease) in trade payable	(29.31)	25.73
Increase / (Decrease) in provisions	(14.43)	(27.93)
Increase / (Decrease) in other current liabilities	702.27	5,067.17
(Increase) / Decrease in long term loan and advances	(2,663.84)	(45,483.54)
(Increase) / Decrease in other non current assets	19.52	758.66
(Increase) / Decrease in short term loan and advances	34,820.35	(39,598.23)
(Increase) / Decrease in trade receivables	(290.77)	276.94
(Increase) / Decrease in inventories	(39,244.38)	1,441.34
(Increase) / Decrease in other current assets	2,928.58	(3,250.10)
	(3,772.01)	(80,789.96)
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	12,651.98	(65,555.63)
Less: Taxes Paid	(6,975.81)	(6,787.86)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	5,676.17	(72,343.49)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed deposit with banks having original maturity over three months	0.00	595.00
Purchase of tangible / intangible assets	(37.64)	(7.87)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Sale of tangible / intangible assets	0.20	0.23
Purchase of investments	(33,288.89)	(6,419.98)
Sale of investments	15,483.22	28,007.12
Dividend received	163.60	193.51
Interest received	3,017.87	3,651.19
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	(14,661.64)	26,019.20
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Dividend (including DDT)	(3,658.88)	(3,556.65)
Funds borrowed	13,706.89	50,243.61
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	10,048.01	46,686.96
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	1,062.54	362.67
Cash and Cash Equivalents at beginning of period (Refer Note 5.4)	994.48	631.81
Cash and Cash Equivalents at end of period (Refer Note 5.4)	2,057.02	994.48
Other Bank balances (FD's with residual maturity of less than 12 months)	900.00	900.00
Cash and bank balances at end of period (Refer Note 5.4)	2,957.02	1,894.48

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

As per our report of even date
For **A.J. Shah & Co.**
Chartered Accountants
Firm Registration No.- 109477W

On behalf of the Board of Directors

Melwyn Rego
Director
DIN: 00292670

S. Ravi
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Mrs. Thankom T. Mathew
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Managing Director & CEO
DIN: 07189252

Kamlesh Rathi
Chief Financial Officer

Suparna Sharma
Company Secretary

Place: Mumbai
Date: May 4, 2016

Place: Mumbai
Date: May 4, 2016



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

NOTE NO. 1.1: SHARE CAPITAL

Particulars	As at March 31, 2016	As at March 31, 2015
Authorised		
50,000,000 (PY* - 50,000,000) Equity shares of ₹ 100/-each	50,000.00	50,000.00
	50,000.00	50,000.00
Issued, subscribed, and fully paid up		
Equity Share Capital		
38,000,000 (PY - 38,000,000) Equity shares of ₹ 100/- each fully paid up	38,000.00	38,000.00
Total	38,000.00	38,000.00

*PY stands for Previous Year throughout the financial statements

a) Details of Shareholding as at March 31, 2016

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

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	11,383,781	29.96%	11,383,781	29.96%
IDFC Bank Limited (PY- IDFC)	3,530,136	9.29%	3,530,136	9.29%
State Bank of India	2,812,415	7.40%	2,812,415	7.40%
IDBI Bank Limited	2,507,610	6.60%	2,507,610	6.60%

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

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

Particulars	As at March 31, 2016	As at March 31, 2015
Number of shares at the beginning of year	38,000,000	38,000,000
Add: Shares issued	0	0
Less: Share bought back / forfeited	0	0
Number of shares at the end of year	38,000,000	38,000,000

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

NOTE NO. 1.2: RESERVES AND SURPLUS

Particulars	As at March 31, 2016	As at March 31, 2015
Reserve created pursuant to Section 45 I C of RBI Act, 1934*		
Balance at the beginning of the year	32,396.00	29,320.00
Add :- Amount transferred from surplus in statement of profit and loss	1,619.00	3,076.00
Balance at the end of the year (A)	34,015.00	32,396.00
* Forms part of free reserves, Net owned funds and Tier I capital		
Capital Redemption Reserve		
Balance at the beginning of the year	12,000.00	12,000.00
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance at the end of the year (B)	12,000.00	12,000.00
Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	19,117.93	10,684.83
Add :- Profit for the year (after tax)	8,090.76	15,167.98
Profit available for appropriation	27,208.69	25,852.81
Less : Appropriations		
Statutory Reserve (as per Section 45IC of the RBI Act, 1934)	1,619.00	3,076.00



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Proposed dividend on equity shares, DPS* ₹ Nil/- (March 31, 2015, DPS ₹ 8/-)	0.00	3,040.00
Tax on proposed dividend	0.00	618.88
Net surplus in statement of profit and loss (C)	25,589.69	19,117.93
*DPS = Dividend Per Share		
Total (A+B+C)	71,604.69	63,513.93

NOTE NO. 2.1: LONG TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
a) Secured		
Redeemable Non Convertible Debentures (NCD's)	65,000.00	70,000.00
b) Unsecured	0.00	0.00
Total	65,000.00	70,000.00

Details of outstanding NCD's

Particulars	Maturity Date	As at March 31, 2016		As at March 31, 2015	
		Current Maturities	Non Current portion	Current Maturities	Non Current portion
9.75% NCDs Nil (PY -3,000)	February 8, 2016	0.00	0.00	30,000.00	0.00
10.15% NCDs 2,000 (PY-2000)	January 17, 2017	20,000.00	0.00	0.00	20,000.00
9.40% NCDs 600 (PY-Nil)	October 1, 2018	0.00	6,000.00	0.00	0.00
9.67% NCDs 3,000 (PY-3,000)	June 25, 2019	0.00	30,000.00	0.00	30,000.00
9.89% NCDs 2,000 (PY-2,000)	July 30, 2019	0.00	20,000.00	0.00	20,000.00
9.40% NCDs 900 (PY Nil)	October 1, 2020	0.00	9,000.00	0.00	0.00
		20,000.00	65,000.00	30,000.00	70,000.00

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

NOTE NO. 2.2: LONG TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
For employee benefits (as per actuarial valuation)	136.71	93.18
Contingent provision against standard assets	499.13	488.47
For amortisation of premium on debt investments	114.99	100.96
Others	89.01	89.01
Total	839.84	771.62

NOTE NO. 3.1: SHORT TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
I. Secured Borrowings		
a. Loan repayable on demand	0.00	0.00
b. Other loans and advances (CBLO borrowings)	13,400.00	15,000.00
Total of Secured Borrowings - (I)	13,400.00	15,000.00
II. Unsecured Borrowings		
a. Loan repayable on demand		
- from banks*	58,934.58	78,627.70
- from other parties	0.00	0.00
b. Other loans and advances (Commercial Papers)	165,000.00	115,000.00
Total of Unsecured Borrowings - (II)	223,934.58	193,627.70
Total (I + II)	237,334.58	208,627.70

* Includes loan of ₹ 9,975.56 lakhs (PY ₹ 49,591.84 lakhs) from related party "Bank of India"

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

Company has borrowed ₹ 13,400.00 lakhs (PY - ₹ 15,000.00 lakhs) under CBLO (maturing on April 04, 2016) at weighted average cost of 8.00% (PY 8.63%) against the collateral of government securities. Government securities having face value of ₹ 25,000.00 lakhs (PY - ₹ 21,000.00 lakhs) and Cash margin of ₹ 200.00 lakhs (PY - ₹ 200.00 lakhs) has been kept as collateral with Clearing Corporation of India Limited for CBLO borrowings.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

ii) Unsecured short term bank borrowings

(₹ in lakhs)

Bank credit lines, Short term loans and overdraft facilities have been utilised from various banks for financing activities, working capital requirement and asset liability management. These credit facilities are repayable as per terms of sanction or on demand and subject to annual review. Break up of the unsecured bank borrowings as on March 31, 2016 are as under.

Name of the lending Bank	Rate of Interest	Sanctioned Limit	Outstanding as at March 31, 2016	Maturity Date
Bank Of India				
i) Overdraft	Base Rate +25 bps - 9.95%	20,000.00	9,975.56	On Demand
	(Base Rate +25 bps - 10.45%)	(20,000.00)	(19,591.84)	(On Demand)
ii) Cash Credit / Short term loan	-	30,000.00	0.00	-
	(Base Rate +15 bps - 10.35%)	(30,000.00)	(20,000.00)	(16-Mar-2016)
			(10,000.00)	(23-Mar-2016)
Corporation Bank - Overdraft	Base Rate + 20 bps - 9.85%	20,000.00	19,981.83	On Demand
	(Base Rate + 35 bps - 10.60%)	(20,000.00)	(10,034.45)	(On Demand)
Union Bank of India - Overdraft	Base Rate +20 bps - 9.85%	10,000.00	9,975.39	On Demand
	(Base Rate +20 bps - 10.20%)	(10,000.00)	(9,501.41)	(On Demand)
Andhra Bank				
i) Overdraft	Base Rate +15 bps - 9.90%	10,000.00	9,001.80	On Demand
	(-)	(Nil)	(Nil)	(-)
ii) Cash Credit / Short term loan	-	10,000.00	0.00	-
	(Base Rate +15 bps - 10.40%)	(10,000.00)	(9,500.00)	(11-May-2015)
HDFC Bank - Short term loan	Base Rate - 9.30%	10,000.00	10,000.00	23-Sep-2016
	(-)	(Nil)	(Nil)	(-)

Details given in the brackets indicate previous year data.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

iii) Commercial Paper borrowings

Company raises unsecured short term funds by issuing Commercial Papers. Interest rate ranges from 9.40% p.a. to 9.75% p.a. (PY - 9.10% p.a to 9.70% p.a.) on the outstanding CP borrowings as on March 31, 2016. Maturity details of all CP borrowings outstanding as on March 31, 2016 is as under.

Particulars	Outstanding as at March 31, 2016		Outstanding as at March 31, 2015	
	Date of Maturity	Maturity Amount	Date of Maturity	Maturity Amount
Commercial Paper (issued on 28-Jan-2016)	26-Apr-16	10,000.00		
Commercial Paper (issued on 29-Jan-2016)	28-Apr-16	2,500.00		
Commercial Paper (issued on 29-Jan-2016)	28-Apr-16	10,000.00		
Commercial Paper (issued on 05-Feb-2016)	05-May-16	10,000.00		
Commercial Paper (issued on 05-Feb-2016)	05-May-16	2,500.00		
Commercial Paper (issued on 09-Feb-2016)	06-May-16	15,000.00		
Commercial Paper (issued on 08-Feb-2016)	09-May-16	22,500.00		
Commercial Paper (issued on 18-Feb-2016)	17-May-16	10,000.00		
Commercial Paper (issued on 01-Mar-2016)	30-May-16	10,000.00		
Commercial Paper (issued on 11-Mar-2016)	06-Jun-16	20,000.00		
Commercial Paper (issued on 08-Mar-2016)	07-Jun-16	15,000.00		
Commercial Paper (issued on 23-Mar-2016)	22-Jun-16	10,000.00		
Commercial Paper (issued on 23-Mar-2016)	21-Sep-16	10,000.00		
Commercial Paper (issued on 23-Mar-2016)	21-Sep-16	5,000.00		
Commercial Paper (issued on 23-Mar-2016)	14-Mar-17	12,500.00		
Commercial Paper (issued on 27-Mar-2015)			28-May-15	7,500.00
Commercial Paper (issued on 30-Mar-2015)			19-Jun-15	5,000.00
Commercial Paper (issued on 31-Oct-2014)			14-Sep-15	5,000.00
Commercial Paper (issued on 28-Oct-2014)			15-Sep-15	10,000.00



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	Outstanding as at March 31, 2016		Outstanding as at March 31, 2015	
	Date of Maturity	Maturity Amount	Date of Maturity	Maturity Amount
Commercial Paper (issued on 05-Nov-2014)			15-Sep-15	7,500.00
Commercial Paper (issued on 21-Oct-2014)			25-Sep-15	10,000.00
Commercial Paper (issued on 05-Nov-2014)			25-Sep-15	2,500.00
Commercial Paper (issued on 20-Oct-2014)			28-Sep-15	9,000.00
Commercial Paper (issued on 03-Nov-2014)			30-Sep-15	5,000.00
Commercial Paper (issued on 29-Oct-2014)			27-Oct-15	6,000.00
Commercial Paper (issued on 07-Nov-2014)			05-Nov-15	10,000.00
Commercial Paper (issued on 12-Nov-2014)			10-Nov-15	10,000.00
Commercial Paper (issued on 13-Nov-2014)			13-Nov-15	10,000.00
Commercial Paper (issued on 13-Nov-2014)			13-Nov-15	5,000.00
Commercial Paper (issued on 13-Nov-2014)			13-Nov-15	2,500.00
Commercial Paper (issued on 26-Mar-2015)			23-Mar-16	10,000.00
Total Maturity Amount		165,000.00		115,000.00

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

NOTE NO. 3.2: TRADE PAYABLES

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Payable		
- Due to micro and small enterprises (Refer Note No. 16)	0.00	0.00
- Other than micro enterprises and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	29.47	58.78
Others		
- Due to micro and small enterprises (Refer Note No. 16)	0.00	0.00
- Other than micro enterprises and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	0.55	0.55
Total	30.02	59.33

NOTE NO. 3.3: OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2016	As at March 31, 2015
Current maturities of Long-term borrowings (Refer Note 2.1)	20,000.00	30,000.00
Interest accrued but not due on borrowings (including related party amount of ₹ 16.35 lakhs, PY - ₹ 45.07 lakhs)	4,720.85	4,442.45
Statutory dues	1.34	1.36
Margin money and other deposits	2,089.04	1,665.39
Others (unamortised discount on CBLO lending)	0.24	0.00
Total	26,811.47	36,109.20

NOTE NO. 3.4: SHORT TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits (as per actuarial valuation)	51.92	52.16
Provision for performance linked variable pay	150.00	207.72
Contingent provision against standard assets (Refer Note No. 21)	964.23	1,105.53
Provision for amortisation of premium on debt investments	13.55	0.00
Provision for proposed dividend	0.00	3,040.00
Provision for dividend distribution tax	0.00	618.88
Total	1,179.70	5,024.29

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE NO. 4.1: FIXED ASSETS

(₹ in lakhs)

PARTICULARS	Gross Block			Depreciation/ Amortisation			Net Block			
	Opening as at April 01, 2015	Addition for the year	Disposals/ other adjustment	Closing as at March 31, 2016	Up to March 31, 2015	For the year	Deduction/ Adjustments	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
I Tangible Assets										
a) Air- Conditioners	24.59	0.93	0.01	25.51	11.03	2.54	0.01	13.56	11.95	13.56
b) Buildings *	3,237.27	0.00	0.00	3,237.27	880.29	118.17	0.00	998.46	2,238.81	2,356.98
c) Computers	67.15	6.89	11.47	62.57	59.87	6.08	11.47	54.48	8.09	7.28
d) Electrical Installations	38.01	0.00	0.00	38.01	17.76	3.70	0.00	21.46	16.55	20.25
e) Furniture & Fixtures	119.48	0.58	0.17	119.89	73.50	9.20	0.11	82.59	37.30	45.98
f) Office Equipments	41.19	1.41	3.31	39.29	31.36	5.40	3.31	33.45	5.84	9.83
g) Vehicles	25.56	0.00	0.00	25.56	9.80	3.28	0.00	13.08	12.48	15.76
Sub-total (I)	3,553.25	9.81	14.96	3,548.10	1,083.61	148.37	14.90	1,217.08	2,331.02	2,469.64
Previous Year	3,551.29	7.43	5.47	3,553.25	925.59	163.49	5.47	1,083.61	2,469.64	2,625.70
II Intangible Assets										
a) Software and Licenses	30.40	27.83	0.00	58.23	30.07	7.16	0.00	37.23	21.00	0.33
Sub-total (II)	30.40	27.83	0.00	58.23	30.07	7.16	0.00	37.23	21.00	0.33
Previous Year	29.96	0.44	0.00	30.40	28.97	1.10	0.00	30.07	0.33	0.99
III Grand Total - (I+II)	3,583.65	37.64	14.96	3,606.33	1,113.68	155.53	14.90	1,254.31	2,352.02	2,469.97
Previous Year	3,581.25	7.87	5.47	3,583.65	954.56	164.59	5.47	1,113.68	2,469.97	2,626.69

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



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

NOTE NO. 4.2: NON CURRENT INVESTMENTS

Particulars	Face Value	Quantity	As at March 31, 2016	As at March 31, 2015
I. Trade Investments				
a) Investment in Equity Shares (Unquoted and fully paid)				
Clearing Corporation of India Limited (PY 5,000,000)	₹ 10/-	5,000,000	500.00	500.00
			500.00	500.00
b) Investment in Equity Shares of Subsidiaries (Unquoted and fully paid)				
STCI Primary Dealer Limited (Wholly owned subsidiary company) (PY: 15,00,00,000)	₹ 10/-	150,000,000	15,000.00	15,000.00
STCI Commodities Limited ¹ (Wholly owned subsidiary company) (PY: 4,500,000)	₹ 10/-	4,500,000	126.15	126.15
			15,126.15	15,126.15
¹ Net of provision for permanent diminution in value of ₹ 260.79 lakhs (PY ₹ 260.79 lakh). STCI Commodities Limited has discontinued business operations with effect from September 2011. It is in the process of liquidating its assets and settle all liabilities. The investment amount reflects the estimated minimum net realisable amount.				
Total Trade Investments	(A)		15,626.15	15,626.15
II. Non-Trade Investments				
a) Investment in Equity Shares (Quoted and fully paid)				
Ashoka Buildcon Limited (PY - Nil)	₹ 5/-	15,000	26.08	0.00
Ambuja Cements Limited (PY - Nil)	₹ 2/-	55,000	117.88	0.00
Bata India Limited (PY - Nil)	₹ 5/-	4,000	20.13	0.00
Bharat Heavy Electricals Limited (PY - 138,180)	₹ 2/-	138,180	428.20	428.20
Crompton Greaves Consumer Electricals Limited (PY - Nil) ⁵	₹ 2/-	40,000	0.00	0.00
Crompton Greaves Limited (PY - 40,000)	₹ 2/-	40,000	77.93	77.93



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	Face Value	Quantity	As at March 31, 2016	As at March 31, 2015
Future Retail Limited (ex-Pantaloon Retail) (PY - 45,000)	₹ 2/-	45,000	82.41	82.41
ITC Limited (PY- 35,000)	₹ 1/-	35,000	120.60	120.60
Indian Oil Corporation (PY- Nil)	₹ 10/-	20,000	81.99	0.00
Kotak Mahindra Bank Limited (PY- Nil)	₹ 5/-	15,000	99.82	0.00
NTPC Limited (PY - 150,000)	₹ 10/-	150,000	227.01	227.01
Tata Motors Limited (PY- Nil)	₹ 2/-	37,500	127.35	0.00
Hero Motocorp Limited (PY- 500)	₹ 2/-	-	0.00	13.09
Power Grid Corp of India Limited (PY- 60,000)	₹ 10/-	-	0.00	80.25
	Sub Total (a)		1,409.40	1,029.49
\$ Received on account of demerger of Crompton Greaves Ltd				
b) Investment in Government Securities (Quoted) *				
8.15% GS 2022 (PY Face Value - ₹ 7,500 lakhs)	₹ 5,500 Lakhs		5,608.84	7,604.41
7.72% GS 2025 (PY Face Value -Nil)	₹ 4,000 Lakhs		3,978.95	0.00
8.26% GS 2027 (PY Face Value - ₹ 2,500 lakhs)	₹ 4,000 Lakhs		4,174.50	2,656.60
7.88% GS 2030 (PY Face Value -Nil)	₹ 500 Lakhs		498.25	0.00
8.28% GS 2032 (PY Face Value - ₹ 6,500 lakhs)	₹ 4,000 Lakhs		4,222.50	6,694.10
8.33% GS 2032 (PY Face Value - ₹ 500 lakhs)	₹ 1,500 Lakhs		1,542.00	529.50
7.73% GS 2034 (PY Face Value -Nil)	₹ 1,500 Lakhs		1,449.20	0.00
8.30% GS 2042 (PY Face Value - ₹ 1,000 lakhs)	₹ 3,000 Lakhs		3,097.15	1,070.00
8.17% GS 2044 (PY Face Value - ₹ 500 lakhs)	₹ 3,000 Lakhs		3,023.92	511.68
8.20% GS 2022 (PY Face Value ₹ 2,500 lakhs)	-		0.00	2,535.90
8.33% GS 2036 (PY Face Value - ₹ 500 lakhs)	-		0.00	511.25
	Sub Total (b)		27,595.31	22,113.44

* Kept as collateral to the extent of face value of ₹ 25,000.00 lakhs (PY ₹ 21,000.00 lakhs) with CCIL for CBLO borrowing.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

Particulars	Face Value	Quantity	As at March 31, 2016	As at March 31, 2015
c) Investment in State Government Loan (SDL) (Quoted)				
8.36% Maharashtra SDL 2026 (PY Face Value -Nil)	₹ 500 lakhs		500.65	0.00
8.38% Tamil Nadu SDL 2026 (PY Face Value -Nil)	₹ 500 lakhs		500.35	0.00
Sub Total (c)			1,001.00	0.00
d) Investment in Corporate Bonds (Quoted)				
9.85% SBI (maturing 27.06.2016) (PY -50) ²	₹ 10 lakhs	-	0.00	514.20
Sub Total (d)			0.00	514.20
² Disclosed under current investment in view of its residual maturity period.				
e) Investment in Venture Capital Funds (Unquoted and partly paid)				
Tata Venture Capital Funds-class A units (PY: 250,000,000)	₹ 1	250,000,000	2,190.92	1,803.03
Amount paid per unit - ₹ 0.8764 (PY ₹ 0.7212)				
Balance committed Capital contribution ₹ 309.08 lakhs (PY ₹ 696.97 lakhs)				
Sub Total (e)			2,190.92	1,803.03
Total Non Trade Investments (B)=(a+b+c+d+e)			32,196.63	25,460.16
Total Non Current Investments (A + B)			47,822.78	41,086.31
Aggregate book value of quoted investments			30,005.71	23,657.13
Aggregate market value of quoted investments			29,687.73	23,524.57
Aggregate amount of unquoted investments (net of provision for diminution)			17,817.07	17,429.18
Aggregate provision for diminution in value of unquoted investments			260.79	260.79

Net decline of ₹ 366.88 lakhs (PY ₹ 158.84 lakhs) in value of quoted equity shares is considered to be of temporary nature and accordingly not provided for.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

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

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

Particulars	As at March 31, 2016	Charged during the year	As at March 31, 2015
Deferred Tax Asset			
Provision for leave encashment & gratuity	65.28	15.88	49.40
Provision for payment of stamp duty	21.68	0.39	21.29
Other provisions – PLVP/Amortisation	96.40	(18.46)	114.86
Provision for non-performing assets (NPA)	3,181.69	2,641.49	540.20
Total Deferred Tax Assets	3,365.05	2,639.30	725.75
Deferred Tax Liability			
Depreciation on fixed assets	199.14	21.65	177.49
Amortisation of NCD Issue Expenses	53.07	(22.00)	75.07
Total Deferred Tax Liability	252.21	(0.35)	252.56
Deferred Tax Assets (Net)	3,112.84	2,639.65	473.19

NOTE NO. 4.4: LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
I. Secured, Considered Good (Refer Note No. 22)		
a. Loan against shares	61,265.09	65,612.92
b. Corporate and other loans	70,222.76	71,435.20
Gross long term loans and advances *	131,487.85	137,048.12
Less:- Provision for non performing assets ³	9,827.02	2,222.78
Net long term loans and advances	121,660.83	134,825.34

* All non performing loans and advances have been treated as non current assets.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
II. Unsecured, Considered Good		
a. Loan against shares	2,772.57	2,166.41
b. Corporate and other loans ⁴	7,617.76	0.00
c. Capital advances	1.05	1.05
d. Advance income and wealth tax payments (Net)	988.09	745.17
e. Security deposits	233.85	233.54
f. Others	0.37	0.49
	11,613.69	3,146.66
³ Includes provision for unsecured loans and advances		
⁴ Creation of charge in favour of company is pending and hence classified as unsecured exposure.		
Total	133,274.52	137,972.00

NOTE NO. 4.5: OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015
Unamortized NCD issue expenses	94.02	113.54
Total	94.02	113.54



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

NOTE NO. 5.1 : CURRENT INVESTMENTS

Particulars	Face Value per unit	Quantity	As at March 31, 2016	As at March 31, 2015
Investment in Commercial Paper (Unquoted)				
Dewan Housing Finance Corp Ltd (Maturing 02.05.2016)	₹ 5 lakh	1,000	4,960.50	0.00
Tata Capital Ltd (Maturing 11.08.2016)	₹ 5 lakh	1,000	4,858.19	0.00
Reliance Home Finance Ltd (Maturing 16.08.2016)	₹ 5 lakh	1,000	4,849.47	0.00
(PY investment in Commercial Papers- Nil)			14,668.16	0.00
Investment in Corporate Bonds (Quoted)				
SBI Bonds (maturing 27.06.2016) (PY - 50)	₹ 10 lakh	50	514.20	0.00
STFL Bonds (maturing 30.06.2015) (PY - 3,920)	₹ 1 lakh	-	0.00	3,878.06
Total			15,182.36	3,878.06
Investment in Commercial papers is disclosed at carrying cost. Maturity Value of CP investments is ₹ 15,000.00 lakhs (PY - ₹ Nil)				
Aggregate book value of quoted investments			514.20	3,878.06
Aggregate market value of quoted investments			501.46	3,922.72
Aggregate amount of unquoted investments			14,668.16	0.00
Aggregate provision for diminution in value of investments			0.00	0.00

The investment in 9.85% SBI Bonds has been disclosed as current investment in view of it maturing within 12 months from the date of balance sheet. However, the valuation of same has been done as per its original classification of long term investments at book value less permanent diminution in value, if any.

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

Particulars	As at March 31, 2016	As at March 31, 2015
Government Securities - (Quoted)	1,812.73	40.49
FI & Other Bonds - (Quoted)	0.00	18.75
Equity Shares - (Quoted)	90.35	99.46
Mutual Fund Units (Unquoted)	37,500.00	0.00
Total	39,403.08	158.70

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

- i) The cost for each security under the relevant category is calculated on weighted average basis. Inventory/ Current Investment in each category is valued scrip-wise, at cost or market value whichever is lower. Net Depreciation in each category is provided for/charged to the Profit and Loss account. Net appreciation, in the category, if any, is ignored. Depreciation in one category is not set off against appreciation in another category.

The net depreciation in value of securities held as inventory (stock-in-trade) as on March 31, 2016 is Nil (PY ₹ 1.95 lakhs).

- ii) Quantitative details of stock, purchases and sales of securities during the year ended March 31, 2016 is as under.

For the year ended March 31, 2016

(No. in units)

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

For the year ended March 31, 2015

(No. in units)

Security -Category	Op. Balance	Purchase	Sales/Transfer	Cl. Balance
Government Securities	1,540,500	27,000,000	28,500,000	40,500
FI & Other Bonds	0	150,000	0	150,000
Mutual Fund Units	0	704,239,252	704,239,252	0
Equity Shares	93,000	2,449,313	2,537,313	5,000
Total	1,633,500	733,838,565	735,276,565	195,500



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

iii) Stock-in-Trade

Nomenclature	As at March 31, 2016		As at March 31, 2015	
	Face Value	Book Value	Face Value	Book Value
Government Securities - (Quoted)				
8.49% Andhara SDL 2020	40.40	40.40	40.40	40.40
8.33% Andhara SDL 2025	770.00	771.54	0.00	0.00
8.31% Andhara SDL 2025	1,000.00	1,000.70	0.00	0.00
7.46% GOI 2017	0.05	0.05	0.05	0.05
6.13% GOI 2028	0.05	0.04	0.05	0.04
Less:- Net depreciation in value of securities		1,812.73		40.49
		0.00		0.00
Sub Total (a)		1,812.73		40.49
FI & Other Bonds - (Quoted)				
8.49% NTPC Bonds 2025		0.00	18.75	18.75
Less:- Net depreciation in value of securities		0.00		0.00
Sub Total (b)		0.00		18.75

Nomenclature	Face Value In ₹	As at March 31, 2016		As at March 31, 2015	
		Quantity	Book Value	Quantity	Book Value
Equity Shares- (Quoted)			Book Value	Quantity	Book Value
Cipla Limited	2/-	2,000	10.74	0	0.00
SKS Microfinance Limited	10/-	7,500	39.41	0	0.00
Sun Pharmaceuticals Industries Limited	1/-	5,000	40.20	0	0.00
Bata India Limited	10/-	0	0.00	1,500	16.66
Hero Motocorp Limited	2/-	0	0.00	500	13.34
Larsen & Toubro Limited	2/-	0	0.00	1,000	17.03
Tata Consultancy Services Limited	1/-	0	0.00	1,500	40.11
UltraTech Cement Limited	10/-	0	0.00	500	14.27
			90.35		101.41
Less:- Net depreciation in value of securities			0.00		1.95
Sub Total (c)			90.35		99.46

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

Nomenclature	As at March 31, 2016		As at March 31, 2015	
	Units	Book Value	Units	Book Value
Mutual Funds - (Unquoted)				
Axis Liquid Fund - Direct Growth(CF-DG)	149,051.35	2,500.00	0	0.00
Baroda Pioneer Liquid Fund - Plan B Growth	115,184.29	2,000.00	0	0.00
Birla Sun Life Cash Plus - Growth Direct Plan	1,029,214.04	2,500.00	0	0.00
Canara Robeco Liquid - Direct Growth	136,147.25	2,500.00	0	0.00
DSP Blackrock Liquidity Fund - Direct Plan - Growth	115,472.49	2,500.00	0	0.00
HDFC Liquid Fund - Direct Plan - Growth Option	16,735.51	500.00	0	0.00
Kotak Liquid Scheme - Plan A - Direct Plan Growth	81,412.84	2,500.00	0	0.00
LIC Nomura MF - Liquid Fund - Direct - Growth Plan	91,114.95	2,500.00	0	0.00
Peerless Liquid Fund - Direct Plan Growth	150,290.34	2,500.00	0	0.00
Principal Cash Management Fund-Direct Plan Growth	169,649.10	2,500.00	0	0.00
Reliance Liquid Fund-Treasury Plan-Direct Growth Plan -Growth Option	67,769.07	2,500.00	0	0.00
Religare Invesco Liquid Fund - Direct Plan Growth	120,020.60	2,500.00	0	0.00
SBI Premier Liquid Fund - Direct Plan - Growth	105,200.66	2,500.00	0	0.00
Sundaram Money Fund - Direct Plan - Growth	7,835,467.72	2,500.00	0	0.00
Tata Liquid Fund - Direct Plan - Growth	89,545.85	2,500.00	0	0.00
UTI Money Market Fund -Institutional Plan-Direct Plan-Growth	147,384.27	2,500.00	0	0.00
		37,500.00		0.00
Less:- Net depreciation in value of securities		0.00		0.00
Sub Total (d)		37,500.00		0.00
Total-(a+b+c+d)		39,403.08		158.70



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

NOTE NO. 5.3 : TRADE RECEIVABLES

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, Considered good		
- Outstanding for a period exceeding six months from the date they are due for payment	0.00	0.00
- Others	311.40	20.63
Total	311.40	20.63

NOTE NO. 5.4: CASH AND BANK BALANCES

Particulars	As at March 31, 2016	As at March 31, 2015
I. Cash and Cash Equivalents		
- Balance with banks	2,056.82	994.43
- Cash on hand	0.20	0.05
II. Other Bank Balances (held as Margin Money)		
- Fixed deposits with original maturity of more than 3 months but less than or equal to 12 months	750.00	500.00
- Fixed deposits with original maturity of more than 12 months	150.00	400.00
Total	2,957.02	1,894.48

- i) Margin Money for equity derivatives is given in the form of fixed deposit. Fixed deposit includes (a) ₹ 150.00 lakhs (PY - ₹ 150.00 lakhs) in the name of National Securities Clearing Corporation Limited towards margin requirements for Equity Futures & Options segment, and (b) ₹ 250.00 (PY - ₹ 250.00 lakhs) with custodian - HDFC Bank for meeting margin requirements for equity segment.
- ii) Fixed deposit of ₹ 500.00 lakhs (PY - ₹ 500.00 lakhs) is kept with HDFC bank as margin money for settlement of G-sec trades.
- iii) Residual maturity of above fixed deposits is less than one year.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

NOTE NO. 5.5: SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
I. Secured, Considered Good (Refer Note No. 22)		
a. Loan against shares	154,971.03	186,708.74
b. Corporate and other loans	36,086.31	33,556.48
c. Lending under CBLO	500.00	0.00
	191,557.34	220,265.22
II. Unsecured, Considered Good		
a. Loan against shares	0.00	6,117.09
b. Other loans and advances	55.06	50.44
	55.06	6,167.53
Total (I+II)	191,612.40	226,432.75

NOTE NO. 5.6: OTHER CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015
Accrued interest	1,063.38	2,092.45
Others	3,614.48	5,513.99
Total	4,677.86	7,606.44



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

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

Claims against the company not acknowledged as debt:

- a) The Company had received a notice from the Central Excise authorities in respect of the interior work amounting to ₹ 20.80 lakh carried out by a contractor at the erstwhile office premises at Krishna Chambers, 59, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai in the year 1997-98. The Company has been legally advised that there is no liability under the Central Excise Act and accordingly no provision has been made against this claim.
- b) No provision has been made in respect of following disputed tax dues under Income Tax act 1961. The total tax liability under dispute is ₹ 928.24 lakhs (PY ₹ 928.24 lakhs).

Disputed /Appeal Filed by	Disputed tax liability	Period to which dispute relates	Forum where dispute is pending
Income Tax Department	₹ 76.39 lakhs	F.Y.1999-00	Bombay High Court
Income Tax Department	₹ 100.82 lakhs	F.Y. 2000-01	Bombay High Court
Income Tax Department	₹ 248.08 lakhs	F.Y. 2002-03	Bombay High Court
Company	₹ 0.08 lakhs	F.Y. 2007-08	Assessing Officer
Company	₹ 153.00 lakhs	F.Y. 2007-08	CIT (Appeal)
Company	₹ 3.54 lakhs	F.Y. 2008-09	ACIT - TDS - 3 (2)
Company	₹ 2.94 lakhs	F.Y. 2009-10	ACIT - TDS - 3 (2)
Income Tax Department/Company	₹ 30.11 lakhs	F.Y. 2009-10	ITAT
Company	₹ 10.72 lakhs	F.Y. 2010-11	ACIT - TDS - 3 (2)
Company	₹ 249.95 lakhs	F.Y. 2010-11	ITAT
Company	₹ 52.61 lakhs	F.Y. 2011-12	ITAT

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

NOTE NO. 6.2: CAPITAL AND OTHER COMMITMENTS:

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 0.35 lakhs (PY - ₹ 0.35 lakhs).
- b) Balance committed capital contribution to Tata Venture Capital Fund as on March 31, 2016 is ₹ 309.08 lakhs (PY- ₹ 696.97 lakhs)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

NOTE NO. 7.1: INTEREST INCOME

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest on Loans		
- Loan against shares	25,568.33	30,380.31
- Corporate and other loans	14,778.74	8,586.61
Interest / Discount on Investments		
- Government securities ⁵	2,337.22	3,042.35
- Corporate bonds ⁶	145.93	568.62
- Other money market instruments and CBLO ⁷	595.88	9.42
Others	128.89	109.61
Total	43,554.99	42,696.92

⁵ Interest income from government securities includes ₹2,179.18 lakhs (PY ₹2,960.47 lakhs) on long term investments in government securities.

⁶ Interest income from corporate bonds includes ₹145.91 lakhs (PY ₹568.59 lakhs) on long term investments in corporate bonds.

⁷ includes ₹576.00 lakhs (PY ₹Nil) from investments in commercial papers.

NOTE NO. 7.2: OTHER FINANCIAL SERVICES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Upfront / Processing fees	788.24	1,429.44
Other fee based income	356.44	78.79
Total	1,144.68	1,508.23



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
a) Government securities (including SDL)	18.31	(4.05)
b) Equity shares	43.13	139.04
c) Corporate Bonds	0.21	0.00
d) Mutual fund units	255.33	501.84
e) Derivatives	23.53	3.33
Total	340.51	640.16
a) Government Securities (including SDL)		
Sales (net of brokerage)	13,548.60	28,120.93
Add : Stock at the end of the year	1,812.73	40.49
Less : (i) Purchases	15,302.53	26,810.05
(ii) Stock at the beginning of the year	40.49	1,355.42
Profit/(Loss) on sale of Government Securities	18.31	(4.05)
b) Equity Shares		
Sales (net of brokerage and STT)	9,635.24	13,360.27
Add : Stock at the end of the year	90.35	99.46
Less : (i) Purchases	9,583.00	13,076.07
(ii) Stock at the beginning of the year	99.46	244.62
Profit/(Loss) on sale of Equity Shares	43.13	139.04
c) Corporate Bonds		
Sales (net of brokerage)	18.96	0.00
Add : Stock at the end of the year	0.00	18.75
Less : (i) Purchases	0.00	18.75
(ii) Stock at the beginning of the year	18.75	0.00
Profit/(Loss) on sale of Corporate Bonds	0.21	0.00
d) Mutual Fund Units		
Sales (net of exit load and STT)	609,883.33	707,561.84
Add : Stock at the end of the year	37,500.00	0.00
Less : (i) Purchases	647,128.00	707,060.00
(ii) Stock at the beginning of the year	0.00	0.00
Profit/(Loss) on sale of Mutual Fund Units	255.33	501.84

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

NOTE NO. 8: OTHER INCOME

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest income on tax refunds	63.73	43.36
Dividend income ⁸	167.05	198.61
Income from Venture Capital Fund (Net of Taxes) ⁹	116.78	122.13
Net gain/(loss) on sale of investments	235.12	1,021.21
Provisions no longer required written back	0.00	80.70
Miscellaneous income	9.15	10.91
Total	591.83	1,476.92

⁸ Dividend income includes ₹163.60 lakhs (PY ₹193.51 lakhs) being dividend received on investments (other than subsidiary). Dividend received from subsidiary ₹-Nil (PY -₹Nil)

⁹ Includes prior period income of ₹ Nil (PY ₹75.05 lakhs).

NOTE NO. 9: EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, wages, allowances, etc.	667.43	621.92
Contribution to provident and other funds	39.42	31.11
Staff welfare expenses	30.08	22.61
Total	736.93	675.64

NOTE NO. 10: FINANCE COSTS

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
a) Interest expenses		
On bank credit line / overdraft	1,656.46	3,290.47
On CP issuance	10,843.32	11,822.55
On CBLO borrowing	1,378.32	2,125.13
On NCD issuance	10,130.33	8,508.12
	24,008.43	25,746.27
b) Other borrowing cost	166.29	170.61
Total (a+b)	24,174.72	25,916.88



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

NOTE NO. 11: OTHER EXPENSES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Advertising expenses	0.00	0.06
Transaction and settlement charges	19.46	30.73
CSR Expenditure (Refer Note 26)	280.35	208.00
Electricity charges	24.69	22.37
Information services	56.36	57.32
Insurance charges	22.10	12.87
Miscellaneous expenses	2.11	3.99
Office expenses	47.66	42.05
Payment to Auditors :		
- As audit fees (including audit fees for consolidated accounts)	7.00	6.50
- For taxation matters (Tax Audit fees)	1.25	1.25
- For other services	2.75	1.25
- For reimbursement of expenses	0.15	0.11
Postage, telephone and telegrams	17.60	17.79
Printing and stationery expenses	8.35	8.59
Professional fees	226.81	202.17
Rates and taxes	36.91	9.30
Rent	18.58	18.14
Repairs and maintenance - building	30.87	31.61
Repairs and maintenance - others	22.61	19.62
Sitting fees to directors	19.45	12.74
Travelling, conveyance and car expenses	34.59	16.28
Amortisation of premium on debt investments	27.59	38.08
Total	907.24	760.82

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

NOTE NO. 12: PROVISION AGAINST LOANS AND ADVANCES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Contingent provision against standard assets (Refer Note No. 21)	(130.65)	(515.71)
Provision against non performing assets	7,604.24	1,589.27
Total	7,473.59	1,073.56



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE NO. 13: SIGNIFICANT ACCOUNTING POLICIES

13.1 Basis of Preparation of Accounts

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

13.2 Use of Estimates

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

13.3 Revenue Recognition and Related Disclosures

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

The difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as income. The same is included in the carrying amount of these securities and the aggregate amount is regarded as cost for the purpose of valuation.

(ii) Government Securities and Corporate Bonds

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

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

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

Transactions for borrowing and lending under CBLO are recorded at maturity value. The difference paid or received on redemption is treated as discount paid on CBLO in case of borrowing and discount earned on CBLO in case of lending. The difference between the discounted value on



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

borrowing date or lending date as the case may be, and the redemption value of the instrument, outstanding on the Balance Sheet date is apportioned on the time basis and recognized as expense or income respectively. The unamortised discount on CBLO borrowing and lending is disclosed under other current assets and other current liabilities respectively.

(iv) Pass Through Certificates (PTCs)

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

(v) Equity Futures and Options

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

(vi) Commodity Futures

- (a) The initial margin and the additional margin paid on open positions of commodity futures are disclosed under the head Loans and Advances in the Balance Sheet.
- (b) The daily mark-to-market margin paid to/ received from in respect of commodity futures trades is debited or credited to the daily mark-to-market margin commodity futures account and the same is disclosed under the head trade receivable or trade payable in the Balance



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Sheet, as the case may be. The balance in this account represents net unrealised gains or losses on open positions.

- (c) The open positions are marked to market on the balance sheet date and net losses, if any, are provided for while net gains, if any, are not recognized.
- (d) "Income on Commodity Futures" represents the net profit or loss on settled/expired positions in commodity futures after adjusting brokerage and other transaction costs.
- (vii) The brokerage, Securities Transaction Tax (STT) and other cost incurred in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of brokerage and STT.
- (viii) Dividend income is recognised when the right to receive the same is established.
- (ix) Profit/Loss from trading in equities is recognised on the basis of weighted average cost on trade dates. Profit/Loss from trading in government securities, corporate bonds, mutual fund units and other securities are recognised on the basis of weighted average cost on settlement dates.
- (x) Interest income from loan transactions is recognised on accrual basis by applying the interest rate implicit in such contracts except in the case of income on Non Performing Assets (NPAs) which is recognised on realisation, in terms of RBI Guidelines. Processing fees on loans is recognised as income on accrual basis. Fees and additional interest income on delayed payments are recognized on accrual basis except in case where the same has been waived off by the competent authorities.
- (xi) In case of securities transferred from Stock-in-Trade to Investment Account, the same is reckoned as sale at market price. Resultant gains or losses are recognised in the profit and loss account on the date of transfer.
- (xii) Repo/Reverse Repo transactions for corporate bonds are treated as borrowing and lending transactions. The difference between the 1st leg and 2nd leg of repo and reverse repo transaction is accounted as interest expense/income on corporate bonds repo, as the case may be, over the period of contract.
- (xiii) Interest Rate Swaps

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

13.4 Investments

In terms of Non Banking Financial Companies Prudential Norms Direction issued by RBI, long term investments are valued at cost comprising acquisition cost and incidental expenses less permanent diminution in value, if any. Provision for diminution in the value of long term investments is made to recognise a decline other than temporary in the value of investments. In the case of debt instruments



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

where the cost of acquisition is more than the redemption value, the difference is amortized over the period till maturity and charged to the Profit and Loss account.

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

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

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

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

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

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

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

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

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

- (iii) Unquoted units of Mutual Fund are valued at Net Asset Value (NAV) or cost whichever is lower.
- (iv) Net depreciation in each category is provided for/charged to the Profit & Loss account. Net appreciation, in the category, if any, is ignored.
- (v) Depreciation in one category is not set off against appreciation in another category.

13.6 Fixed Assets and Depreciation

Fixed assets (Tangible and Intangible) are stated at original cost less accumulated depreciation. Cost includes all direct costs attributable to acquisition, installation and commissioning.

Depreciation on fixed assets other than buildings and improvement to leasehold property is provided



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

on the straight line method based on the estimated useful lives of the assets. Effective April 1, 2014, estimated useful life of fixed assets has been realigned as per Schedule II of the Companies Act, 2013.

Buildings are depreciated on written down value method at the applicable rates based on estimated useful life prescribed in Schedule II to the Companies Act, 2013.

Depreciation on improvements to leasehold property is provided on straight line method at the rates arrived at on the basis of the primary lease period.

Fixed assets costing less than ₹0.05 lakh, are provided with 100% depreciation in the year of purchase. Depreciation is provided on pro rata basis for assets purchased and sold during the year.

The details of estimated useful life assets (aligned with Schedule II to the Companies Act, 2013) are as under.

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

13.7 Taxes on Income

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

13.8 Securities Accepted as Pledge and Margin Money

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

13.9 Operating Lease

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

13.10 Employee Benefits

(i) Provident Fund

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

(ii) Gratuity

The liability of future gratuity benefits is based on the actuarial valuation obtained at year end. The Company has created a trust for future payment of gratuities which is funded through Gratuity cum Life Assurance Scheme of LIC (Defined Benefit Plan).

(iii) Other Benefits

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

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

13.11 Borrowing Cost

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

13.12 Impairment of Assets

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

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

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

13.14 Provisions and Contingencies

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

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

14. Related Party Transactions

List of related parties

- i) Related party where control exists:
 - a) STCI Primary Dealer Limited – wholly-owned subsidiary
 - b) STCI Commodities Limited – wholly-owned subsidiary
- ii) Other related parties:

Bank of India (BOI) by virtue of its shareholding in the Company being in excess of 20 per cent.
- iii) Key Management Personnel:-
 - a) Mr Yogesh Gaat – Managing Director (w.e.f. 19.05.2015) (Chief Executive Officer upto 18.05.2015)
 - b) Mr. S. Venkateswarlu – Managing Director (upto 30.04.2015)
 - c) Mr. Ajeet Kumar – Deputy Managing Director (From 29.05.2015 to 04.12.2015)
 - d) Mr. Kamlesh Rathi – Chief Financial Officer
 - e) Ms. Suparna Sharma – Company Secretary

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

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

Nature of transaction	For the year ended March 31, 2016		For the year ended March 31, 2015	
	BOI	Subsidiaries	BOI	Subsidiaries
Transactions during the year				
Purchase of Govt. Securities	-	2,887.05	-	5,565.21
Sale of Government Securities	-	-	-	-
Capital Receipt from buyback of shares	-	-	-	3,731.20
Loans availed ¹⁰	268,277.45	-	194,868.17	-
Repayment of Loan availed ¹⁰	307,893.73	-	193,806.52	-
Maximum Loan (availed) Outstanding During the Year	49,998.00	-	49,961.78	-
Interest Provided	995.66	-	2,365.77	-
Dividend Paid	910.70	-	910.70	-
Other financial payments	6.87	-	6.74	-
Reimbursement of expense (payment)	3.64	1.85	-	2.01
Reimbursement of expenses (receipt)	-	8.04	-	8.68
Sitting fees received	-	0.55	-	1.40
Sitting fees paid	1.20	-	1.80	-
Outstanding at the end of the year				
Loan availed	9,975.56	-	49,591.84	-
Interest accrued but not due	16.35	-	45.07	-
Balance in current account	3.02	-	4.66	-

¹⁰ Includes amounts availed and repaid from overdraft and short term loan accounts.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Remuneration to Key Management Personnel:

(₹ in lakhs)

Sr. No.	Particulars	Year ended March 31, 2016	Year ended March 31, 2015
(i)	Mr Yogesh Gaat (Managing Director w.e.f. 19.05.2015)	64.51	-
(ii)	Mr Yogesh Gaat (CEO upto. 18.05.2015)	16.25	13.82
(iii)	Mr. S. Venkateswarlu ¹¹ – Managing Director (upto 30.04.2015)	59.81	88.25
(iv)	Mr. Ajeet Kumar ¹¹ - Deputy Managing Director (w.e.f. 29.05.2015 to 4.12.2015)	9.34	0.00
(v)	Mr. Kamlesh Rathi	32.41	29.25
(vi)	Ms. Suparna Sharma	33.52	25.13

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

¹¹ Gratuity Payment in respect of their service has been paid to Bank of India, terminal benefit department, Gratuity fund and is disclosed as reimbursement of expenses to Bank of India.

15. Assets taken on Lease

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

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

Particulars	As at March 31, 2016	As at March 31, 2015
Not later than 1 year	18.58	18.58
Later than 1 year but not later than 5 years	2.60	21.17
Later than 5 years	Nil	Nil

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Payment made during the year (excluding taxes)	18.58	18.14

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

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

17. Expenditure in Foreign Currency

Sr. No.	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
1	On Travel	Nil	Nil
2	On Interest	Nil	Nil
3	On Others	Nil	Nil

Earnings in Foreign Currency : Nil (PY – Nil)

18. Earning Per Share (E.P.S.) : The EPS calculation as per AS-20 is as under:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit after Tax (₹ in lakhs)	8,090.76	15,167.98
Weighted average number of shares (Face Value ₹100)	38,000,000	38,000,000
Earnings Per Share for the year - Basic & Diluted (in ₹)	21.29	39.92

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

The provision as on March 31, 2016 for stamp duty on non-government securities transactions stands at ₹62.65 lakhs (PY ₹62.65 lakhs) which is for the period commencing 1st April 2006 onwards. The amount of provision as on March 31, 2016 is included under the head "Long term provisions" in the balance sheet.

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

Particulars	Stamp Duty	PLVP*
Opening Balance as at April 01, 2015	62.65	207.72
Additions	0.00	150.00
Utilisation	0.00	207.72
Reversal	0.00	0.00
Closing Balance as at March 31, 2016	62.65	150.00

* Performance Linked Variable Pay



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Provision for stamp duty was made in respect of stamp duty payable under Maharashtra Stamp (Amendment) Act, (erstwhile Bombay Stamp Act, 1958) in respect of direct deals for Non SLR transactions. Provision of ₹150.00 lakhs (PY ₹200.00 lakhs) is made during the year for payment of performance linked variable and incentives.

21. Provision for Standard assets is maintained @ 0.4% of the outstanding standard assets and accordingly standard asset provision of ₹130.65 lakhs (PY addition of ₹284.29 lakhs) has been reversed during the year. The additional standard asset provision continues to be maintained at ₹200.00 lakhs (PY ₹200.00 lakhs). Provision of ₹7,604.24 lakhs (PY ₹1,589.27 lakhs) has been made towards Non-performing assets.
22. Loans and Advances of ₹111,782.33 lakhs (PY ₹127,150.00 lakhs) have been charged in favour of Debenture Trustee for outstanding Secured Redeemable Non- Convertible Debentures (NCD's) of ₹85,000.00 lakhs (PY ₹1,00,000.00 lakhs).
23. The open interest in respect of derivatives (equity futures & options) contracts on the balance sheet date is as follows:

Derivative contract details	Long/ Short	Series	Book Price (in ₹)	No.of units	Settlement Price in (₹) on 31.03.16
Cipla Limited (Futures)	Short	28/04/2016	511.38	1,600	515.10
Axis Bank (Option - Call @440)	Long	28/04/2016	22.10	5,000	20.00
Indiabulls Housing Finance Limited (Option - Call @620)	Long	28/04/2016	45.75	4,000	54.25
SBI (Option - Call @190)	Long	28/04/2016	13.52	10,000	12.55
Nifty (Option 7600 Put)	Short	28/04/2016	70.05	1,500	67.20

24. Segment Reporting

(a) Business Segment :

The Company's management has identified Lending Business and Treasury Operations as two reportable segment based on risk, return and the regulatory authorities for reporting.

(b) Segment Revenues and Expenses :

The segmental revenues and expenses include all directly attributable to the respective segment. Administrative expenses, personnel costs and depreciation on fixed assets cannot be identified with any particular segment and are considered as unallocable.

(c) Segment Assets and Liabilities :

The segmental assets and liabilities include all directly attributable to the respective segment. All other assets and liabilities not attributable to any particular segment have been grouped under Unallocated Assets and Liabilities.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

(d) Geographical Segment:

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

The detailed segmental information is as under.

Segment Information	Treasury		Lending		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUES								
External Sources/ Clients	3,545.26	4,938.13	41,491.75	40,471.36	595.00	912.74	45,632.01	46,322.23
Inter-segment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	3,545.26	4,938.13	41,491.75	40,471.36	595.00	912.74	45,632.01	46,322.23
Segment Result Profit/(Loss)	2,121.01	2,744.54	11,220.65	15,605.70			13,341.66	18,350.24
Unallocated income net of expenses							(1,002.13)	(454.91)
Operating Profit/(Loss)							12,339.53	17,895.33
Depreciation							(155.53)	(164.59)
Profit before Tax & exceptional item							12,184.00	17,730.74
Exceptional items							0.00	3,218.89
Profit after exceptional items before tax							12,184.00	20,949.63
Provision/(Write-back) for Direct Taxes including Deferred Tax							4,093.24	5,781.65
Profit/(Loss) after Tax							8,090.76	15,167.98
OTHER INFORMATION								
Segment Assets	49,642.34	29,343.37	327,089.71	370,565.18	64,068.25	22,197.52	440,800.30	422,106.07
Segment Liabilities	13,528.79	15,100.96	279,707.82	301,329.54	37,959.00	4,161.64	331,195.61	320,592.14

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

Assumptions	2015-16	2014-15
Mortality rate	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / Discount Rate	7.50%	8.00%
Rate of return of Plan Assets	8.00%	8.00%
Salary Escalation	10.00%	10.00%



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Changes in present value of obligation				
Opening Defined Benefit Obligation	56.78	106.42	50.14	84.08
Interest Cost	4.30	8.01	3.81	6.30
Current Service Cost	7.08	39.72	10.45	32.40
Actuarial (Gains)/ Losses	5.04	6.83	(2.53)	(5.59)
Benefits Paid	(6.16)	(12.45)	(5.09)	(10.77)
Closing Defined Benefit Obligation	67.04	148.53	56.78	106.42
Changes in the fair value of plan assets				
Fair value of plan assets at the beginning of year	42.08	0.00	39.72	0.00
Expected return on plan assets	3.70	0.00	3.13	0.00
Contributions	14.50	12.45	3.86	10.77
Benefits paid	(6.16)	(12.45)	(5.09)	(10.77)
Actuarial Gains/ (Losses)	0.10	0.00	0.46	0.00
Fair value of plan assets at the end of year	54.22	0.00	42.08	0.00
Fair value of plan assets at the beginning of year	42.08	0.00	39.72	0.00
Actual return on plan assets	3.80	0.00	3.59	0.00
Contributions	14.50	12.45	3.86	10.77
Benefits paid	(6.16)	(12.45)	(5.09)	(10.77)
Fair value of plan assets at the end of year	54.22	0.00	42.08	0.00
Funded status	(12.82)	(148.53)	(14.70)	(106.42)
Excess of Actual over estimate return on assets	0.10	0.00	0.46	0.00
Experience History				
(Gain)/ Loss on obligation due to change in assumption	2.92	7.96	0.00	0.00
Experience (Gain)/ Loss on obligation	2.12	(1.13)	(2.53)	(5.59)
Actuarial Gain / (Loss) on plan assets	0.10	0.00	0.46	0.00

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Actuarial Gain/ (loss) recognised				
Actuarial Gain/ (Loss) for the year - obligation	(5.04)	(6.83)	2.53	5.59
Actuarial Gain/ (Loss) for the year - plan assets	0.10	0.00	0.46	0.00
Net Actuarial Gain/ (Loss) recognised for the year	(4.94)	(6.83)	2.99	5.59
Amount to be recognised in Balance Sheet				
Present value of obligation as at the end of year	67.04	148.53	56.78	106.42
Fair value of plan assets as at the end of year	54.22	0.00	42.08	0.00
Funded status	(12.82)	(148.53)	(14.70)	(106.42)
Net Asset recognised - Prepaid / (provisions)	(12.82)	(148.53)	(14.70)	(106.42)
Expenses Recognised in Profit and Loss account				
Current Service Cost	7.08	39.72	10.45	32.40
Interest Cost	4.30	8.01	3.81	6.30
Net Actuarial loss/ (gain) recognised in the year	4.94	6.83	(2.99)	(5.59)
Expected return on plan assets	(3.70)	0.00	(3.13)	0.00
Expenses recognised in Profit and Loss Account	12.62	54.56	8.14	33.11
Movement in Liability recongised in Balance Sheet				
Opening Net Liability	14.70	106.42	10.42	84.08
Expenses as above	12.62	54.56	8.14	33.11
Contribution paid	(14.50)	(12.45)	(3.86)	(10.77)
Closing Net Liability	12.82	148.53	14.70	106.42



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Experience Adjustment – Gratuity

Particulars	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Defined Benefit Obligation	67.04	56.78	50.14	45.78	34.60
Plan assets	54.22	42.08	39.72	33.81	34.81
Surplus/(Deficit)	(12.82)	(14.70)	(10.42)	(11.97)	0.21
Experience adj. on plan liabilities	(2.12)	2.53	4.85	(5.34)	11.59
Experience adj. on plan assets	0.10	0.46	0.28	0.48	(0.48)

Provision of ₹3.06 lakhs (Previous year ₹2.25 lakhs) has been made for undiscounted liability on account of short term compensated absences. Total provision as on March 31, 2016 for short term compensated absences is of ₹27.29 lakhs (Previous year ₹24.23 lakhs).

26. CSR Expenses

During the year, Company has spent ₹280.35 lakhs (PY ₹208.00 lakhs) towards CSR activities, as required to be spent in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules, 2014. Details of CSR expenses for the year are as under.

No.	Particulars	2015-16	2014-15
1	Construction/acquisition of any asset	Nil	Nil
2	Contribution to Prime Ministers Relief Fund	262.11	202.00
3	Contribution to other charitable organisations eligible for CSR purpose	18.24	6.00
	Total CSR Expenses	280.35	208.00

As per the recommendations in the Guidance Note on Accounting for Expenditure on Corporate Social Responsibility issued by ICAI, expenditure on CSR activities, has been recognised as a separate line item 'CSR expenditure' under Note No. 11 "Other Expenses". The change in the presentation has affected the Profit Before tax and EPS of previous year.

27. 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, 2016	As at March 31, 2015
1	CRAR (%)	25.22%	23.68%
2	CRAR – Tier I Capital (%)	24.85%	23.27%
3	CRAR – Tier II Capital (%)	0.37%	0.41%
4	Amount of subordinated debt raised as Tier-II capital	Nil	Nil
5	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

b) Investments

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
1	Value of Investments :		
(i)	Gross Value of Investments		
	(a) In India	102,669.01	45,383.86
	(b) Outside India	Nil	Nil
(ii)	Provisions for Depreciation		
	(a) In India	260.79	260.79
	(b) Outside India	Nil	Nil
(iii)	Net Value of Investments		
	(a) In India	102,408.22	45,123.07
	(b) Outside India	Nil	Nil
2	Movement of Provisions held towards depreciation on Investments :		
(i)	Opening Balance	260.79	260.79
(ii)	Add: Provisions made during the year	0.00	0.00
(iii)	Less: Write-off / write-back of excess provisions during the year	0.00	0.00
(iv)	Closing balance	260.79	260.79

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

The Company has not entered into any forward rate agreement or interest rate swap during the year. There are no outstanding positions in respect of any forward rate agreement or interest rate swap as on March 31, 2016.

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
(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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

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, 2016.

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil
(iv)	Mark-to-Market value of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil

iii) Qualitative Disclosure

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

Risk management at operating level has been delegated to ALCO & Risk Management committee and Investment Committee of senior executives of the company. Treasury, Investment and Risk policy of the Company lays 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, 2016.

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

d) Disclosure relating to Securitisation :

- i) During the year, Company has not securitized any of its assets and does not have any outstanding position in respect thereof as on March 31, 2016.
- ii) Company has not sold any of its financial assets to Securitisation/Reconstruction Company for Asset Reconstruction.
- iii) Company has not undertaken any assignment transaction during the year.
- iv) Company has neither purchased nor sold any non-performing financial assets during the year and does not have any outstanding position in respect thereof as on March 31, 2016.

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

	Upto 30/31 days	Over 1 month upto 2 month	Over 2month upto 3 month	Over 3 month upto 6 month	Over 6month to 1 year	Over 1 year upto 3 years	Over 3 years Upto 5 years	Over 5 Years	Total
As at March 31, 2016									
Assets									
Deposits	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Advances	15,397.25	2,661.70	26,284.80	79,142.16	67,571.43	109,232.77	17,306.66	15,338.75	332,935.52
Investments	39,403.08	4,960.50	514.20	9,707.66	0.00	1,409.40	0.00	46,413.38	102,408.22
Liabilities									
Bank Borrowings	0.00	0.00	0.00	10,000.00	48,934.58	0.00	0.00	0.00	58,934.58
Market borrowings	35,900.00	70,000.00	45,000.00	15,000.00	32,500.00	6,000.00	59,000.00	0.00	263,400.00
Foreign Currency :									
Foreign Currency Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Currency Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
As at March 31, 2015									
Assets									
Deposits	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Advances	8,002.00	8,358.33	46,470.92	94,754.33	68,796.73	115,881.46	21,440.33	1,892.75	365,596.85
Investments	158.70	0.00	3,878.06	0.00	0.00	1,543.69	0.00	39,542.62	45,123.07
Liabilities									
Bank Borrowings	0.00	9,500.00	0.00	0.00	69,127.70	0.00	0.00	0.00	78,627.70
Market borrowings	15,000.00	7,500.00	5,000.00	49,000.00	83,500.00	20,000.00	50,000.00	0.00	230,000.00
Foreign Currency :									
Foreign Currency Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Currency Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

f) Exposures

i) Exposure to Real Estate Sector :

Category		As at March 31, 2016	As at March 31, 2015
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;	10,687.23	12,722.63
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 and construction etc.) including non-fund based (NFB) limits	89,123.21	73,817.09
3	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a	Residential	Nil	Nil
b	Commercial Real Estate	Nil	Nil
Indirect Exposure			
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		9,809.98	Nil

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

ii) Exposure to Capital Market

Particulars		As at March 31, 2016	As at March 31, 2015
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt:	17,125.90	16,755.09
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:	5,500.24	12,744.46
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:	213,508.46	264,585.71
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:	1,539.78	Nil
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers:	Nil	1,000.01
6	Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources:	Nil	Nil
7	Bridge loans to companies against expected equity flows / issues:	Nil	Nil
8	All exposures to venture capital funds (both registered and unregistered):	2,190.92	1,803.03
Total Exposure to Capital Market		239,865.30	296,888.30



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

- iii) Details of financing of parent company product – Not Applicable
- iv) Company has not exceeded prudential Single Borrower Limit (SGL)/Group Borrower Limit (GBL) during the year.

g) Miscellaneous

i) Registration / license / authorisation obtained from financial sector regulators

RBI – Certificate of Registration bearing No B-13.00005, dated December 16, 1997

MCA – Certificate of Incorporation No. 11-78303 dated May 10, 1994

Corporate Identity No. - U51900MH1994PLC078303

ii) Disclosure of Penalties imposed by RBI and other regulator: Nil (PY – Nil)

iii) Ratings assigned by credit rating agencies and migration of ratings during the year;

Rating Agencies	Rating programme	Rating Assigned	Migration	Rating Amount (₹ in Lakhs)	
				31.03.2016	31.03.2015
CRISIL	Short Term	Crisil A1+	-	200,000.00	200,000.00
ICRA	Short Term	[ICRA] A1+	-	150,000.00	150,000.00
ICRA	Long Term Bank Lines	[ICRA] AA	-	20,000.00	20,000.00
ICRA	Long Term Debt (NCD)	[ICRA] AA	-	150,000.00*	120,000.00
CARE	Long Term Debt (NCD)	CARE AA	-	120,000.00	120,000.00

*Includes rating of ₹30,000.00 lakhs for NCD's matured in February 2016.

iv) Information viz., area, country of operation and joint venture partners with regard to Joint Ventures and Overseas Subsidiaries:

Company operates primarily through its Head Office in Mumbai and has a branch office in New Delhi. Company does not have any overseas presence either through its branches or by way of any joint venture or overseas subsidiaries.

h) Additional Disclosures

i) Information on all provisions and contingencies booked as expenditure in Profit and Loss Account:

Particulars	2015-16	2014-15
Provision for depreciation on Investment/stock-in-trade	0.00	1.95
Provision for amortisation on Investment	27.59	38.08
Provision towards NPA	7,604.24	1,589.27
Provision for Standard Assets	(130.65)	(515.71)
Provision made towards Income Tax (incl. deferred tax)	4,093.24	5,781.65
Other Provision and Contingencies (employee related)	150.00	200.00

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

ii) Concentration of Advances, Exposures and NPAs

a) Concentration of Advances/Exposures

Particulars	2015-16	2014-15
Total Advances/exposure to twenty largest borrowers/ customers	166,692.71	162,154.23
% of Advances/exposure to twenty largest borrowers to total advances/exp.	50.07%	44.35%

b) Concentration of NPAs

Particulars	2015-16	2014-15
Total Exposure to top four NPA accounts	14,000.00	14,000.00

c) Sector-wise NPAs

Sr No.	Sector	Percentage of NPAs to Total Advances in that sector	
		2015-16	2014-15
1	Agriculture & Allied activities	-	-
2	MSME	-	-
3	Corporate borrowers (includes LLP and partnership firms/Trusts)	4.47%	4.17%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-
8	Others (Individual Borrowers)	24.57%	13.47%

iii) Movement of NPAs

No.	Particulars	2015-16	2014-15
(i)	Net NPAs to Net Advances (%)	2.25%	4.09%
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	17,097.08	3,097.08
(b)	Additions during the year	0.00	14,530.21
(c)	Reductions during the year	0.00	(530.21)
(d)	Closing balance	17,097.08	17,097.08



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

No.	Particulars	2015-16	2014-15
(iii)	Movement of NPAs (Net)		
(a)	Opening balance	14,874.30	2,463.57
(b)	Additions during the year	(7,604.24)	12,887.92
(c)	Reductions during the year	0.00	(477.19)
(d)	Closing balance	7,270.06	14,874.30
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	2,222.78	633.51
(b)	provisions during the year	7,604.24	1,642.29
(c)	Write-off / write-back of excess provisions	0.00	(53.02)
(d)	Closing balance	9,827.02	2,222.78

iv) Company does not have any overseas assets.

v) Company does not have any off balance sheet sponsored SPV's.

i) **Customer Complaints**

No.	Particulars	2015-16	2014-15
(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	1	Nil
(d)	No. of complaints pending at the end of the year	Nil	Nil

j) **Other Disclosure :**

Sr No.	Particulars	Amount Outstanding		Amount Overdue	
		As at 31.3.2016	As at 31.3.2015	As at 31.3.2016	As at 31.3.2015
	Liabilities Side				
1	Loans and advances availed by the NBFC inclusive				
	of interest accrued thereon but not paid:				
	(a) Debenture				
	Secured	89,677.73	104,381.40	Nil	Nil
	Unsecured	Nil	Nil	Nil	Nil
	(other than falling within the meaning of Public deposit)				

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

Sr No.	Particulars	Amount Outstanding		Amount Overdue	
		As at 31.3.2016	As at 31.3.2015	As at 31.3.2016	As at 31.3.2015
	(b) Deferred Credit	Nil	Nil	Nil	Nil
	(c) Term Loans	10,010.19	39,519.72	Nil	Nil
	(d) Inter Corporate Loans and Borrowing	Nil	Nil	Nil	Nil
	(e) Commercial Paper	165,000.00	115,000.00	Nil	Nil
	(f) Others Loans (Working Capital Demand Loan/CBLO)	62,367.51	54,169.03	Nil	Nil

	<u>Assets Side</u>	Amount Outstanding 2015-16 (₹ in lakhs)	Amount Outstanding 2014-15 (₹ in lakhs)
2	Break-up of Loans and Advances including bills		
	receivables (other than those included in (4) below): (for financing business of the company)		
	(a) Secured (Gross)	322,545.19	357,313.35
	(b) Unsecured	10,390.33	8,283.50
3	Break up Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Finance Lease	Nil	Nil
	(b) Operating Lease	Nil	Nil
	(ii) Stock on hire including hire charges under sundry debtor		
	(a) Assets on hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
	(iii) Other loans counting towards AFC activities		
	(a) loans where assets have been repossessed	Nil	Nil
	(b) loans other than (a) above	Nil	Nil



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

	<u>Assets Side</u>	Amount Outstanding 2015-16 (₹ in lakhs)	Amount Outstanding 2014-15 (₹ in lakhs)
4	Break-up of Investments		
	<u>Current Investment</u>		
	1. Quoted		
	(i) Shares : (a) Equity	90.35	99.46
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	514.20	3,896.81
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	1,812.73	40.49
	(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	37,500.00	Nil
	(iv) Government Securities	Nil	Nil
	(v) others (Commercial papers)	14,668.16	Nil
	Long Term Investments		
	1. Quoted		
	(i) Shares : (a) Equity	1,409.40	1,029.49
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	514.20
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	28,596.31	22,113.44
	(v) others (Please specify)	Nil	Nil
	2. Unquoted		
	(i) Shares : (a) Equity	15,626.15	15,626.15
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) others (Venture Capital Fund)	2,190.92	1,803.03
		102,408.22	45,123.07

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

5 Borrower group-wise classification of assets financed as in (2) and (3) above					
Category	Amount Net of Provisions				
	Secured	Unsecured	Total		
1. Related Parties					
(a) Subsidiaries	Nil	Nil	Nil		
(b) Companies in the same group	Nil	Nil	Nil		
(c) other related parties	Nil	Nil	Nil		
2. Other than related parties	315,490.74	7,617.76	323,108.50		
Total	315,490.74	7,617.76	323,108.50		
6 Investor group-wise classification of all Investments (current & long-term) in shares and securities (quoted & unquoted)					
Category	Market Value		Book Value		
	2015-16	2014-15	2015-16	2014-15	
1. Related Parties					
(a) Subsidiaries	15,126.15	15,126.15	15,126.15	15,126.15	
(b) Companies in the same group	Nil	Nil	Nil	Nil	
(c) other related parties	Nil	Nil	Nil	Nil	
2. Other than related parties	87,057.86	29,910.13	87,282.07	29,996.92	
Total	102,184.01	45,036.28	102,408.22	45,123.07	
Sl.	Particulars	2015-16 (₹ in lakhs)		2014-15 (₹ in lakhs)	
7	Other Information				
(i)	Gross Non Performing Assets				
	(a) Related parties		Nil		Nil
	(b) Other than related parties		17,097.08		17,097.08
(ii)	Net Non-Performing Assets				
	(a) Related parties		Nil		Nil
	(b) Other than related parties		7,270.06		14,874.30
(iii)	Assets acquired in satisfaction of Debts		Nil		Nil



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

- k) 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.
28. Previous year's figures have been regrouped/rearranged wherever necessary. Figures are rounded off to the nearest lakh Rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

As per our report of even date
A. J. Shah & Co.
 Chartered Accountants
 Firm Registration No.- 109477W

Devendra J. Shrimanker
 Partner
 Membership No. 41920

Place: Mumbai
 Date: May 4, 2016

On behalf of the Board of Directors

Melwyn Rego
 Director
 DIN: 00292670

Mrs. Thankom T. Mathew
 Director
 DIN: 00025326

Kamlesh Rathi
 Chief Financial Officer

Place: Mumbai
 Date: May 4, 2016

S. Ravi
 Director
 DIN: 00009790

Yogesh Gaat
 Managing Director & CEO
 DIN: 07189252

Suparna Sharma
 Company Secretary

**FORM AOC - I**

(Statement Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) 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
Reporting period for the subsidiary	31-Mar-16	31-Mar-16
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable
Share capital	15,000.00	450.00
Reserves & surplus	21,769.03	(305.83)
Total Assets	577,678.43	154.62
Total Liabilities	540,909.40	10.45
Investments	566,387.81	5.28
Turnover / Revenue	34,404.34	10.25
Profit before taxation	1,333.20	8.19
Provision for taxation	563.68	0.00
Profit after taxation	769.52	8.19
Proposed Dividend	Nil	Nil
% of shareholding	100.00%	100.00%
Names of subsidiaries which are yet to commence operations		Not Applicable
Names of subsidiaries which have been liquidated or sold during the year		Not Applicable

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

As per our report of even date

A. J. Shah & Co.

Chartered Accountants

Firm Registration No.- 109477W

Devendra J. Shrimanker

Partner

Membership No. 41920

Place: Mumbai

Date: May 4, 2016

On behalf of the Board of Directors**Melwyn Rego**

Director

DIN: 00292670

Mrs. Thankom T. Mathew

Director

DIN: 00025326

Kamlesh Rathi

Chief Financial Officer

Place: Mumbai

Date: May 4, 2016

S. Ravi

Director

DIN: 00009790

Yogesh Gaat

Managing Director & CEO

DIN: 07189252

Suparna Sharma

Company Secretary



LIST OF SHAREHOLDERS AND SHAREHOLDING PATTERN AS ON 31.03.2016

Sr. No.	Names of the Shareholders	No. of Shares Held	% Held
1	Bank of India	11383781	29.96%
2	IDFC Bank Limited	3530136	9.29%
3	State Bank of India	2812415	7.40%
4	IDBI Bank Limited	2507610	6.60%
5	Punjab National Bank	1877564	4.94%
6	Life Insurance Corporation of India	1505400	3.96%
7	Canara Bank-Mumbai	1426298	3.75%
8	ICICI Bank Limited	1400528	3.69%
9	Bank of Baroda	1253544	3.30%
10	Central Bank of India	1150100	3.03%
11	Indian Bank	1102378	2.90%
12	Dena Bank	646947	1.70%
13	Allahabad Bank	622134	1.64%
14	Syndicate Bank	582160	1.53%
15	Union Bank of India	581248	1.53%
16	Administrator of the Specified Undertaking of the Unit Trust Of India-Unit Scheme 1964	494043	1.30%
17	Oriental Bank of Commerce	474277	1.25%
18	UCO Bank	464892	1.22%
19	General Insurance Corporation of India	432875	1.14%
20	United Bank of India	378256	0.99%
21	The New India Assurance Company Limited	368175	0.97%
22	IFCI Limited	337400	0.89%
23	Andhra Bank	313196	0.82%
24	State Bank of Hyderabad	268052	0.71%
25	Bank of Maharashtra	265032	0.70%
26	Indian Overseas Bank	254078	0.67%
27	State Bank of Travancore(AFS)	248519	0.65%
28	Punjab and Sind Bank	225500	0.59%
29	State Bank of Bikaner and Jaipur	223896	0.59%
30	Corporation Bank	209461	0.55%
31	State Bank of Patiala	200616	0.53%
32	State Bank of Mysore	167644	0.44%
33	The Oriental Insurance Company Limited	137290	0.36%
34	SIDBI Venture Capital Limited	82045	0.22%
35	National Insurance Company Limited	72510	0.19%
	Total	38000000	100.00%



STCI FINANCE LIMITED



CONDOLIDATED ACCOUNTS

**Annual Report
For The Year Ended
31st March, 2016**





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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** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

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

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STCI FINANCE LIMITED (FORMERLY KNOWN AS SECURITIES TRADING CORPORATION OF INDIA LIMITED)

made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31st March 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

OTHER MATTER

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 5,77,833.03 Lakhs as at 31st March 2016, the total revenue of Rs. 34,414.58 Lakhs and net cash outflows amounting to Rs. 33,984.22 Lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (5) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c. The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STCI FINANCE LIMITED (FORMERLY KNOWN AS SECURITIES
TRADING CORPORATION OF INDIA LIMITED)**

maintained for the purpose of preparation of the consolidated financial statements.

- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Holding Company as on 31st March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March 2016 from being appointed as a Director of that company in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure I"; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 6.1 to the consolidated financial statements;
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31st March, 2016 by the Group.
2. As required by section 143(5) of the Act and in pursuance of directions referred to in the letters issued by the Office of the Comptroller And Auditor General of India for the year ended March 31, 2016, we report that:
- i. According to the information and explanations given to us and based on the other auditor's reports issued in accordance with section 143(5), the Group does not own any freehold or leasehold land.
 - ii. According to the information and explanations given to us and based on the other auditor's reports issued in accordance with section 143(5), there are no cases of write off of debts/loans/ interest etc. during the financial year 2015-16. The details of waiver of interest during the financial year 2015-16 along with the reasons are given in Annexure II.
 - iii. According to the information & explanation given to us and based on the other auditor's reports issued in accordance with section 143(5), the Group does not have any inventories lying with third parties except in case of a subsidiary company where the securities are kept as collateral with the



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STCI FINANCE LIMITED (FORMERLY KNOWN AS SECURITIES
TRADING CORPORATION OF INDIA LIMITED)**

RBI/CCIL for availing secured borrowings and with IL&FS/HDFC bank for trading purposes/margin requirements, for which proper records have been maintained by the subsidiary company. The Group has not received any gifts/grant(s) from the Government or other authority.

- iv. According to the information and explanations given to us and based on the other auditors' reports issued in accordance with section 143(5), there are no cases of reversal of accounted fees which were due but not received/written off for the financial year 2015-16. The details of the waiver of fees for the financial year 2015-16 along with the reasons are given in Annexure III.

For and on behalf of

A.J. Shah & Co.

Chartered Accountants

Firm Registration No.: 109477W

Devendra J. Shrimanker

Partner

M. No. 41920

Place: Mumbai

Date : May 4, 2016



ANNEXURE - I TO THE AUDITOR'S REPORT

Referred to in paragraph 1(f) "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 2016, we have audited the internal financial controls over financial reporting of STCI Finance Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



ANNEXURE - I TO THE AUDITOR'S REPORT

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, 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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI except in case of one of its subsidiary companies where its auditor have given a disclaimer of opinion that:

“the Company has not established its internal financial control over financial reporting on criteria 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, even though the Company has existing internal Standard Operating Procedures and Manuals for its various functions prepared in accordance with the operational functionality of the industry in which the company operates. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016. We have considered the disclaimer reported above along with implemented checks and balances for various functions of the Company in determining the nature, timing and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the disclaimer does not affect our opinion on the standalone financial statements of the Company.”



ANNEXURE - I TO THE AUDITOR'S REPORT

OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For and on behalf of

A.J. Shah & Co.

Chartered Accountants

Firm Registration No.: 109477W

Devendra J. Shrimanker

Partner

M. No. 41920

Place: Mumbai

Date : May 4, 2016



ANNEXURE – II TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in Paragraph 2 under “Report on other Legal and Regulatory Requirements” of our report of even date

Cases of waiver of interest

Sr. No.	Number of cases of waiver of interest	Total Interest Waived (₹ In Lakhs)	Reasons for waiver as given by the company
Holding Company – STCI Finance Limited			
1	12	22.70	Considering business exigencies and to maintain business relations, extension of time for repayment of principal amount and interest thereon was granted.
2	1	0.01	Penal interest on late payment of interest was waived due to the occurrence of floods in Chennai in the month of November 2015.
Total	13	22.71	
Subsidiary Companies			
Nil	Nil	Nil	Nil

For and on behalf of

A.J. Shah & Co.

Chartered Accountants

Firm Registration No.: 109477W

Devendra J. Shrimanker

Partner

M. No. 41920

Place: Mumbai

Date : May 4, 2016

**ANNEXURE – III TO THE INDEPENDENT AUDITOR’S REPORT**

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

Cases of waiver of fees

Sr. No.	Number of cases of waiver of fees	Total Fees Waived (₹ In Lakhs)	Reasons for waiver as given by the company
Holding Company – STCI Finance Limited			
1	1	17.00	As STCI Finance Limited had requested prepayment of loan on account of steep decline in value of security provided, penalty on prepayment of loan was waived.
Total	1	17.00	
Subsidiary Companies			
Nil	Nil	Nil	Nil

For and on behalf of

A.J. Shah & Co.

Chartered Accountants

Firm Registration No.: 109477W

Devendra J. Shrimanker

Partner

M. No. 41920

Place: Mumbai

Date : May 4, 2016



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 2016

The preparation of Consolidated Financial Statements of STCI Finance Limited for the year ended 31 March 2016 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 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 04 May 2016.

I, on behalf of the Comptroller and Auditor General of India (C&AG), have conducted a Supplementary Audit under section 143(6)(a) read with section 129(4) of the Act of the Consolidated Financial Statements of STCI Finance Limited for the year ended 31 March 2016. We conducted a Supplementary Audit of the financial statements of STCI Finance Limited, STCI Primary Dealer Limited and STCI Commodities Limited for the year ended on that date. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

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

(Sangita Choure)

Director General of Commercial Audit and
ex-officio Member, Audit Board-1,
Mumbai

Place: Mumbai

Date : 11.07.2016

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Note No.	(₹ in lakhs)	
		As at March 31, 2016	As at March 31, 2015
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share capital	1.1	38,000.00	38,000.00
(b) Reserves and surplus	1.2	93,391.73	84,523.26
Sub-Total - (1)		131,391.73	122,523.26
2 Non Current Liabilities			
(a) Long term borrowings	2.1	65,000.00	70,000.00
(b) Long term provisions	2.2	1,283.97	1,264.30
Sub-Total - (2)		66,283.97	71,264.30
3 Current Liabilities			
(a) Short term borrowings	3.1	776,226.89	589,066.63
(b) Trade payables	3.2		
- Total outstanding dues of micro enterprises and small enterprises		0.00	0.00
- Total outstanding dues of creditors other than micro enterprises and small enterprises		125.74	145.58
(c) Other current liabilities	3.3	28,335.55	37,113.14
(d) Short term provisions	3.4	1,182.37	5,024.53
Sub-Total - (3)		805,870.55	631,349.88
TOTAL (1 + 2 + 3)		1,003,546.25	825,137.44



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Note No.	(₹ in lakhs)	
		As at March 31, 2016	As at March 31, 2015
II ASSETS			
1 Non Current Assets			
(a) Fixed assets (net)	4.1		
i) Tangible assets		4,069.15	4,241.36
ii) Intangible assets		73.35	49.34
(b) Non current investments	4.2	68,186.46	57,341.01
(c) Deferred tax assets (net)	4.3	3,105.56	599.59
(d) Long term loans and advances	4.4	133,741.23	138,242.90
(e) Other non current assets	4.5	94.02	113.54
Sub-Total - (1)		209,269.77	200,587.74
2 Current Assets			
(a) Current investments	5.1	15,187.64	3,884.26
(b) Inventories	5.2	570,310.47	346,211.54
(c) Trade receivables	5.3	320.48	20.73
(d) Cash and Bank Balances	5.4	3,130.89	36,030.19
(e) Short term loans and advances	5.5	192,837.06	226,827.20
(f) Other current assets	5.6	12,489.94	11,575.78
Sub-Total - (2)		794,276.48	624,549.70
TOTAL (1 + 2)		1,003,546.25	825,137.44

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of

A. J. Shah & Co.

Chartered Accountants

Firm Registration No: 109477W

Devendra J. Shrimanker

Partner

Membership No.: 41920

Place: Mumbai

Date : May 4, 2016

On behalf of the Board of Directors

Melwyn Rego

Director

DIN: 00292670

Mrs. Thankom T. Mathew

Director

DIN: 00025326

Kamlesh Rathi

Chief Financial Officer

Place: Mumbai

Date : May 4, 2016

S. Ravi

Director

DIN: 00009790

Yogesh Gaat

Managing Director & CEO

DIN: 07189252

Suparna Sharma

Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
I Revenue from Operations			
a) Interest income	7.1	79,131.28	71,985.23
b) Other financial services	7.2	1,381.12	1,905.00
c) Profit/(Loss) on sale of securities	7.3	(1,079.50)	12,185.56
		79,432.90	86,075.79
II Other income	8	603.12	1,573.78
III Total Revenue (I+II)		80,036.02	87,649.57
IV Expenses			
Employee benefit expenses	9	1,402.58	1,672.17
Finance costs	10	54,844.86	51,064.45
Depreciation and amortisation expenses	4.1	268.29	261.22
Other expenses	11	2,529.50	2,779.15
Provision against loans and advances	12	7,473.59	1,073.56
Total Expenses		66,518.82	56,850.55
V Profit before exceptional and extraordinary items and tax (III - IV)		13,517.20	30,799.02
VI Exceptional items		0.00	1,087.69
VII Profit before tax (V+VI)		13,517.20	31,886.71
VIII Tax expenses			
i) Current tax		7,160.00	11,516.66
ii) Deferred tax		(2,505.97)	(548.96)
iii) Short / (Excess) provision for tax of earlier year(s)		2.89	(92.74)
IX Profit and loss from continuing operations (VII-VIII)		8,860.28	21,011.75
X Profit/(loss) from discontinuing operations (net of taxes)		8.19	6.64
XI Profit and loss from operations (after tax) (IX +X)		8,868.47	21,018.39



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)			
Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
XII Earning per equity share of par value of ₹100/- each			
i) Basic Earning Per Share (EPS) in ₹	18	23.34	55.31
ii) Diluted Earning Per Share (EPS) in ₹	18	23.34	55.31

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For and on behalf of
A. J. Shah & Co.
Chartered Accountants
Firm Registration No: 109477W

Devendra J. Shrimanker
Partner
Membership No.: 41920

Place: Mumbai
Date : May 4, 2016

On behalf of the Board of Directors

Melwyn Rego
Director
DIN: 00292670
Mrs. Thankom T. Mathew
Director
DIN: 00025326
Kamlesh Rathi
Chief Financial Officer

Place: Mumbai
Date: May 4, 2016

S. Ravi
Director
DIN: 00009790
Yogesh Gaat
Managing Director & CEO
DIN: 07189252
Suparna Sharma
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

(₹in lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) / Profit before tax and extraordinary items	13,525.39	31,894.01
Adjustments for:		
Depreciation	268.29	261.22
(Profit) / Loss on sale of fixed assets	0.83	(0.54)
(Profit) / Loss on sale of Investments	(235.30)	(1,021.34)
Interest and other income on investments	(6,107.68)	(7,203.89)
Provision for Wealth Tax	0.00	5.81
Dividend on investments	(163.60)	(193.51)
Amortisation of premium on investments	37.00	136.81
Provision against loans and advances	7,473.59	1,073.56
	1,273.13	(6,941.88)
Operating Profit / (loss)before working capital changes	14,798.52	24,952.13
Changes in Working Capital:		
Increase / (Decrease) in trade payable	(19.84)	102.03
Increase / (Decrease) in provisions	(69.74)	(868.00)
Increase / (Decrease) in other current liabilities	1,222.41	5,663.09
Decrease / (Increase) in long term loan and advances	(2,631.09)	(45,488.26)
(Increase) / Decrease in other non current assets	19.52	758.66
Decrease / (Increase) in short term loan and advances	33,990.14	(39,254.79)
Decrease / (Increase) in trade receivables	(299.75)	276.84
Decrease / (Increase) in inventories	(224,098.93)	(167,767.30)
Decrease / (Increase) in other current assets	(914.16)	(3,195.31)
	(192,801.44)	(249,773.04)
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	(178,002.92)	(224,820.91)
Less: Taxes Paid	(7,634.36)	(11,723.46)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	(185,637.28)	(236,544.37)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed deposit with banks having original maturity over three months	33,955.88	6,591.73
Purchase of tangible / intangible assets	(121.62)	(72.57)
Sale of tangible / intangible assets	0.70	0.54
Purchase of Investments	(37,397.17)	(117,617.03)
Sale of Investments	15,483.41	154,792.10
Dividend received	163.60	193.51
Interest and other income on investments	6,107.68	7,203.89
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	18,192.48	51,092.17
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of dividend (including DDT)	(3,658.88)	(4,039.58)
Funds borrowed	172,160.26	189,863.10
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	168,501.38	185,823.52
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	1,056.58	371.32
Cash and Cash equivalents at beginning of period	1,032.92	661.60
Cash and Cash equivalents at end of period	2,089.50	1,032.92
Other Bank balances (FD's with residual maturity of less than 12 months)	1,041.39	34,997.27
Cash and bank balances at end of period	3,130.89	36,030.19

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

As per our report of even date

On behalf of the Board of Directors

For and on behalf of

A. J. Shah & Co.

Chartered Accountants

Firm Registration No: 109477W

Devendra J. Shrimanker

Partner

Membership No.: 41920

Place: Mumbai

Date : May 4, 2016

Melwyn Rego

Director

DIN: 00292670

Mrs. Thankom T. Mathew

Director

DIN: 00025326

Kamlesh Rathi

Chief Financial Officer

Place: Mumbai

Date: May 4, 2016

S. Ravi

Director

DIN: 00009790

Yogesh Gaat

Managing Director & CEO

DIN: 07189252

Suparna Sharma

Company Secretary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lacs)

NOTE NO. 1.1: SHARE CAPITAL

Particulars	As at March 31, 2016	As at March 31, 2015
Authorised		
50,000,000 Equity shares of ₹100/-each	50,000.00	50,000.00
	50,000.00	50,000.00
Issued, subscribed, and fully paid up		
Equity Share Capital	38,000.00	38,000.00
38,000,000 (PY - 38,000,000) Equity shares of ₹100/- each fully paid up		
Total	38,000.00	38,000.00

*PY stands for Previous Year throughout the financial statements

a) Details of Shareholding as at March 31, 2016

- i) 11,383,781 number of equity shares of ₹100/- each 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, 2016		As at March 31, 2015	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	11,383,781	29.96%	11,383,781	29.96%
IDFC Bank Limited (PY IDFC)	3,530,136	9.29%	3,530,136	9.29%
State Bank of India	2,812,415	7.40%	2,812,415	7.40%
IDBI Bank Limited	2,507,610	6.60%	2,507,610	6.60%

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

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

Particulars	As at March 31, 2016	As at March 31, 2015
Number of shares at the beginning of year	38,000,000	38,000,000
Add: Shares Issued	0	0
Less: Share bought back / forfeited	0	0
Number of shares at the end of year	38,000,000	38,000,000

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE NO. 1.2: RESERVES AND SURPLUS

Particulars	As at March 31, 2016	As at March 31, 2015
Reserve created pursuant to Section 45 I C of RBI Act, 1934		
Balance as at the beginning of the year	38,009.20	33,319.70
Add :- Amount transferred from surplus in statement of profit and loss	1,772.90	4,689.50
Balance as at the end of the year (a)	39,782.10	38,009.20
Capital Redemption Reserve		
Balance as at the beginning of the year	17,000.00	15,400.00
Add :- Amount transferred from surplus in statement of profit and loss	0.00	1,600.00
Balance as at the end of the year (b)	17,000.00	17,000.00
Capital Reserve		
Balance as at the beginning of the year	27.53	27.53
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance as at the end of the year (c)	27.53	27.53
Held to Maturity (HTM) Reserve ¹		
Balance as at the beginning of the year	2,126.63	135.52
Add :- Amount transferred from surplus in statement of profit and loss	0.00	1,991.11
Balance as at the end of the year (d)	2,126.63	2,126.63
General Reserve		
Balance as at the beginning of the year	319.22	319.22
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance as at the end of the year (e)	319.22	319.22

¹ Created pursuant to RBI Circular IDMD.PDRD No. 1050/03.64.00/2009-10 dated August 31, 2009

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	27,040.68	17,971.09
Add:- Diff. in Dep. on account of change in estimated life of assets	0.00	(9.31)
Add :- Profit for the year available for appropriation	8,868.47	21,018.39
Total Profit available for appropriation	35,909.15	38,980.17
Less : Appropriations		
Statutory Reserve (as per Section 45IC of the RBI Act, 1934)	1,772.90	4,689.50
Transfer to HTM Reserve	0.00	1,991.11
Transfer to Capital Redemption Reserve	0.00	1,600.00
Proposed dividend on equity shares, DPS* ₹ Nil/- (March 31, 2015, DPS ₹8/-)	0.00	3,040.00
Tax on proposed dividend	0.00	618.88
Net surplus in statement of profit and loss (f)	34,136.25	27,040.68
*DPS = Dividend Per Share		
Total (a+b+c+d+e+f)	93,391.73	84,523.26

NOTE NO. 2.1: LONG-TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
a) Secured		
Redeemable Non Convertible Debentures (NCD's) (Non current maturity)	65,000.00	70,000.00
b) Others		
	0.00	0.00
Total (a+b)	65,000.00	70,000.00



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

Details of outstanding NCD's

Particulars	Maturity Date	As at March 31, 2016		As at March 31, 2015	
		Current Maturities	Non Current portion	Current Maturities	Non Current portion
9.75% NCDs Nil (PY -3,000)	February 8, 2016	0.00	0.00	30,000.00	0.00
10.15% NCDs 2,000 (PY-2000)	January 17, 2017	20,000.00	0.00	0.00	20,000.00
9.40% NCDs 600 (PY-Nil)	October 1, 2018	0.00	6,000.00	0.00	0.00
9.67% NCDs 3,000 (PY-3,000)	June 25, 2019	0.00	30,000.00	0.00	30,000.00
9.89% NCDs 2,000 (PY-2,000)	July 30, 2019	0.00	20,000.00	0.00	20,000.00
9.40% NCDs 900 (PY Nil)	October 1, 2020	0.00	9,000.00	0.00	0.00
Total		20,000.00	65,000.00	30,000.00	70,000.00

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

NOTE NO. 2.2: LONG TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
For employee benefits	198.13	153.02
Contingent provision against standard assets	499.12	488.47
For amortisation of premium on debt investments	124.40	101.18
Provisions for performance linked variable pay	74.35	159.29
Others	387.97	362.34
Total	1,283.97	1,264.30

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lacs)

NOTE NO. 3.1: SHORT TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
I. Secured Borrowings		
a. Loan repayable on demand	0.00	0.00
b. Other loans and advances		
CBLO borrowings	75,205.00	58,805.00
Borrowing under Repo	71,765.69	70,087.09
Borrowing Under LAF / Refinance from RBI	216,900.00	182,300.00
Total of Secured Borrowings - (I)	363,870.69	311,192.09
II. Unsecured Borrowings		
a. Loan repayable on demand		
- from banks ²	242,447.58	157,527.70
- from other parties (Inter-corporate Deposit)	4,908.62	5,346.84
b. Other loans and advances		
- Commercial Papers	165,000.00	115,000.00
Total of Unsecured Borrowings - (II)	412,356.20	277,874.54
Total (I + II)	776,226.89	589,066.63

² Includes loan of ₹9,975.56 lakhs (PY ₹49,591.84 lakhs) from related party "Bank of India"

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

- a) CBLO borrowing of ₹75,205.00 lakhs (PY - ₹58,805.00 lakhs) will mature on April 04, 2016 borrowed at interest rates ranging from 6.1% to 8%. The borrowing under CBLO is secured by collateral of government securities and treasury bills. Government securities having face value of ₹91,100.00 lakhs (PY - ₹66,500.00 lakhs) and Cash margin of ₹808.00 lakhs (PY - ₹508.00 lakhs) has been kept as collateral with Clearing Corporation of India Limited for CBLO borrowings.
- b) Secured borrowing under outstanding Repo amounting to ₹71,765.69 lakhs (PY - ₹70,087.09 lakhs) is secured by collateral of government securities and treasury bills having face value of ₹70,755.00 lakhs (PY - ₹67,340.00 lakhs) and will mature on April 04, 2016 and carries interest rate between 7% to 8.25%.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

- c) Secured borrowing under LAF / Refinance from RBI outstanding as on March 31, 2016 is ₹216,900.00 lakhs (PY - ₹182,300.00 lakhs). The borrowing is secured by collateral of government securities & treasury bills of face value of ₹227,700.00 lakhs (PY - ₹192,600.00 lakhs). The borrowings will be maturing on various dates within next 90 days and carries interest rates between 6.75% to 6.97%.

ii) Unsecured short term bank borrowings

- a) Bank credit lines, Short term loans and overdraft facilities have been utilised from various banks for financing activities, working capital requirement and asset liability management. These credit facilities are repayable as per terms of sanction or on demand and subject to annual review. These borrowings carry interest rates between 9.30% to 9.95%.
- b) Unsecured bank loan also includes ₹183,513.00 lakhs (PY - ₹78,900.00 lakhs) raised from various banks (through at call / short notice / term) and is repayable between 4 to 70 days and carries interest rate between 6.1% to 8.42%.

iii) Inter-corporate deposit

Outstanding inter corporate deposit as on March 31, 2016 is ₹4,908.62 lakhs (PY - ₹5,346.84 lakhs) carries interest rates between 6.53% to 7.04% and is repayable between 73 days to 91 days.

iv) Commercial paper borrowing

Company raises unsecured short term funds by issuing Commercial Papers. The face value of the outstanding borrowing as on March 31, 2016 is ₹165,000.00 lakhs (PY - ₹115,000.00 lakhs). These are repayable over next year on based on contracted maturity and carries interest rates ranging between 9.40% to 9.75%.

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

NOTE NO. 3.2: TRADE PAYABLE

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Payable		
- Due to micro and small enterprises (Refer Note No. 22)	0.00	0.00
- Other than micro and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	125.19	145.03
Others		
- Due to micro and small enterprises (Refer Note No. 22)	0.00	0.00
- Other than micro and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	0.55	0.55
Total	125.74	145.58

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lacs)

NOTE NO. 3.3: OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2016	As at March 31, 2015
Current maturities of Long-term borrowings	20,000.00	30,000.00
Leave Encashment / PLVP	147.26	344.58
Interest accrued but not due on borrowings ³	6,001.60	4,766.79
³ (including related party amount of ₹16.35 lakhs, (PY-₹ 45.07 lakhs))		
Statutory dues	6.33	16.65
MTM Payable on Interest Rate Swaps & Futures	81.19	315.94
Margin money and other deposits/payables	2,099.17	1,669.18
Total	28,335.55	37,113.14

NOTE NO. 3.4: SHORT TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
For employee benefits	54.59	52.41
For performance linked variable pay	150.00	207.71
Contingent provision against standard assets	964.23	1,105.53
Provision for amortisation of premium on debt investments	13.55	0.00
Provision for proposed dividend	0.00	3,040.00
Provision for dividend distribution tax	0.00	618.88
Total	1,182.37	5,024.53

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 4.1 : FIXED ASSETS

Sl No.	Particulars	Gross Block			Depreciation/Amortisation			Net Block			
		As at April 01, 2015	Additions for the year	Deductions for the period	As at March 31, 2016	As at April 01, 2015	For the period	Deduction/ Adjustments	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
I	Tangible Assets										
a)	Air- Conditioner	60.49	0.93	6.50	54.92	29.24	5.61	5.03	29.82	25.10	31.25
b)	Buildings	5,268.01	0.01	-	5,268.02	1,273.56	147.80	-	1,421.36	3,846.66	3,994.45
c)	Computers	224.99	52.54	11.96	265.57	186.33	33.60	11.96	207.97	57.60	38.66
d)	Electrical Installation	71.84	-	1.23	70.61	33.93	6.97	1.23	39.67	30.94	37.91
e)	Furniture and Fixtures	224.13	0.58	1.10	223.61	124.90	19.37	1.04	143.23	80.38	99.23
f)	Office Equipments	67.01	3.04	3.53	66.52	50.52	9.21	3.53	56.20	10.32	16.49
g)	Vehicles	41.02	-	-	41.02	17.65	5.22	-	22.87	18.15	23.37
	Sub-total- (I)	5,957.49	57.10	24.32	5,990.27	1,716.13	227.78	22.79	1,921.12	4,069.15	4,241.36
	Previous Year	5,948.85	16.87	8.23	5,957.49	1,479.06	245.30	8.23	1,716.13	4,241.36	4,479.10
II	In-Tangible Assets										
a)	Software and Licenses	232.23	64.52	-	296.75	182.89	40.51	-	223.40	73.35	49.34
	Sub-total- (II)	232.23	64.52	-	296.75	182.89	40.51	-	223.40	73.35	49.34
	Previous Year	176.53	55.70	-	232.23	166.97	15.92	-	182.89	49.34	9.56
III	Total - (I+II)	6,189.72	121.62	24.32	6,287.02	1,899.02	268.29	22.79	2,144.52	4,142.50	4,290.70
	Previous Year	6,125.38	72.57	8.23	6,189.72	1,646.03	261.22	8.23	1,899.02	4,290.70	4,488.66

* Cost of building includes ₹ 0.06 lakhs being the cost of shares/application money paid for membership of the co-operative society.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lacs)

NOTE NO. 4.2: NON CURRENT INVESTMENTS

Particulars	Face Value	Quantity	As at March 31, 2016	As at March 31, 2015
I. Trade Investments				
a) Investment in Equity Shares (Unquoted and fully paid)				
Clearing Corporation of India Limited (PY 5,000,000)	₹10	5,000,000	500.00	500.00
Total Trade Investments	(l)		500.00	500.00
II. Other Investments (Non Trade)				
a) Investment in Equity Shares (Quoted and fully paid)				
Ashoka Buildcon Limited (PY - Nil)	₹5/-	15,000	26.08	0.00
Ambuja Cements Limited (PY - Nil)	₹2/-	55,000	117.88	0.00
Bata India Limited (PY - Nil)	₹5/-	4,000	20.13	0.00
Bharat Heavy Electricals Limited (PY - 138,180)	₹2/-	138,180	428.20	428.20
Crompton Greaves Consumer Electricals Limited (PY - Nil) ⁵	₹2/-	40,000	0.00	0.00
Crompton Greaves Limited (PY - 40,000)	₹2/-	40,000	77.93	77.93
Future Retail Limited(ex-Pantaloon Retail) (PY -45,000)	₹2/-	45,000	82.41	82.41
ITC Limited (PY- 35,000)	₹1/-	35,000	120.60	120.60
Indian Oil Corporation (PY- Nil)	₹10/-	20,000	81.99	0.00
Kotak Mahindra Bank Limited (PY- Nil)	₹5/-	15,000	99.82	0.00
NTPC Limited (PY - 150,000)	₹10/-	150,000	227.01	227.01
Tata Motors Limited (PY- Nil)	₹2/-	37,500	127.35	0.00
Hero Motocorp Limited (PY- 500)	₹2/-	-	0.00	13.09
Power Grid Corp of India Limited (PY- 60,000)	₹10/-	-	0.00	80.25
Sub Total (a)			1,409.40	1,029.49

⁵Received on account of demerger of Crompton Greaves Ltd



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

Particulars	Face Value	Quantity	As at March 31, 2016	As at March 31, 2015
b) Investment in Government Securities⁴ (Quoted)				
8.15% GS 2022 (PY Face Value - ₹7,500 lakhs)	₹5,500 lakhs		5,608.84	7,604.41
7.72% GS 2025 (PY Face Value - Nil)	₹4,000 lakhs		3,978.95	0.00
8.15% GS 2026 (PY Face Value - Nil)	₹4,000 lakhs		4,109.20	0.00
8.26% GS 2027 (PY Face Value - ₹2,500 lakhs)	₹4,000 lakhs		4,174.50	2,656.60
8.60% GS 2028 (PY Face Value - ₹17,500 lakhs)	₹17,500 lakhs		17,361.05	17,361.05
7.88% GS 2030 (PY Face Value - Nil)	₹500 lakhs		498.25	0.00
8.28% GS 2032 (PY Face Value - ₹6,500 lakhs)	₹4,000 lakhs		4,222.50	6,694.10
8.33% GS 2032 (PY Face Value - ₹500 lakhs)	₹1,500 lakhs		1,542.00	529.50
7.73% GS 2034 (PY Face Value - Nil)	₹1,500 lakhs		1,449.20	0.00
8.30% GS 2042 (PY Face Value - ₹1,000 lakhs)	₹3,000 lakhs		3,097.15	1,070.00
8.17% GS 2044 (PY Face Value - ₹14,500 lakhs)	₹17,000 lakhs		17,043.50	14,531.48
8.20% GS 2022 (PY Face Value ₹2,500 lakhs)	-		0.00	2,535.90
8.33% GS 2036 (PY Face Value -₹500 lakhs)	-		0.00	511.25
⁴ a) Securities having face value of ₹60,500.00 lakhs (PY ₹52,500.00 lakhs) has been kept as collateral for various borrowings and settlement. b) Securities having book value of ₹ 35,480.42 lakhs (PY ₹31,380.63 lakhs) held in HTM portfolio				
Sub Total (b)			63,085.14	53,494.29
c) Investment in State Government Loan (SDL) (Quoted)				
8.36% Maharashtra SDL 2026 (PY Face Value - Nil)	₹500 lakhs		500.65	0.00
8.38% Tamil Nadu SDL 2026 (PY Face Value - Nil)	₹500 lakhs		500.35	0.00
Sub Total (c)			1,001.00	0.00

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lacs)

Particulars	Face Value	Quantity	As at March 31, 2016	As at March 31, 2015
d) Investment in Corporate Bonds (Quoted)				
9.85% SBI (maturing 27.06.2016) (PY -50) ⁵	₹10 lakhs	-	0.00	514.20
Sub Total (d)			0.00	514.20
⁵ Disclosed under current investment in view of its residual maturity period.				
e) Investment in Venture Capital Funds (Unquoted and partly paid)				
Tata venture capital funds -class A units (PY: 250,000,000)	₹1	250,000,000	2,190.92	1,803.03
Amount paid per unit - ₹ 0.8764 (PY ₹ 0.7212)				
Balance committed Capital contribution ₹309.08 lakhs (PY ₹696.97 lakhs)				
Sub Total (e)			2,190.92	1,803.03
Total Non Trade Investments	(II)=(a+b+c+d+e)		67,686.46	56,841.01
Total (I + II)			68,186.46	57,341.01
Aggregate book value of quoted investments			65,495.54	55,037.98
Aggregate market value of quoted investments			66,691.18	56,865.14
Aggregate amount of unquoted investments			2,690.92	2,303.03

All the above investments are carried at cost. Net decline of ₹366.88 lakhs (PY - ₹ 158.84 lakhs) in value of quoted equity shares and ₹Nil (PY - ₹Nil lakhs) in value of government securities, is considered to be of temporary nature and accordingly not provided for.

NOTE NO. 4.3: DEFERRED TAX ASSETS (NET)

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

Particulars	As at March 31, 2016	Charge during the year	As at March 31, 2015
Deferred Tax Asset :			
Provision for leave encashment & gratuity	103.54	(27.77)	75.77
Provision for payment of stamp duty	125.14	(20.28)	104.86
Other provisions – PLVP/Amortisation	130.35	148.96	279.31
Provision for non-performing assets (NPA)	3,181.69	(2,641.49)	540.20
Total deferred tax assets	3,540.72	(2,540.58)	1,000.14



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

Particulars	As at March 31, 2016	Charge during the year	As at March 31, 2015
Deferred Tax Liability			
Depreciation on fixed assets	382.09	(56.61)	325.48
Amortisation of NCD Issue Expenses	53.07	22.00	75.07
	435.16	(34.61)	400.55
Net Deferred Tax Asset / (Liability)	3,105.56	(2,505.97)	599.59

NOTE NO. 4.4: LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
I. Secured, Considered Good		
a. Loan against shares	61,265.10	65,612.92
b. Corporate and other loans	70,222.76	71,435.20
Gross long term loans and advances⁶	131,487.86	137,048.12
Less:- Provision for non performing assets ⁷	9,827.02	2,222.78
Net long term loans and advances	121,660.84	134,825.34
⁶ All non performing loans and advances have been treated as non current assets.		
⁷ Includes provision for unsecured loans & advances		
II. Unsecured, Considered Good		
a. Loan against shares	2,772.57	2,166.41
b. Corporate and other loans ⁸	7,617.76	0.00
c. Capital advances	1.05	1.05
d. Advance income and wealth tax payments	1,422.56	951.08
e. Security deposits	266.08	298.53
f. Others	0.37	0.49
	12,080.39	3,417.56
⁸ Creation of charge in favour of company is pending and hence classified as unsecured exposure.		
Total (I + II)	133,741.23	138,242.90

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lacs)

NOTE NO. 4.5: OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015
Unamortized NCD issue expenses	94.02	113.54
Total	94.02	113.54

NOTE NO. 5.1: CURRENT INVESTMENTS

Particulars	Face Value	Quantity	As at March 31, 2016	As at March 31, 2015
Non Trade Investments				
i) Investment in Commercial paper (Unquoted)				
Dewan Housing Finance Corp Ltd (Maturing 02.05.2016)	₹5 lakh	1000	4,960.50	0.00
Tata Capital Ltd (Maturing 11.08.2016)	₹5 lakh	1000	4,858.19	0.00
Reliance Home Finance Ltd (Maturing 16.08.2016)	₹5 lakh	1000	4,849.47	0.00
(PY investment in Commercial Papers- Nil)			14,668.16	0.00
ii) Investment in Corporate Bonds (Quoted)⁹				
SBI Bonds (maturing 27.06.2016) (PY - 50)	₹10 lakhs	50	514.20	0.00
STFL Bonds (maturing 30.06.2015) (PY - 3,920)	₹1 lakh	-	0.00	3,878.06
iii) Investment in Mutual Fund Units (Unquoted)				
LIC Nomura MF Saving Plus Fund - Growth Plan (PY units: 6534.606)	₹10	1,544.89	0.28	1.20
LIC Savings Plus Fund - Direct Growth Plan (PY units: 24474.172)	₹10	24,474.17	5.00	5.00
Total (I+II+III)			15,187.64	3,884.26

⁹ The investment in Corporate Bonds has been disclosed as current investment in view of it maturing within 12 months from the date of balance sheet. However, the valuation of same has been done as per its original classification of long term investments at book cost less permanent diminution in value, if any.

Aggregate book value of quoted investments	514.20	3,878.06
Aggregate market value of quoted investments	501.46	3,922.72
Aggregate amount of unquoted investments	14,673.44	6.20
Aggregate provision for diminution in value of investments	0.00	0.00



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

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

Particulars	As at March 31, 2016	As at March 31, 2015
Government Securities (incl. T Bills)	386,423.34	308,138.65
Corporate Bonds	92,326.40	23,862.64
Mutual Fund Units	37,500.00	0.00
Commercial Papers/Certificates of Deposits	53,970.38	14,110.80
Equity Shares	90.35	99.45
Total	570,310.47	346,211.54

- i) The cost for each security under the relevant category is calculated on weighted average basis. Inventory/ Current Investment in each category is valued scrip-wise, at cost or market value whichever is lower. Net Depreciation in each category is provided for / charged to the Profit & Loss account. Net appreciation, in the category, if any, is ignored. Depreciation in one category is not set off against appreciation in another category.
- ii) The stock-in-trade as on March 31, 2016, includes Government Securities and Treasury Bills of Face Value ₹343,055.00 lakhs (PY: ₹279,440.00 lakhs) kept as collateral for short term borrowings and other purposes.

NOTE NO. 5.3: TRADE RECEIVABLES

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, Considered good		
- Outstanding for a period exceeding six months from the date they are due for payment	0.00	0.00
- Others	320.48	20.73
Total	320.48	20.73

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lacs)

NOTE NO. 5.4: CASH AND BANK BALANCES

Particulars	As at March 31, 2016	As at March 31, 2015
I. Cash and Cash Equivalents		
- Balance with banks	2,067.05	1,010.26
- Current account balance with RBI	22.15	22.42
- Cash on hand	0.30	0.24
II. Other Bank Balances¹⁰		
- Fixed deposits with original maturity of more than 3 months but less than 12 months ¹⁰	869.64	34,597.27
- Fixed deposits with original maturity of more than 12 months	171.75	400.00
Total (I + II)	3,130.89	36,030.19

¹⁰ a) Fixed Deposit of ₹ Nil (PY ₹15.00 lakhs) were Lien marked in favour of National Commodity and Derivative Exchange Ltd (NCDEX) for base capital.

b) Fixed deposits of ₹21.75 lakhs is kept with HDFC bank pertaining to capital requirement for interest rate future segment with NSE/BSE.

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

d) Margin Money for equity derivatives is given in the form of fixed deposits. Fixed deposit includes (a) ₹150.00 lakhs (PY - ₹150.00 lakhs) in the name of National Securities Clearing Corporation Limited towards margin requirements for Equity Futures & Options segment, and (b) ₹250.00 (PY - ₹250.00 lakhs) with custodian - HDFC Bank for meeting margin requirements for equity segment.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE NO. 5.5: SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
I. Secured, Considered Good		
a. Loan against shares	154,971.03	186,708.74
b. Corporate loans	36,086.31	33,556.48
c. Lending under CBLO	500.00	0.00
	191,557.34	220,265.22
II. Unsecured, Considered Good		
a. Loan against shares	0.00	6,117.09
b. Security deposits	1,134.25	330.00
c. Advances to suppliers (includes advance for fixed asset of ₹Nil (PY ₹16.84 lakhs)	5.03	18.67
d. Other loans and advances	140.44	96.22
	1,279.72	6,561.98
Total (I + II)	192,837.06	226,827.20

NOTE NO. 5.6: OTHER CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015
Accrued interest	8,838.19	6,011.78
Other current assets	3,651.75	5,564.00
Total	12,489.94	11,575.78

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

Claims against the company not acknowledged as debt:

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lacs)

- 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 ₹1,095.11 lakhs (PY ₹944.11 lakhs).

Disputed /Appeal Filed by	Disputed tax liability	Period to which dispute relates	Forum where dispute is pending
Income Tax Department	₹76.39 lakhs	F.Y.1999-00	Bombay High Court
Income Tax Department	₹100.82 lakhs	F.Y. 2000-01	Bombay High Court
Income Tax Department	₹248.08 lakhs	F.Y. 2002-03	Bombay High Court
Company	₹15.87 lakhs	F.Y. 2006-07	Assessing Officer
Company	₹0.08 lakhs	F.Y. 2007-08	Assessing Officer
Company	₹153.00 lakhs	F.Y. 2007-08	CIT (Appeal)
Company	₹3.54 lakhs	F.Y. 2008-09	ACIT - TDS - 3 (2)
Company	₹2.94 lakhs	F.Y. 2009-10	ACIT - TDS - 3 (2)
Income Tax Department/Company	₹30.11 lakhs	F.Y. 2009-10	ITAT
Company	₹151.00 lakhs	F.Y. 2009-10	CIT (Appeal)
Company	₹10.72 lakhs	F.Y. 2010-11	ACIT - TDS - 3 (2)
Company	₹249.95 lakhs	F.Y. 2010-11	ITAT
Company	₹52.61 lakhs	F.Y. 2011-12	CIT (Appeal)

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

NOTE NO. 6.2: CAPITAL AND OTHER COMMITMENTS

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹0.35 lakhs (PY ₹6.32 lakhs).
- b) Balance Committed capital contribution to Tata Venture Capital Fund as on March 31, 2016 is ₹309.08 lakhs (PY- ₹696.97 lakhs)
- c) The purchases and sales of the securities effected on 31st March 2016, the transaction shall be accounted on April 04, 2016 ie settlement date. The details of the transactions are as under :

Transaction Details	As at March 31, 2016	As at March 31, 2015
Purchase of securities	263,700.00	184,705.98
Sale of securities	256,485.25	183,152.06



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

d) Disclosure on interest rate swaps

Transaction details	As at March 31, 2016	As at March 31, 2015
Notional principal of interest rate swaps for trading	494,711.36	268,711.36
Notional principal of interest rate swaps for hedging	Nil	Nil
Losses which would be incurred if counterparties fail to fulfil their obligations under agreement	487.00*	382.00*
Collateral required upon entering into swaps	10,770.86	Nil
Concentration of credit risk arising from the swaps	169.00 * +	143.00 * +
The fair value of the swap book	(77.61)	(310.60)

* The swaps as referred to above stated categories are pertaining to non guaranteed settlement platform.

+ Credit risk concentration is measured as net receivable under swap contracts from topmost counter party

The gross MTM receivable on account of Interest Rate swap is ₹505,798.35 lakh (PY ₹ 277,340.59 lakh) and the gross MTM payable on account of Interest Rate swap is ₹ 505,875.96 lakh (PY Rs. ₹277,651.19 lakh). The net MTM payable of ₹ 77.61 lakh (PY ₹ 310.60 lakh) has been shown under the head 'Other current liabilities'.

The credit exposures on various swap counterparties are within the pre-determined risk parameters and are reviewed periodically.

e) Open positions in respect of Interest Rate Future Contracts on the Balance Sheet date

Name of the Security	Open Position	No. of Units	Holding Rate	Market Price
7.72% GS 2025 - (28.04.2016)	Short	1,000,000	100.40	100.39

f) Open interest in respect of equity derivatives contracts (expiry 28.04.2016) on the balance sheet date is as follows:

Derivative contract details	Long/Short	No. of Units	Holding Rate	Market Price
Cipla Limited (Futures)	Short	1,600	511.38	515.10
Axis Bank (Option - Call @440)	Long	5,000	22.10	20.00
Indiabulls Housing Finance Limited (Option - Call @620) (28.04.2016)	Long	4,000	45.75	54.25
SBI (Option - Call @190)	Long	10,000	13.52	12.55
Nifty (Option 7600 Put)	Short	1,500	70.05	67.20



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE NO. 7.1: INTEREST INCOME

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
a) Interest on Loans & advances		
- Loan against shares	25,568.33	30,380.31
- Corporate and other loans	14,778.74	8,586.61
b) Interest / Discount on Investments		
- Government securities ¹¹	17,427.56	15,322.14
- Treasury Bills	10,927.81	10,698.36
- Corporate bonds ¹²	4,524.69	2,192.40
- Other money market instruments and CBLO ¹³	2,477.98	493.92
c) Interest income from repo	172.61	181.18
d) Others	3,253.56	4,130.31
Total (a+b+c+d)	79,131.28	71,985.23

¹¹ Interest income from government securities includes ₹ 5,268.99 lakhs (PY ₹ 6,513.17 lakhs) on long term investments in government securities.

¹² Interest income from corporate bonds includes ₹ 145.91 lakhs (PY ₹ 568.59 lakhs) on long term investments in corporate bonds.

¹³ includes ₹576.00 lakhs (PY ₹Nil) from investments in commercial papers.

NOTE NO. 7.2: OTHER FINANCIAL SERVICES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Upfront / Processing fees	788.24	1,429.44
Underwriting fees	236.11	395.99
Others	356.77	79.57
Total	1,381.12	1,905.00



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Government securities	(2,462.58)	10,405.33
Corporated bonds	175.88	762.24
Equity shares	(31.35)	139.03
Mutual fund units	973.86	662.13
Derivatives	201.22	3.33
Interest rate swaps / Futures	30.96	191.83
Others	32.51	21.67
Total	(1,079.50)	12,185.56

NOTE NO. 8: OTHER INCOME

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest income on tax refunds	63.73	43.36
Dividend income ¹⁴	176.15	198.61
Net gain/(loss) on sale of investments	235.12	1,021.21
Provisions no longer required written back	1.66	178.74
Miscellaneous income	9.68	9.73
Income from Venture Capital Fund ¹⁵	116.78	122.13
¹⁴ Dividend income includes ₹163.60 lakhs (PY ₹193.51 lakhs) being dividend received on investments.		
¹⁵ Includes prior period income of ₹ Nil (PY ₹75.05 lakhs).		
Total	603.12	1,573.78

NOTE NO. 9: EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, wages, allowances, etc.	1,266.46	1,557.49
Contribution to provident and other funds	73.42	60.28
Staff welfare expenses	62.70	54.40
Total	1,402.58	1,672.17

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(₹ in lacs)

NOTE NO. 10: FINANCE COSTS

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
a) Interest expenses		
On bank credit line / overdraft	1,656.46	3,290.47
On CP issuance	10,843.32	11,822.54
On CBLO borrowing	5,195.67	6,454.21
On NCD issuance	10,130.33	8,508.12
On Call & term money	11,911.79	7,499.80
On borrowings from RBI	2,771.98	2,481.49
On inter corporate deposit	402.94	443.80
On loan against fixed deposits	0.00	17.15
On refinance from RBI	3,034.75	3,063.33
On repo borrowings	8,628.86	7,188.61
Others	0.00	0.00
	54,576.10	50,769.52
b) Other borrowing cost	268.76	294.93
Total (a+b)	54,844.86	51,064.45



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE NO. 11: OTHER EXPENSES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Advertising expenses	0.32	2.46
Bank Charges	1.01	0.98
Transaction and settlement charges	983.12	1,431.61
Donations / CSR Expenses	466.43	300.54
Electricity charges	46.05	41.76
Information services	143.53	130.04
Insurance charges	41.76	30.31
Miscellaneous expenses	2.53	4.22
Office expenses	93.31	91.49
Payment to Auditors :		
- As audit fees	15.36	11.76
- For taxation matters	1.25	3.31
- For other services	2.75	5.12
- Out of pocket expenses	0.35	0.31
Postage, telephone and telegrams	60.94	56.28
Printing and stationery expenses	17.96	19.47
Professional fees	300.99	273.08
Rates and taxes	38.07	11.30
Rent	52.47	48.76
Repairs and maintenance - building	30.87	31.61
Repairs and maintenance - others	101.95	75.74
Sitting fees to directors	34.91	26.33
Travelling, conveyance and car expenses	55.74	46.40
Amortisation of premium on debt investments	37.00	136.81
Advance written off	0.00	0.00
Loss on sale of asset	0.83	(0.54)
Total	2,529.50	2,779.15

NOTE NO. 12: PROVISION AGAINST LOANS AND ADVANCES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Contingent provision against standard assets (Refer Note No 24)	(130.65)	(515.71)
Provision against non performing assets	7,604.24	1,589.27
Total	7,473.59	1,073.56



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE NO. 13: SIGNIFICANT ACCOUNTING POLICIES

13.1 Basis of Preparation of Accounts

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

13.2 Use of Estimates

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

13.3 Principles of Consolidation

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

13.4 Revenue Recognition

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

The difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as income. The same is included in the carrying amount of these securities and the aggregate amount is regarded as cost for the purpose of valuation.

In case of discounted instruments, discount income represents the income accrued from the date of acquisition to the date of sale/maturity. Profit/Loss on sale of discounted instruments is the difference between the sale price and its carrying cost and is part of the trading income.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(ii) Government Securities & Corporate Bonds

- a) Income from Fixed Income securities is taken into account on accrual basis, provided that interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.
- b) The amounts paid and received towards accrued interest on the purchases and sales of Government securities and Corporate Bonds are netted off at the year-end and reckoned as income under "Interest on Government Securities" and "Interest on Corporate Bonds" respectively. Accordingly, in respect of the transactions in Government securities and Corporate bonds dealt with on outright basis, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively.
- c) The underwriting commission if any, received from Reserve Bank of India, on the purchases of Government Securities and Treasury Bills through subscription to the floatation's in the primary market is deducted from the purchase consideration paid and the net amount after such reduction is reckoned as cost of these securities.
- d) Interest on fixed coupon debt security held on balance sheet date is accrued for expired period at coupon rate, and interest on floating rate securities is accrued at the rate determined by the terms of issue.
- e) In case of Inflation Indexed Bonds (IIB), the interest and consideration towards purchase and sale of IIB are indexed with the index ratio prevalent on the date of the transaction. The amounts paid and received towards accrued interest on the purchases and sales of IIB are netted off at the year-end and reckoned as income under "Interest on IIB". Accordingly, in respect of the transactions in IIB, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively

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

Transactions for borrowing and lending under CBLO are recorded at maturity value. The difference paid or received on redemption is treated as discount paid on CBLO in case of borrowing and discount earned on CBLO in case of lending. The difference between the discounted value on borrowing date or lending date as the case may be, and the redemption value of the instrument, outstanding on the Balance Sheet date is apportioned on the time basis and recognized as expense or income respectively. The unamortised discount on CBLO borrowing and lending is disclosed under other current assets and other current liabilities respectively.

(iv) Pass Through Certificates (PTCs)

The difference between the acquisition cost (as reduced by the proportionate amount of inflows) and the redemption value is apportioned on time basis (using the IRR at the time of acquisition) and recognised as accrued income. This accrued income is added to the acquisition cost (as reduced by the proportionate amount of inflows) of the respective Pass Through Certificates (PTCs) and the



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

sum is regarded as cost (book value) for the purpose of valuation of stock-in-trade. Any income received on prepayments is added to the income.

(v) Equity Futures and Options

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

(vi) Commodity Futures

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(vii) Expenses / Income under Repo Transactions

In line with the revised guidelines issued by the Reserve Bank of India (RBI), repo / reverse repo transactions for government securities and corporate bonds are treated as borrowing / lending transactions. Further, in line with the RBI guidelines, the difference between the considerations (clean price and the accrued interest) between the 1st and 2nd leg of the repo and reverse repo transactions is accounted as Repo Expenditure or Repo Income, as the case may be, over the period of the contract.

(viii) Underwriting Fees

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

(ix) Brokerage, Securities Transaction Tax (STT) and Other Payments

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

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

(xi) Interest Rate Swaps (IRS)

Cash flows on Interest Rate Swaps (IRS) are accounted for on accrual basis and settled as per the terms of the contract.

(xii) Front-end fees /Arrangers' Fee

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

(xiii) Brokerage and Commission Earned

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

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

(xv) Interest income from loan transactions is recognised on accrual basis by applying the interest rate implicit in such contracts except in the case of income on Non-Performing Assets (NPAs) which is recognised on realisation, in terms of RBI Guidelines. Processing fees on loans is recognised as



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

income on accrual basis. Fees and additional interest income on delayed payments are recognized on accrual basis except in case where the same has been waived off by the competent authorities.

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

(xvii) Other interest income (excluding interest on tax refunds) is recognised on accrual basis.

(xviii) Hedged Portfolio

- a) Securities :- Securities or portfolio of securities are hedged using hedging instruments permitted by RBI such as Interest Rate Derivatives. The securities that are designated as hedged are transferred to hedge portfolio at lower of cost or market value on the date of the hedge.
- b) Swaps :- Swaps that are designated as hedge to any asset are marked to market and the gain or loss on the hedge swap and the hedged portfolio is set off; while the resultant net loss is being provided for, the net gain is ignored. Gains or losses on termination or re-designation of hedge swaps is recognised against the offsetting gain or loss recognised on the designated asset or liability.

(xix) Interest Rate Futures:

- a) The initial margin and the additional margin paid for entering into contracts for interest rate futures are disclosed under Short Term Loans and Advances.
- b) The daily mark-to-market margin paid to/received from the clearing member in respect of Interest Rate Futures contracts are debited/credited on daily basis and the same is provided under Short Term Loans and Advances or Current liabilities, as the case may be.
- c) The Open positions are marked to market on the balance sheet date. Gains, if any, are not recognized/provided for and losses, if any, are provided under Provision for Loss on Interest Rate Futures Account.
- d) Gains or losses on Interest Rate Futures contracts are recognized on First in First Out basis, on squaring up of positions or expiry of contracts, whichever is earlier.

13.5 Investments

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

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

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

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

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

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

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

The cost is calculated on weighted average basis. Market value for fixed income securities is determined by the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA). As regards the tax free bonds, for the purpose of determining market value price quoted on the recognised stock exchanges on the relevant day is also considered. It is valued at lower of weighted average cost, FIMMDA value or market value as per recognised stock exchange. Market value for equity shares is determined by the prices obtained from the recognised stock exchanges.

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

- (iii) Unquoted units of Mutual Fund are valued at Net Asset Value (NAV) or cost whichever is lower.
- (iv) Net depreciation in each category is provided for / charged to the Profit and Loss account. Net appreciation, in the category, if any, is ignored.
- (v) Depreciation in one category is not set off against appreciation in another category.
- (vi) The outstanding swaps held for trading purpose are marked to market on the balance sheet date on the basis of yield rates declared by FIMMDA.
- (vii) Government securities held as HTM (Held to Maturity) are valued at amortised cost. The premium paid if any, on security is amortised over the period till maturity. The stock is transferred from HTM to trading portfolio at cost or market value, whichever is lower. In respect of Government Securities acquired on HTM basis, market value at year end is determined and disclosed. However no accounting adjustment are made for diminution / appreciation in value of such investments.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(viii) The profit on sale of securities, if any from HTM category shall first be taken to the Profit & Loss Account and thereafter be appropriated to the Capital Reserve Account (net of tax). Loss on sale shall be recognized in the Profit & Loss Account.

13.7 Fixed Assets and Depreciation

Fixed assets (Tangible and Intangible) are stated at original cost less accumulated depreciation. Cost includes all direct costs attributable to acquisition, installation and commissioning.

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

Buildings are depreciated on written down value method at the applicable rates based on estimated useful life prescribed in Schedule II to the Companies Act, 2013.

Depreciation on improvements to leasehold property is provided on straight line method at the rates arrived at on the basis of the primary lease period.

Fixed assets costing less than ₹0.05 lakh, are provided with 100% depreciation in the year of purchase. Depreciation is provided on pro rata basis for assets purchased and sold during the year.

The details of estimated useful life assets (aligned with Schedule II to the Companies Act, 2013) are as under.

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

13.8 Taxes on Income

Provision for income tax comprises the current tax provisions and the net change in the deferred tax asset or liability for the year. Current tax is determined as the amount of tax payable in respect of the



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

13.9 Securities Accepted as Pledge and Margin Money

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

13.10 Operating Lease

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

13.11 Employee Benefits

(i) Provident Fund

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

(ii) Gratuity

The liability of future gratuity benefits is based on the actuarial valuation obtained at the year end. The Company has created a trust for future payment of gratuities which is funded through Gratuity cum Life Assurance Scheme of LIC (Defined Benefit Plan).

(iii) Other Benefits

Other long term employee benefits comprise leave encashment and are provided for based on the actuarial valuation and is not funded. Short term compensated absences are provided on undiscounted basis. The Projected Unit Credit method has been used to determine the liability on account of gratuity as well as leave encashment. The actuarial gain or loss is immediately recognised in the Profit and Loss Account.

13.12 Borrowing Cost

Borrowing costs are interest and ancillary expenditure incurred by the Company in connection with the borrowing of funds. Interest is charged to the Profit and Loss Account on accrual basis. Ancillary expenditure incurred in connection with the arrangement of borrowing is amortised over the tenure of the respective borrowings. Borrowing cost other than directly attributable to fixed assets are directly recognised as expense in the period in which they are incurred and are charged to revenue.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

13.13 Impairment of Assets

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

13.14 Earnings Per Share (E.P.S.)

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

13.15 Provisions and Contingencies

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

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

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

13.17 Foreign Exchange Transactions

Expenses and remittances in foreign currency are accounted at exchange rates as on the transaction date.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Notes forming part of consolidated statements

14. Details of entities considered in the consolidated financial statements

Name of the entity	Net Assets (Total assets minus total liabilities)		Share in profit or loss (PBT)	
	As % of consolidated net assets	Amount (₹ in lakhs)	As % of consolidated profit or loss (PBT)	Amount (₹ in lakhs)
STCI Finance Limited (parent) ¹⁶	71.91%	94,478.53	90.08%	12,184.00
Subsidiaries (Indian)				
STCI Primary Dealer Limited	27.98%	36,769.03	9.86%	1,333.20
STCI Commodities Limited	0.11%	144.17	0.06%	8.19
Subsidiaries (Foreign)	-	-	-	-
Minority Interests in all subsidiaries	-	-	-	-
Associates (Indian)	-	-	-	-
Associates (Foreign)	-	-	-	-
Joint Ventures (Indian)	-	-	-	-
Joint Ventures (Foreign)	-	-	-	-
Total	100.00%	131,391.73	100.00%	13,525.39

¹⁶ After adjusting for Inter group investments and profit.

15. The subsidiary companies considered in the consolidated financial statements are:

Name of Subsidiary Company	Country of Incorporation	Proportion of ownership interest
STCI Primary Dealer Limited (STCI PD) ¹⁷	India	100%
STCI Commodities Limited ¹⁸	India	100%

¹⁷ STCI PD was incorporated in October 2006 as a wholly owned subsidiary of the company for undertaking Primary Dealership business of government securities.

¹⁸ STCI Commodities Limited was incorporated on September 20, 2004 with the object of carrying on the business of trading and broking in commodities on the various Commodity Exchanges i.e. Multi Commodity Exchange (MCX) and National Commodity and Derivative Exchange (NCDEX), Mumbai. The business operations of STCI Commodities Limited were discontinued with effect from 20th September 2011 and presently the company is in the process of liquidating its assets and settling the outstanding liabilities.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Therefore, on the grounds of prudence and considering the requirements of Accounting Standard - 1 (AS) on "Disclosure of Accounting Policies" the accounts of STCI Commodities Limited have been drawn as per net realizable value. Consequently, adjustments have been made to the carrying value of assets to reflect the true and fair view of the financial position.

The operational results of STCI Commodities Limited have been considered as discontinued operations under AS – 24 "Discontinuing Operations". The summarised details of discontinuing operations are as under.

The carrying amount of the total assets and liabilities of STCI Commodities Limited (discontinuing operations) as on March 31, 2016 are as under.

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Total assets	154.62	146.45
Total liabilities	10.45	10.48
Net assets	144.17	135.97

The revenue and expenses in respect of discontinued operations are as under.

(₹ in lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Total revenue	10.24	9.74
Total cost and expenses	2.05	2.44
Other income / (loss) before taxes	8.19	7.30
Tax expenses	0.00	0.66
Net income / (loss) from discontinued operations (after tax)	8.19	6.64

16. Expenditure in Foreign Currency

(₹ in lakhs)

Sr. No.	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
1	On Travel	3.27	0.13
2	On Interest	Nil	Nil
3	On Others	Nil	4.46

Earnings in Foreign Currency: ₹ Nil (PY - Nil)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

17. A subsidiary has been dealing in Government Securities on behalf of the Constituents through the Constituent SGL account opened with RBI. The transactions undertaken cover monies received from the constituents and also physicals tendered by them for conversion into SGL Account. As on March 31, 2016, the face value of the securities held on behalf of the constituents is ₹ 1,420,614.30 lakhs (PY - ₹ 1,192,996.80 lakhs).

18. Earning Per Share (EPS)

The EPS calculation as per AS-20 is given below:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit after Tax (₹ in lakhs)	8,868.47	21,018.39
Weighted average no. of shares (F.V. ₹ 100/-)	38,000,000	38,000,000
EPS for the year – Basic & Diluted (₹)	23.34	55.31

19. Assets taken on Lease

The office premise at various places have been acquired under operating lease on payment of monthly rentals. Future minimum lease rental relating to non-cancellable operating lease period are as under.

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Not less than 1 year	45.87	51.54
Later than 1 year but not later than 5 years	9.88	56.69
Later than 5 years	Nil	Nil

(₹ in lakhs)

Particular	FY 15-16	FY 14-15
Payment made during the year (excluding taxes)	51.54	46.93

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016****20. Related Party Transactions**

Bank of India, by virtue of its shareholding being in excess of 20%, is considered to be a related party. The details of the transactions entered into with Bank of India are given below:-

(₹ in lakhs)

Nature of transaction	For the year ended March 31, 2016	For the year ended March 31, 2015
Transactions during the year	Bank of India	Bank of India
Purchase of Govt. Securities/Treasury Bills	4,349.50	27,918.75
Sale of Government Securities/Treasury Bills	96,735.52	111,033.56
Sale of corporate bonds and other money market instruments	-	1,036.86
Loans availed ¹⁹	278,277.45	194,868.17
Repayment of loan availed ¹⁹	317,893.73	193,806.52
Maximum loan (availed) outstanding during the year	49,998.00	49,961.78
Fixed deposits (placed during the year)	89.14	82.27
Interest expenses for the year	997.78	2,365.77
Interest Income on FDR (accrued)	7.70	7.65
Dividend Paid	910.70	910.70
Processing fees/Charges paid	39.72	39.24
Sitting fees paid & Reimbursement of expenses ²⁰	7.24	3.20
Outstanding as at the end of the year		
Loan Outstanding (availed)	9,975.56	49,591.84
Fixed Deposit	89.14	82.27
Interest accrued but not due (Expenses)	16.35	45.07
Interest accrued but not due (Income)	4.71	4.66
Balance in current account	3.02	4.66

¹⁹ Includes amounts availed and repaid from overdraft and short term loan accounts and call money.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

All the transactions detailed above are entered into in the ordinary course of business.

Remuneration to Key Management Personnel:

(₹ in lakhs)

Sl. No.	Name of the Key Management	Nature of Relationship	For the year ended March 31, 2016	For the year ended March 31, 2015
(i)	Mr. Yogesh Gaat	Managing Director (w.e.f. 19.05.2015)	64.51	0.00
(ii)	Mr. Yogesh Gaat	(CEO upto 18.05.2015)	16.25	13.82
(iii)	Mr. S. Venkateswarlu ²⁰	Managing Director (upto 30.04.2015)	59.81	88.25
(iv)	Mr. Ajeet Kumar ²⁰	Deputy Managing Director (w.e.f. 29.05.2015 to 4.12.2015)	9.34	0.00
(v)	Mr. Kamlesh Rathi	Chief Financial Officer	32.41	29.25
(vi)	Ms. Suparna Sharma	Company Secretary	33.52	25.13

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

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

²⁰ Gratuity Payment in respect of their service has been paid to Bank of India, terminal benefit department, Gratuity fund and is disclosed as reimbursement of expenses to Bank of India.

- 21.** No stamp duty has been paid on non-government securities transactions in view of the on-going deliberations between Government of Maharashtra and various representative bodies of the participant's viz. IBA, FIMMDA, PDAI and AMFI, on the applicability of stamp duty on non-government securities' transactions. The Company has so far not received any claim for stamp duty from the Stamp Office in respect of non-government securities transactions.

For the current year, provision of ₹25.62 lakhs (PY ₹28.36 lakhs) calculated on the basis of 0.01% of the value of transaction as stipulated in the amendment to the Maharashtra Stamp Act, (erstwhile Bombay Stamp Act, 1958) announced in May 2005, has been made for stamp duty for direct deals of non government securities. The provision as on March 31, 2016 for stamp duty on non-government securities transactions stands at ₹361.60 lakhs (PY ₹335.98 lakhs). In the light of an assurance given by the Government of Maharashtra to the Indian Banks' Association, the liability on non-government securities transactions for the period up to 31st March 2006 has not been provided.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016****23. Segment Reporting****a) Business Segment :**

The management has identified Lending, Gilts and Non-Gilts as reportable segment based on risk, return and the regulatory authorities for reporting.

b) Segment Revenues and Expenses :

The segmental revenues and expenses include all directly attributable to the respective segment. Administrative expenses, personnel costs and depreciation on fixed assets cannot be identified with any particular segment and are considered as unallocable.

c) Segment Assets and Liabilities :

The segmental assets and liabilities include all directly attributable to the respective segment. All other assets and liabilities not attributable to any particular segment have been grouped under unallocated assets and liabilities.

d) Geographical Segment :

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

The detailed segmental information is as under:-

For the year ended March 31, 2016

(₹ in lakhs)

Segment Information	Gilts	Non-Gilts	Lending	Unallocated	Total	Discontinued broking op.
Revenue						
From External Client	26,564.32	11,382.76	41,491.75	597.19	80,036.02	10.25
Inter-Segment	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	26,564.32	11,382.76	41,491.75	597.19	80,036.02	10.25
Segment Result	2,179.41	3,672.56	11,221.36		17,073.33	8.19
Unallocated exp (net)					(3,287.84)	0.00
Operating Profit					13,785.49	8.19
Depreciation					(268.29)	0.00
Exceptional Income					0.00	0.00
Profit Before Tax					13,517.20	8.19
Tax Expenses					(4,656.92)	0.00
Profit After Tax					8,860.28	8.19
Other Information						
Segment Assets	458,382.24	166,597.66	327,089.71	51,322.02	1,003,391.63	154.62
Segment Liabilities	415,215.15	138,872.68	279,707.82	38,348.42	872,144.07	10.45



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

For the year ended March 31, 2015

(₹ in lakhs)

Segment Information	Gilts	Non-Gilts	Lending	Unallocated	Total	Discontinued broking op.
Revenue						
From External Client	37,859.67	8,308.96	40,471.36	1,009.58	87,649.57	9.74
Inter-Segment	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	37,859.67	8,308.96	40,471.36	1,009.58	87,649.57	9.74
Segment Result	13,616.20	3,711.12	15,605.70		32,933.02	7.30
Unallocated exp (net)					(1,872.78)	0.00
Operating Profit					31,060.24	7.30
Depreciation					(261.22)	0.00
Exceptional Income					1,087.69	0.00
Profit Before Tax					31,886.71	7.30
Tax Expenses					(10,874.96)	(0.66)
Profit After Tax					21,011.75	6.64
Other Information						
Segment Assets	404,191.55	40,879.52	370,565.18	9,354.74	824,990.99	146.45
Segment Liabilities	351,276.43	45,171.95	301,329.54	4,825.78	702,603.70	10.48

24. Provision for Standard assets is maintained @ 0.4% of the outstanding standard assets and accordingly standard asset provision of ₹130.65 lakhs (PY addition of ₹284.29 lakhs) has been reversed during the year. The additional standard asset provision continues to be maintained at ₹200.00 lakhs (PY ₹200.00 lakhs). Provision of ₹7,604.24 lakhs (PY ₹1,589.27 lakhs) has been made towards Non-performing assets.
25. Loans and Advances of ₹111,782.33 lakhs (PY ₹127,150.00 lakhs) have been charged in favour of Debenture Trustee for outstanding Secured Redeemable Non-Convertible Debentures (NCD's) of ₹85,000.00 lakhs (PY ₹1,00,000.00 lakhs).
26. **CSR Expenses**

During the year, ₹466.43 (PY ₹300.54) lakhs has been spent towards CSR activities, as required to be spent in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules, 2014. Details of CSR expenses for the year are as under.

(₹ in lakhs)

Sr. No.	Particulars	2015-16	2014-15
1	Construction/acquisition of any asset	Nil	Nil
2	Contribution to Prime Ministers Relief Fund	448.19	294.54
3	Contribution to other charitable organisations eligible for CSR purpose	18.24	06.00
	Total CSR Expenses	466.43	300.54

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

As per the recommendations in the Guidance Note on Accounting for Expenditure on Corporate Social Responsibility issued by ICAI, expenditure on CSR activities, has been recognised as a separate line item 'CSR expenditure' under Note No. 11 "Other Expenses". The change in the presentation has affected the Profit Before tax and EPS of previous year.

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

Assumptions	2015-16	2014-15
Mortality rate	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / Discount Rate	7.46% - 7.50%	8.00% - 8.70%
Rate of return of Plan Assets	7.46% - 8.00%	8.00% - 8.70%
Salary Escalation	5-10%	5-10%

(₹in lakhs)

	Gratuity (2015-16)	Gratuity (2014-15)
Changes in present value of obligation		
Opening Defined Benefit Obligation	118.08	98.74
Interest Cost	8.99	7.88
Current Service Cost	14.20	16.87
Actuarial (Gains) / Losses	(19.82)	3.27
Benefits Paid	(8.08)	(8.68)
Closing Defined Benefit Obligation	113.37	118.08
Changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	83.29	72.83
Adjustment to op balance	4.23	0.00
Expected return on plan assets	7.17	5.91
Contributions	18.60	12.90
Benefits paid	(8.08)	(8.68)
Actuarial Gains/(Losses)	(0.28)	0.32
Fair value of plan assets at the end of the year	104.93	83.29
Actuarial Gain/(loss) recognised		
Actuarial Gain/(Loss) for the year - obligation	19.82	(3.27)
Actuarial Gain/(Loss) for the year - plan assets	(0.28)	0.32
Net Actuarial Gain/(Loss) recognised for the year	19.54	(2.95)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Gratuity (2015-16)	Gratuity (2014-15)
Amount to be recognised in Balance Sheet		
Present value of obligation as at the end of the year	113.37	118.08
Fair value of plan assets as at the end of the year	104.93	83.29
Funded status	(8.44)	(34.79)
Net Asset recognised - Prepaid / (provisions)	(8.44)	(34.79)
Expenses Recognised in Profit and Loss account		
Current Service Cost	14.20	16.87
Interest Cost	8.99	7.88
Net Actuarial loss/(gain) recognised in the year	(19.54)	2.95
Expected return on plan assets	(7.17)	(5.91)
Expenses recognised in Profit & Loss Account	(3.52)	21.79

Leave Encashment: Provision of ₹45.11 lakhs (PY ₹49.17 lakhs) has been made during the year for long term leave encashment on actuarial valuation basis. Provision of ₹30.56 lakhs (Previous year ₹5.19 lakhs reversal) has been made during the year on account of short term compensated absences.

Experience Adjustment – Gratuity

Particulars	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Defined Benefit Obligation	113.37	118.08	98.74	69.48	52.68
Plan assets	104.93	83.29	72.83	56.06	54.48
Surplus/(Deficit)	(8.44)	(34.79)	(25.91)	(13.42)	1.80
Experience adj. on plan liabilities	22.74	(3.27)	(10.55)	(8.13)	12.40
Experience adj. on plan assets	(0.28)	0.32	(0.01)	0.45	(0.70)

28. The details of provisions as per AS 29 – Provisions, Contingent Liabilities and Contingent Assets are as under.

(₹ in lakhs)

Particulars	Stamp Duty	PLVP *
Opening Balance as at April 01, 2015	335.98	691.36
Additions	25.62	173.77
Utilisation	0.00	532.06
Reversal	0.00	10.60
Closing Balance as at March 31, 2016	361.60	322.47

* Performance Linked Variable Pay



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Provision for stamp duty is made for stamp duty payable under Maharashtra Stamp Act, (erstwhile Bombay Stamp Act, 1958) in respect of direct deals for Non SLR transactions. Provision of ₹173.77 lakhs (PY ₹603.70 lakhs) is made during the year for payment of performance linked variable pay.

29. Depreciation on Buildings is charged on Written down value (WDV) basis except for building owned by subsidiary STCI PD, constituting approximately 38.55% of the total cost of buildings owned by the group, which is charged on Straight Line Method (SLM) basis.
30. Figures are rounded off to the nearest Lakh Rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

Figures pertaining to the subsidiary companies and previous year have been reclassified/regrouped wherever necessary to bring them in line with the parent Company's current years financial statements.

As per our report of even date
For and on behalf of
A. J. Shah & Co.
Chartered Accountants
Firm Registration No: 109477W

Devendra J. Shrimanker
Partner
Membership No.: 41920

Place: Mumbai
Date : May 4, 2016

On behalf of the Board of Directors

Melwyn Rego
Director
DIN: 00292670

Mrs. Thankom T. Mathew
Director
DIN: 00025326

Kamlesh Rathi
Chief Financial Officer

Place: Mumbai
Date: May 4, 2016

S. Ravi
Director
DIN: 00009790

Yogesh Gaat
Managing Director & CEO
DIN: 07189252

Suparna Sharma
Company Secretary

STCI FINANCE LIMITED



STCI PRIMARY DEALER LIMITED

**Annual Report
For The Year Ended
31st March, 2016**





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DIRECTOR'S REPORT

TO THE SHAREHOLDERS OF STCI PRIMARY DEALER LIMITED (CIN:- U67110MH2006PLC165306)

Your Directors are pleased to present the Tenth Annual Report together with the Audited Accounts of the Company for the Year ended March 31, 2016.

1. FINANCIAL RESULTS

The Financial performance of the Company for the year ended March 31, 2016 is as under:-

(Rs. in Lakh)

Particulars	March 31, 2016	March 31, 2015
Total Revenue	34,404.33	41,328.59
Total Expenses	33,071.14	28,259.65
Profit(+)/loss(-) before Tax	1,333.20	13,068.94
Provision for current year and deferred tax	563.68	4,610.26
Prior period expenses	0	0.64
Short/(Excess) Provision for Tax for earlier years	0	0.12
Tax on Distributed Income on Buyback of Share	0	482.93
Profit(+)/loss(-) after Tax	769.52	7,974.99
Transfer to Statutory Reserve*	153.90	1,613.50
Net Profit/(Net Loss) For the current year	615.62	6,361.49
Balance in profit & loss account brought forward balance	8,153.75	7,523.89
Transfer to Reserves (Profit on Sale of HTM Securities)	0	1,991.11
(-) Premium on Buy back	0	2,131.20
(-) Transfer to Capital Redemption Reserves towards buyback of Shares	0	1,600.00
(-) Depreciation charged to Retained Earning	0	9.31
Interim Dividend	0	Nil
Tax on Interim Dividend	0	Nil
Balance Carried to the Balance Sheet	8,769.37	8,153.75

* Created pursuant to Section 45 I –C of Reserve Bank of India Act, 1934 as amended in January 1997.

The Company has made a net profit (Profit After Tax) of Rs.7.69 Crore for the financial year 2015-2016.

2. THE ECONOMY

The year presented formidable challenges for global economies as central banks had to resort to non-standard measures to prop up growth in their economies. Fears of the US Fed rate hike, China 'hard



DIRECTOR'S REPORT

landing' concerns and "Grexit" were some of the main concerns that took centre stage in FY16. As the year progressed, prospects of industrial recovery continued to dim, leading to downward revisions in growth forecasts of advanced and emerging market economies.

In contrast, on the domestic front the Indian economy witnessed stable growth prospects, primarily driven by greater push towards public capital spending and the Government's initiatives to revive manufacturing activity in the economy. For FY16, real GDP forecasts are estimated at 7.6%. However, amid declining inflationary pressures and world trade, nominal GDP projections have been sharply revised downwards from 11.15% envisaged at the start of the year to 8.2% in the Mid Year Economic Review. Nonetheless, India continued to remain a bright spot amid sluggish global growth impulses.

Inflation dynamics were yet another crucial factor that underscored strength of India's growing macro stability. In FY15, RBI had formally adopted the Inflation Targeting Monetary Policy Framework with Consumer Price Inflation (CPI) being the nominal policy anchor.

Fig 1: Headline CPI Trajectory

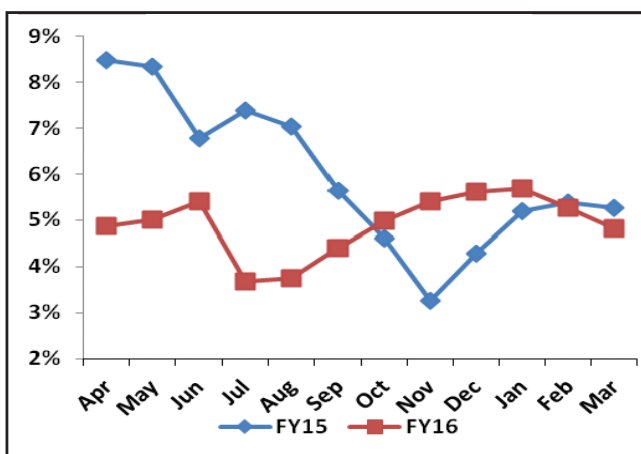
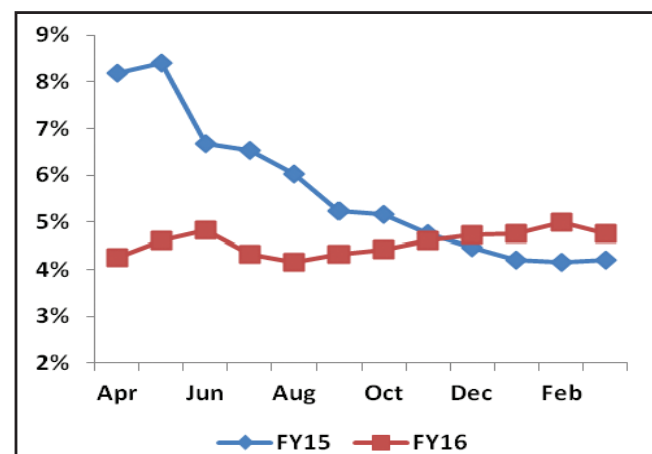


Fig 2: Core CPI



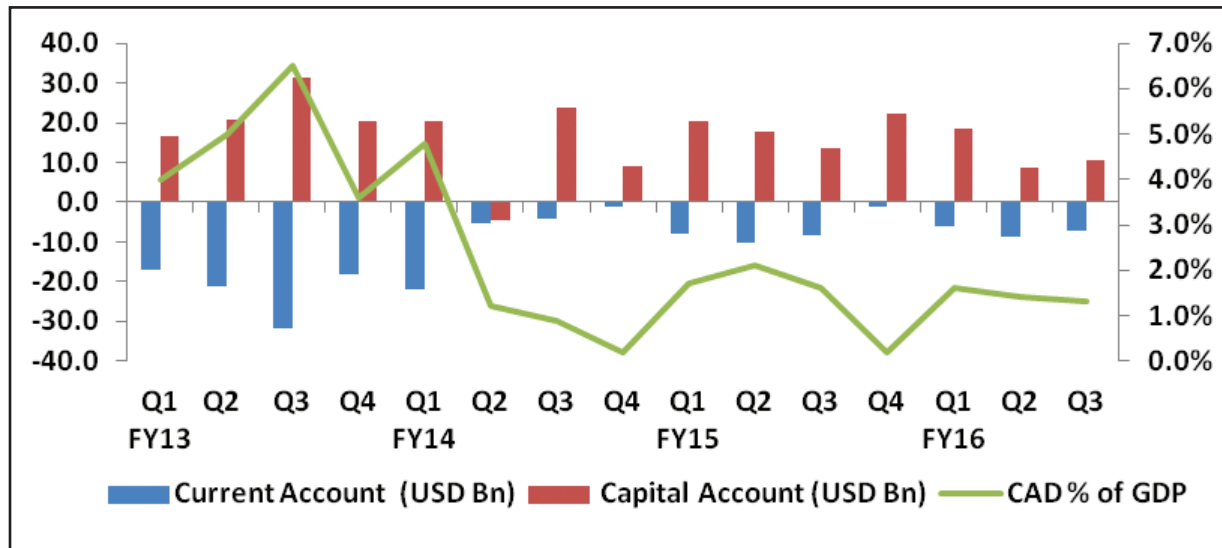
Correspondingly, the intermediate CPI target for Jan-16 was set at 6%, with an eventual Mar-17 target of 5%. For most part of FY16, retail inflation was close to 5% levels as proactive food management by the Government helped curb food price pressures. Inflation targeting mandate was assiduously pursued by RBI, with Jan-16 CPI target undershooting by 39 bps at 5.61%. On the other hand, wholesale inflation (WPI) continually persisted in the negative territory throughout FY16 averaging -2.5%. The ease in inflation was mainly on account of fall in oil and commodity prices as a result of which input costs of production noted sharp decline.

The external sector performance remained robust as Current Account Deficit (CAD) contracted to a cumulative 1.3% of GDP for the first three quarters of the year, as against 1.7% of GDP in the corresponding period last year. Even though weak global demand led to double digit fall in exports and imports, continued FDI inflows augured well for the India growth story. As such, India's forex reserves surged to an all-time high of USD 356 Bn.



DIRECTOR'S REPORT

Fig 3: Trends in India's Balance of Payments



In the Union Budget FY16, the Government stuck to its path of fiscal consolidation, projecting 3.5% for FY17 even while reining in fiscal deficit at 3.9% of GDP for FY16, lower than 4.1% of GDP for FY15. Broadly, the fiscal position remained comfortable on the back of a sharp fall in oil prices and buoyant indirect tax collections which offset the shortfall in divestment receipts.

3. DEVELOPMENTS IN MONEY AND SECURITIES MARKET

RBI's monetary policy was largely guided by its focus on taming domestic inflation and US Fed concerns at the beginning of the year. The year witnessed a total of 75 bps rate cut, 25 bps in Jun-15 and another 50 bps in Sep-15. The Sep-15 policy was a crucial one, as the RBI took the market by surprise with a sharp rate cut of 50 bps coupled with a host of financial sector reforms. For one, RBI announced a one-shot reduction in banks' HTM by 50 bps to 21.50%, effective from Jan-16. Thereafter, from FY17, banks SLR-HTM is to be reduced in tandem by 25 bps each quarter to 20.5% by end of Mar-17.

Secondly, and more importantly, RBI laid out a credible, transparent and predictable framework for FPI investments in Indian debt market. As per the Medium Term Framework (MTF), investments by FPIs in G-Secs and SDLs are to be gradually increased to reach 5% and 2% of the respective outstanding stock by Mar-17. Fresh FPI limits in G-Secs and SDLs would open at the start of each quarter and would be announced on half-yearly basis.

On the money market front, RBI continued to conduct repo and reverse repo auctions depending upon the prevailing liquidity conditions. While the first half of the fiscal observed comfortable liquidity, H2FY16 was marred by ballooning systemic deficit. Post the advance tax outflows in Dec-15, system perennially remained in acute deficit mode, with the average deficit hovering around Rs 1.50 Lac Crore.

At the start of the fiscal, policy rate cut hopes led to positive momentum in the bond market. Gilts rallied the most post the unexpected rate cut of 50 bps in Sep-15. However, in H2 FY16, market sentiment turned bearish as growing liquidity deficit concerns, duration supply mismatch and US Fed rate hike concerns accentuated pressure on Gilts. In Q4 FY16 alone, RBI conducted net OMO purchases to the tune of



DIRECTOR'S REPORT

Rs.61409 Crore in order to plug in liquidity deficit. Added to that, impending global woes triggered risk off sentiment among foreign investors. Amidst diminishing investor appetite, yields remained elevated up until the Union Budget presented on February 29, 2016 on the back of fears the Government will roll out a populist Budget and miss the fiscal deficit target. However, the Union Budget's adherence to 3.5% fiscal deficit assuaged market concerns and helped reinvigorate market sentiment as the 10Y benchmark eased from 7.74% in FY15 to 7.47% by end of FY16.

4. OPERATIONS REVIEW

(i) Financial Performance

The year was a challenging one for the Company due to varied economic factors and challenges at the micro and macro level. The Company has made a net profit (Profit After Tax) of Rs.7.69 Crore for FY2015-16. The Company delivered reasonable financial numbers despite the fact that the overall business environment, global as well as domestic, continued to be challenging. Your Directors do not recommend any dividend for the current year.

(ii) Performance of the Company as Primary Dealer in Government Securities

The performance of the Company as a Primary Dealer during the year under review is set out in Annexure-I annexed to the Report. As against the stipulated minimum success ratio of 40%, the Company achieved success ratio in respect of bids tendered for primary issues of Treasury Bills at 48%. The Company's total turnover ratio was 733 times in Government dated securities and 125 times in Treasury Bills as against the stipulated minimum ratio of 5 times and 10 times respectively under the RBI's guidelines for Primary Dealers in Government securities. On outright basis, the turnover ratio was 442 times in Government dated securities and 24 times in Treasury Bills as against the prescribed minimum of 3 times and 6 times respectively.

(iii) Risk Management

The Company has in place a comprehensive Business Investment and Risk Policy to monitor market, credit, liquidity and operational risks associated with the business operations of the Company. The Company uses Value-at-Risk (VaR) methodology for measuring and monitoring market risks associated with its portfolio and uses stress-testing tools to assess the impact of interest rate movements on the portfolio. The risk management function of the Company is periodically reviewed by the Risk Management Committee of the Board.

The Company also has an ALCO Committee of executives of the Company comprising of the Managing Director and Senior Management of the Company. The Committee functions under the guidance and directions of the Board of Directors of the Company as well as the Risk Management Committee.

(iv) Internal Audit and Control Systems

For the period under review, the Company appointed M/s. Devdhar Joglekar & Srinivasan, Chartered Accountants, as the Company's Internal and Concurrent Auditors. The scope of their audit included review of adequacy and efficacy of the internal control systems and procedures and deviations, if any, from generally accepted best practices, review of the Company's compliance



DIRECTOR'S REPORT

with applicable laws and regulations including the guidelines issued by RBI and other statutory bodies. M/s. Devdhar Joglekar & Srinivasan, Chartered Accountants were also entrusted with work of Concurrent audit of all money and securities market transactions. The Audit Committee as well as the Board of Directors interacts with the Internal and Concurrent Auditor on a regular basis for ensuring adequate internal controls and checks.

(v) Regulatory Compliance

The Company has complied with all the applicable guidelines prescribed by RBI for the Primary Dealers and NBFCs regarding accounting standards, income recognition, valuation of securities, capital adequacy etc.

(vi) Credit Rating

The Company has obtained the highest credit ratings of A1+ from credit rating agencies ICRA for Rs.400 Crore and from CRISIL for Rs.200 Crore for its short-term debt programme.

(vii) Economic – Research

The Company has a dedicated macroeconomic and debt research desk which releases reports at regular intervals covering careful study and in-depth analysis of economic developments, events and expectations of various economic events for the Company's valued clients and market participants. Other regular research contributions include series of reports in the form of daily and weekly debt market updates and fortnightly economic updates. It also releases periodic reports such as Monetary Policy expectations, Monetary Policy review, review of the Union Budget and occasional write-ups on issues of topical interest.

(viii) IT Technical Committee

The Company has an IT Technical Committee which is entrusted with the responsibility of monitoring the IT systems adequacy and compatibility as well as advising on the timely upgrade of the IT systems that are installed by the Company in line with the Company's dynamic business requirement. The IT Technical Committee of the Company plays a pioneer role in ensuring that the Company has a robust IT system in place with necessary checks and backups.

5. OUTLOOK FOR THE CURRENT YEAR

FY17 is fraught with challenges and opportunities for the bond market. On the global front, the extent and pace of US Fed rate hikes will be keenly watched for. Also, as in FY16, resurfacing of China hard landing concerns may have an untoward impact on domestic bond market dynamics. Both these developments are likely to trigger strong outflows from emerging market economies like ours, thereby increasing the country's vulnerability on the external sector.

On the domestic front, though, prospects remain supportive as monsoons are expected to be favorable in FY17 based on initial IMD forecasts. Inflation target of 5% by Mar-17 seems achievable, notwithstanding impact of Seventh Pay Commission and implementation of One Rank One Pension (OROP). Moreover, a good monsoon is likely to push up contribution by the agriculture sector in overall GDP. On an assumption of a better farm produce, real GDP is expected to improve from 7.6% in FY16 to around 7.6% - 7.8% in FY17.



DIRECTOR'S REPORT

The external sector seems well placed for FY17, though headwinds remain in form of continued decline in external demand and fears of a sharp spike in commodity prices either through an OPEC agreement on output freeze as well as some unforeseen geopolitical tensions. India's CAD is expected to be in the range of 1% - 1.3% of GDP this fiscal, narrowing from 1.4% of GDP last year. With the economy near the fag end of the monetary easing cycle, scope for further rate cuts remain constrained. With RBI already delivering one rate cut in H1 FY17, it is expected to be in a prolonged phase of pause thereafter probably concentrating more on ensuring the transmission of past rate cuts. A small possibility of another 25 bps may open up in H2 FY17, depending on evolving global and domestic conditions.

In light of the aforementioned factors, the Company remains cautiously optimistic for the upcoming fiscal. The Company shall, as always, strive to ensure that all the possible market opportunities are capitalized by the Company.

6. COMPOSITION OF BOARD

As on March 31, 2016, the Board comprised of six Directors. The Board includes Independent Directors, Non-Executive Directors and a Managing Director as under:-

- Mr. Melwyn Rego, Chairman, Non-executive Director, Additional Director
- Mr. G Narayanan, Independent Director
- Ms. Sonali Sinha, Independent Director
- Mr. Gopal Bhagat, Non-executive Director
- Mr. R Venkataramani, Non-executive Director
- Mr. Pradeep Madhav, Managing Director

Resignation of Directors during the year

- Ms. V R Iyer, Non-executive Director, Chairperson, stepped down from the Board of the Company with effect from June 01, 2015.
- Mr. S Ravi, Independent Director, stepped down from the Board of the Company with effect from February 03, 2016.
- Mr. V Sridar, Independent Director, stepped down from the Board of the Company with effect from May 15, 2015.
- Mr. S Venkateswarlu, Non-executive Director, stepped down from the Board of the Company with effect from May 07, 2015.

The Board acknowledges and places on record its deep appreciation for the contribution made by the directors during their tenure with the Company.

The Board met six times during the year under review.



DIRECTOR’S REPORT

Date of Board Meeting		Apr 21, 2015	May 08, 2015	May 25, 2015	Aug 27, 2015	Oct 27, 2015	Feb 01, 2016
Details of Directors							
1	Mr. Melwyn Rego	Inducted on Board from January 14, 2016					✓
2	Ms. V R Iyer	✓	✓	✓	Ceased to be Director from June 01, 2015		
3	Mr. S Ravi*	✓	✓	✓	✓	✓	✓
4	Mr. G Narayanan	✓	✓	✓	✓	✓	✓
5	Ms. Sonali Sinha	✓	✓	✓	✓	✓	✓
6	Mr. Gopal Bhagat	Inducted on Board from May 25, 2015		x	✓	✓	x
7	Mr. R Venkataramani	Inducted on Board from May 25, 2015		x	✓	✓	✓
8	Mr. V Sridar	✓	✓	Ceased to be Director from May 15, 2015			
9	Mr. S Venkateswarlu	✓	Ceased to be Director from May 07, 2015				
10	Mr. Pradeep Madhav	✓	✓	✓	✓	✓	✓

* Ceased to be Director from February 03, 2016

During the year Mr. Gopal Bhagat and Mr. R Venkataramani were appointed as Additional Director w.e.f May 25, 2015. Their appointment was regularized at the subsequent General Meeting of the Company. Mr. Melwyn Rego was appointed as Additional Director w.e.f. January 14, 2016 by way of Resolution passed by way of circulation. The brief profiles of Mr. Gopal Bhagat, Mr. R Venkataramani and Mr. Melwyn Rego are as under:-

Mr. Gopal Bhagat has vast experience in the banking and financial sector. He has held several key senior positions in Bank of India including a stint at Bank of India’s Singapore Branch. He is currently the General Manager, Treasury, at Bank of India. He is an M.A., CAIIB, and holds a Diploma in Investment and Risk.

Mr. R. Venkataramani has over 39 years of experience across the financial sector. Mr. R. Venkataramani has been associated with Union Bank of India for nearly 33 years. The last position held by him at Union Bank of India was that of General Manager. Mr. R. Venkataramani was also associated with ICICI Venture Fund Management Company Limited as Chief Advisor (Compliance) and with True Value Homes Private Limited as Director (Finance).

Mr. Melwyn Oswald Rego is a MBA rank holder in finance from Symbiosis Institute of Business Management, Pune. Prior to his appointment as MD & CEO of Bank of India, he was holding the position of Deputy Managing Director, IDBI Bank Ltd since August 30, 2013. He is a career banker and has been with IDBI Bank Ltd since 1984. Mr. Rego has held assignments in the areas of Corporate Banking, Rehabilitation Finance, Treasury, International & Domestic Resources, Infrastructure Corporate Group, Project Appraisal Department, Sourcing, Syndication and Advisory Department, Priority Sector & Retail Banking Group in various capacities. He has played key role in tapping diverse International Markets for



DIRECTOR'S REPORT

raising foreign currency resources for IDBI. Mr. Rego was deputed to IDBI Homefinance Ltd as Managing Director & CEO in September 2003 after IDBI took over Tata Homefinance Ltd. Mr. Rego returned to IDBI in January 2008 & took over as Head - International Banking Division to spearhead IDBI Bank's overseas initiatives. Mr. Rego has extensive international experience and was a rank holder at a program on International Capital Markets at the Oxford University, UK.

Mr. G Narayanan, whose first term of appointment as Independent Director of the Company expired on August 06, 2016, is proposed to re-appointed as Independent Director for a second term with effect from August 07, 2016 for a period of five (5) years i.e. up to August 06, 2021.

Mr. G. Narayanan is currently the Chairman of Vijaya Bank. Mr. Narayanan is a veteran in treasury and has a rich experience of approx more than 40 years in the Banking and Financial Sector. He has varied experience in all spheres of Banking with a large part of his career in International Treasury and Foreign Exchange related areas. He has played a pivotal role in various positions held by him in various organizations.

In accordance with the provisions of the Act and the Articles of Association of the Company Mr. R. Venkataramani (DIN-00829107) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Appropriate Resolution(s) seeking your approval to the appointment/re-appointment of Directors are included in the Notice.

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 clearly defined roles.

The Company has following Committees of the Board:-

(i) **Audit Committee**

The Audit Committee of the Board comprises of Mr. G Narayanan, Mr. R Venkataramani and Ms. Sonali Sinha. During the year the Committee met four times. Mr. S Ravi and Mr. V Sridar, pursuant to their resignation from the Board of Directors of the Company during the year, ceased to be the member of the Audit Committee.

The scope and functions of the Audit Committee includes the following

- review of the Statutory and Internal Auditors' reports
- monitor the adequacy of the internal control system and internal audit function
- review the company's financial management policies
- discussions with the Internal, Concurrent and Statutory Auditors as and when necessary/ required
- recommending appointment, remuneration and terms of appointment of auditors of the Company;



DIRECTOR'S REPORT

- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- examining the financial statement and the auditors' report thereon;
- approving or ratifying transactions of the company with related parties, if any;
- scrutinizing inter-corporate loans and investments, if any;
- valuation of undertakings or assets of the company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- any other applicable matters as specified under section 177 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard

In addition to quarterly meetings for consideration of financial results, meetings of the Audit Committee are also convened, as and when required, for review of various businesses/functional aspects of the Company, business risk assessment, internal audit, etc.

(ii) **Risk Management Committee**

The Risk Management Committee of the Board comprises of Mr. G Narayanan (Chairman), Mr. Gopal Bhagat and Ms. Sonali Sinha. During the year, Mr. V Sridar pursuant to his resignation from the Board of Directors of the Company, ceased to be the member of the Risk Management Committee. The Company has in place a detailed Business Investment and Risk Policy, which is reviewed at regular intervals and modified, if required, in order to align with the business dynamics of the Company. The Risk Management Committee meets at regular intervals. During the year under review, the Committee met six times. The scope of the Risk Management Committee includes the following

- review compliance with the approved/statutory risk policies and parameters
- review risk policies, procedures and reporting mechanisms
- review risk management reports on a periodic basis and suggest modification to the Business Investment and Risk Policy of the Company for submitting to the Board for final approval
- all such acts and functions as may be delegated by the Board of Directors

(iii) **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Board comprises of Mr. Melwyn Rego, Mr. G Narayanan and Ms. Sonali Sinha. During the year, Mr. S Ravi pursuant to his resignation ceased to be the member of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee plays an active role in HR development, Performance Management and Talent Retention and reviews HR policies on a regular basis. The scope of the Nomination and Remuneration Committee shall include the following;

- identify person qualified to become Directors and recommend to the Board their appointment and removal, if considered appropriate



DIRECTOR'S REPORT

- identify person who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal
- carry out evaluation of every Director's performance
- formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees
- any other matters as specified under section 178 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard

(iv) Corporate Social Responsibility (CSR) Committee

The Company subscribes to the values of concern and care. In accordance with the requirements of the Companies Act, 2013 and the rules framed thereunder, the Company has a Corporate Social Responsibility Committee of the Board of Directors. The Committee consists of Ms. Sonali Sinha (Chairperson) and Mr. G Narayanan as committee members along with Mr. Pradeep Madhav. The scope of the committee is as prescribed in the act as well as those delegated by the Board. The projects/beneficiaries of the CSR funding of the Company are clearly laid down in the CSR policy of the Company, after consultation with the Board of Directors.

8. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has a policy on Prevention of Sexual Harassment at Workplace. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour. The Internal Complaints Committee (ICC) has been set up. The ICC is responsible for redressal of complaints related to sexual harassment. During the year ended March 31, 2016, the ICC has not received any complaints pertaining to sexual harassment.

9. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013 and the rules framed thereto and any other provisions, if any, the Directors confirm:-

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) that appropriate accounting policies have been adopted and have been applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- (c) that proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis; and



DIRECTOR'S REPORT

- (e) that systems to ensure compliance with the provisions of all applicable laws and that such systems have been adequate and operating effectively.

10. AUDITORS

M/s Shah Gupta and Company, Chartered Accountants, Mumbai, ICAI firm registration number 109574W, were appointed as the statutory auditors of the Company, by the Comptroller and Auditor General of India (C&AG) for the FY2015-2016. The C&AG has re-appointed M/s Shah Gupta and Company, Chartered Accountants, Mumbai as the Statutory Auditors of the Company for the financial year 2016-17.

11. HUMAN RESOURCES

The Company's HR function has been outsourced to M/s Cerebrus Consultants who provide HR support by way of review of Company's HR policies, compensation structure, key hiring plan, new employee on-boarding, skill and capability building for employees and other regular HR management activities.

12. DISCLOSURE OF PARTICULARS

The Company is a Primary Dealer as defined and regulated by the Reserve Bank of India and is not a manufacturing Company, hence the particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 and the rules framed thereto are not applicable to the Company.

The information required pursuant to Section 134 read with rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 shall be provided upon request. In terms of Section 136 of the Act, the report and accounts are being sent to members excluding the information on employee's particulars which is available for inspection by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing General Meeting. Interested members may write to the Company.

There were no foreign exchange earnings during the year. The details of the foreign exchange outgo appear at Item No. 11 of Note 21 [B] in the Notes forming part of accounts.

13. RELATED PARTY TRANSACTION

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business operations. All related party transactions are placed before the Audit Committee and the Board of Directors. There are no materially significant transactions made by the Company with Promoters, Directors, Key Managerial Persons or any other related party that may have a potential conflict with the interest of the Company at large. Details of contracts or arrangements with related parties along with justification for entering into transactions referred to in sub-section (1) of section 188 are annexed to the Report as Annexure II

14. VIGIL MECHANISM POLICY

The Company has established a vigil mechanism through the audit committee, to address the concerns expressed by the employees and other Directors. The Company has provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of fellow employees and the Company. The Company has formulated a Vigil Mechanism Policy in accordance with the requirements of Section 177 of the Companies Act, 2013 and the rules framed thereto. The Policy is



DIRECTOR'S REPORT

available on the Company's website www.stcipd.com.

15. **POLICY ON NOMINATION & REMUNERATION OF DIRECTORS**

The Company has formulated a policy in accordance with the requirements of Section 178 of the Companies Act, 2013 and the rules framed thereto. The Policy is available on the Company's website www.stcipd.com.

16. **CORPORATE SOCIAL RESPONSIBILITY POLICY AND DISCLOSURE**

The Company has formulated a policy in accordance with the requirements of Section 135 of the Companies Act, 2013 and the rules framed thereto. Disclosures under Corporate Social Responsibility as per the Companies Act, 2013 & Companies (Corporate Social Responsibility) Policy Rules 2014 is annexed to the report as Annexure III. The Policy is available on the Company's website www.stcipd.com.

17. **EXTRACT OF ANNUAL RETURN IN FORM MGT-9**

Extract of Annual Return in Form MGT-9 in accordance with the Companies Act, 2013 is annexed to the Report as Annexure IV.

18. **FORMAL ANNUAL EVALUATION**

The Company has adopted a policy of performance evaluation of the Board of Directors and that of its Committees and individual Directors. During the Financial Year 2015-16, the Company had undertaken the evaluation exercise as stipulated in accordance with the policy as well as in the matter as prescribed under the Act.

19. **SUBSEQUENT EVENTS**

There are no material changes and commitments affecting the financial position of the company which have occurred between March 31, 2016 and the date of the report.

20. **REGARDING KEY MANAGERIAL PERSONNEL**

During the FY2015-16 the Company has following Key Managerial Personnel in line with the requirements and as defined by the Companies Act, 2013 and the rules framed thereto

Mr. Pradeep Madhav, Managing Director

Mr. M N Suresh, Chief Financial Officer

Mr. Kalpesh Mody, Company Secretary

21. **EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no adverse comments, qualifications or reservations made by the Secretarial Auditors, Statutory Auditors as well as Comptroller & Auditor General of India (C&AG). The Statutory Auditors in their report have made a disclaimer on the Internal Financial Control (IFC) keeping in view the Guidance note on the said subject as issued by ICAI.



DIRECTOR'S REPORT

22. SHARES

There has been no change in shareholding pattern for the FY 2015-16. There has been a transfer of one (1) share belonging to the nominee share holder. The detail of the said transfer of nominee shareholder has been mentioned in MGT-9, which is annexed to the report as Annexure IV.

23. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

24. PUBLIC DEPOSITS

During the year ended March 31, 2016 your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998 as well as within the meaning of Chapter V of the Companies Act 2013 and the rules framed thereto.

25. BRANCH OFFICES

The Company has branch offices in Delhi and Kolkata which have been making ongoing efforts for business development and procuring business from PSUs, Commercial Banks, Co-operative Banks, Corporates, MNCs, Provident Funds, Pension and Gratuity Funds, Insurance Companies, etc. The activities of these offices are being regularly assessed and monitored.

26. ACKNOWLEDGEMENT

Your Directors thank STCI Finance Limited (Holding Company), Reserve Bank of India, SEBI, CCIL, its Bankers, other commercial and cooperative banks, financial institutions, mutual funds, insurance companies, corporates and other customers for their business support and continued patronage. The Directors would also like to place on record their appreciation of the dedicated performance by the officers and staff of the Company.

On behalf of the Board of Directors

Melwyn Rego
Director
August 18, 2016
Mumbai

Pradeep Madhav
Managing Director
August 18, 2016
Mumbai



ANNEXURE I

BIDDING IN THE PRIMARY MARKET AND TURNOVER IN THE SECONDARY MARKET

(Stock in Face Value) (Rs. In Cr)*

		2015-2016		2014-2015	
		Treasury Bills	Govt. Dated Securities	Treasury Bills	Govt. Dated Securities
1	Annual Bidding Commitment	36,055	80,677	37,400	86,805
2	Bids Tendered	1,03,704	1,30,585	77,953	1,03,838
3	Bids Accepted	17,252	21,171	21,081	13,702
4	Success Ratio %	48	NA	56	NA
5	Success Ratio required % (as per guidelines)	40	NA	40	NA
A	Primary Market				
1	Subscription	17,252	21,171	21,081	13,702
2	Devolvement	NA	606	NA	697
	Total (1+2)	17,252	21,777	21,081	14,399
B	Secondary Market				
1	Outright	35,041	6,73,974	32,696	7,77,797
2	Repo	1,48,772	4,43,829	1,06,619	3,11,805
	Total (1+2)	1,83,813	11,17,803	1,39,315	10,89,602
C	Average Month End Stock				
1	Total (Including Repo Stock)	1,470	1,525	1,480	1,146
2	Own Stock (Excluding Repo Stock)	1,165	715	1,210	455
D	Turnover Ratio				
1	Total Turnover to Total Stock	125	733	94	950
	(Required Ratio)	(10 times)	(5 Times)	(10 times)	(5 Times)
2	Outright Turnover to Own Stock	24	442	22	678
	(Required Ratio)	(6 times)	(3 times)	(6 times)	(5 Times)

*Decimals have been rounded off

On behalf of the Board of Directors

Melwyn Rego
Director
August 18, 2016
Mumbai

Pradeep Madhav
Managing Director
August 18, 2016
Mumbai



ANNEXURE II

Form No. AOC-2

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

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

Sr. No	Particulars	Amount
1	Details of contracts or arrangements or transactions not at arm's length basis	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	
2	Details of material contracts or arrangement or transactions at arm's length basis	Refer Annexure 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:	

On behalf of the Board of Directors

Melwyn Rego
Director
August 18, 2016
Mumbai

Pradeep Madhav
Managing Director
August 18, 2016
Mumbai



ANNEXURE A

STCI Primary Dealer Ltd.								
Details of material contracts or arrangement or transactions at arm's length basis								
Sr. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Amount (INR in lacs)	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any
1	STCI Finance Ltd.	Holding Company	Sale of Government Securities	2,885.00				
3	STCI Finance Ltd.	Holding Company	Reimbursement of Expenses (Payment)	8.03				
4	STCI Finance Ltd.	Holding Company	Reimbursement of Expenses (Received)	2.00				
5	STCI Finance Ltd.	Holding Company	Sitting fees Paid	0.20			Not Applicable	
6	Mr. Pradeep Madhav	Managing Director	Salaries, allowances, perquisites, incentive pay and Company's contribution to PF (Subject to applicable tax deduction)	65.43				
7	Mr. Prasanna Patankar	Dy. Managing Director		59.94				
8	Mr. M.N.Suresh	Chief Financial Officer®		33.24				
9	Mr. Kalpesh Mody	Company Secretary®		14.63				
			TOTAL	3,068.47				

® Key Managerial Personnel as per the requirements of the Companies Act, 2013 and the rules made thereunder. Managing Director is deemed to be Key Managerial Personnel for the requirement of the Companies Act, 2013 as well as in the ordinary course of business.

On behalf of the Board of Directors

Melwyn Rego
Director
August 18, 2016
Mumbai

Pradeep Madhav
Managing Director
August 18, 2016
Mumbai



ANNEXURE III

ANNUAL REPORT ON CSR ACTIVITIES

- A brief outline of the company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

The Corporate Social Responsibility (CSR) Policy is available on the website of the Company www.stcipd.com

- The Composition of the CSR Committee
 Ms. Sonali Sinha, Independent Director
 Mr. G Narayanan, Independent Director
 Mr. Pradeep Madhav, Managing Director

- Average net profit of the company for last three financial years**

The Average Net Profit for the past 3 (three) Financial Years was Rs.9,304.17 (In Lakh).

- Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above)**

The Company is required to spend Rs.186.08 (In Lakh) towards CSR.

- Details of CSR spent during the financial year**

- Total amount to be spent for the financial year - Rs.186.08 (In Lakh) towards CSR.
- Amount unspent, if any - Nil
- Manner in which the amount spent during the financial year is detailed below

Sr. No.	Particulars	Amount
1	CSR Project or activity identified	Prime Minister National Relief Fund
2	Sector in which the project is covered	
3	Project or programs (1) local area or other (2) specify the state and district where projects or programs was undertaken	Pan India
4	Amount outlay (budget) project or programs wise	Rs.186.08 (In Lakh)
5	Amount spent on the projects or programs Sub heads:- (1) Direct expenditure on projects or programs (2) overheads	Rs.186.08 (In Lakh) Nil
6	Cumulative expenditure upto the reporting period	
7	Amount Spent:- Direct or through implementing agency	Contribution has been made to Prime Minister National Relief Fund



ANNEXURE III

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report – Not Applicable as the Company has spent the entire amount towards CSR that was required to be spent.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and Policy of the Company. – Forms part of the CSR Policy

On behalf of
STCI Primary Dealer Limited

Pradeep Madhav
Managing Director
August 18, 2016
Mumbai

On behalf of
Corporate Social Responsibility Committee

Sonali Sinha
Chairperson
August 18, 2016
Mumbai

On behalf of
The Board of Directors

Melwyn Rego
Director
August 18, 2016
Mumbai



ANNEXURE IV

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN**
U67110MH2006PLC165306
- ii) Registration Date**
Date of Incorporation – October 31, 2006
- iii) Name of the Company**
STCI Primary Dealer Limited
- iv) Category / Sub-Category of the Company**
Company having Share Capital
- v) Address of the Registered office and contact details**
A/B1-801 (A-Wing), 8th Floor, Marathon Innova
Marathon NextGen Compound, Lower Parel
Mumbai – 400 013
Tel:- 022 – 6620 2200
- vi) Whether listed company Yes / No**
No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any**
Sharepro Services India Pvt. Ltd.
13 AB Samitha Warehousing Complex
2nd Floor, Saki Naka Telephone Exchange Lane
Sakinaka, Andheri (East) Mumbai - 400072



II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Securities Trading & Underwriting	6499	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	STCI Finance Limited (erstwhile Securities Trading Corporation Limited)	U51900MH1994PLC078303	Holding	100%*	2(46)

*includes shares held by nominees

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	149999994	6*	150000000	100	149999994	6*	150000000	100	Nil
e) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other.....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A)(1):-	149999994	6*	150000000	100	149999994	6*	150000000	100	Nil
(2) Foreign									
a) NRIs- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A)(2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	149999994	6*	150000000	100	149999994	6*	150000000	100	Nil
B. Public Share holding									
1) Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (1):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Non- Institutions									
a) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual share holders holding nominal share capital upto Rs.1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual share holders holding nominal share capital in excess of Rs1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (2)									
Total Public Shareholding (B)=(B)(1)+ (B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	149999994	6*	150000000	100	149999994	6*	150000000	100	Nil

*Shares held by nominees

B. Shareholding of Promoters

Sr. No.	Share holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			& Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	STCI Finance Limited (erstwhile Securities Trading Corporation of India Limited)	14,99,99,994	100	Nil	14,99,99,994	100	Nil	Nil
2	Mr. Kamlesh Rathi*	01	0	Nil	01	0	Nil	Nil
3	Mr. Alope M. Prasad*	01	0	Nil	01	0	Nil	Nil
4	Mr. Pradeep Madhav*	01	0	Nil	01	0	Nil	Nil
5	Mr. Prasanna Patankar*	01	0	Nil	01	0	Nil	Nil
6	Mr. S Venkateswarlu*+	01	0	Nil	00	0	Nil	Nil
7	Mr.Yogesh Gaat*+	00	0	Nil	01	0	Nil	Nil
8	Ms. Suparna Sharma*	01	0	Nil	01	0	Nil	Nil
	Total	15,00,00,000	100	Nil	15,00,00,000	100	Nil	Nil



B. Change in Promoters' Shareholding (please specify, if there is no Change)

AS PER ANNEXURE "C"

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	14,99,99,994	100%	15,00,00,000*+	100%
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying The reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	No Change			
	At the End of the year	14,99,99,994	100%	15,00,00,000*+	100%

* includes shares held by nominees

+ The Company is a wholly owned subsidiary of STCI Finance Limited

C. Shareholding Pattern of top ten Share holders+ (other than Directors, Promoters and Holders of GDRs and ADRs):

AS PER ANNEXURE "D"

Sr. No.	For Each of the Top 10 Shareholders+	Shareholding at the beginning of the year ⁺		Cumulative Shareholding during the year ⁺	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Not applicable			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	Not applicable			
	At the End of the year + (or on the date of separation, if separated during the year)	Not applicable			



D. Shareholding of Directors and Key Managerial Personnel:

AS PER ANNEXURE "E"

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Mr. Pradeep Madhav, Managing Director (holds one share as a nominee)				
	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer/ bonus/ sweat equity etc):	No Change			
	At the End of the year	1	0	1	0
	Mr. Prasanna Patankar, Dy Managing Director (holds one share as a nominee)				
	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus/ sweat equity etc):	No Change			
	At the End of the year	1	0	1	0

E. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment (Rs. in lacs)*

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	296,142.18	84,246.84	Nil	380,389.02
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	193	140.00	Nil	334.00
Total (i+ii+iii)	296,335.18	84,386.84		380,723.02



	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
Addition	54,291.57	104,174.78	Nil	158,466.35
Reduction	Nil	Nil	Nil	Nil
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	350,433.75	188,421.62	Nil	538,855.37
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	1,021.56	259.20	Nil	1,280.76
Total (i+ii+iii)	351,455.31	188,680.82		540,136.13

*Decimals have been rounded off

XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Amount (INR in lacs)

Sr.No.	Particulars of Remuneration	Name of Managing Director	Total Amount
		Pradeep Madhav	
1.	Gross salary		
	(a) Salary as per provisions contained in section17(1) of the Income-tax Act, 1961	65.03	65.03
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	0.40	0.40
	(C) Profits in lieu of salary under section 17(3) Income-tax Act	Nil	Nil
2.	Stock Option	NA	NA
3.	Sweat Equity	NA	NA
4.	Commission		
	- As % of profit	Nil	Nil
	- others, specify...	Nil	Nil
5.	Others*	Nil	Nil
	Total (A)	65.43+	65.43+

+ Subject to applicable tax deduction

*Annual Performance Bonus, if any



B. Remuneration to other directors:

Amount (INR in lacs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. V Sridar	Mr. G Narayanan	Mr. S Ravi	Ms. Sonali Sinha	
1.	Independent Directors					
	• Fee for attending board committee meetings	1.20	4.20	2.20	2.40	10.00
	• Commission	Nil	Nil	Nil	Nil	
	• Others, please specify	Nil	Nil	Nil	Nil	
	Total(1)	1.20	4.20	2.20	2.40	10.00

Sr. No.	Particulars of Remuneration	Mr. S. Venkateswarlu*	Ms. V R Iyer+	Mr. Melwyn Rego+	Mr. Gopal Bhagat+	Mr. R Venkataramani	Total Amount
		2.	Other Non-Executive Directors				
	• Fee for attending board Committee meetings	0.20	1.00	0.20	1.20	1.20	
	• Commission						
	• Others, please specify						
	Total(2)	0.20	1.00	0.20	1.20	1.20	3.80
	Total(B)=(1+2)						13.80

* paid / payable to STCI Finance Limited (erstwhile Securities Trading Corporation of India Limited)

+ paid / payable to Bank of India

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Dy. Managing Director	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45.71	11.74	32.53	89.98
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	14.23	0.60	0.71	15.54
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil



Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Dy. Managing Director	Company Secretary	CFO	Total
4.	Commission -as % of profit -others, specify...	NA Nil	NA Nil	NA Nil	NA Nil
5.	Others*	Nil	2.29+	Nil	2.29+
	Total	59.94+	14.63+	33.24+	107.81+

+ Subject to applicable tax deduction

*Annual Performance Bonus, if any

XII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
------	------------------------------	-------------------	--	----------------------------	------------------------------------

A. COMPANY

Penalty	None				
Punishment					
Compounding					

B. DIRECTORS

Penalty	None				
Punishment					
Compounding					

C. OTHER OFFICERS IN DEFAULT

Penalty	None				
Punishment					
Compounding					

On behalf of the Board of Directors

Melwyn Rego
Director
August 18, 2016
Mumbai

Pradeep Madhav
Managing Director
August 18, 2016
Mumbai

**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016****[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To,
The Members
STCI Primary Dealer Limited
A/B1 – 801 (A-Wing), 8th Floor,
Marathon Innova,
Marathon NextGen Compound,
Lower Parel,
Mumbai – 400 013.

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

Based on our verification of Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 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, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (“the Act”) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder [**Not applicable to the Company during the audit period**];
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder [**Not applicable to the Company during the audit period**];



SECRETARIAL AUDIT REPORT

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **[Not applicable to the Company during the audit period];**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **[Not applicable to the Company during the audit period];**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 **[Not applicable to the Company during the audit period];**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **[Not applicable to the Company during the audit period];**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **[Not applicable to the Company during the audit period];**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **[Not applicable to the Company during the audit period];**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **[Not applicable to the Company during the audit period];**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **[Not applicable to the Company during the audit period];** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **[Not applicable to the Company during the audit period];**
- (vi) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- (vii) RBI Regulations, Guidelines, Notifications & Circulars as may be 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 relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.



SECRETARIAL AUDIT REPORT

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable [**Not applicable to the Company during the audit period since the Company is unlisted**].

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the company :

- (i) The Members have approved the authority of the Board of Directors of the Company to borrow upto limits of ₹ 6000 Crores.

For and on behalf of
V. Laxman & Co.,
Company Secretaries

(V. Laxman)
Proprietor
FCS No. 1513
C P No. : 744

Place : Mumbai
Date : April 25, 2016



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STCI PRIMARY DEALER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **STCI PRIMARY DEALER LIMITED** (hereinafter referred to as "the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, specified under sub section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



INDEPENDENT AUDITOR'S REPORT

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of sub section 2 of section 164 of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 21 B] 1 to the financial statements);
 - ii. The Company did not have any outstanding long-term contracts including derivative contracts as at March 31, 2016 for which there were any material foreseeable losses; and



INDEPENDENT AUDITOR'S REPORT

- iii. As at March 31, 2016 there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by sub section 5 of Section 143 of the Act and in terms of directions issued by the Comptroller and Auditor General of India during the course of audit of annual accounts of STCI PRIMARY DEALER LIMITED, we report that:
- (a) The Company does not hold any freehold / leasehold land.
 - (b) The Company has not waived/written off any debt/loans or interest during the year under consideration.
 - (c) The Company does not have any inventories lying with the third parties excepting for the collateralised securities with the RBI/CCIL for availing secured borrowings and with IL&FS/HDFC bank for trading purposes/margin requirements, for which proper records have been maintained by the Company. Similarly, the Company has not received any assets as gift/grant from the Government or other authorities.
 - (d) The Company has not waived/reversed accounted fees which was due but not received/written off.

For **SHAH GUPTA & CO.,**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K Choksi
Partner
M. No. 37606

Place: Mumbai
Date : May 4, 2016



INDEPENDENT AUDITOR'S REPORT

Annexure A

Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section to the Independent Auditor's Report of even date on the financial statements of STCI PRIMARY DEALER LIMITED

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us, the title deeds of immovable properties of the Company are held in the name of the Company.
- (ii) The Company's inventory comprising of Treasury bills and Dated Government Securities are held in the form of Subsidiary General Ledger (SGL) account maintained with the Reserve Bank of India and the said stock is verified with the confirmation certificate received from the Reserve Bank of India. The Stock of other securities are held by the Company in de-materialized form with IL&FS/HDFC Bank, and the same are verified with the confirmation certificates received from them at the year end. In our opinion, the frequency of such verification is reasonable and as explained to us, no material discrepancies were noticed on physical verification of inventories as compared to the book records.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are 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 2013 are applicable to the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under sub-section 1 of Section 148 of the Act, for the products/services of the Company.
- (vii) (a) According to the information and explanations given to us, and the records of the company examined by us except stamp duty on transaction of Non-Government securities (Refer Note 21 B-Clause 23), the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance, sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company. However, Stamp duty on Non-Government Securities aggregating to ₹ 28,619,571/- is outstanding for more than six months as on 31st March, 2016. (Refer Note 21 B- Clause 23).
- (b) According to the information and explanations given to us, no disputed amounts payable in respect of income-tax, service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



INDEPENDENT AUDITOR'S REPORT

- (viii) Based on our audit procedures and according to the information and explanations given to us, in our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, a bank, the Government or debenture holders, as applicable.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans, hence, reporting under clause 3(ix) of the Companies (Auditor's Report) Order is not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is required to be registered under section 45-IA Reserve Bank of India Act, 1934 and the registration certificate has been obtained.

For **SHAH GUPTA & CO**
Chartered Accountants
FRN – 109574W

Vipul K Choksi
Partner
M. No. 37606

Place: Mumbai
Date : May 4, 2016



INDEPENDENT AUDITOR'S REPORT

Annexure B

Report on the Internal Financial Controls under Clause (i) of sub section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **STCI PRIMARY DEALER LIMITED** ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and specified under Section 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for



INDEPENDENT AUDITOR'S REPORT

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria 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, even though the Company has existing internal Standard Operating Procedures and Manuals for its various functions prepared in accordance with the operational functionality of the industry in which the Company operates. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above along with implemented checks and balances for various functions of the Company in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the disclaimer does not affect our opinion on the standalone financial statements of the Company.

For **SHAH GUPTA & CO.,**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K Choksi
Partner
M. No.37606

Place: Mumbai
Date : May 4, 2016



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of STCI PRIMARY DEALER LIMITED

Pursuant to the paragraphs 3(A) and (C) of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 (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 (the 'Company') for the year ended March 31, 2016.

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.

Conclusion

Based on our examination of the books and records of the Company as produced for our examination, and the Information and explanations given to us, we further report that:

1.
 - a. The Company is engaged in the business of non-banking financial institution and has obtained a Certificate of Registration No. 13.01865 dated 23.05.2007 as provided In Section 45-IA of the Reserve Bank of India Act, 1934.
 - b. The Company is engaged in the business of non-banking financial institution requiring to hold a Certificate of Registration under Section 45- A of the Reserve Bank of India Act, 1934 for the year ended on March 31, 2016.
2.
 - a. The Board of Directors has passed a resolution for the non-acceptance of any public deposits.
 - b. The Company has not accepted any public deposits during the relevant year.
 - c. The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it.
 - d. The capital adequacy ratio as disclosed in the return submitted to the Reserve Bank of India in form NBS-7, has been correctly arrived at and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the Reserve Bank of India.
 - e. The Annual Statement of Capital Funds, risk assets / exposures and risk asset ratio in form NBS- 7 has been submitted within the stipulated period.



INDEPENDENT AUDITOR'S REPORT

Restriction of use

This report has been issued pursuant to the requirements of the Directions and should not be used by any other person or for any other purpose. We, Shah Gupta & Co., Chartered Accountants 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 **SHAH GUPTA & CO.,**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K Choksi
Partner
M. No.37606

Place: Mumbai
Date : May 31, 2016



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 2016

The preparation of Financial Statements of STCI Primary Dealer Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 04 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under section 143(6)(a) of the Act of the Financial Statements of STCI Primary Dealer Limited for the year ended 31 March 2016. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

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

(Roop Rashi)
Principal Director of Commercial Audit and
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai
Date : 11 July 2016



BALANCE SHEET AS AT MARCH 31, 2016

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
I. EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share Capital	1	15,000.00	15,000.00
(b) Reserves and surplus	2	21,769.03	20,999.51
2) Non-current liabilities			
(a) Deferred tax Liability (Net)	21B-7	7.28	-
(b) Long-term provisions	3	434.72	492.48
3) Current liabilities			
(a) Short-term borrowings	4	538,855.37	380,389.02
(b) Trade payables	21B-24		
Total outstanding dues of micro and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		87.52	78.11
(c) Other current liabilities	5	1,521.85	1,001.58
(d) Short-term provisions	6	2.66	0.25
TOTAL		577,678.43	417,960.95
II. ASSETS			
1) Non-current assets			
(a) Fixed assets	7		
(i) Tangible assets		1,738.14	1,771.74
(ii) Intangible assets		52.35	49.01
(b) Non-current investments	8	35,480.42	31,380.63



BALANCE SHEET AS AT MARCH 31, 2016

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
(c) Deferred tax assets (net)	21B-7	-	126.40
(d) Long-term loans and advances	9	445.89	236.17
2) Current assets			
(a) Inventories	10	530,907.39	346,052.84
(b) Trade receivables	11	9.07	0.09
(c) Cash and bank balances	12	51.37	34,035.51
(d) Short-term loans and advances	13	1,224.66	394.46
(e) Other current assets	14	7,769.14	3,914.10
TOTAL		577,678.43	417,960.95
Significant Accounting Policies & Notes to Accounts	21		

The accompanying notes are an integral part of financial statements

In terms of our report of even date
For **Shah Gupta & Co.**
Chartered Accountants
Firm Registration No.- 109574W

For and on behalf of the Board of Directors

Melwyn Rego
Director

G Narayanan
Director

Vipul K Choksi
Partner
Membership No.: 37606

Mr. R Venkataramani
Director

Pradeep Madhav
Managing Director

M.N.Suresh
Chief Financial Officer

Kalpesh Mody
Company Secretary

Place: Mumbai
Date: May 4, 2016



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lacs)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
I Revenue from operations	15	34,401.83	41,230.50
II Other income	16	2.51	98.09
III Total Revenue (I + II)		34,404.34	41,328.59
IV Expenses:			
Operating expense	17	964.23	1,401.42
Employee benefits expense	18	665.65	996.53
Finance costs	19	30,670.14	25,147.57
Depreciation and amortization expense	7	112.75	96.64
Other expense	20	658.37	617.50
Total expenses		33,071.14	28,259.66
V Profit before tax (III-IV)		1,333.20	13,068.94
VI Tax expense:			
(a) Current tax		430.00	4,633.73
(b) Deferred tax liability/(Asset)		133.68	(23.47)
(c) Short/(Excess) provision for tax for earlier years		-	0.12
(d) Tax on Distributed Income on Buyback of Share		-	482.93
VII Prior period expenses		-	0.64
VIII Profit after tax (V-VI-VII)		769.52	7,974.99



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lacs)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
IX Transfer to Statutory Reserves (Created pursuant to Section 45 I-C of the Reserve Bank of India Act, 1934)		153.90	1,613.50
X Profit after Appropriation (VIII-IX)		615.62	6,361.49
XI Earnings per equity share:			
Basic & Diluted (Par Value of ₹ 10/- each)	21B - 6	0.51	4.82

The accompanying notes are an integral part of financial statements

In terms of our report of even date
For **Shah Gupta & Co.**
Chartered Accountants
Firm Registration No.- 109574W

Vipul K Choksi
Partner
Membership No.: 37606

Place: Mumbai
Date: May 4, 2016

For and on behalf of the Board of Directors

Melwyn Rego
Director

Mr. R Venkataramani
Director

M.N.Suresh
Chief Financial Officer

G Narayanan
Director

Pradeep Madhav
Managing Director

Kalpesh Mody
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(₹ in lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A Cashflow from operating activities		
Net Profit before Taxation	1,333.20	13,068.94
Adjustments for:		
Add: Depreciation on Fixed Assets	112.75	96.64
Add: (Profit) / Loss on sale of Fixed Asset	0.97	0.31
Add: Amortisation on HTM Securities	9.41	98.73
Less: Prior Period Item	-	0.64
Operating Profit before working capital changes	1,456.33	13,263.36
Changes in Working Capital:		
(Increase) / Decrease in Stock in Trade	(184,854.55)	(169,208.64)
(Increase) / Decrease in Trade receivables	(8.98)	(0.09)
(Increase) / Decrease in Short-term loans and advances	(830.20)	316.47
(Increase) / Decrease in Other current assets	(3,855.04)	115.10
(Increase) / Decrease in Long-term loans and advances	17.69	(4.71)
Increase / (Decrease) in Long Term Provisions	(57.76)	457.30
Increase / (Decrease) in Trade payables	9.41	75.76
Increase / (Decrease) in Other current liabilities	520.28	596.71
Increase / (Decrease) in Short-term provisions	2.41	(1,297.35)
Cash flow from / (used in) operating activities	(187,600.41)	(155,686.10)
Less: Taxes Paid	657.39	4,934.61
Net Cash flow from / (used in) Operating Activities	(188,257.80)	(160,620.70)
B Cash flow from Investing Activities		
Less: Purchase of Securities	(4,109.20)	(111,192.05)
Add: Sale / Transfer of Securities from HTM to Trading	-	130,514.63



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(₹ in lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Less: Purchase of Fixed Assets	(83.98)	(64.70)
Add: Sale of Fixed Assets	0.50	0.31
Net Cash Flow from / (used in) Investing Activities	(4,192.68)	19,258.19
C Cash flow from Financing Activities		
Less: Buy back of shares	-	(3,731.20)
Less: Tax on Distributed Income on Buyback of Share	-	(482.93)
Add: Increase / (Decrease) in Short Term Borrowings	158,466.35	139,584.68
Net Cash Flow from Financing Activities	158,466.35	135,370.55
Net increase / (decrease) in cash & cash equivalent (A+B+C)	(33,984.13)	(5,991.97)
Cash & cash equivalent at the beginning of the period	34,035.51	40,027.49
Cash & cash equivalent at the end of the period	51.37	34,035.51

Prepared as per "Indirect Method" as prescribed by accounting standard 3 (Revised) "Cash Flow Statements"

In terms of our report of even date
For **Shah Gupta & Co.**
Chartered Accountants
Firm Registration No.- 109574W

For and on behalf of the Board of Directors

Vipul K Choksi
Partner
Membership No.: 37606

Melwyn Rego
Director

G Narayanan
Director

Mr. R Venkataramani
Director

Pradeep Madhav
Managing Director

M.N.Suresh
Chief Financial Officer

Kalpesh Mody
Company Secretary

Place: Mumbai
Date: May 4, 2016



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 1: SHARE CAPITAL

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	(₹ in lacs)	Number	(₹ in lacs)
Authorised				
Equity Shares of ₹ 10/- each	300,000,000	30,000.00	300,000,000	30,000.00
Issued, Subscribed & Fully Paid up				
Equity Shares of ₹10/- each fully paid	150,000,000	15,000.00	150,000,000	15,000.00
Total	150,000,000	15,000.00	150,000,000	15,000.00

Note 1.1 Reconcillation of the number of shares outstanding

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	(₹ in lacs)	Number	(₹ in lacs)
Shares outstanding at the beginning of the year	150,000,000	15,000.00	166,000,000	16,600.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	16,000,000	1,600.00
Shares outstanding at the end of the year	150,000,000	15,000.00	150,000,000	15,000.00

Note 1.2: Details of aggregate shareholding by Holding Company, subsidiary of holding company or Associate of holding Company

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares		No. of Shares	
STCI Finance Limited (Holding Company)*	150,000,000		150,000,000	

* Includes 6 shares held by the nominee

Note 1.3: Terms and Rights attached to equity shares

Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of ₹ 10/- each. In the event of liquidation by the company, the shareholder of equity share will be entitled to receive remaining assets of the Company after distribution of all the preferential amount. Distribution will be in proportion number of equity shares held by each shareholder.

Note No. 1.4: Shareholders holding more than 5% of equity shares of the company are as under.

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
STCI Finance Limited (Holding Company)*	150,000,000	100%	150,000,000	100%

* Includes 6 shares held by the nominee



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

Note No. 1.5: Details of Shares bought back during past five years

Particulars	As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013		As at March 31, 2012	
	Equity Shares		Equity Shares		Equity Shares		Equity Shares		Equity Shares	
	Number	(₹ in lacs)	Number	(₹ in lacs)	Number	(₹ in lacs)	Number	(₹ in lacs)	Number	(₹ in lacs)
No. of Shares bought back	-	-	16,000,000.00	1,600.00	-	-	34,000,000.00	3,400.00	-	-

NOTE 2: RESERVE AND SURPLUS

Particulars	As at March 31, 2016	As at March 31, 2015
a. Statutory Reserves (Reserve created pursuant to Section 45 I-C of Reserve Bank of India Act, 1934)		
Opening Balance	5,613.19	3,999.69
(+) Current Year Transfer	153.90	1,613.50
(-) Written Back in Current Year	-	-
Closing Balance	5,767.09	5,613.19
b. General Reserve		
Opening Balance	105.94	105.94
(-) Written Back in Current Year	-	-
Closing Balance	105.94	105.94
c. Capital Redemption Reserve		
Opening balance	5,000.00	3,400.00
(+) Transfer from General Reserve/ Profit & Loss during the year	-	1,600.00
(-) Transfer to Profit & Loss during the year	-	-
Closing Balance	5,000.00	5,000.00
d. Reserve on Sale of HTM Securities		
Opening balance	2,126.63	135.52
(+) Transfer from General Reserve/ Profit & Loss during the year	-	1,991.11
(-) Transfer to Profit & Loss during the year	-	-
Closing Balance	2,126.63	2,126.63



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
e. Surplus		
Opening balance	8,153.75	7,523.88
(+) Net Profit/(Net Loss) after appropriation	615.62	6,361.49
(-) Depreciation charged to Retained Earning	-	(9.31)
(-) Premium on Buyback	-	(2,131.20)
(-) Transfer to Capital Redemption Reserve	-	(1,600.00)
(-) Transfer to Reserves (Profit on Sale of HTM Securities)	-	(1,991.11)
Closing Balance	8,769.37	8,153.75
Total	21,769.03	20,999.51

*Net Profit (after tax) from sale of securities through HTM portfolio have been transferred to Reserve on Sale of HTM Account as per RBI Guidelines. The same will be utilised as per the provisions of the applicable Act.

NOTE 3: LONG TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Employee benefits		
(a) Provision for Employee Leave Encashment	110.56	80.06
(b) Performance Linked Incentive Scheme	172.47	483.65
Less: Transfer to other current liabilities (Refer Note 5)	(147.26)	(344.56)
	135.77	219.15
Others		
Stamp Duty (Refer Note No. 21B - 23)	298.95	273.33
Total	434.72	492.48



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 4: SHORT TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
Secured		
a. Other loans and advances		
a.1 Collateral Borrowing and Lending Obligation (CBLO) Segment	61,768.06	43,755.09
(Carries interest rate between 6.1% to 7.9% and is repayable in 4 days)		
(Secured By Collateral of Govt. Securities & Treasury Bills)		
(of the above, ₹ Nil is guaranteed by Directors and / or others)		
a.2 Borrowing Under Repo	71,765.69	70,087.09
(Carries interest rate between 7% to 8.25% and is repayable in 4 days)		
(Secured By Collateral of Govt. Securities & Treasury Bills)		
(of the above, ₹ Nil is guaranteed by Directors and / or others)		
a.3 Borrowing Under LAF/Refinance from RBI	216,900.00	182,300.00
(Carries interest rate between 6.75 to 6.97 and is repayable between 1 day to 90 days)		
(Secured By Collateral of Govt. Securities & Treasury Bills)		
(of the above, ₹ Nil is guaranteed by Directors and / or others)		
Total (A)	350,433.75	296,142.18
Unsecured		
(a) Loans repayable on demand		
from banks (repayable at call/short notice/term)	183,513.00	78,900.00
(Carries interest rate between 6.1% to 8.42% and is repayable between 4 days to 70 days)		



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
from other parties (Inter-corporate Deposit) (of the above, ₹ Nil is guaranteed by Directors and / or others) (Carries interest rate between 6.53% to 7.04% and is repayable between 73 days to 91 days)	4,908.62	5,346.84
Total (B)	188,421.62	84,246.84
Total (A+B)	538,855.37	380,389.02
Continuing default as on the balance sheet date in repayment of loans and interest		
1. Period of default	Nil	Nil
2. Amount	Nil	Nil

NOTE 5: OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Current dues of long term employee benefits (Refer Note 3)		
(i) Leave Encashment	49.14	20.22
(ii) Performance Linked Incentive Scheme	98.12	324.34
	147.26	344.56
(b) Interest accrued but not due on borrowings	1,280.76	324.34
(c) Statutory dues	4.96	15.25
(d) Net MTM Payable on Interest Rate Swaps (Refer Note 21B-2b)	77.61	310.60
(e) MTM payable on Interest Rate Futures	3.58	5.34
(f) Other payables	7.68	1.49
Total	1,521.85	1,001.58

NOTE 6: SHORT TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
Provisions for employee benefits	2.66	0.25
Total	2.66	0.25

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 7: FIXED ASSETS

Fixed Assets	Gross Block			Accumulated Depreciation/ Amortisation				Net Block		
	Balance as at April 1, 2015	Additions	Disposals	Balance as at March 31, 2016	Balance as at April 1, 2015	Depreciation for the year	Charged to Retained Earnings	On disposals	Balance as at March 31, 2016	Balance as at April 1, 2015
A Tangible Assets										
(a) Buildings	2,030.74	0.01	-	2,030.75	393.29	29.63	-	-	1,607.83	1,637.46
(b) Plant & Equipment										
(i) Computers	157.83	45.63	0.49	202.97	126.44	27.51	-	0.49	49.51	31.39
(ii) Air-Conditioner	35.92	-	6.49	29.43	18.21	3.07	-	5.01	13.16	17.71
(c) Furniture and Fixtures										
(i) Electrical Installation	33.84	-	1.23	32.61	16.18	3.27	-	1.23	14.39	17.65
(ii) Furniture and Fixtures	104.66	-	0.93	103.73	51.41	10.17	-	0.93	43.08	53.25
(d) Vehicles - Motor Car	15.46	-	-	15.46	7.86	1.94	-	-	5.66	7.59
(e) Office Equipments	25.83	1.63	0.23	27.23	19.14	3.81	-	0.23	4.51	6.69
Total (A)	2,404.28	47.27	9.37	2,442.18	632.53	79.40	-	7.89	1,738.14	1,771.74
Previous year	2,397.59	9.44	2.76	2,404.28	544.19	81.81	9.31	2.76	1,771.74	1,853.40
B Intangible Assets										
Computer software	201.82	36.69	-	238.51	152.81	33.35	-	-	52.35	49.01
Total (B)	201.82	36.69	-	238.51	152.81	33.35	-	-	52.35	49.01
Previous year	146.56	55.26	-	201.82	137.99	14.83	-	-	49.01	8.57
Total (A+B)	2,606.10	83.96	9.37	2,680.69	785.34	112.75	-	7.89	1,790.49	1,820.75
Previous Year	2,544.15	64.70	2.76	2,606.10	682.18	96.64	9.31	2.76	1,820.75	

* Cost of building includes ₹ 0.01 lac being cost of application money given for membership of Co-operative Society.





NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 8: NON CURRENT INVESTMENTS

Particulars	As at March 31, 2016	As at March 31, 2015
Non trade Investments		
Investments in HTM Portfolio*		
(a) Aggregate amount of quoted Investments in Government securities - (Current Year - Amortized cost)	35,480.42	31,380.63
Total	35,480.42	31,380.63
Additional information:-		
Aggregate amount of quoted investments (Face Value)	35,500.00	31,500.00
Aggregate amount of quoted investments (Market Value)	37,003.45	33,340.56
Aggregate provision for diminution in value of investment	Nil	Nil
Basis for Valuation (Refer Note no. 21-2(iii))	At Cost	At Cost
Details of quoted Investment in HTM Portfolio (At Cost)		
Investments in Government securities		
8.60% Government Securities 2028 (17,500,000 Units of ₹ 100/- each)	17,361.05	17,361.05
8.17% Government Securities 2044 (14,000,000 Units of ₹ 100/- each)	14,018.92	14,019.58
8.15% Government Securities 2026 (4,000,000 Units of ₹ 100/- each)	4,100.45	-
Total	35,480.42	31,380.63

*Kept as collateral to the extent of face value of ₹ 29,500 lacs against LAF with RBI, ₹ 2,000 lacs as IRF Collateral with IL & FS and ₹ 4,000 lacs with CCIL towards SGF (For the PY 2014-15, collateral to the extent of ₹ 28,500 lacs against term repo with RBI, ₹ 1,000 lacs against CBLO with CCIL and ₹ 2,000 lacs as IRF collateral with IL & FS)

NOTE 9: LONG TERM LOANS & ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Security Deposits	22.24	39.93
Advance Tax and tax deducted at source (Net of provision for tax ₹ 9,889.73 (PY ₹ 9,474.73)	423.65	196.24
Total	445.89	236.17



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 10: INVENTORY (STOCK IN TRADE)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Investments in Central Government securities (CGS)	201,223.73	55,243.35
(b) Investments in State Development Loans (SDLs)	18,381.71	81,503.20
(c) Investments in Government special securities	20,656.33	571.25
(d) Investments in Treasury Bills	144,348.84	170,780.36
(e) Investments in Debentures or Bonds	92,326.40	23,843.89
(f) Investments in Commercial Papers	21,388.16	4,692.53
(g) Investments in Certificate of Deposit	32,582.22	9,418.26
Total	530,907.39	346,052.84
(Refer Note no. 21B-14 for Securities kept as collateral with CCIL)		
Additional Information:		
Aggregate amount of quoted investments (Face Value)	328,240.00	328,240.00
Aggregate amount of quoted investments (Market value)	332,716.35	332,716.35
Aggregate amount of unquoted investments (Face Value)	15,000.00	15,000.00
Aggregate provision for diminution in value of quoted investment	Nil	Nil
Basis of Valuation (Refer Note no. 21A-2(ii)) :-		
Investment in Government Securities (Including Treasury Bills)	Aggregate Cost or Market Value whichever is less	Aggregate Cost or Market Value whichever is less
Investment in Debentures or Bonds		
Investment in Equity Instruments		
Investment in Other Instruments	At Cost	At Cost



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 11: TRADE RECEIVABLES

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment		
Others	9.07	0.09
	9.07	0.09

NOTE 12: CASH AND BANK BALANCES

Particulars	As at March 31, 2016	As at March 31, 2015
Cash and Cash equivalents		
(a) Balances with banks	29.54	35.35
In Current Account with RBI	22.15	22.42
In Current Account with Others	7.39	12.93
(b) Cash on hand	0.08	0.16
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	21.75	34,000.00
Total	51.37	34,035.51

Note: Fixed deposit of ₹ 21.75 lacs is kept with HDFC Bank pertaining to capital requirements for Interest Rate futures segment with NSE/BSE



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 13: SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Loans and advances (Others)		
(a) Margin Money with CCIL (Securities & CBLO segment)	608.00	308.00
(b) Margin Money with ILFS	526.25	22.00
(c) Advance paid to suppliers	5.03	1.84
(d) Advance paid for Fixed Assets	-	16.84
(e) Prepaid expenses	85.38	45.78
Total	1,224.66	394.46

NOTE 14: OTHER CURRENT ASSETS

Other Current Asset	As at March 31, 2016	As at March 31, 2015
(a) Accrued Interest Income which includes:-	7,768.81	3,914.00
On Government Securities (Trading)	3,313.18	799.72
On State Development Loan (SDL's)	584.54	1,351.40
On GOI Special Securities	30.97	22.71
On Corporate Bond	2,816.24	771.19
On Government Securities (Investment)	993.76	878.75
On Fixed Deposit	-	87.65
On Others	30.12	2.58
(b) Other Receivables	0.33	0.10
Total	7,769.14	3,914.10



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 15: REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Trading Profit/(Loss) on securities (Refer A below)	(1,420.03)	11,545.41
Government Securities	(3,182.09)	9,947.64
State Development Loans	348.46	470.02
GOI Special Securities	54.15	46.99
Corporate Bonds	(125.03)	651.08
Zero Coupan Bonds	300.69	111.17
Liquid Mutual Fund	718.53	160.28
Equity Shares	(74.48)	0.00
Equity Futures & Options	177.69	0.00
Interest Rate Swaps	73.55	46.80
Interest Rate Futures	(42.59)	145.03
Treasury Bills	298.58	(55.27)
Commercial Papers	14.85	7.27
Certificate of Deposits	17.66	14.40
(b) Interest Income on Discounted Instrument (Refer B below)	12,809.33	11,182.19
Treasury Bills	10,927.81	10,698.36
Commercial Papers	1,375.92	403.86
Certificate of Deposits	499.34	67.60
CBLO Lending	6.26	12.37



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(c) Interest Income	22,766.99	18,106.13
Interest on -		
Call Money	0.58	0.67
Government Securities (Trading)	9,215.77	5,942.96
Government Securities (Investment)	3,089.81	3,552.70
State Development Loan	2,744.98	2,762.51
GOI Special Securities	39.80	21.62
Corporate Bond	4,378.76	1,623.78
Fixed Deposit	3,049.09	3,982.41
Income from Repo	172.61	181.18
Other Interest	75.59	38.30
(d) Underwriting & Other Income	245.54	396.77
Underwriting Fees	236.10	395.99
Other Fee & Incentive Income	0.33	0.78
Dividend Income	9.11	-
Total	34,401.83	41,230.50



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

A Trading Profit/(Loss) on securities	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Government securities	(3,182.09)	9,947.64
Sales (net of brokerage)	35,068,540.02	40,072,044.87
Add : Stock on hand as at the end of the year	201,223.73	55,243.35
Less: (i) Purchases	(35,217,702.49)	(40,116,251.52)
(ii) Stock on hand as at the beginning of the year	(55,243.35)	(1,089.06)
(b) State Development Loans	348.46	470.02
Sales (net of brokerage)	1,286,596.48	843,571.38
Add : Stock on hand as at the end of the year	18,381.71	81,503.20
Less: (i) Purchases	(1,223,126.53)	(864,488.23)
(ii) Stock on hand as at the beginning of the year	(81,503.20)	(60,116.33)
(c) GOI Special Securities	54.15	46.99
Sales (net of brokerage)	47,301.82	32,876.43
Add : Stock on hand as at the end of the year	20,656.33	571.25
Less: (i) Purchases	(67,332.75)	(33,400.69)
(ii) Stock on hand as at the beginning of the year	(571.25)	-
(d) Corporate Bond	(125.04)	651.08
Sales (net of brokerage)	178,897.29	169,519.70
Add : Stock on hand as at the end of the year	87,387.94	23,843.89
Less: (i) Purchases	(242,566.38)	(176,079.08)
(ii) Stock on hand as at the beginning of the year	(23,843.89)	(16,633.43)
(e) Zero Coupon Bonds	300.69	111.17
Sales (net of brokerage)	33.75	3,668.81
Add : Stock on hand as at the end of the year	4,938.46	-
Less: (i) Purchases	(4,671.52)	(3,557.64)
(ii) Stock on hand as at the beginning of the year	-	-



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

A Trading Profit/(Loss) on securities	For the year ended March 31, 2016	For the year ended March 31, 2015
(f) Liquid Mutual Fund	718.53	160.28
Sales (net of brokerage)	2,195,418.53	454,960.28
Add : Stock on hand as at the end of the year	-	-
Less: (i) Purchases	(2,194,700.00)	(454,800.00)
(ii) Stock on hand as at the beginning of the year	-	-
(g) Equity Shares	(74.48)	-
Sales (net of brokerage)	4,317.07	-
Add : Stock on hand as at the end of the year	-	-
Less: (i) Purchases	(4,391.55)	-
(ii) Stock on hand as at the beginning of the year	-	-
(h) Equity Futures & Options	177.69	-
Profit & Loss including MTM on Equity F&O	177.69	-
(i) Interest Rate Swap	73.55	46.80
Profit & Loss including MTM on IRS	73.55	46.80
(j) Interest Rate Futures	(42.59)	145.03
Profit & Loss including MTM on IRF	(42.59)	145.03
(k) Treasury Bills	298.58	(55.27)
Profit & Loss including MTM on Treasury Bills	298.58	(55.27)
(l) Commercial Papers	14.85	7.27
Profit & Loss including MTM on Commercial Papers	14.85	7.27
(m) Certificate of Deposit	17.66	14.40
Profit & Loss including MTM on Certificate of Deposit	17.66	14.40
Total (A)	(1,420.04)	11,545.41



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

B Discount Income	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Treasury Bills	10,927.81	10,698.36
Sales (net of brokerage)	2,602,762.61	2,642,949.48
Add : Stock on hand as at the end of the year	144,348.84	170,780.36
Less: (i) Purchases	(2,565,104.71)	(2,724,760.40)
(ii) Stock on hand as at the beginning of the year	(170,780.36)	(78,326.35)
	11,226.39	10,643.09
Less: Trading Profit and Loss as disclosed in (A) above	298.58	(55.27)
Discount Income on Treasury bills	10,927.81	10,698.36
(b) Commercial Papers	1,375.92	403.86
Sales (net of brokerage)	14,811.14	17,231.92
Add : Stock on hand as at the end of the year	21,388.16	4,692.53
Less: (i) Purchases	(30,116.00)	(11,824.07)
(ii) Stock on hand as at the beginning of the year	(4,692.53)	(9,689.25)
	1,390.77	411.13
Less: Trading Profit and Loss as disclosed in (A) above	14.85	7.27
Discount Income on Commercial Paper	1,375.92	403.86
(c) Certificate of Deposit	499.34	67.60
Sales (net of brokerage)	9,738.68	11,982.85
Add : Stock on hand as at the end of the year	32,582.22	9,418.26
Less: (i) Purchases	(32,385.64)	(10,329.32)
(ii) Stock on hand as at the beginning of the year	(9,418.26)	(10,989.79)
	517.00	82.00
Less: Trading Profit and Loss as disclosed in (A) above	17.66	14.40
Discount Income on Certificate of Deposit	499.34	67.60
(d) CBLO Lending	6.26	12.37
Total (B)	12,809.33	11,182.19



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 16: OTHER INCOME

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Previous year's provision written Back	1.66	98.04
(b) Misc. Receipt	0.85	0.05
Total	2.51	98.09

NOTE 17: OPERATING EXPENSE

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Transaction and Settlement Charges		
DP/CCII Charges	923.88	1,364.63
Stamp Duty payment	25.62	28.36
IRF Trading Charges	14.73	8.43
Total	964.23	1,401.42

NOTE 18: EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Salary & Reimbursements	546.14	489.93
(b) Contribution to PF	26.17	23.59
(c) Gratuity (Refer Note 21B-10)	7.83	5.57
(d) Leave Encashment (Refer Note 21B-10)	39.73	41.95
(e) Staff welfare expenses	32.62	31.79
(f) Performance Linked Variable Scheme	13.16	403.70
Total	665.65	996.53



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 19: FINANCE COST

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Interest expense		
Interest on -	26,750.32	20,694.17
Call & Notice Money	4,616.18	4,485.10
Borrowing from RBI	2,771.98	2,481.48
Inter-Corporate Deposit	402.94	443.80
Term Money	7,295.61	3,014.70
Loan against Fixed Deposit	-	17.15
Refinance from RBI	3,034.75	3,063.33
Repo Borrowing	8,628.86	7,188.61
(b) Interest expense on discounted instrument	3,817.35	4,329.08
Commercial Paper	-	-
CBLO Borrowing	3,817.35	4,329.08
(c) Financial Charges	102.47	124.32
Overdraft Facility charges	102.47	124.32
Total	30,670.14	25,147.57



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

NOTE 20: OTHER EXPENSE

Other Expenses	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Administrative Expenses	233.78	195.04
Bank Charges	0.43	0.43
Electricity Charges	21.36	19.39
Insurance Charges	19.66	17.45
Postage, Telephone & Telegrams	43.35	38.48
Printing & stationery Expenses	9.61	10.89
Rent	33.89	30.62
Repairs & Maintenance	68.02	44.63
Rates & Taxes	1.17	2.00
Software maintenance	11.31	10.85
Other office Expenses	24.98	20.30
(b) Professional Fees	74.19	70.91
Rating Charges	20.29	20.22
Internal Audit	8.13	8.58
Software Consultancy	12.84	5.62
Human Resource Consultancy	17.28	16.84
Other professional fees	15.65	19.65
(c) Payment to Auditors	8.56	11.39
for audit services	6.30	5.26
for taxation matters	-	2.06
for other services	2.06	3.87
for reimbursement of expenses	0.20	0.20



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lacs)

Other Expenses	For the year ended March 31, 2016	For the year ended March 31, 2015
(d) Others	341.84	340.16
Advertising Expenses	0.32	2.40
Information Services	87.16	72.72
Newspaper & periodicals	5.93	5.05
Business Development Expenses	4.41	17.77
Travelling, Conveyance & Motor Car Expenses	21.15	30.12
Board Meeting Expenses	10.33	6.32
Sitting Fees to Directors	15.67	14.59
(Profit)/Loss on Sale of Assets	0.97	(0.31)
Amortization of Premium on Investment	9.41	98.73
Corporate Social Responsibility Expenditure	186.08	92.54
Miscellaneous Expenses	0.41	0.23
Total	658.37	617.50



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 21: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

A] SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements of the company have been prepared under historical cost convention on accrual basis and are in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material aspects with the accounting standards notified under section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014 and circulars and guidelines issued by the Reserve Bank of India from time to time to the extent applicable to Non Banking Finance Companies (NBFCs) and as applicable to Primary Dealers.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the results of operations during 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 the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1. Revenue Recognition

i. Treasury Bills, Commercial Papers, Certificate of Deposits and Zero Coupon Bonds

The difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as income. The same is included in the carrying amount of these securities and the aggregate amount is regarded as cost for the purpose of valuation of stock-in-trade.

In case of discounted instruments, discount income represents the income accrued from the date of acquisition to the date of sale/maturity. Profit/Loss on sale of discounted instruments is the difference between the sale price and its carrying cost and is part of the trading income.

ii. Government Securities, FI & Other Bonds and Equities

- a) The amounts paid and received towards accrued interest on the purchases and sales of: (i) Government Securities and (ii) FI and Other Bonds are netted off at the year-end and reckoned as income under the head "Interest on Government Securities" and "Interest on FI and Other Bonds" respectively. Accordingly, in respect of the transactions in Government Securities and FI & Other Bonds dealt with on outright basis, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively. Securities classified under HTM Portfolio are purchased in primary auction, at the applicable bid price. Securities transferred from Held to Maturity (HTM) Portfolio to stock in trade is reckoned at market value or Book Value whichever is lower.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- b) The underwriting commission if any, received from Reserve Bank of India on the purchases of Government Securities and Treasury Bills made by the Company through subscription to the floatations in the primary market is deducted from the purchase consideration paid and the net amount after such reduction is reckoned as cost of these securities.
- c) Interest on fixed coupon debt securities held on balance sheet date is accrued for expired period at coupon rate and interest on floating rate securities is accrued at the rate determined by the terms of issue.
- d) In case of Inflation Indexed Bonds (IIB), the interest and consideration towards purchase and sale of IIB are indexed with the index ratio prevalent on the date of the transaction. The amounts paid and received towards accrued interest on the purchases and sales of IIB are netted off at the year-end and reckoned as income under the head "Interest on IIB". Accordingly, in respect of the transactions in IIB, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively.
- e) Cost of purchase 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.

iii. Collateralized Borrowing and Lending Obligation (CBLO) transactions

Transactions for borrowing and lending under CBLO are recorded at their discounted values. The difference paid or received on redemption is treated as discount paid on CBLO in case of borrowing and discount earned on CBLO in case of lending. The difference between the discounted value on the borrowing date or the lending date, as the case may be, and the redemption value of the instrument, outstanding on the Balance Sheet date is apportioned on the time basis and recognized as expense or income respectively under the head "Interest/discount income or expenses". The same is included in the carrying amount of the borrowing or lending.

iv. Pass Through Certificates

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

v. Equity and Index Futures and Options

- a) The initial margin and the additional margin paid for entering into contracts for equity and index futures and options are disclosed under Short Term Loans and Advances.
- b) "Equity Option Premium Account" represents the premium paid or received for buying or selling the options, respectively. The net premium paid or received for buying or selling the option, as the case may be, is recognized in the Profit and Loss Account for all squared-up/



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

settled contracts. Similarly, on the expiry of the contracts and on exercising the options, the difference between the final settlement price and the strike price is transferred to the Profit and Loss Account.

- c) Gains or losses on stock/index futures contracts are recognized on squaring up of positions or expiry of contracts.
- d) The Open positions are marked to market on the balance sheet date and gains, if any, are not recognized and the losses fully provided for. The Provision for Loss on Equity Index/Stock Futures/Option Account represents the mark to market losses for open positions on balance sheet date.
- e) The daily mark-to-market margin paid to/received from the custodian in respect of equity futures trades is debited or credited on daily basis and the same is disclosed under Loans and Advances or Current liabilities as the case may be.

vi. 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 considerations (clean price and the accrued interest) between the 1st and 2nd leg of the repo and reverse repo transactions is accounted as Repo Expenditure or Repo Income, as the case may be, over the period of the contract.

vii. Underwriting Commission/Fees

Underwriting commission/fee earned in respect of successful bids/devolvements towards discharge of underwriting commitments, to the extent apportionable to the cost pro tanto, are reduced from the cost of securities devolved and the remaining amount is reckoned as income.

viii. Front-end fees /Arrangers' Fee

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

ix. Brokerage and Commission Earned

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

x. Interest Rate Swaps (IRS)

Cash flows on Interest Rate Swaps (IRS) are accounted for on accrual basis and settled as per the terms of the contract.

xi. Dividend income is recognised when the right to receive dividend is established.

xii. Profit/Loss from trading in Equities and exchange traded derivatives is recognised on the basis of weighted average cost on trade dates. Profit/Loss from trading in Government Securities, FI &



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Other Bonds, other securities are recognised on the basis of weighted average cost on settlement dates.

xiii. Hedged Portfolio

(a) Securities

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

(b) Swap

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

xiv. Interest Rate Futures:

- a) The initial margin and the additional margin paid for entering into contracts for interest rate futures are disclosed under Short Term Loans and Advances
- b) The daily mark-to-market margin paid to/received from the clearing member in respect of Interest Rate Futures contracts are debited/credited on daily basis and the same is provided under Short Term Loans and Advances or Current liabilities, as the case may be.
- c) The Open positions are marked to market on the balance sheet date. Gains, if any, are not recognized/provided for and losses, if any, are provided under Provision for Loss on Interest Rate Futures Account, which represents the mark to market losses for open positions on balance sheet date.
- d) Gains or losses on Interest Rate Futures contracts are recognized, on First in First Out basis, on squaring up of positions or expiry of contracts, whichever is earlier.

2. Classification and Valuation of Stock-in-trade and Investments

i. Classification

The securities acquired with the intention of trading are considered as stock-in-trade and are shown under current assets. Other securities acquired with the intention of long term holding and earning interest income are considered as investments. The stock-in-trade is further classified into six heads for valuation purpose based on different asset classes i.e. Equity shares, preference shares, debentures and bonds, Govt. securities (including SDLs, T-bills, FRB's & IIBs), Mutual funds and Others.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

ii. Valuation of Stock-in-trade

- a) The stock of Government dated securities (including T-bills) are considered scripwise and the weighted average cost (carrying cost in case of T-bills) and market value is aggregated for all investments. Net depreciation, if any, is provided for/charged to Profit & Loss a/c and net appreciation, if any, is ignored. Market value is determined in accordance with the guidelines laid down by Fixed Income Money Market and Derivatives Association of India (FIMMDA). Depreciation in one category is not off set against appreciation in other category.
- b) The stock of Bonds and debentures are considered scripwise and the weighted average cost and market value is aggregated for all investments. Net depreciation, if any, is provided for/charged to Profit & Loss a/c and net appreciation, if any, is ignored. Market value is determined in accordance with the guidelines laid down by Fixed Income Money Market and Derivatives Association of India (FIMMDA). As regards the tax free bonds, for the purpose of determining market value price quoted on the stock exchanges on the relevant day is also considered. It is valued at lower of weighted average cost, market value as determined in accordance with the guidelines laid down by Fixed Income Money Market and Derivatives Association of India (FIMMDA) or market value as per stock exchange.
- c) The Equity shares are considered scripwise and the weighted average cost and market value is aggregated for all investments. Net depreciation, if any, is provided for/charged to Profit & Loss a/c and net appreciation, if any, is ignored. Market value is determined by the prices obtained from the stock exchange.
- d) The Mutual Funds are considered schemewise and the weighted average cost and Net Asset Value (NAV) is aggregated for all investments. Net depreciation, if any, is provided for/charged to Profit & Loss a/c and net appreciation, if any, is ignored.
- e) The stock of Commercial Papers and Certificates of Deposit held as stock-in-trade are considered scripwise and carrying cost (as explained at Sl. No. 2 (iv) above) and market value is aggregated for all investments. Net depreciation, if any, is provided for/charged to Profit & Loss a/c and net appreciation, if any, is ignored (Market value is determined in accordance with the guidelines laid down by Fixed Income Money Market and Derivatives Association of India (FIMMDA)). In line with the FIMMDA guidelines, Certificate of Deposit (CDs) and Commercial Papers (CPs) of less than one year tenor are valued at carrying cost.
- f) The stock of Pass Through Certificates (PTCs) held as stock-in-trade are valued at carrying cost (as explained at Sl. No. 2 (vi) above) or market value whichever is lower. Market value is determined in accordance with the guidelines laid down by Fixed Income Money Market and Derivatives Association of India (FIMMDA).
- g) Investments other than stock in trade are valued at cost, as reduced by a decline in value of other than temporary nature, if any. In the case of debt instruments where the cost of acquisition is more than the redemption value, the difference is amortized over the period remaining to maturity and charged to the Profit and Loss account.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

h) The outstanding swaps held for trading purpose are marked to market on the Balance Sheet date on the basis of yield rates announced by FIMMDA.

iii. Valuation of Investments

Government Securities held as HTM Portfolio are valued at amortised cost. The premium, if any, on the security is amortised over the period till maturity. In respect of Government Securities acquired on HTM basis, market value at year end is determined and disclosed. However, no accounting adjustments are made for diminution/appreciation in value of such investments.

The stock is transferred from HTM Portfolio to trading portfolio at cost, book value or market value, whichever is lower.

The profit on sale of securities, if any from HTM Portfolio shall first be taken to the Profit & Loss Account and thereafter be appropriated to the Capital Reserve Account (net of tax). Loss on sale shall be recognized in the Profit & Loss Account

3. Fixed Assets & Depreciation

a) Fixed Assets

Fixed Assets are valued at original cost less accumulated depreciation. Costs include all direct costs attributable to acquisition, installation and commissioning.

b) Depreciation

Depreciation on fixed assets is provided on the straight line method based on the Useful Life as per the provisions under Schedule II to the Companies Act, 2013 w.e.f. 01.04.2014.

The Company has applied the following Useful Life of the assets as per Schedule II of the Companies Act, 2013:

Fixed Assets	Useful Life as per Schedule II
Building	60 years
Furniture & Fixtures	10 years
Motor Vehicles – Motor Cars	8 years
Office Equipments	5 years
Computers and data processing units:	
Servers and Networks	6 years
End User Devices	3 years
Electrical Installation and Equipments	10 years
Computer- Software	3 years



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

c) Impairment of Assets

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

4. Foreign Exchange Transactions

Expenses and remittances in foreign currency are accounted at the exchange rates as on the transaction date.

5. Taxes on Income

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

6. Employee Benefits

i. Provident Fund

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There is no obligation other than the monthly contribution payable to the Regional Provident Fund Commissioner.

ii. Gratuity

The gratuity liability of the company is funded through a Group Gratuity Scheme with Life Insurance Corporation of India (LIC) under which the annual contribution is paid to LIC. The contribution to gratuity is accrued on the basis of actuarial valuation.

iii. Other Benefits

Other employee benefits are provided for on the basis of Actuarial Valuation, and is not funded. The "Projected Unit Credit Method" has been used to determine the liability of leave encashment and sick leave. The actuarial gain or loss is recognised in the Profit and Loss Account.

7. Borrowing Costs:

Borrowing cost other than directly attributed to Fixed Assets are directly recognised as expenses in the period in which they are incurred and are charged to revenue.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

8. Operating Lease

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

9. Earnings Per Share

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

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

10. Provisions and Contingent Liabilities

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

B] NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Contingent Liability

- a. Claims against Company not acknowledged as debt: Nil (PY -Nil)
- b. No provision has been made in respect of following disputed tax dues under Income tax Act, 1961. The tax liability under dispute is ₹ 1.51 crores (PY -Nil):

Statute	Disputed tax liability	Period to which dispute relates	Forum where dispute is pending
Income Tax Department	₹ 1.51 crores	FY 2009-10 (AY2010-2011)	CIT (Appeals)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

2. Capital Commitment and Contractual Obligation

- a. Estimated amount of contracts remaining to be executed on capital account in respect of:

(Amount - ₹ in lacs)

S No.	Particulars	March 31, 2016	March 31, 2015
1.	Computer Software (net of advances and deposits)	Nil	5.97

- b. Commitment and contractual obligations in respect of:

- i. The purchases and sales of the securities effected on March 31, 2016, the transaction shall be accounted on April 04, 2016 i.e Settlement date. The details of the transactions are given below in the table.

(Amount - ₹ in lacs)

S No.	Particulars	March 31, 2016	March 31, 2015
1.	Purchase of securities	2,63,700.00	1,84,705.98
2.	Sale of securities	2,56,485.25	1,83,152.06

- ii. Disclosure on Interest Rate Swaps:

(Amount - ₹ In Lacs)

S No.	Particulars	March 31, 2016	March 31, 2015
1.	Notional principal of Interest Rate Swaps for Trading	4,94,711.36	2,68,711.36
2.	Notional Principal of Interest Rate Swaps for Hedging	Nil	Nil
3.	Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	487.00*	382.00*
4.	Collateral value made available towards Derivatives margin.	10,770.86	Nil
5.	Concentration of credit risk arising from the swaps	169.00**	143.00**
6.	The fair value of the swap book	(77.61)	(310.60)

*The swaps referred above pertains to non guaranteed settlement platform.

+Credit risk concentration is measured as net receivable under swap contracts from topmost counter party.

The gross MTM receivable on account of Interest Rate swap is ₹ 5,05,798.35 lakh (PY ₹ 2,77,340.59 lakh) and the gross MTM payable on account of Interest Rate swap is

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

₹ 5,05,875.96 lakh (PY ₹ 2,77,651.19 lakh). The net MTM payable of ₹ 77.61 lakh (PY ₹ 310.60 lakh) has been shown under the head 'Other current liabilities' (Refer Note 5d).

The credit exposures on various swap counterparties are within the pre-determined risk parameters and are reviewed periodically.

3. Segment Reporting**Business Segment :**

The Company has identified two business segments viz. Gilts segment and Non-Gilts segment based on risk, return and the regulatory authorities for reporting as the primary segment.

The detailed segmental information for the segments is as under :-

(₹ In lacs)

	Segmental Reporting			
	Gilts Segment	Non-Gilts Segment	Unallocated	Total
REVENUES :-				
From External Clients	23,984.10 (34,208.27)	10,417.72 (7,022.23)	2.51 (98.40)	34,404.33 (41,328.90)
Internal segment	-	-	-	-
Total Revenue	23,984.10 (34,208.27)	10,417.72 (7,022.23)	2.51 (98.40)	34,404.33 (41,328.90)
Total Expenditure	22,971.59 (22,065.16)	7,698.55 (4,582.56)	2401.00 (1,519.71)	33,071.14 (28,167.43)
Segment Result-Profit/ (-)Loss	1,012.51 (12,143.11)	2,719.17 (2,439.67)	-2,398.49 (-1,421.31)	1,333.19 (13,161.47)
Less: Tax expense	(Nil)	(Nil)	563.68 (5093.31)	563.67 (5093.31)
Less : Prior Period expense	(Nil)	(Nil)	Nil (0.64)	Nil (0.64)
Total Result				769.52 (8,067.52)
OTHER INFORMATION				
Segment Assets	4,26,147.74 (3,80,903.80)	1,49,143.47 (34,773.77)	2,387.19 (2,283.38)	5,77,678.41 (4,17,960.95)
Segment Liabilities	4,01,653.56 (3,36,136.18)	1,38,859.13 (45,161.11)	396.69 (664.14)	5,40,909.38 (3,81,961.43)

Note : Figures in brackets denote figures for previous financial year



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

a. Segment Revenues and Expenses:

The Segmental revenues and expenses includes all items directly attributable to the respective segment. Administrative expenses, personnel costs and depreciation on fixed assets cannot be identified with any particular segment and are considered as unallocable.

b. Segment Assets and Liabilities:

The Segmental assets and liabilities includes all items directly attributable to the respective segment. All other assets and liabilities not attributable to any particular segment have been grouped under Unallocated Assets and liabilities.

c. Geographical Segment:

Since the segregation of the business geographically is not possible, in view of the Management, the Company does not have geographical segmentation in the context of the Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

4. Related Party disclosures

a. List of related parties:

- i. Enterprises that directly or indirectly through one or more intermediaries control or controlled by or are under common control with the reporting enterprise:

Holding Company : STCI Finance Limited

(erstwhile Securities Trading Corporation of India Limited)

Fellow Subsidiary : STCI Commodities Limited

- ii. Key management personnel and relatives of such personnel

1. Shri Pradeep Madhav, Managing Director
2. Shri Prasanna Patankar, Deputy Managing Director
3. Shri M.N.Suresh, Chief Financial Officer@
4. Shri Kalpesh Mody, Company Secretary@

@ Key Managerial Personnel as per the requirements of the Companies Act, 2013 and the rules made thereunder. Managing Director is deemed to be Key Managerial Personal for the requirement of the Companies Act, 2013 as well as in the ordinary course of business



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

b. Details of Related party transactions during the year:

(Amount - ₹ In lacs)

Nature of Transaction	Related Party	2015-16	2014-15
Purchase of Government Securities	Holding Company	Nil	Nil
Sale of Government Securities	Holding Company	2,885.00	5,565.21
Capital Expenditure	Holding Company	Nil	3,731.20
Capital Receipt	Holding Company	Nil	Nil
Reimbursement of Expenses (Payment)	Holding Company	8.03	8.68
Reimbursement of Expenses (Received)	Holding Company	2.00	2.05
Sitting fees Paid	Holding Company	0.20	1.00

Total Remuneration (including Salaries, allowances, perquisites, Company's contribution to PF and PLVP, if any, to be paid in staggered manner, as per policy to Key Management Personnel-

(Amount - ₹ In lacs)

S No.	Key Managerial Personnel	Designation	March 31, 2016	March 31, 2015
1	Mr. Pradeep Madhav	Managing Director	65.43 ⁺	163.63 ⁺ *
2	Mr. Prasanna Patankar	Dy. Managing Director	59.94 ⁺	119.27 ⁺ *
3	Mr. M.N.Suresh [@]	Chief Financial Officer	33.24 ⁺	72.86 ⁺ *
4	Mr. Kalpesh Mody [@]	Company Secretary	12.34 ⁺	16.33 ⁺ *

*PLVP to be paid in staggered manner, till May 2017, as per policy.

+Subject to applicable tax deduction

@ Key Managerial Personnel as per the requirements of the Companies Act, 2013 and the rules made thereunder. Managing Director is deemed to be Key Managerial Personal for the requirement of the Companies Act, 2013 as well as in the ordinary course of business.

All the transactions detailed above are entered at arms length and in the ordinary course of business.

5. Assets taken on Lease

Office premises at Delhi and Kolkatta have been acquired under operating lease on payment of monthly rentals. Future minimum lease rentals relating to non-cancellable operating lease period are as under. Office operations of Bangalore branch have been shifted to Mumbai office and the Bangalore branch office has been closed. Accordingly, the lease deed of the Bangalore premises has been surrendered w.e.f March 31, 2016



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(Amount - ₹ In lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
<u>Delhi Office</u>		
Not later than 1 year	19.49	19.49
Later than 1 year not later than 5 years	2.73	22.22
Later than 5 years	Nil	Nil
<u>Kolkatta Office</u>		
Not later than 1 year	7.8	7.8
Later than 1 year not later than 5 years	4.55	12.35
Later than 5 years	Nil	Nil
<u>Bangalore Office</u>		
Not later than 1 year	Nil	5.67
Later than 1 year not later than 5 years	Nil	0.95
Later than 5 years	Nil	Nil
Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<u>Delhi Office</u>		
Payment made during the year (excluding taxes)	19.49	20.14
<u>Kolkatta Office</u>		
Payment made during the year (excluding taxes)	7.8	3.25
<u>Bangalore Office</u>		
Payment made during the year (excluding taxes)	5.67	5.4

6. Earning Per Share:

Particulars	March 31, 2016	March 31, 2015
Opening number of shares	15,00,00,000	16,60,00,000
Closing number of shares	15,00,00,000	15,00,00,000
Weighted average number of shares for basic EPS	15,00,00,000	16,54,73,973
Profit / (Loss) after taxes	7,69,51,584	79,74,99,302
Basic EPS (in ₹)	0.51	4.82
Diluted EPS (in ₹)	0.51	4.82



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

7. The Company has accounted for the deferred tax asset and liability in respect of the timing differences through the Profit and Loss Account. The components of the Deferred Tax Asset/(Liability) are as under:

(Amount - ₹ In lacs)

S No.	Particulars	March 31, 2016	March 31, 2015
	Deferred Tax Asset :		
1	Provision for Stamp Duty	103.46	83.57
2	Provision for Performance Linked Incentive Scheme	33.96	164.45
3	Provision for Retirement Leave encashment	38.26	26.37
	Total Deferred Tax Asset	175.68	274.39
	Deferred Tax Liability:		
4	Provision for Performance Linked Incentive Scheme	-	-
5	Provision for Retirement Leave encashment	-	-
6	Depreciation	(182.94)	(147.99)
	Total Deferred Tax Liability	(182.94)	(147.99)
	Net Deferred Tax Asset/(Liability)	(7.28)	126.40

8. In line with the Accounting Policy followed by the Company, the fall-in-value of securities held by the Company as stock-in-trade (as detailed below) has been fully provided for.

(Amount - ₹ in lacs)

S No.	Type of Security	March 31, 2016	March 31, 2015
1	Government dated securities (including T-bills)	Nil	Nil
2	Corporate Bonds including PSU/PFI	Nil	Nil
	TOTAL	Nil	Nil

9. **Defined Contribution Plan**

(Amount - ₹ in lacs)

Particulars	March 31, 2016	March 31, 2015
Employer's Contribution to Provident Fund	24.06	21.42



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

10. Defined Benefit Plan

a. Gratuity : Disclosure in terms of Revised AS-15

(Amount in ₹ Lacs)

Particulars	March 31, 2016	March 31, 2015
I. Assumption as at		
Mortality	IALM (2006-08) Ult	IALM (2006-08) Ult
Interest / Discount rate	7.46%	8.70%
Rate of increase in compensation	5.00%	5.00%
Rate of return (expected) on plan assets	7.46%	8.70%
Employee Attrition Rate	30%	20%
Expected average remaining service	5.27	7.75
II. Changes in present value of obligations		
PVO at beginning of period	61.30	48.59
Interest cost	4.69	4.07
Current Service Cost	7.12	6.42
Benefits Paid	(1.92)	(3.59)
Actuarial (gain)/loss on obligation	(24.86)	5.80
PVO at end of period	46.32	61.30
III. Changes in fair value of plan assets		
Fair Value of Plan Assets at beginning of period	41.21	33.11
Adjustment to opening balance	4.23	Nil
Expected Return of Plan Assets	3.47	2.78
Contributions	4.10	9.04
Benefit Paid	(1.92)	(3.59)
Actuarial gain/(loss) on Plan Assets	(0.38)	(0.14)
Fair Value of Plan Assets at end of period	50.71	41.21



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	March 31, 2016	March 31, 2015
IV. Actuarial Gain/(Loss) recognized		
Actuarial gain/(loss) for the period (obligation)	24.86	(5.80)
Actuarial gain/(loss) for the period on Plan Assets	(0.38)	(0.14)
Total Gain/(Loss) for the period	(24.47)	(5.94)
Actuarial Gain/(Loss) recognized for the period	(24.47)	(5.94)
Unrecognized Actuarial Gain/(Loss) at end of period	Nil	Nil
V. Amounts to be recognized in the balance sheet and statement of profit & loss account		
PVO at end of period	46.32	61.30
Fair Value of Plan Assets at end of period	50.71	41.21
Funded Status	4.38	(20.09)
Unrecognised Actuarial Gain/(Loss)	Nil	Nil
Net Asset/(Liability) recognized in the balance sheet	4.38	(20.09)
VI. Expenses recognized in the statement of P & L A/c		
Current Service Cost	7.12	6.42
Interest Cost	4.69	4.07
Past Service Cost –(non vested benefits)	Nil	Nil
Past Service Cost –(vested benefits)	Nil	Nil
Expected Return on Plan Assets	(3.47)	(2.78)
Net Actuarial (Gain)/Loss recognized for the period	(24.47)	5.94
Expenses recognized in the statement of P & L A/c	(16.14)	13.64



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Experience Adjustment

(Amount in ₹ Lacs)

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined Benefit					
Obligation	46.32	61.30	48.59	23.70	18.08
Plan Assets	50.71	41.21	33.11	22.26	19.67
Surplus / (Deficit)	4.38	(20.09)	(15.49)	(1.45)	1.59
Exp. adj. on plan liabilities	24.86	(5.8)	(15.40)	(2.79)	0.81
Exp. adj. on plan assets	(0.38)	(0.14)	(0.29)	(0.03)	(0.22)

Note:- i) The gratuity contribution is paid to Life Insurance Corporation of India (LIC) under under Group gratuity Scheme of LIC.

ii) The estimates of the future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

b. **Leave Encashment:** The Company has made a provision of ₹ 30.49 lacs during the period ended March 31, 2016 for leave encashment on actuarial valuation basis.

11. Expenditure in Foreign Currency :

(Amount - ₹ In lacs)

S No.	Particulars	March 31, 2016	March 31, 2015
1	On Travel	3.27	0.13
2	On Interest	Nil	Nil
3	On Others	Nil	4.46

Earnings in Foreign Currency : NIL. (March 31, 2015 – NIL)

12. The Company is a member of Primary Dealers' Association of India and Fixed Income Money Market and Derivatives Association of India; which are Companies limited by guarantee and incorporated under the Companies Act, 1956. The amount guaranteed by the Company on this score amounts to ₹ One Hundred only, for each Association.

13. The Company is a member of the Securities and CBLO segment of The Clearing Corporation of India Limited.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

14. The stock-in-trade and Non-current Investment as on March 31, 2016, includes Government Securities and Treasury Bills of Face Value ₹ 78,100.00 Lacs held as collaterals with The Clearing Corporation of India Limited (includes Government Securities and Treasury Bills of Face Value ₹ 49,000.00 Lacs as on March 31, 2015). Short term loans and advances includes margin money deposit of ₹ 608 lacs held as cash collaterals with The Clearing Corporation of India Limited (₹ 308 lacs for FY 2014-15).

15. Corporate Social Responsibility (CSR) Disclosure

Gross amount required to be spent by the Company towards its Corporate Social Responsibility (CSR) during the year is ₹ 186.08 lacs

(₹ in Lacs)

Sr. No.	Particulars	Amount Spent	Pending to be Spent	Total
1	Construction/acquisition of any asset	Nil	Nil	Nil
2	On purposes other than (i) above	186.08	Nil	186.08

16. The Company has been dealing in Government Securities on behalf of the Constituents through the Constituent SGL account opened with RBI. The transactions undertaken cover amounts received from the constituents and also physicals tendered by them for conversion into SGL Account. As on March 31, 2016 the face value of the securities held by the Company on behalf of the constituents is ₹ 14,20,614.30 Lacs (March 31, 2015 - ₹ 11,92,996.80 Lacs).

17. The Company has the following open positions in respect of Interest Rate Future Contracts on the Balance Sheet date:

Name of the Security	Open Position	No. of Units	Holding Rate	Market Price
7.72% GS 2025 - 28.04.2016	Short	10,00,000	100.40	100.3925

18. In terms of the provisions of Reserve Bank of India guidelines, details of Repo and Reverse Repo transactions during the year are given here under :

(₹ In lacs)

PARTICULARS	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	March 31, 2016
Securities sold under repos	32,125.97 (Nil)	2,48,026.78 (1,71,504.56)	1,23,078.90 (89,551.12)	71,765.70 (70,087.09)
Securities purchased under reverse repos	Nil (Nil)	30,129.52 (59,170.84)	2,516.23 (2,455.49)	Nil (Nil)

Note: Figures in brackets denote figures for March 31, 2015



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

19. In terms of the provisions of Non-Banking Financial Companies, Prudential Norms (Reserve Bank) Directions, 1998, the following details are submitted :

(₹ In lacs)

PARTICULARS	Amount Outstanding		Amount Overdue		
	2015-16	2014-15	2015-16	2014-14	
<u>Liabilities side:</u>					
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	a) Debentures	Nil	Nil	Nil	Nil
	b) Deferred Credits	Nil	Nil	Nil	Nil
	c) Term Loans (Term Money)	1,32,630.00	39,400.00	Nil	Nil
	d) Inter-corporate loans and borrowings	4,908.62	5,346.84	Nil	Nil
	e) Commercial Paper	Nil	Nil	Nil	Nil
	f) Other Loans -				
	(i) Call/Notice	50,883.00	39,500.00	Nil	Nil
	(ii) CBLO	61,768.06	43,755.09	Nil	Nil
	(iii) RBI LAF	1,72,500.00	140,100.00	Nil	Nil
	(iv) RBI Refinance	44,400.00	42,200.00	Nil	Nil
	(v) Loan Against Fixed Deposit	Nil	Nil	Nil	Nil
	(vi) REPO Borrowing	71,765.69	70,087.09	Nil	Nil
<u>Assets side :</u>					
2	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):				
	a) Secured	Nil	Nil	Nil	Nil
	b) Unsecured	1,670.53	630.63	Nil	Nil
3	Break up Leased Assets and stock on hire and other assets counting towards AFC activities				
		N.A	N.A	N.A	N.A



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ In lacs)

PARTICULARS	Amount Outstanding		Amount Overdue	
	2015-16	2014-15	2015-16	2014-14
4 <u>Break-up of Investments</u>				
Current Investments (Stock-in-trade)				
1. <u>Quoted</u>				
(i) (a) Equity shares	Nil	Nil	Nil	Nil
(b) Preference shares	Nil	Nil	Nil	Nil
(ii) Debentures and Bonds	92,326.40	23,843.89	Nil	Nil
(iii) Units of mutual funds	Nil	Nil	Nil	Nil
(iv) Government Securities & Treasury Bills	3,84,610.61	3,08,098.16	Nil	Nil
(v) Others	Nil	Nil	Nil	Nil
2. <u>Unquoted</u>				
(i) Shares				
(a) Equity	Nil	Nil	Nil	Nil
(b) Preference	Nil	Nil	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil	Nil	Nil
(iii) Units of mutual funds	Nil	Nil	Nil	Nil
(iv) Government Securities	Nil	Nil	Nil	Nil
(v) Others				
(a) Certificates of Deposit	32,582.22	9,418.26	Nil	Nil
(b) Commercial Paper	21,388.16	4,692.53	Nil	Nil



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ In lacs)

PARTICULARS	Amount Outstanding		Amount Overdue	
	2015-16	2014-15	2015-16	2014-14
<u>Long-Term Investment</u>				
1. <u>Quoted</u>				
(i) Shares				
(a) Equity	Nil	Nil	Nil	Nil
(b) Preference	Nil	Nil	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil	Nil	Nil
(iii) Units of mutual funds	Nil	Nil	Nil	Nil
(iv) Government Securities	35,480.42	31,380.63	Nil	Nil
(v) Others	Nil	Nil	Nil	Nil
2. <u>Unquoted</u>				
(i) Shares				
(a) Equity	Nil	Nil	Nil	Nil
(b) Preference	Nil	Nil	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil	Nil	Nil
(iii) Units of mutual funds	Nil	Nil	Nil	Nil
(iv) Government Securities	Nil	Nil	Nil	Nil
(v) Others	Nil	Nil	Nil	Nil
5. Borrower group-wise classification of all leased assets financed as in (2) and (3) above:				
a. Related parties	Nil	Nil	Nil	Nil
b. Other than related parties	Nil	Nil	Nil	Nil
6. Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)				
a. Related parties	Nil	Nil		Nil
c. Other than related parties	5,66,387.81	3,77,433.47		Nil



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

20. In terms of Reserve Bank of India's guidelines, issuer composition of investments in non-Government securities is given hereunder:

(₹ In lacs)

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	12,475.20 (7,608.76)	9,540.89 (7,608.76)	Nil	Nil	Nil
2.	FIs	83,230.15 (11,056.14)	83,230.15 (11,056.14)	Nil	Nil	Nil
3.	Banks	35,576.62 (9,723.33)	35,576.62 (9,723.33)	Nil	Nil	Nil
4.	Other PDs	Nil (Nil)	Nil (Nil)	Nil	Nil	Nil
5.	Private Corporate	15,014.81 (9,566.45)	15,014.81 (9,566.45)	Nil	Nil	Nil
6.	Subsidiaries/ Joint Ventures	Nil (Nil)	Nil (Nil)	Nil	Nil	Nil
7.	Others	Nil (Nil)	Nil (Nil)	Nil	Nil	Nil
8.	Provision held towards depreciation	Nil (Nil)	Nil (Nil)	Nil	Nil	Nil
	Total	1,46,296.78 (37,954.68)	1,43,362.47 (37,954.68)	Nil	Nil	Nil

Note: Figures in brackets denote previous years figures



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

21. Disclosure in terms of Notification No. DNBS.200/CGM(PK)-2008 dated August 01, 2008 under Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

S No. Items	March 31, 2016	March 31, 2015
i. CRAR (%)	23.86	23.81
ii. CRAR - Tier I capital (%)	23.86	23.81
iii. CRAR - Tier II Capital (%)	Nil	Nil

a. Exposures to Real Estate Sector

(₹ In Lacs)		
Category	March 31, 2016	March 31, 2015
a. Direct exposure		
i. Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lacs may be shown separately)	NIL	NIL
ii. Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	NIL	NIL
iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential,	NIL	NIL
b. Commercial Real Estate.	NIL	NIL
b. Indirect Exposure		
Fund based and non-fund based exposures on Housing Finance Companies (HFCs).	63,737.86	5,219.93



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

b. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities.

(₹ In Crores)

	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	1,835.13 (789.00)	-	-	-	-	-	-	-	1,835.13 (789.00)
Market Borrowings	3504.34 (2,964.85)	-	49.09 (50.04)	-	-	-	-	-	3,553.43 (3,014.89)
Assets									
Advances									
Investments	5,663.88 (3,774.33)	-	-	-	-	-	-	17.90 (18.21)	5,681.78 (4,132.54)

Note: Figures in brackets denote previous years figures

22. Margin money Deposit with ILFS of ₹ 5.26 crores for meeting margin requirements (March 31, 2015 - ₹ 0.22 crores)
23. No stamp duty has been paid on non-government securities transactions in view of the ongoing deliberations between Government of Maharashtra and various representative bodies of the participants viz. IBA, FIMMDA, PDAI and AMFI, on the applicability of stamp duty on non-government securities' transactions. The Company has so far not received any claim for stamp duty from the Stamp Office in respect of non-government securities transactions.

For the current year, provision of ₹ 25.62 lacs (March 31, 2015 - ₹ 28.36 lacs) calculated on the basis of 0.01% of the value of transaction as stipulated in the Maharashtra Stamp Act, (erstwhile The Bombay Stamp Act, 1958), as ammended, has been made for stamp duty for direct deals of non government securities. The provision as on March 31, 2016 for stamp duty on non-government securities transactions stands at ₹ 298.95 lacs (March 31, 2015 - ₹ 273.33 lacs). The amount of provision is included under Note no. 3 "Long term provisions" in the balance sheet and under the head Operating expenses in Note no. 17 in the statement of profit and loss.

24. There are no dues payable to micro, small and medium enterprises in view of the nature of the business of the Company. The Company has not received any intimation from its suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- 25.** The following information is submitted as required by the Reserve Bank of India's guidelines to Primary Dealers regarding publication of their audited annual results:

Net borrowings in call : Average net call borrowing during the period ended March 31, 2016 was ₹ 413.32 crores and peak net call borrowing during the period ended March 31, 2016 was ₹ 1042.30 crores.

Leverage ratio: Average during the year was 11.96 and peak during the year was 15.25

Quarterly CRAR (Capital To Risk Weighted Asset Ratio) : Quarter ended June 30, 2015 – 24.13 %, quarter ended September 30, 2015 – 22.96%, quarter ended December 31, 2015 – 21.93% and quarter ended March 31, 2016 – 23.90%.

- 26.** As per the payment of Bonus (Amendment) Act, 2015, wherein the eligibility limit and the calculation ceiling have been increased, the provision of ₹ 0.77 Lacs has been provided for the year ended March 31, 2016. However, the bonus paid for the previous year was higher than the amount prescribed as per the said amendment, accordingly no provision is required to be made for the previous year ended March 31, 2015.
- 27.** Previous year figures have been reclassified/regrouped wherever necessary to bring them in line with the Company's current year financials.
- 28.** Previous year financials were audited by the Statutory Auditors appointed for the said Financial year.



STCI FINANCE LIMITED



STCI COMMODITIES LIMITED

**Annual Report
For The Year Ended
31st March, 2016**





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DIRECTORS' REPORT

TO THE SHAREHOLDERS OF

STCI COMMODITIES LIMITED

The Directors take pleasure in presenting the Twelfth Annual Report of the Company with the audited accounts for the year ended March 31, 2016.

FINANCIAL RESULTS

(in Rs.Lakhs)

	March 31,2016	March 31,2015
Total Income	10.25	9.74
Total expenses	2.05	2.44
Profit/(Loss) before taxes	8.19	7.30
Tax expenses	--	0.66
Net Profit/(Loss) after tax	8.19	6.64

PERFORMANCE

Since your Company discontinued its commodity broking operations with effect from September 20, 2011, it has been liquidating its assets, paying off its clients dues and setting its pending legal cases. The Company has also submitted an application for surrender of its membership with Multi Commodity Exchange (MCX) and National Commodity and Derivative Exchange (NCDEX). During the year under review, the Company's application for surrender of membership of NCDEX was accepted and the said membership was terminated.

Your Company reported a profit before tax of Rs. 8.19 lakh for the year ended March 31, 2016 as against a profit before tax of Rs. 7.30 lakh in the previous year. The Profit after tax was Rs. 8.19 lakh as against Rs.6.64 Lakh in the previous year.

DIVIDEND

The Board of Directors has not recommended any dividend for the current year, due to inadequate profits.

KEY FORWARD

On receipt of requisite approvals from the concerned regulatory authorities, necessary steps will be taken to apply for dormant status of the Company or alternatively close the Company subject to fulfilling the requirements under the Companies Act, 2013 or Guidelines of the Ministry of Corporate affairs or other applicable laws or Regulations.

BOARD OF DIRECTORS

In terms of the provisions of the Companies Act, 2013 and the Articles of Association, Shri Pradeep Madhav retires by rotation at this Annual General Meeting and, being eligible, offers himself for re-appointment.

The brief particulars of the Director to be appointed/ re-appointed at the ensuing Annual General Meeting is furnished in Annexure to the Notice for the ensuing Annual General Meeting.



DIRECTORS' REPORT

Number of Board Meetings: During the financial year 2015-16, four meetings of the Board of Directors were held on April 20, 2015, August 19, 2015, December 16, 2015 and March 23, 2016.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, the Director confirms that:

- a. In the preparation of Annual Accounts, the applicable accounting standards have been followed and that there are no material departures.
- b. Appropriate accounting policies have been selected and applied them consistently and made judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit of the company for that period.
- c. Proper and sufficient care has been taken to the best of their knowledge and the ability for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The Annual Accounts have not been prepared on a going concern basis.
- e. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

AUDITORS

M/s. H.M.Jain & Co., Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company by the Comptroller and Auditor General of India (C&AG) for the Financial Year 2015-16.

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

EXTRACT OF ANNUAL RETURN

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

RELATED PARTY TRANSACTIONS

All transactions entered into with the related parties referred to under section 188(1) of the Companies Act, 2013 during the year are in the ordinary course of business and on arms length basis. There are no materially significant related party transactions made by the Company with the Promoters or Directors or other related parties which may have a potential conflict with the interest of the Company at large. The particulars of contracts or arrangements entered into with related parties referred to under Section 188(1) in Form AOC-2 is enclosed as Annexure II.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details regarding Loans, Guarantees or Investments made by the Company have been given in the notes to the Financial Statements.

OTHER DISCLOSURES

No statement containing particulars of employees as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is being annexed to the Report as there is no



DIRECTORS' REPORT

employee drawing remuneration as prescribed under the aforesaid Rule.

The disclosures pertaining to Conservation of Energy and Technology Absorption are not applicable to your company, as your company is not a manufacturing company.

There was no out go of foreign exchange during the year.

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public during the financial year 2015-16.

ACKNOWLEDGEMENT

The Board of Directors express their sincere appreciation to Forward Market Commission, MCX, NCDEX, NSPOT, Company's Bankers and our parent company, STCI Finance Limited for their support and guidance. The Board of Directors also places on record their appreciation of the dedicated performance by the employees.

On behalf of the Board of Directors

Mumbai

Date: 25th August, 2016

D S R Murthy

Chairman



ANNEXURE I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U67120MH2004PLC148711
ii)	Registration Date	20/09/2004
iii)	Name of the Company	STCI Commodities Limited
iv)	Category / Sub-Category of the Company	Public Company limited by shares/*
v)	Address of the Registered office and contact details	A/B 1-802, A-Wing, 8 TH Floor, Marathon Innova, Marathon Nextgen Compound, Off. Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013. Tel: +91-22-6142 5115/100 Fax: +91-22 24991092 E-mail id: suparna@stcionline.com
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (India) Private Limited Address: 13 AB, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri (East), Mumbai - 400 072. Tel: +91-22- 67720354 Fax: +91-22- 28508927 E-mail id: kalim@shareproservices.com

**The Company has discontinued its commodities broking operations w.e.f September 20, 2011*

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	*Not applicable		

**The Company has discontinued its Commodity broking operations w.e.f September 20, 2011*



III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of Shares Held	Applicable Section
1.	STCI Finance Limited A/B 1-802, A wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off Ganpatrao Kadam Marg, Lower Parel (W), Mumbai 400013	U51900MH1994PLC078303	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	4470000	-	4470000	99.34	4470,000	-	4470000	99.34	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	30,000	30000	0.66	-	30,000	30,000	0.66	-
Sub-total (A) (1):	44,70,000	30,000	45,00,000	100%	44,70,000	30,000	45,00,000	100	Nil
(2) Foreign									
a) NRI's- Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):	-	-	-	-	-	-	-	-	-
Total Shareholding Promoter (A) = (A)(1) + (A)(2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-



c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt. (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding	-	-	-	-	-	-	-	-	-
(B) = (B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	44,70,000	30,000	45,00,000	100%	44,70,000	30,000	45,00,000	100	Nil

ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	STCI Finance Ltd	44,70,000	99.34	Nil	44,70,000	99.34	Nil	Nil
2	STCI Finance Ltd jointly with Rajiv Ranjan	5000	0.11	Nil	5000	0.11	Nil	Nil
3	STCI Finance Ltd jointly with Deepak Paharya	5000	0.11	Nil	5000	0.11	Nil	Nil



4	STCI Finance Ltd jointly with Kamlesh Rathi	5000	0.11	Nil	5000	0.11	Nil	Nil
5	STCI Finance Ltd jointly with Suparna Sharma	5000	0.11	Nil	5000	0.11	Nil	Nil
6	STCI Finance Ltd jointly with Sabita Braganza	5000	0.11	Nil	5000	0.11	Nil	Nil
7	STCI Finance Ltd jointly with Alope Prasad	5000	0.11	Nil	5000	0.11	Nil	Nil
	Total	45,00,000	100	Nil	45,00,000	100	Nil	Nil

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	44,70,000	99.34	44,70,000	99.34
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	44,70,000	99.34	44,70,000	99.34
2	At the beginning of the year	5,000	0.11	5,000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5,000	0.11	5,000	0.11
3	At the beginning of the year	5,000	0.11	5,000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5,000	0.11	5,000	0.11
4	At the beginning of the year	5,000	0.11	5,000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5,000	0.11	5,000	0.11
5	At the beginning of the year	5,000	0.11	5,000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5,000	0.11	5,000	0.11
6	At the beginning of the year	5,000	0.11	5,000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5,000	0.11	5,000	0.11



7	At the beginning of the year	5,000	0.11	5,000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5,000	0.11	5,000	0.11

iv) Shareholding Pattern of top ten Shareholders:

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year	-	-	-	-
2	At the beginning of the year	-	-	-	-
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year	-	-	-	-
3	At the beginning of the year	-	-	-	-
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year	-	-	-	-
4	At the beginning of the year	-	-	-	-
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year	-	-	-	-
5	At the beginning of the year	-	-	-	-
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year	-	-	-	-

v) Shareholding of Directors and Key Managerial Personnel:

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



V) INDEBTEDNESS

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

(in Rs. Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
i) Addition (issue of NCDs during the year)	-	-	-	-
ii) Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission - as % of profit - others, specify...		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

* The Company does not have a Managing Director, whole time Director or manager



B. Remuneration to other directors

(in Rs. Lakhs)

Sr.No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	-	-	-	-	-
	(a) Fee for attending board /committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	Other Non-Executive Directors	DSR Murthy	Pradeep Madhav	S. Venkateswarlu	Yogesh Gaat	
	(a) Fee for attending board committee meetings	0.20	0.15	0.05	0.15	0.55
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	Total (2)	0.20	0.15	0.05	0.15	0.55
	Total (B)=(1+2)	0.20	0.15	0.05	0.15	0.55
	Total Managerial Remuneration					0.55
	Overall Ceiling as per the Act For (B)- Remuneration to other Directors by way of sitting fees for attending each meeting of Board or Committee					(Sitting fees of Rs.1 lakh for each meeting of the Board or Committee thereof attended by a director)

C. Remuneration to *Key Managerial Personnel Other Than MD / Manager / WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- Others, specify.....	-	-	-	-
5	Others, please specify	-	-	-	-
	Total				

*The Company does not have any Key Managerial Personnel.



VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors.

Mumbai
Date: 25th August, 2016

D S R Murthy
Chairman
(DIN: 00012014)



ANNEXURE II

FORM NO. AOC.2

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

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

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

2. Details of material contracts or arrangement or transactions at arm's length basis:

All transactions entered into by the Company with related parties during the year ended March 31, 2016 are in ordinary course of business and at arms length basis.

Details of transactions with related parties at an aggregate level for the financial year ended March 31, 2016 :

Sr.No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangement	Duration of contract/ arrangement/ transaction	Salient terms of the contract/arrangements/ transactions including value, if any	Amount (in Rs Lakhs)	Date of Board approval, if any	Amount paid as advances, if any
6.	STCI Finance Limited –Holding Company	Sitting fees paid for attending Board Meetings	N.A	Sitting fees of Rs. 5000/- paid for each meeting of Board attended by Nominees of STCI Finance Limited.	0.35	N.A	-

On behalf of the Board of Directors.

Mumbai

Date: 25th August, 2016

D S R Murthy

Chairman

(DIN: 00012014)



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STCI COMMODITIES LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **STCI COMMODITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



INDEPENDENT AUDITORS' REPORT

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit/loss and its cash flows for the year ended on that date.

Emphasis of matter

9. (a) We draw attention to Note 8 to the financial statements, during the financial year 2011-12, The Company had decided to discontinue the commodity broking operations. Accordingly the broking operations were discontinued with effect from 20th September 2011. Accordingly, the accounts have not been prepared on the assumption of going concern basis. Further, the company has submitted an application with Commodities Exchanges a) National Commodity & Derivatives Exchange Limited (NCDEX) and b) Multi Commodity Exchange for surrender of membership on 25/10/2013. During the year NCDEX accepted the application for surrender of membership and terminated the membership w.e.f. August 19, 2015. The Company's other application dated 25/10/2013 for surrender of its MCX membership is pending with Multi Commodity Exchange.
- (b) We draw attention to Note 11 to the financial statements, the Company had decided to discontinue the commodity broking operations and accordingly the broking operations were discontinued with effect from 20th September 2011. The company is required to repay the clients and exchange dues on the discontinuation of business. The company had taken steps to repay such dues to the tune of Rs.7,60,562/- by issuing cheques to the respective parties, but some cheques were returned back to the company and some cheques were delivered but not deposited by the parties and some other cases the matters are in dispute.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements:-

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



INDEPENDENT AUDITORS' REPORT

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) The financial statements of the company have not been prepared on the assumptions of going concern. The going concern matter has been described in paragraph 9 (a) under the Emphasis of Matters paragraph above.
- (f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure B"
- (h) With respect to the directions issued by the C & AG under section 143(5) of The Companies Act, 2013 refer to our separate Report in Annexure "C". and
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 14 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For and on behalf of
H M Jain & Co.
Chartered Accountants
Firm Registration No.: 103909W

H M Jain
Partner
Membership No.: 033953

Place: Mumbai
Date : April 29, 2016



ANNEXURE “A” To The Auditors’ Report

With reference to the Annexure referred to in **paragraph 10** of the report of the Auditors’ to the Members of STCI Commodities Limited on the accounts for the year ended 31st March 2016, we report that:

- (i) Based on the examination, the company does not have any fixed assets and hence clause (i) (a), (b) and (c) of the Order is not applicable to the Company.
- (ii) According to the information and explanation given to us, the Company does not have any inventory and accordingly clause (ii) to the order is not applicable.
- (iii) As per the information furnished, the Company has not granted any loans, secured or unsecured, companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence clause (iii) (a) and (b) and (c) is not applicable to the Company.
- (iv) As per the information furnished, the Company has not granted any loans, investments, guarantees, and security and therefore, provisions of section 185 and 186 of the Companies Act, 2013 are not applicable and accordingly clause (iv) to the order is not applicable.
- (v) According to the information and explanation given to us the Company has not accepted any deposits within the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 the Act. Hence clause (v) of the Order is not applicable to the Company.
- (vi) The central government has not prescribed maintenance of cost records under sub section (1) of section 148 of the Companies Act for any activities of the company. Accordingly, clause (vi) to the order is not applicable.
- (vii) According to the information and explanation given to us and on the basis of our examination of the books of account;
 - (a) the Company has been regular in depositing undisputed statutory dues with the appropriate authorities.
 - (b) there are no statutory dues which have not been deposited on account of any dispute, other than the following:

Nature of dues	Period to which amount relates	Amount (₹)	Forum where dispute is pending
Income Tax	F.Y 2006-07 (A.Y 2007-08)	10,38,852	Out of the total demand raised for ₹1,587,192, the refund to the extent of ₹5,48,340 pertaining to several years have been adjusted against outstanding demand for AY 2007-08. (Dispute pending with Assessing officer for rectification of mistake under sec 154 of the Income tax Act, 1961).

- (viii) the company has not accepted any loans or borrowings from financial institution, bank, Government and accordingly clause (viii) to the order is not applicable.



ANNEXURE "A"

To The Auditors' Report

- (ix) the company has not raised any money by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans and accordingly clause (ix) to the order is not applicable.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) the company is not a Nidhi Company and accordingly clause (xii) to the order is not applicable.
- (xiii) all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards
- (xiv) the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review
- (xv) the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of

H M Jain & Co.

Chartered Accountants

Firm Registration No.: 103909W

H M Jain

Partner

Membership No.: 033953

Place: Mumbai

Date : April 29, 2016



ANNEXURE “B”

To The Auditors’ Report

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

We have audited the internal financial controls over financial reporting of STCI COMMODITIES LIMITED (“the Company”) as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for



ANNEXURE “B”

To the Auditors’ Report

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

H M Jain & Co.

Chartered Accountants

Firm Registration No.: 103909W

H M Jain

Partner

Membership No.: 033953

Place: Mumbai

Date : April 29, 2016



ANNEXURE "C"

To the Auditors' Report

Directions and Sub Directions under Section 143(5) of the Companies Act, 2013 applicable from the year 2015-2016

- | | |
|---|---|
| <p>1. Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?</p> <p>2. Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and amount involved?</p> <p>3. Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities?</p> <p>4. Whether there are any cases of waiver of fees/ reversal of accounted fees which was due but not received/written off. If yes, the reasons there for and amount involved-case wise.</p> | <p>1. The company does not have any freehold/ leasehold titles during the year under consideration</p> <p>2. There are no cases of waiver/write off of debts/ loans/interest etc. during the year under consideration.</p> <p>3. There are no inventories lying with third parties. The company has not received any gift/grant from Government or other authorities.</p> <p>4. There are no cases of waiver and/or reversal of accounted fees which was due but not received/ written off.</p> |
|---|---|

H M Jain & Co.

Chartered Accountants

Firm Registration No.: 103909W

H M Jain

Partner

Membership No.: 033953

Place: Mumbai

Date : April 29, 2016



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF STCI COMMODITIES LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of Financial Statements of STCI Commodities Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 April 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under section 143(6)(a) of the Act of the Financial Statements of STCI Commodities Limited for the year ended 31 March 2016. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

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

(Roop Rashi)

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

Place : Mumbai
Date : 19 July 2016



BALANCE SHEET AS AT MARCH 31, 2016

(Amount in ₹)

Particulars	Note No	As at March 31, 2016	As at March 31, 2015
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1.1	4,50,00,000	4,50,00,000
(b) Reserves and surplus	1.2	(3,05,83,379)	(3,14,02,808)
Sub-Total - (A)		1,44,16,621	1,35,97,192
2 Non-current liabilities		-	-
Sub-Total - (B)		0	0
3 Current liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	2.1		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		8,20,256	8,14,389
(c) Other current liabilities	2.2	2,25,000	2,33,598
Sub-Total - (C)		10,45,256	1,047,987
TOTAL (A+B+C)		1,54,61,877	14,645,179

**BALANCE SHEET AS AT MARCH 31, 2016**

(Amount in ₹)

Particulars	Note No	As at March 31, 2016	As at March 31, 2015
II ASSETS			
4 Non-current assets			
(a) Fixed assets			
(i) Tangible assets		-	-
(ii) Intangible assets		-	-
(b) Long Term Loans and Advances	3	20,83,048	34,72,599
Sub-Total - (D)		20,83,048	34,72,599
5 Current assets			
(a) Current investments	4.1	5,28,469	6,20,419
(b) Cash and Bank Balances	4.2	1,22,50,884	1,00,19,874
(c) Other current assets	4.3	5,99,476	5,32,287
Sub-Total - (E)		1,33,78,829	1,11,72,580
TOTAL (D+E)		1,54,61,877	1,46,45,179

Note No. 1 to 15 form an integral part of this Accounts.

As per our attached report of even date**For H M Jain & Co.**

Chartered Accountants

Firm Registration No: 103909W

For and On behalf of the Board**H M Jain**

Partner

Membership No.: 033953

D S R Murthy

Chairman

Yogesh Gaat

Director

P. Madhav

Director

Place: Mumbai**Date: April 29, 2016****Place: Mumbai****Date: April 29, 2016**



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in ₹)

Particulars	Note No	For the year ended March 31, 2016	For the year ended March 31, 2015
I Revenue from operations	5	-	-
II Other income	6	10,24,667	9,74,323
III Total revenue (I + II)		10,24,667	9,74,323
IV Expenses:			
Other expenses	7	2,05,238	2,43,966
Depreciation and amortization expense		-	-
V Total Expenses		2,05,238	2,43,966
VI Earnings before tax (III-V)		8,19,429	7,30,357
VII Tax expense:			
Current tax		-	-
Short / (Excess) provision for tax of earlier year		-	66,190
Deferred tax liability/ (asset)		-	-
VIII Profit /(Loss) for the period		8,19,429	6,64,167
IX Earnings per equity share of face value of ₹10	12		
(1) Basic		0.18	0.15
(2) Diluted		0.18	0.15

Note No. 1 to 15 form an integral part of this Accounts

As per our attached report of even date

For H M Jain & Co.

Chartered Accountants

Firm Registration No: 103909W

H M Jain

Partner

Membership No.: 033953

Place: Mumbai

Date: April 29, 2016

For and On behalf of the Board

D S R Murthy

Chairman

Yogesh Gaat

Director

P. Madhav

Director

Place: Mumbai

Date: April 29, 2016



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(Amount in ₹)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) / Profit before tax and extraordinary items	8,19,429	7,30,357
Adjustments for:		
Loss / (Profit) on sale of Investments	(18,050)	(13,256)
	(18,050)	(13,256)
Operating Profit / (loss) before working capital changes	8,01,379	7,17,101
Changes in Working Capital:		
(Decrease) / Increase in Trade Payable	5,867	53,826
(Decrease) / Increase in Other Current Liabilities	(8,598)	(81,970)
Decrease / (Increase) in Other current assets	(67,189)	1,44,985
Decrease / (Increase) in Long Term Loans and Advances	15,05,581	0
	14,35,661	1,16,841
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	22,37,040	8,33,942
Less: Taxes Paid	(1,16,030)	(98,685)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	21,21,010	7,35,257
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed deposit with banks having original maturity over three months	(22,37,686)	(3,26,639)
(Purchase) / Sale of Current Investments (Net)	1,10,000	(3,45,000)
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	(21,27,686)	(6,71,639)



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(Amount in ₹)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	0	0
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	0	0
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(6,676)	63,618
Cash and Cash equivalents at beginning period (Refer note No 4.2)	2,93,235	2,29,617
Cash and Cash equivalents at end of period (Refer note No 4.2)	2,86,559	2,93,235
Other Bank balances (FD's with residual maturity of less than 12 months)	1,19,64,325	97,26,639
Cash and bank balances at end of period (Refer Note 4.2)	1,22,50,884	1,00,19,874

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

As per our attached report of even date
For H M Jain & Co.
Chartered Accountants
Firm Registration No: 103909W

For and On behalf of the Board

H M Jain
Partner
Membership No.: 033953

D S R Murthy
Chairman

Yogesh Gaat
Director

P. Madhav
Director

Place: Mumbai
Date: April 29, 2016

Place: Mumbai
Date: April 29, 2016



NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in ₹)

NOTE NO. 1.1: SHARE CAPITAL

Particulars	As at March 31, 2016	As at March 31, 2015
Authorised		
5,000,000 (PY:5,000,000) Equity shares of ₹10/- each	5,00,00,000	5,00,00,000
Issued, Subscribed & Fully paid up		
Equity Share Capital		
4,500,000 (PY: 4,500,000) Equity shares of ₹ 10/- each fully paid-up	4,50,00,000	4,50,00,000
TOTAL	4,50,00,000	4,50,00,000

Details of Shareholding as at March 31, 2016

- i) STCI Commodities Limited is a 100% wholly owned subsidiary company of STCI Finance Limited
ii) Shareholders holding more than 5% of Equity Shares

Name of Shareholder	March 31,2016		March 31,2015	
	No of Shares	% of holding	No of Shares	% of holding
1. STCI Finance Ltd	44,70,000	99.34%	44,70,000	99.34%
2. STCI Finance Ltd jointly with Shri Rajiv Ranjan	5,000	0.11%	5,000	0.11%
3. STCI Finance Ltd jointly with Shri Kamlesh Rathi	5,000	0.11%	5,000	0.11%
4. STCI Finance Ltd jointly with Ms Suparna Sharma	5,000	0.11%	5,000	0.11%
5. STCI Finance Ltd jointly with Ms Sabita Bragenza	5,000	0.11%	5,000	0.11%
6. STCI Finance Ltd jointly with Shri Alope Prasad	5,000	0.11%	5,000	0.11%
7. STCI Finance Ltd jointly with Shri Deepak Paharya	5,000	0.11%	5,000	0.11%
	45,00,000	100.00%	45,00,000	100.00%
STCI FINANCE LIMITED (PY: 4,500,000 No of shares, 100% holding)				

- iii) Reconciliation of number of equity shares (F.V. of ₹10 each)

Particulars	As at March 31, 2016		As at March 31, 2015	
	No of shares	Amount in ₹	No of shares	Amount in ₹
Number of shares at the beginning of year	45,00,000	4,50,00,000	45,00,000	4,50,00,000
Add: Shares Issued	-	-	-	-
Less: Share bought back / forfeited	-	-	-	-
Number of shares at the end of year	45,00,000	4,50,00,000	45,00,000	4,50,00,000

- iv) Each equity share is entitled to one voting right only
v) There has not been any change in share capital structure of the company either by way of issue of shares or buy back of shares during the last five years.



NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in ₹)

NOTE NO. 1.2: RESERVES & SURPLUS

Particulars	As at March 31, 2016	As at March 31, 2015
Surplus / (Deficit) at beginning of the year	(3,14,02,808)	(3,20,66,975)
Add: Net Profit / (Loss) for the current year	8,19,429	6,64,167
Surplus / (Deficit) at end of the year	(3,05,83,379)	(3,14,02,808)

NOTE NO. 2.1: TRADE PAYABLES

(Amount in ₹)

Particulars	As at Mar 31, 2016	As at Mar 31, 2015
Trade payables		
- Due to Small and Micro Enterprises ¹		
- Other than Micro and Small Enterprises		
i. to Subsidiaries		
ii. to Others (Refer Note No.11)	8,20,256	8,14,389
Total	8,20,256	8,14,389

¹ The Company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable has not been given.

NOTE NO. 2.2: OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Other Payables		
Statutory dues	3,500	3,500
Other	2,21,500	2,30,098
Total	2,25,000	2,33,598



NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in ₹)

NOTE NO. 3: LONG TERM LOANS AND ADVANCES

	As at March 31, 2016	As at March 31, 2015
Cash deposit with Commodities Exchanges ²	10,00,000	25,05,581
Tax Deducted at Source / Refund Due	10,83,048	9,67,018
Total	20,83,048	34,72,599

² Cash Deposit with Commodities Exchanges

The Company had placed Base Capital in form of cash as well as non cash in form of FDR with Commodity Exchanges. During the year, National Commodity and Derivative Exchange Ltd (NCDEX) on cessation of our membership, has refunded Base Capital deposit held in the form of Cash of ₹ 15,00,000.00 (PY ₹ 15,00,000.00) and Base Capital-FDR of ₹ 15,00,000.00 (PY ₹15,00,000.00). Detail of Base Capital maintained with Commodity exchanges is as under.

(Amount in ₹)

Deposits with Exchanges	Nature of Deposit	31-Mar-2016	31-Mar-2015
National Commodity and Derivative Exchange Ltd.	Base Capital - Cash	0	15,00,000
Multi Commodity Exchange	Base Capital - Cash	10,00,000	10,05,581
Total Base Capital in Cash		10,00,000	25,05,581
National Commodity and Derivative Exchange Ltd.	Base Capital - FD	0	15,00,000
Base/Additional Capital in FDR (Non-Cash)		0	15,00,000
Total of Base Capital		10,00,000	40,05,581

NOTE NO. 4.1: CURRENT INVESTMENTS

(Amount in ₹)

	Units	As at March 31, 2016	As at March 31, 2015
Other Investments (Non Trade) Quoted			
Investment in Mutual fund units :			
LIC Nomura MF Saving Plus Fund - Regular Growth Plan -ST - GP	1544.885	28,469	1,20,419
Face Value ₹10 (PY units: 6534.606)			
LIC Nomura MF Saving Plus Fund -Direct Growth Plan ST-G1	24474.172	5,00,000	5,00,000
Face Value ₹10 (PY units: 24474.172)			
Total		5,28,469	6,20,419
Additional informations			
Aggregate amount of quoted investments		5,28,469	6,20,419
Market value of quoted investment		6,14,570	6,73,654

Current Investments are valued at cost or market value whichever is lower



NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in ₹)

NOTE NO. 4.2: CASH AND BANK BALANCES

	As at s March 31, 2016	As at March 31, 2015
Cash and Cash Equivalents		
Balances with Bank	2,84,235	2,90,415
Cash on hand	2,324	2,820
Other Bank Balances		
- Fixed Deposit with maturity of more than 3 months but less than 12 months ³	1,19,64,325	97,26,639
Total	1,22,50,884	1,00,19,874

³ Fixed Deposit of ₹Nil (PY ₹15,00,000.00) were Lien marked in favour of National Commodity and Derivative Exchange Ltd (NCDEX) for base capital.

NOTE NO. 4.3: OTHER CURRENT ASSETS

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
Others		
-Interest Accrued but not due (on Fixed Deposits with Banks)	5,99,476	5,32,287
Others	-	-
Total	5,99,476	5,32,287

NOTE NO. 5: REVENUE FROM OPERATIONS

The company does not have any revenue from operations during the period under audit for the financial year ended March 31, 2016 nor did it have in the previous year ended March 31, 2015. Since the operations of the companies have been completely stalled from 20th September 2011.

**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016**

(Amount in ₹)

NOTE NO. 6: OTHER INCOME

	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest income from FDR	9,66,280	9,02,646
Interest on Income tax refund	19,404	8,421
Other Income	20,933	50,000
Net gain on sale of current investments	18,050	13,256
Total	10,24,667	9,74,323

NOTE NO. 7: OTHER EXPENSES

(Amount in ₹)

	For the year ended March 31, 2016	For the year ended March 31, 2015
Rates & Taxes	28,057	9,155
Travelling expenses	8,308	8,533
Legal & Professional charges	30,175	85,298
Postage and Courier	76	245
Payment to Auditors		
- As Auditors	35,000	30,000
- For other services	-	5,000
Miscellaneous Expenses	38,422	35,623
Bank and DP Charges	10,050	10,112
Director's Sitting fees	55,150	60,000
Total	2,05,238	2,43,966

NOTE NO. 8:**THE COMPANY AND THE NATURE OF ITS BUSINESS**

The company was incorporated on September 20, 2004 with the object of carrying on the business of trading and broking in commodities on the various Commodity Exchanges ie Multi Commodity Exchange (MCX) and National Commodity and Derivative Exchange (NCDEX), Mumbai.



NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

During the financial year 2011-12, The Company had decided to discontinue the commodity broking operations. Accordingly the broking operations were discontinued with effect from 20th September 2011.

The company has already settled almost all its clients outstanding accounts and some of the client accounts are pending due to legal cases with them.

Therefore, according to the Accounting Standard (AS) - 1 "Disclosure of Accounting Policies" and on the grounds of prudence and considering the requirements of Accounting Standard, the accounts continue to have not been prepared on the assumption of going concern basis since the financial year 2011-12.

During the year, NCDEX accepted the Company's application for surrender of its membership and terminated it w.e.f. August 19, 2015. Company's other application (dated 25/10/2013) for surrender of its MCX membership is pending with MCX.

NOTE NO. 9 :

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTE NO. 9.1: ACCOUNTING CONVENTIONS

The financial statements have been prepared on accrual basis to comply in all material aspects with applicable accounting principles in India, the Accounting Standards (AS) specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Companies Act, 2013 (to the extent notified).

NOTE NO. 9.2: REVENUE RECOGNITIONS

- i) Brokerage income is recognized on trade date.
- ii) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- iii) Interest Income is recognized on accrual basis.

NOTE NO. 9.3: INVESTMENTS

Long Term investments are valued at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Provision for diminution in the value of long term investments is made to recognize a decline other than temporary in the value of investments.

Investments other than long-term investments are classified as current investments and valued at cost or market value whichever is lower. Profit/Loss from investment is recognised on the basis of weighted average cost.

NOTE NO. 9.4: ACCOUNTING FOR TAXES ON INCOME

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets other than on unabsorbed tax losses and provision for doubtful debts are recognized only when there

**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016**

is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax losses and provision for doubtful debts are recognized when there is virtual certainty of their realization.

NOTE NO. 9.5: PROVISION AND CONTINGENCIES

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent assets are neither recognized nor disclosed.

NOTE NO. 10 : RELATED PARTY DISCLOSURE

A) of Parent / Associate Companies as identified by the Management are as under:

Name of Related Party	Nature of Relationship
1. STCI Finance Limited	Holding Company
2. STCI Primary Dealer Ltd	Fellow Subsidiary

B) Transaction with Holding / Group Company

Nature of Transaction	Name of Related Party	As at March 31,2016	As at March 31,2015
1. Sitting Fees Paid	STCI Finance Limited	35,000	40,000

NOTE NO. 11

Rules, Bye Laws and Business Rules of Commodity Exchanges and Forward Markets Commission (FMC) require the members of Commodity Exchanges to comply with certain requirements relating to their functions in commodities derivatives market. As per the bylaws of exchanges, company shall maintain the constituent/client funds separately and not use this money for its own transactions or for transactions of any other client or for any purpose other than margin and pay in relating to transactions entered into by such client paying the margin.

Company had discontinued its broking operation since September 2011, and has since repaid almost all the client and exchange dues. However in few cases, the repayment of client and franchisee credit balances could not be completed as the final settlement cheques issued to clients were either not deposited by clients or were returned back to the company. Trade payables (Refer Note 2.1) include ₹ 760,562/- payable to few such clients and franchisees.



NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

Details of these trade payables are as under:

(Amount in ₹)

Particulars	As at March 31,2016	As at March 31,2015
Undisputed client credit balances (not claimed by clients)	2,94,807	2,94,807
Disputed clients and franchisees credit balance	4,12,969	4,12,969
Deposit of Authorized Agent	52,786	52,786
Total	7,60,562	7,60,562

NOTE NO. 12: EARNING PER SHARE

Earnings per share are computed in accordance with AS-20 Earnings per share by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

Earning Per Share - Basic and diluted

(Amount in ₹)

Particulars	As at March 31,2016	As at March 31,2015
Profit / (Loss) after tax for the year	8,19,429	6,64,167
Weighted average number of equity shares outstanding during the year	45,00,000	45,00,000
Nominal value per equity share	10	10
Earnings Per Share – Basic and diluted	0.18	0.15

NOTE NO. 13 : SEGMENT REPORTING

The company does not have any reportable segment during the financial year 2015-16 as the operation of the company has been discontinued during the financial year 2011-12.



NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE NO. 14 : CONTINGENT LIABILITIES

No provision has been made in respect of disputed matters from Income Tax Authorities to the extent of ₹1,519,607 (PY ₹1,519,607) for Assessment Year 2007-08. Refunds of ₹548,340 pertaining to several years, has been adjusted against the demand raised of ₹1,587,192 for AY 2007-08. Income Tax matter for the same has been disputed by the Company since it is subject to appeals / representations.

NOTE NO. 15

Previous Year figures have been regrouped / re-arranged wherever necessary.