

STCI FINANCE LIMITED



**26th ANNUAL REPORT
FOR THE YEAR ENDED
31st MARCH, 2020**



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CORPORATE INFORMATION

Board of Directors	<p>: Mr. T. C. Venkat Subramanian, Director (upto 27th September, 2019)</p> <p>Mr. K. Narasimha Murthy, Director (upto 21st September, 2019)</p> <p>Mr. S. Ravi, Director (upto 21st September, 2019)</p> <p>Mr. T.V. Rao, Director (upto 21st September, 2019)</p> <p>Mrs. Thankom T Mathew, Director</p> <p>Mr. Vivek Wahj, Director</p> <p>Mr. Melwyn Rego (w.e.f 4th September, 2019)</p> <p>Mr. R Venkataramani (w.e.f 4th September, 2019)</p> <p>Ms. Uma Subramaniam (w.e.f 5th November, 2019)</p> <p>Mr. Pradeep Madhav, Managing Director & CEO</p> <p>Mr. Raghvendra Kumar, Deputy Managing Director</p>				
Statutory Auditors	<p>: M/s Prakash Chandra Jain & Co. Chartered Accountants 101, 3 D, Dheeraj Enclave CHSL Opp Bhor Industries, Borivali (E) Mumbai 400 066</p>				
Bankers	<table> <tr> <td style="vertical-align: top;"> <p>: HDFC Bank Ltd Bank of Baroda State Bank of India</p> </td> <td style="vertical-align: top;"> <p>Andhra Bank Kotak Bank Union Bank of India</p> </td> <td style="vertical-align: top;"> <p>Bank of India Corporation Bank Axis Bank</p> </td> </tr> </table>	<p>: HDFC Bank Ltd Bank of Baroda State Bank of India</p>	<p>Andhra Bank Kotak Bank Union Bank of India</p>	<p>Bank of India Corporation Bank Axis Bank</p>	
<p>: HDFC Bank Ltd Bank of Baroda State Bank of India</p>	<p>Andhra Bank Kotak Bank Union Bank of India</p>	<p>Bank of India Corporation Bank Axis Bank</p>			
Debenture Trustee	<p>: IDBI Trusteeship Services Limited Asian Building, Ground Floor 17, 17, R.Kamani Marg, Ballard Estate, Mumbai - 400 001 Tel: +91 22 4080 7014 Fax: +91 22 6631 1776</p>				
Registered & Corporate Office	<p>: 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</p>				
List of Branches	<table> <tr> <td style="vertical-align: top;"> <p>1 Delhi Office 401 & 412, 4th Floor, Prakashdeep Building, 7, Tolstoy Marg, New Delhi-110001</p> </td> <td style="vertical-align: top;"> <p>2 Pune Office Office Number 508, 5th Floor Platinum Square, Next to Hyatt Regency, Viman Nagar, Off Nagar Road, Pune - 411014</p> </td> <td style="vertical-align: top;"> <p>3 Hyderabad Office 303, Third Floor, Premises No. No.8-2-610/A, (New No.161), Silver Tower Banjara, Road No.11, Banjara Hills, Hyderabad – 500 034</p> </td> <td style="vertical-align: top;"> <p>4 Bangalore Office Unit No. 1013, 10th Floor, 84 Barton Centre, M.G. Road, Bangalore – 560 001</p> </td> </tr> </table>	<p>1 Delhi Office 401 & 412, 4th Floor, Prakashdeep Building, 7, Tolstoy Marg, New Delhi-110001</p>	<p>2 Pune Office Office Number 508, 5th Floor Platinum Square, Next to Hyatt Regency, Viman Nagar, Off Nagar Road, Pune - 411014</p>	<p>3 Hyderabad Office 303, Third Floor, Premises No. No.8-2-610/A, (New No.161), Silver Tower Banjara, Road No.11, Banjara Hills, Hyderabad – 500 034</p>	<p>4 Bangalore Office Unit No. 1013, 10th Floor, 84 Barton Centre, M.G. Road, Bangalore – 560 001</p>
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BOARD OF DIRECTORS



Mr. T. C. Venkat Subramanian
Non-Executive Director
(upto 27th September, 2019)



Mr. K. Narasimha Murthy
Independent Director
(upto 21st September, 2019)



Mr. S. Ravi
Independent Director
(upto 21st September, 2019)



Mr. T. V. Rao
Independent Director
(upto 21st September, 2019)



Mrs. Thankom T Mathew
Independent Director



Mr. Vivek Wahi
Nominee Director



Mr. Pradeep Madhav
Managing Director & CEO



Mr. Raghvendra Kumar
Deputy Managing Director



Mr. Melwyn Oswald Rego
Independent Director
(w.e.f 4th September, 2019)



Mr. R Venkataramani
Independent Director
(w.e.f 4th September, 2019)



Ms. Uma Subramaniam
Independent Director
(w.e.f 5th November, 2019)



DIRECTORS' REPORT

TO THE SHAREHOLDERS OF STCI FINANCE LIMITED

Your Directors have pleasure in presenting the Twenty Sixth Annual Report and the audited accounts of the Company for the year ended March 31, 2020.

1. FINANCIAL RESULTS

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Revenue from operations	327.03	384.39
Other Income	0.49	0.80
Profit / loss before Finance costs, Depreciation & amortisation and Tax expense	81.10	272.91
Less Finance Costs	113.56	215.84
Profit before Depreciation & amortisation and Tax expense	(32.46)	57.07
Less Depreciation & amortisation	1.42	0.89
Profit before tax	(33.88)	56.18
Less Tax expense	(14.76)	11.56
Profit after Tax for the year	(19.12)	44.62
Other comprehensive income	(2.43)	9.29
Total comprehensive income for the period	(21.55)	53.91
Appropriations		
Opening Balance in Retained Earnings	308.73	310.68
Profit after tax	(19.12)	44.62
Amount available for appropriation	289.61	355.30
Less Transfer to statutory reserves*	-	13.00
Less Dividend	30.40	30.40
Less Tax on Dividend	-	3.17
Closing Balance in Retained Earnings	259.21	308.73

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

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

The highlights of the performance of the Company during the Financial Year ended March 31, 2020 are as under:

- ▲ The profit before Impairment on loan and advances (including write offs) for the year ended March 31, 2020 is Rs. 189.91 crore as against Rs. 145.62 crore in the previous year.
- ▲ Impairment on loan and advances (including write offs and prudential write offs) for the year is Rs. 223.79 crore as against Rs. 89.45 crore in the previous year.
- ▲ The loss before tax for the year was Rs. 33.88 crore as against a profit before tax of Rs. 56.18 crore in the previous year.
- ▲ The loss after tax for the year was Rs. 19.12 crore as against a profit after tax of Rs. 44.62 crore in the previous year.
- ▲ After loan write offs, the loan book stood at Rs. 1686.21 crore as on March 31, 2020 as against Rs. 2563.12 crore as on March 31, 2019.

The sustained challenges faced by NBFCs in raising funds as well as credit quality pressures due to slowdown in the economy, adversely impacted the Company's performance during the year. The cautious approach adopted by Company towards loan



DIRECTORS' REPORT

disbursals coupled with loan pre-payments/ repayments and loan write offs during the year led to decline in the loan book. The Company reported a loss during the year primarily on account of higher impairment on loans and advances including write off of loans.

3. TRANSFER TO RESERVES

No amount has been transferred to Statutory Reserve under Section 45IC of the Reserve Bank of India Act, 1934, due to loss during the financial year 2019-20.

4. DIVIDEND

Your Directors have recommended a dividend of 8% (Rs. 0.80 per equity share of face value of Rs. 10 each) for the Financial Year ended March 31, 2020. If approved by shareholders at the ensuing Annual General Meeting (AGM), the dividend distribution will result in a cash outflow of Rs. 30.40 crore.

5. MANAGEMENT DISCUSSION & ANALYSIS

I. Macro economic Overview

Globally, escalation of trade tensions between the US and China, growing probability of disorderly Brexit, volatility in global oil prices and financial markets dominated the landscape in most part of calendar year 2019. Global economy is facing a sharp and broad-based contraction as COVID-19 pandemic takes its toll on top of already sluggish and slowing macroeconomic conditions. Financial markets across the world are experiencing volatility from January onwards due to the outbreak of COVID-19 with panic sell offs in equity markets and volatility touching levels as seen during the global financial crisis (GFC) in 2008. Resolute and wide-ranging actions by Central Banks and governments have restored a semblance of normalcy in financial markets, but the recovery depends especially on the intensity and duration of the pandemic and the discovery of a vaccine. IMF in its latest forecast of June 2020 has projected the global output to contract by 4.9 percent in 2020 under the baseline assumption of recovery of activity in the second half of the year.

Domestically, the economic slowdown that set in Q1 of 2018-19 further extended the growth deceleration in 2019-20. As per data released by NSO office, GDP growth in India slumped to its lowest level since the GFC to 4.2 per cent in 2019-20, with the lowest growth of 3.1 per cent in Q4 of 2019-20 (y-o-y) reflecting the impact of first week of COVID-19 lockdown which began on March 25, 2020. The deterioration in aggregate demand conditions in 2019-20 was exacerbated by contraction in investment, and moderation in government expenditure in H2 of 2019-20. On the supply side, agriculture and allied activities accelerated, buoyed by the late surge in south-west monsoon rainfall and bountiful north-east monsoon precipitation. However, industrial growth decelerated, led by a slowdown in manufacturing activity due to weak demand conditions. Services sector activity moderated, pulled down by a slowdown in construction; trade, hotels, transport and communication; and public administration, defence and other services. As per recent data released by NSO office, India's GDP growth has contracted by 23.9 percent in Q1 of FY 2020-21 as compared to growth of 5.2 percent in Q1 of FY 2019-20 owing to national wide COVID-19 lockdown during Q1 of FY 2020-21.

Headline CPI inflation that had been trailing below target for 13 consecutive months till Q2 of FY 2019-20 surged between October 2019 and January 2020 propelled by a vegetable price spike, particularly of onions, breaching the upper tolerance threshold of 6% in December 2019 and peaking at 7.6 % in January 2020 before moderating to 6.6 % in February 2020. Fuel prices moved out of five months of deflation into positive territory in December 2019 and sharply increased thereafter. Inflation in CPI excluding food and fuel hardened in a sustained manner from a historic low of 3.4 % in October 2019 to 4.3 % in January 2020, propelled by a series of cost pushes before registering some moderation in February. RBI supported the economy with 110 bps repo rate cut starting from April 2019 before pausing post October 2019 to spur private investments. However, following the COVID-19 crisis, it resumed its rate cut cycle with a 75 bps cut in March 2020 and further 40 bps in May 2020. From October 1, 2019, the RBI attempted to improve transmission of its policy rate cuts by making it mandatory for banks to link all fresh retail and SME loans to an external benchmark.

The current account deficit (CAD) narrowed to 0.1 % of GDP in Q4 of FY 2019-20 from 0.9 % in Q2 of 2019-20 and from 0.7 % in Q4 a year ago. The contraction in the CAD was primarily on account of a lower trade deficit with imports declining more than exports, and a rise in net services receipts. International crude oil prices (Indian basket) fluctuated in a wide range since the October 2019 increasing to around US\$ 70 per barrel towards the end of December 2019 triggered by US-Iran tensions and



DIRECTORS' REPORT

moderating from mid-January 2020 to reach US\$ 51 by early March on ease of geo-political tensions, price war between OPEC and Russia and fears of a global recession due to COVID-19. The Centre's Gross Fiscal Deficit was revised up to 3.8 per cent of GDP in 2019-20 (RE) from the budgeted 3.3 per cent, due to a shortfall in tax revenue and disinvestment proceeds. In FY 2019-20, the Government's fiscal deficit widened to 4.59% of GDP for the previous fiscal, overshooting the government's revised target of 3.8%.

With COVID-19 outbreak and the lockdown, RBI took a slew of measures to ensure that the liquidity does not dry up and introduced Targeted Long Term Repo Operations whereby the funds would be earmarked for investments in corporate bonds, commercial papers and non-convertible debentures, the rates of which had risen. The RBI also cut CRR by 100 bps to 3%. RBI announced a Rs 3.74 lakh crore of liquidity package for Indian banking system to support financial markets hit by COVID-19. The RBI also sought to ease liquidity by announcing incentives to boost credit –especially for the NBFC/ HFC/ MFI segments. Further, in light of the COVID-19 related disruptions, the RBI announced a three-month moratorium of payments of instalments on term loans, three-month deferment of interest payments on working capital loans. Further, in May 2020, this moratorium was extended for three more months till end of August 2020 by the RBI. Importantly, these regulatory forbearances will not qualify as a default, effectively ring-fencing asset quality of lenders and thus prevent any adverse swing in the NPA cycle. Also, both the Central Government and the RBI together announced measures for Rs. 20 trillion aimed at both the supply side as also the demand side of the economy, including long-term reforms measures.

The COVID-19 pandemic, the lockdown induced disruption to both supply and demand side factors, diminished consumer confidence and the expected contraction in global output in 2020 weigh heavily on the growth outlook. The actual outcome would depend upon the speed with which the outbreak is contained and economic activity returns to normalcy. Significant monetary and liquidity measures taken by RBI and fiscal measures by the Government would mitigate the adverse impact on domestic demand and help spur economic activity once normalcy is restored.

II. NBFC Sector & Developments

Overview of NBFC sector

NBFCs are an integral part of Indian Financial System contributing towards inclusive growth in the country by providing credit to the customers in the underserved and unbanked segments. As per CRISIL, NBFCs have been steadily growing their share in the credit market from 12% in year 2008 to 18% in 2018 at 19% CAGR. As per RBI FSR report, the consolidated balance sheet size of the NBFC sector grew by 20.6 per cent in FY 2019 as compared to 17.9 per cent in the FY 2018. The growth of NBFCs has been driven by factors like their ability to lend to sectors and customers who find it difficult to obtain bank lending, ability to customise and offer more specialized services, better service through faster response and personalized approach, lower cost due to focused business model, and ability to control risks and to adapt to changes.

Recent developments

While the importance of NBFCs in credit intermediation is growing, the IL&FS episode brought the focus on the asset liability mismatches of NBFCs, which poses risks to the NBFC sector as well as the financial system as a whole. To address such concerns, RBI introduced the liquidity coverage ratio (LCR) requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of ₹ 5,000 crore and above (constituting 87 per cent of the total assets of the NBFC sector). The new regulation mandates NBFCs to maintain a minimum level of high-quality liquid assets to cover expected net cash outflows in a stressed scenario. NBFCs are required to reach a LCR of 100 per cent over a period of 4 years commencing from December 2020. The on Balance Sheet liquidity of NBFCs improved in the past few quarters, especially post September 2018. The entities have steadily augmented their liquidity as market sentiments towards NBFCs turned bearish. The on-B/s cash & liquid investments in March 2020 is sufficient to cover about 3 months of the debt repayments (excluding securitisation/direct assignment (DA) outflows) of most NBFCs while access to the sanctioned funding lines could enhance the cover by an additional 1-2 months.

Defaults by a large NBFC in 2018 and by a HFC in 2019 continued to cast its shadow on the NBFC sector through the year. Banks and market borrowings accounted for over 70 per cent of total outside liabilities of the NBFC sector. With the waning of market confidence, the share of long-term market debt [i.e., non-convertible debentures (NCDs)] in total borrowings of the NBFC sector declined from 49.1 per cent at end-March 2017 to 40.8 per cent at end-December 2019. The consequent funding gap was met through bank borrowings, which rose from 23.1 per cent of total borrowings to 28.9 per cent over this period. The declining share of market funding for NBFCs is a concern as it has the potential to accentuate liquidity risk for NBFCs as well as for the



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financial system. Market response to NBFCs approaching them for funds has been disparate with the higher rated entities and large/ sponsored and supported NBFCs able to raise funds easily. Smaller / mid-sized and AA or lower rated / unrated NBFCs are faced with drying liquidity in the market which was also reflected in the lacklustre response of Banks to the Targeted Long-Term Repo Operations, NBFCs have, therefore, started maintaining liquidity cover of 2 to 3 months, despite the higher costs.

With the outbreak of COVID-19 and the RBI announcement on 3 month moratorium by lenders (which was extended for further 3 months), about 30-75% NBFC's AUM (depending on the entity under consideration) is under moratorium though not all lenders have extended a moratorium to NBFCs. In the context of COVID-19 pandemic, however, risks to the sector and consequently, systemic risks can intensify.

Performance

As per Financial Stability Report of RBI issued on July 24, 2020, as of March, 2020, a total of 9,601 NBFCs were registered with the RBI of which 66 were deposit-accepting (NBFCs-D) and 278 were systemically important non-deposit accepting NBFCs (NBFCs-ND-SI). All NBFCs-D and NBFCs-ND-SI, including Government owned NBFCs, are subject to prudential regulations regarding compliance with capital adequacy requirements and provisioning norms, along with reporting requirements. Although the combined balance sheet size of the NBFCs is about one fifth of that of SCBs, the importance of the former lies in last mile credit delivery and niche segment support in the Indian financial system. As per provisional estimates of RBI, the GNPA ratio of the NBFC sector declined from 6.1 percent in March 2019 during the successive quarters till December 2019, but surged to 6.4 percent in March 2020 quarter. The net NPA ratio was marginally lower at 3.2 percent in March 2020 quarter than the previous year. The CRAR of the sector stood at 19.6 per cent in March 2020, which was lower than its level a year ago.

Challenges

The current position poses challenges to economic and financial stability of a magnitude unknown to recent times. The outlook has shifted from one of expected growth to sharp contraction and ultimate impact of pandemic as well as time of recovery is highly uncertain. NBFCs could come under pressure due to the following Regulatory and other developments:

- Most NBFCs carried adequate on-balance sheet liquidity as of March 2020, which, along with access to funding lines, would be sufficient to meet the near-term requirements. However, the extension of moratorium, the consequent impact on collections and any delay in the disbursement of sanctioned lines or fresh sanctions could impact the NBFCs, especially in the lower rating categories. NBFCs will have to strike the right balance between continuity of repayment of cash flows vis-a-vis extending the moratorium to the eligible borrowers.
- The liquidity covers of NBFCs will be dependent on collections and the ability to raise resources during these challenging times. While large NBFCs have had relatively better access to funding, small and mid-sized NBFCs & MFIs have generally found it tough to raise funds during these challenging times. Wholesale NBFCs will have to maintain higher liquidity coverage ratio as compared to retail NBFCs to provide sufficient cushion in stressed times. Retail focused NBFCs and HFCs maintain lower liquidity covers considering their robust collection percentage, relatively low loss levels given secured nature of loans, and continued access to lending markets.
- Various asset classes which are the mainstay for the NBFC business model are facing cash flow pressures and face asset quality challenges. Small businesses are grappling with demand-side pressures and stretched working capital cycles. Real estate developers are facing a funding crunch and the off-take is still anaemic, which could put pressure on lenders whose large parts of books are moving out of moratorium. The NBFCs in Wholesale lending (corporate and real estate lending) would be impacted the most. The loan against property portfolio could show elevated delinquencies, given the cash flow challenges for the SME segment. India Ratings and Research (Ind-Ra) expects, the credit cost could rise for the overall NBFC industry. Ind-Ra believes carrying on-Balance Sheet liquidity for next 3-6 months of debt repayments, remains paramount in such volatile times.
- Profitability could remain subdued due to a compression in margins because of higher on-balance sheet liquidity, a higher proportion of long-term borrowings and continuous hardening of funding cost for a few select players. Due to the asset quality pressures, rise in credit cost could affect the profitability, where NBFCs would be turning conservative and providing higher on stressed asset classes. Also, the benefit of operating leverage will not accrue to NBFCs due to slower growth in the portfolio.



DIRECTORS' REPORT

- The recent RBI's Circular on allowing lenders to restructure loans would increase their refinancing requirements, especially for NBFCs, as scheduled cash inflow gets deferred, though the severity of the same would depend upon the proportion of loan portfolio restructured and terms of restructuring (i.e., complete moratorium vs partial payments). While restructuring would relieve the repayment pressure on borrowers and can help them to overcome any short-term stress, critical assessment of viability is essential so that it is not used as an instrument to postpone the problems, as seen previously.
- Managing asset quality is likely to gain prominence over loan growth in 2020-21, as the major asset classes funded by NBFCs face strong headwinds. Ind-Ra expects NBFCs to grow their portfolio at 8-10% in 2020-21, and the growth would be driven by retail-focused NBFCs with a long track record and an established franchise. Ind-Ra sees multiple headwinds in terms of slower balance sheet growth and elevated slippages, leading to weaker profitability for the sector. The headwinds and the other operational issues in the NBFC sector have aggravated in light of the country-wide lockdown imposed to arrest the contagion of COVID-19.

Opportunities

The current state of affairs, despite the challenges thrown up, also creates an opportunity for NBFCs to re-set their strategy and outlook. NBFCs are likely to benefit from the following opportunities and developments in the market:

- Following the credit events of 2019, NBFCs with strong governance standards and resilient operating practices remained operational with market access. However, the smaller NBFCs faced constraints and illiquidity, reflecting inherent fragilities rather than a systemic liquidity crunch. Financial markets have been discriminating between strong NBFCs and weaker ones. These developments have brought greater focus on market discipline and asset quality.
- NBFCs are being encouraged to re-negotiate with borrowers finding it difficult to service their commitment in a prudential way with a view to prevent any further economic inactivity.
- RBI has launched various initiatives to support NBFCs. RBI increased the counterparty exposure limit of banks to a single NBFC to 20% of Tier-I capital from 15%. The RBI has allowed banks to risk-weight their exposures to NBFCs based on the respective credit rating. This move is likely to expand flow of credit to the better rated NBFCs. The RBI guidelines on securitisation allow NBFCs to securitise their loans with original maturity of more than 5 years. NBFCs would benefit from the liquidity generated by securitisation of assets. Further, RBI and the Government of India (GOI) have also taken various steps to mitigate the impact of COVID-19 induced dislocation on the sector. The RBI's announcement of Targeted Long-Term Repos Operations specifically focused on NBFCs to be deployed for corporate bonds would have a calming effect on yields and improve liquidity atleast for higher rated borrowers. Such initiatives are expected to lend stability to the markets and improve sentiments.
- Capital buffers are stable for NBFCs with the calibrated growth for FY21 as the consumption of capital will be at a slower pace. As per Ind-Ra's stress case scenario, which assumes higher delinquencies and increased borrowings and operating costs, capital buffers look reasonable.
- Most NBFCs in investment grade carry adequate liquidity (liquid investments and unutilized bank lines) to meet their committed obligations of fixed cost and financial obligations even if the collection were to drop substantially for the next three months. If banks become selective in offering the moratorium, then they will remain afloat through these challenging times even assuming asset-side moratorium, liability repayment and fixed cost obligations.
- The liquidity related issues faced by NBFCs post certain adverse credit events and defaults by large NBFCs and HFCs, led to strong correction in the liability profile. NBFCs have improved their ALM structure by moving liabilities from short tenure (CPs) to long tenure (2 years+ NCDs and Bank Term loans), moderating growth and reducing leverage. While all this has led to lower profitability and RoEs, it has kept NBFCs in a good state in the current environment and created conditions for sustained stability in the NBFC sector.
- Ind-Ra expects consolidation within the NBFC space, leading to players with market leadership, operations in niche business segments & proven track record, limited overlap with banks in borrower profile gaining the market share.

Looking ahead, the NBFC sector would witness slower balance sheet growth and elevated slippages, leading to weaker profitability for the sector. The overall health of NBFCs would improve with the revival in the underlying economy and the cash



DIRECTORS' REPORT

flows of borrowers. After the COVID-19 impact gradually tapers off, the sector is poised to grow eventually on the back of strong fundamentals, adequate liquidity in the economy, significant government and regulatory support, and the increasing pace of digital adoption.

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 NBFC since year 2011 with Lending as its main business activity. The Company is a diversified mid-market B2B NBFC that provides customized financial solutions to a wide spectrum of customers ranging from Corporates, firms and High Net worth Individuals through its loan product offerings of Loan against securities/Promoter Funding and Corporate & other loan products.

(i) Lending operations

STCI Finance Limited has been primarily catering to two segments viz. Loan against Securities (LAS) and Corporate & other loans segment. In the Loan against securities (LAS) segment, the Company offers Loan to promoters, Corporates, Firms and Individuals against (listed) single scrip or multi scrip security. In the Corporate and other loans segment, the Company offers Loan to Real Estate Developers against mortgage of property and receivables, Loan (other than real estate) to Corporates/SMEs etc against property/ receivables/other assets for business purposes, structured loans, term loan, bridge finance, Loan against lease rentals, equipment finance, etc. Over the last few years, the Company has been endeavouring to strategically shift its focus to the Corporate & other loans segment to diversify its loan portfolio. This led to a steady increase in the proportion of business in the corporate & other loans segment over the last few years. However, during the year under review, there was a decrease in the proportion of business in the corporate and other loans segment primarily on account of slow down in the industrial, services sector as well as Real estate sector. The Company operates from its Corporate office in Mumbai and representative offices in Delhi, Pune, Hyderabad and Bengaluru.

The liquidity crisis faced by NBFCs following defaults by large NBFCs and HFCs continued to pose liquidity challenges for the NBFC sector as well as the financial system as a whole in FY 2019-20. The tough operating environment faced by NBFCs due to sustained challenges in raising funds, higher borrowing costs and credit quality pressures driven by slowdown of economy, adversely impacted the lending business of the Company. In the view of prevailing liquidity challenges, the Company increased its liquidity buffers for meeting its repayment/ interest obligations in the first half of the year. To increase its liquidity buffers, the Company sought loan pre-payments/ repayments and slowed down on its loan disbursements. A conscious effort was made to exit or reduce exposures with stressed groups and borrowers. Further, with the slowdown of the economy in FY 2019-20 negatively impacting the industrial, manufacturing, services sector as well as Real estate sector, the Company has been cautious and selective in lending in these sectors. With selective loan disbursements, larger pre-payments/ repayments and loan write offs during the year, the Company's loan book shrank from Rs. 2563 crore (after loan write offs of Rs. 33.31 crore) as on March 31, 2019 to Rs. 1686.21 crore (after loan write offs of Rs. 243.54 crore) as on March 31, 2020. During the year, the proportion of business from the Corporate & other Loans segment decreased to 43% of the total loan book as March 31, 2020 from 55% at the end of the previous year and the proportion of LAS segment increased to 57% of the total loan book on March 31, 2020 from 45% at the end of the previous year. The loan book segment ratio has been impacted during the year under review due to faster drop in Corporate and other loans segment as compared to Loan against shares segment. The Company would endeavour to diversify its loan book in the coming years. During the year under review, the net interest income was at Rs. 125.15 crore against Rs. 149.95 crore during the previous year.

Asset Quality

During the year under review, the Company continued with its recovery efforts and could effect recoveries in few NPA/ Stage 3 assets. The Company has written off Rs.243.54 crore in respect of individual loans for which recovery was difficult in the near future out of provision made in respect of such loans. The Company identified NPAs/ Stage 3 assets during the year and made required provisions on such NPAs/Stage 3 assets. Considering the uncertainty over the potential impact of COVID-19 pandemic and the applicable RBI guidelines on COVID-19 regulatory package, additional provision was made in respect of Stage 2 assets/ accounts in default but standard. As a result, the gross NPA/ Stage 3 assets stood at 10.38% of the loan book as on March 31, 2020 as against 6.63% of the loan book as on March 31, 2019 and the net NPAs/ Stage 3 assets stood at 4.43% of the loan book as on March 31, 2020 as against 1.50% of the loan book as on March 31, 2019.



DIRECTORS' REPORT

(ii) Treasury operations

During the period under review, your Company generated income/revenue of Rs. 11.97 crore from the equity and fixed income securities segment as against Rs. 11.14 crore during the previous year.

Segment wise performance of the Company

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

(Rs in crore)

Segment Information	Lending		Treasury	
	2019-20	2018-19	2019-20	2018-19
Total Revenue	229.16	356.47	11.97	11.14
Segment Result Profit/Loss	(109.09)	51.96	11.88	7.54

(iii) Resource Mobilisation

During the year under review, in view of the uncertainty in the availability of funds amidst the challenges in the NBFC market, your Company increased its liquidity buffers for meeting its repayment / redemption and interest obligations on timely basis. Your Company continued to augment its long term sources of funds by availing secured term loans and line of credit from Banks at competitive rates. As on March 31, 2020 your company had total sanction of term loans amounting to Rs. 1000 crore from various Banks which were availed during the year. As on March 31, 2020, term loans aggregating to Rs. 519.34 crore were outstanding. Your Company placed reliance on bank borrowings and reduced its market borrowings in view of the liquidity challenges in the market.

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

(iv) Credit rating

Your Company continues to enjoy the highest rating of A1+ from rating agency, ICRA, for its short term borrowing programme. The rating for the Company's long term debt programme has been re-affirmed by rating agencies, ICRA and CARE at "AA-". However, CARE and ICRA have revised the rating outlook of the Company's long term debt programme from "stable" to "negative".

(v) Capital to Risk Assets Ratio (CRAR)

The Company maintained CRAR well above the regulatory norms throughout the year. As on March 31, 2020, the CRAR was 62.71%. Although going forward, with growth in loan book, the CRAR is likely to come down, yet the same will remain well above the regulatory requirement.

(vi) Risk Management

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



DIRECTORS' REPORT

(vii) Information Technology framework

The Company has in place an Information Security Policy, Cyber Security Policy, Cyber Crisis Management Plan, IT Service Outsourcing Policy and the Business Continuity Plan in line with RBI Master Direction dated 08th June 2017 on Information Technology Framework for the NBFC Sector. The Board of Directors have constituted an IT Strategy Committee with an Independent Director as its Chairman and MD & CEO, a Technical outside expert, IT Head of STCI Finance Limited and IT head of STCI PD as its members. The role of the IT Strategy Committee includes approving IT strategy and IT related policies, ascertaining that the implemented processes and practices ensure that the IT delivers value to the business, ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable, monitoring the method used to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources, ensuring proper balance of IT investments for sustaining the company's growth and becoming aware about exposure towards IT risks and controls. In line with the Company's IT Strategy and in order to bring about operational efficiency, the Company has recently successfully completed migration / upgradation of the Company's in-house software FISS Oracle Database and Application to the latest Oracle version.

(viii) Internal Financial Controls and their adequacy

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

(ix) Regulatory Compliance

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

(x) HR Resources

With a view to strengthening its human resources, the Company has been recruiting professionals with appropriate skills and experience at middle and junior management levels. Recognising the importance of knowledge enrichment of its employees and exposing officers to the latest developments in the financial sector, the Company deutes its officers for appropriate training programmes, seminars and conferences. The Company's HR functions were outsourced to HR Consultants, M/s HR Annexe during the financial year 2019-20 for providing 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.

As on March 31, 2020 the staff strength was 45.

(x) Outlook for the current year

Prior to the outbreak of COVID-19, the outlook for growth for 2020-21 was looking up with improved rabi prospects and the rise in food prices, the rationalisation of personal income tax rates in the Union Budget 2020-21 along with measures to boost rural and infrastructure spending. The likely duration, intensity and the spread of COVID- 19 pandemic has drastically altered the global and domestic economic outlook.

The COVID-19 pandemic and the resultant lockdowns have significantly impacted businesses across industries. Your Company has taken steps to address the evolving risks and ensure continuity of business operations during the lock own period. The Company has put in place a "Work from Home Policy" approved by the Board. Further, the Company has maintained adequate levels of liquidity apart from back-up lines of credit to support its business requirement and near term liability maturity. In line with the recent RBI guidelines on COVID Regulatory Package, the company has offered moratorium to its customers inspite of not having availed any moratorium from its lenders. Given the above scenario, your Company expects a muted first half in FY 2021 and improvement in the second half of the year with revival of the economy and cash flows of the borrowers. The expected improvement in the second half of the year would depend on the longevity and severity of COVID-19 pandemic as also the resultant macroeconomic impact of the same. During the year, the Company will remain focused on



DIRECTORS' REPORT

collections and recoveries, asset quality management and asset liability management. The Company would continue to maintain adequate liquidity buffers to support its business operations and accordingly calibrate the pace of its disbursement. The Company will re-visit its business strategy in the light of challenges faced in the current business environment and the developments in the NBFC sector. Your company shall continue to be prudent and ensure it is adequately prepared to grow its business when the economic activities return to normalcy.

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 2020 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, 2020. 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 225.96 crore for the financial year ended March 31, 2020 as against a profit after tax of Rs. 24.65 crore during the previous financial year. The substantial increase in profits during the year are primarily on account of significant trading profits made on the fixed income securities portfolio.

The Audited financial statements along with the Auditors' Report and the Directors Report thereon of STCI Primary Dealer Limited for the financial year ended March 31, 2020 form part of this Annual Report.

(ii) STCI Commodities Limited

STCI Commodities Limited, your Company's subsidiary discontinued its commodity broking operations with effect from September 20, 2011. Since then, the Company has been settling its clients dues, its pending legal cases and surrendering its membership with Multi Commodity Exchange and National Commodity and Derivative Exchange. STCI Commodities Limited reported a profit after tax of Rs. 7.70 lakh for the year ended March 31, 2020 as against a profit after tax of Rs. 9.93 lakh in the previous year.

The Audited financial statements along with the Auditors' Report and the Directors Report thereon of STCI Commodities Limited for the financial year ended March 31, 2020 form part of this Annual Report.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

➤ Retirement / Cessations

During the year under review, Shri K. Narasimha Murthy (DIN 00023046), Shri S.Ravi (DIN 00009790) and Shri T.V Rao (DIN 05273533) retired as Independent Directors of the Company on conclusion of their second term on September 21, 2019. The Board places on record its appreciation and recognition for the significant contributions and valuable services rendered by them during their tenure as Independent Directors of the Company.

Further, during the year under review, Non-Executive Director, Mr. T.C Venkat Subramanian (holding DIN 00040526), retired at the 25th AGM of the Company held on September 27, 2019 pursuant to the provisions of Section 152(6) of the Companies Act, 2013 and Article no. 81(6) of the Company's Articles of Association. He had vide his letter dated September 03, 2019 expressed his desire to retire from the Board at the 25th AGM of the Company to be held in September 2019 and not offer himself for re-appointment. The Board places on record its appreciation and recognition for the valuable contribution and services rendered by Mr. T.C Venkat Subramanian during his tenure as a director of the Company.



DIRECTORS' REPORT

➤ *Appointment/Re-appointment*

(a) Independent Directors

During the year, the Board of Directors at its meeting held on September 04, 2019, upon the recommendation of the Nomination, Remuneration & HRD Committee, recommended for the approval of the Members, the appointment of Mr. Melwyn O Rego (DIN 00292670) and Mr. R. Venkataramani (DIN 00829107) as Independent Directors of the Company, not liable to retire by rotation for a term of three consecutive years with effect from September 04, 2019. At the 25th AGM of the Company held on September 27, 2019, the members appointed Mr. Melwyn O Rego and Mr. R. Venkataramani as Independent Directors of the Company, not liable to retire by rotation for a term of three consecutive years with effect from September 04, 2019.

The Board of Directors at its meeting held on November 05, 2019, upon the recommendation of the Nomination, Remuneration & HRD Committee, appointed Ms. Uma Subramaniam (07434953) as an Additional Director in the category of Non-Executive Independent Director with effect from November 05, 2019. In terms of Section 161 (1) of the Act read with Article 101 of the Company's Article of Association, Ms. Uma Subramaniam holds office as an Additional Director of the Company upto the date of the ensuing AGM and is eligible for appointment. The Board of Directors have further recommended the appointment of Ms. Uma Subramaniam as an Independent Director not liable to retire by rotation, for a term of three consecutive years, with effect from November 05, 2019 for approval of members at the ensuing AGM pursuant to the provisions of Section 149, Section 152 and Schedule IV of the Companies Act, 2013. A notice in writing has been received from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director. The details of her proposed appointment and brief profile is furnished in the explanatory statement annexed to the Notice of the ensuing AGM.

(b) Nominee Directors

During the year under review, the Board of Directors at its meeting held on May 06, 2019, upon the recommendation of the Nomination, Remuneration & HRD Committee and pursuant to Bank of India's nomination letter, re-appointed Mr. Raghvendra Kumar (DIN 08045355) as Whole Time Director- Deputy Managing Director (DMD) with effect from May 02, 2019 for a term of one year in compliance with the provisions of the Companies Act, 2013.

Subsequent to the year under review, the Board of Directors, upon the recommendation of the Nomination, Remuneration & HRD Committee and pursuant to Bank of India's nomination letter, re-appointed Mr. Raghvendra Kumar (DIN 08045355), as a Whole Time Director, designated as Deputy Managing Director with effect from May 02, 2020 for a further term of one year. In terms of Section 203 196, 197, 203 read with Schedule V of the Act, the requisite resolution in regard to re-appointment of Mr. Raghvendra Kumar as Whole Time Director-Deputy Managing Director with effect from May 02, 2020 is included in the Notice of the ensuing AGM for the approval of the members.

(c) Managing Director & CEO

During the year under review, the Board of Directors at its meeting held on July 10, 2019, upon the recommendation of the Nomination, Remuneration & HRD Committee, re-appointed Mr. Pradeep Madhav (DIN 00267422), as Managing Director & CEO of the Company with effect from August 01, 2019 for a term of one year in compliance with the provisions of the Companies Act, 2013.

Subsequent to the year under review, the Board of Directors at its meeting held on July 28, 2020, upon the recommendation of the Nomination, Remuneration & HRD Committee and subject to approval of the members, re-appointed Mr. Pradeep Madhav (DIN 00267422), as a Managing Director & CEO with effect from August 01, 2020 for a further term of one year. In terms of Section 203 196, 197, 203 read with Schedule V of the Act, the requisite resolution in regard to re-appointment of Mr. Pradeep Madhav as Managing Director & CEO with effect from August 01, 2020 is included in the Notice of the ensuing AGM for the approval of the members.

▲ Retirement by rotation & re-appointment

Mr. Vivek Wahi (DIN 07490023), a Nominee Director liable to retire by rotation, retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as a Director liable to retire by rotation at the ensuing AGM. His brief profile is given in the Explanatory Statement annexed to the Notice for the ensuing AGM.



DIRECTORS' REPORT

➤ Key Managerial personnel

As on the date of the report, Mr. Pradeep Madhav, Managing Director & CEO, Mr. Raghvendra Kumar, Wholetime Director designated as Deputy Managing Director, Ms. Suparna Sharma, Company Secretary & Compliance officer and Mr. Kamlesh Rathi, Chief Financial Officer are the Key Managerial Personnel of the Company in terms of provisions of the Companies Act, 2013 and the rules made thereunder.

8. DECLARATION BY INDEPENDENT DIRECTORS

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

9. BOARD OF DIRECTORS

Composition

The Board of Directors comprise of professionals with wide experience and skills in the field of Banking and Finance. As on March 31, 2020, the Board comprised of seven Directors consisting of (i) Five Non-Executive Directors out of which four are Independent viz. Mr. Melwyn Rego (Independent), Mr. R Venkataramani (Independent), Mrs. Thankom T. Mathew (Independent), Ms. Uma Subramaniam (Independent) and Mr. Vivek Wahi (nominee of Bank of India) (ii) Two Executive Directors viz. Mr. Pradeep Madhav, Managing Director & CEO and Mr. Raghvendra Kumar, Deputy Managing Director (nominee of Bank of India).

Meetings held during the financial year:

During the financial year 2019-20, seven Meetings of the Board were held on May 06, 2019, July 10, 2019, August 05, 2019, September 04, 2019, September 20, 2019, November 05, 2019, January 20, 2020. The composition of the Board and attendance of Directors at the Board meetings held during the financial year under review are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Director
Mr. T.C Venkat Subramanian (DIN 00040526)	Non-Executive Director	5/5
Mr. K.Narasimha Murthy (DIN 00023046)	Independent Director	4/5
Mr. S.Ravi (DIN 00009790)	Independent Director	5/5
Mr. T.V Rao (DIN 05273533)	Independent Director	5/5
Mrs. Thankom T Mathew (DIN 00025326)	Independent Director	7/7
Mr. Melwyn Rego (DIN 00292670)	Independent Director	2/3
Mr. R Venkataramani (Din 00829107)	Independent Director	3/3
Ms. Uma Subramaniam (Din 07434953)	Independent Director	2/2
Mr. Vivek Wahi (DIN 07490023)	Nominee Director	6/7
Mr. Pradeep Madhav (DIN 00267422)	Managing Director & CEO	7/7
Mr. Raghvendra Kumar (DIN 08045355)	Deputy Managing Director	6/7



DIRECTORS' REPORT

10. COMMITTEES OF THE BOARD

Presently 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 2019-20 and attendance at the Committee meetings have been detailed below:

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

(i) Audit Committee

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

Composition

As on March 31, 2020, the Audit Committee of the Board comprised of four Directors out of which three including the Chairman of the Committee are Independent. Mr. R. Venkataramani (Independent) is the Chairman of the Committee and other members of the Committee are Mr. Melwyn Rego (Independent), Mrs. Thankom T Mathew (Independent) and Mr. Raghvendra Kumar (DMD). 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, Reviewing periodic financial results, financial statements and evaluating the adequacy of internal financial control systems
- Reviewing the annual financial statements with the Management and Statutory Auditors and recommending consideration thereof to the Board of Directors
- Discussing and reviewing periodically the Internal and Concurrent Audit Reports and the scope and adequacy of the Internal Audit function.
- Reviewing the Audit/Inspection reports of the Comptroller & Auditor General of India, Reserve Bank of India etc.
- overseeing the functioning of vigil mechanism established under the Companies Act, 2013 for directors and employees and take suitable action where required.



DIRECTORS' REPORT

Meetings held during the financial year

During the financial year 2019-20, eight Audit Committee meetings were held on May 06, 2019, July 10, 2019, August 05, 2019, September 04, 2019, September 20, 2019, November 05, 2019, January 20, 2020 and March 17, 2020. The composition of the Audit Committee and attendance of the members at the Committee meetings held during the financial year under review are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Director
Mr. K. Narasimha Murthy	Independent Director (Chairman of the Committee) (upto September 20, 2019)	4/5
Mr. R Venkataramani	Independent Director (Chairman of the Committee) (w.e.f September 21, 2019)	3/3
Mr. S.Ravi	Independent Director (upto September 20, 2019)	5/5
Ms. Thankom T Mathew	Independent Director	8/8
Mr. Raghvendra Kumar	Deputy Managing Director	7/8
Mr. Melwyn Rego	Independent Director (w.e.f September 21, 2019)	3/3

(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:

As on March 31, 2020, the Nomination, Remuneration & HRD Committee comprised of three Directors all of whom including the Chairman of the Committee are Independent. Mr. Melwyn Rego (Independent) is the Chairman of the Committee and the other members are Mr. R Venkataramani (Independent) and Ms. Thankom T Mathew (Independent).

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



DIRECTORS' REPORT

Meetings held during the financial year

During the financial year 2019-20, six Meetings of the Nomination, Remuneration & HRD Committee were held on May 06, 2019, July 10, 2019, August 05, 2019, September 04, 2019, November 05, 2019 and January 20, 2020. The composition of the Nomination, Remuneration & HRD Committee and attendance of the members at the Committee meetings held during the financial year under review are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Director
Mr. S.Ravi	Independent Director (Chairman of the Committee) (upto September 20, 2019)	4/4
Mr. Melwyn Rego	Independent Director (Chairman of the Committee) (w.e.f September 21, 2019)	2/2
Mr. K.Narasimha Murthy	Independent Director (upto September 20, 2019)	3/4
Mr. T.V Rao	Independent Director (upto September 20, 2019)	4/4
Ms. Thankom T Mathew	Independent Director	6/6
Mr. R Venkataramani	Independent Director (w.e.f September 21, 2019)	2/2

(iii) CSR Committee

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

Composition

As on March 31, 2020, the CSR Committee comprised of three Directors out of which Chairman of the Committee is Independent. Ms. Thankom T Mathew, (Independent) is the Chairman of the Committee and the other members are Mr. Pradeep Madhav (MD & CEO) and Mr. Raghvendra Kumar (DMD).

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 2019-20, two Meetings of the CSR Committee of the Board were held on November 05, 2019 and March 17, 2020. 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
Ms. Thankom T Mathew	Independent Director (Chairman of the Committee) (w.e.f September 21, 2019)	2/2
Mr. Pradeep Madhav	Managing Director & CEO	2/2
Mr. Raghvendra Kumar	Deputy Managing Director	2/2

(iv) Credit and Investment Committee (CIC)

Composition

As on March 31, 2020, the Credit and Investment Committee of the Board comprised of four Directors out of which two are Independent. Mr. Pradeep Madhav, MD & CEO is the Chairman of the Committee and the other members are Mr. R Venkataramani (Independent), Ms. Uma Subramaniam (Independent) and Mr. Raghvendra Kumar (DMD).

Scope and Functions

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

Meetings during the financial year

During the financial year 2019-20, five meetings of Credit and Investment Committee were held on May 16, 2019, June 24, 2019, September 20, 2019, December 23, 2019 and March 16, 2020. The composition of the Committee and attendance of the members at the Committee meetings held during the financial year 2019-20 are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Directors
Mr. Pradeep Madhav	Managing Director & CEO (Chairman of the Committee)	5/5
Mr. T.C Venkat Subramanian	Non-Executive Director (upto September 20, 2019)	3/3
Mr. S. Ravi	Independent Director (upto September 20, 2019)	3/3
Mr. T.V Rao	Independent Director (upto September 20, 2019)	3/3
Mr. R Venkataramani	Independent Director (w.e.f September 21, 2019)	2/2
Ms. Uma Subramaniam	Independent Director (w.e.f November 05, 2019)	2/2
Mr. Raghvendra Kumar	Deputy Managing Director	5/5

(v) Risk Management Committee

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



DIRECTORS' REPORT

Composition

As on March 31, 2020, the Risk Management Committee comprised of five Directors out of which three Directors including the Chairman of the Committee is Independent. Mr. R Venkataramani (Independent) is the Chairman of the Committee and the other members are Mr. Melwyn Rego (Independent), Ms. Uma Subramaniam (Independent), Mr. Pradeep Madhav (MD & CEO) and Mr. Raghvendra Kumar (DMD).

Scope and Functions

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

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

Meetings during the financial year

During the financial year 2019-20, three meetings of the Risk Management Committee were held on May 29, 2019, January 20, 2020 and March 17, 2020. The composition of the Committee and attendance of the members at the Committee meetings held during the financial year 2019-20 are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Directors
Mr. T.C Venkat Subramanian	Non-Executive Director (Chairman of the Committee) (upto September 20, 2019)	1/1
Mr. R Venkataramani	Independent Director (Chairman of the Committee) (w.e.f September 21, 2019)	2/2
Mr. T.V Rao, Member	Independent Director (upto September 20, 2019)	1/1
Mr. Melwyn Rego	Independent Director (w.e.f September 21, 2019)	2/2
Ms. Uma Subramaniam	Independent Director (w.e.f November 05, 2019)	2/2
Mr. Pradeep Madhav	Managing Director & CEO	3/3
Mr. Raghvendra Kumar	Deputy Managing Director	3/3

(vi) IT Strategy Committee

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



DIRECTORS' REPORT

Composition

As on March 31, 2020, the IT Strategy Committee of the Board comprised of four Members out of which two including the Chairman of the Committee are Independent and one is an external member. Mr. Melwyn Rego (Independent), is the Chairman of the Committee and other members of the Committee are Ms. Uma Subramaniam, Mr. Praveen Mata and Mr. Pradeep Madhav (Managing Director & CEO). All members of the IT Strategy Committee have requisite expertise and have held or hold senior/ top positions in reputed Institutions.

Scope and Functions

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

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

Meetings held during the financial year

During the financial year 2019-20, two IT Strategy Committee meetings were held on October 14, 2019 and March 17, 2020. The composition of the IT Strategy Committee and attendance of the members at the Committee meetings held during the financial year under review are given below:

Name of Director	Category	Number of meetings attended / number of meetings held during the tenure of Directors
Mr. Melwyn Rego	Independent Director (Chairman of the Committee)	2 / 2
Ms. Uma Subramaniam	Independent Director	1 / 2
Mr. Praveen Mata	External Member	1 / 2
Mr. Pradeep Madhav	Managing Director & CEO	2 / 2
Mr. Alope M Prasad	IT Head -STCI Finance Ltd (upto 31/10/2019)	1/1
Ms. Archana Bhide	IT Head- STCI Finance Ltd (w.e.f 1/11/2020)	1/1
Mr. Manish Jadhvani	IT Head -STCI PD Ltd	2/2

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.



DIRECTORS' REPORT

(i) ALCO & Risk Management Committee

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

(ii) Credit Committee of Executives (CCE)

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

(iii) Investment Committee

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

(iv) CSR Committee of Executives

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

(v) Grievances Redressal Committee

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

(vi) Internal Complaints Committee

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

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. Further, the Annual Return in the prescribed format will be placed on the website of the Company at <http://stcionline.com/>.

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**.



DIRECTORS' REPORT

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 on March 17, 2020 discussed and rated their feedback on the evaluation of the Non-Independent Directors including the Managing Director and the Board as whole including the quality, quantity and timeliness of flow of information to the Board. On the same lines, the Board of Directors at its meeting held on May 29, 2020 rated and discussed their feedback on the evaluation of the Independent Directors as well as the Committees of the Board. While carrying out the performance evaluation, the Board of Directors considered and discussed the feedback presented by the Independent Directors on evaluation of Board as a whole and the Non-Independent Directors.

15. PARTICULARS OF RELATED PARTY TRANSACTIONS

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

All transactions entered into with the related parties under the Companies Act, 2013 during the year were in the ordinary course of business and on arms length basis. There are no materially significant related party transactions made by the Company with the Directors or Key Managerial Personnel or other related parties that may have a potential conflict with the interest of the Company at large. Omnibus approval of the Audit Committee is obtained for transactions which are of repetitive nature. All transactions with related parties under the Act are placed on quarterly basis before the Audit Committee and the Board. The details of material transactions or contracts or arrangements entered into with related parties at an aggregate level for financial year 2019-20 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, loans made, guarantees given or securities provided in the ordinary course of its business by a company engaged in the business of financing of companies or any acquisition of securities made by an NBFC whose principal business is acquisition of securities are exempt from the provisions of section 186 of the Companies Act, 2013. Therefore, disclosure relating to loans, guarantees and investments made by the Company are not applicable.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has been contributing to the society through its CSR initiatives in the form of financial support to the underprivileged, development of rural/ underprivileged areas, promotion of education, making available free or affordable Medical facilities etc. The Board of Directors have constituted a Corporate Social Responsibility ("CSR") Committee to perform the scope and functions stipulated under Section 135 of the Companies Act, 2013 (the Act) read with the rules framed there under. The Board of Directors, on the recommendation of the CSR Committee, have adopted a detailed CSR policy based on the provisions of the Act, specifying the CSR activities/ projects/programs to be undertaken by Company, the modalities of execution, implementation and monitoring process for the same. During the year under review, the Board of Directors, on the recommendation of the CSR Committee, approved a Budgeted CSR expenditure of Rs. 159.94 Lacs for FY 2019-20 based on 2%



DIRECTORS' REPORT

of the average net profits made during the last 3 financial years highlighting the focus areas in which the CSR activities/ projects would be undertaken during the year in pursuance of the CSR Policy. In line with the approved Budgeted CSR Expenditure for FY 2019-20 and as per the requirements of the Act, the Company has spent the Rs. 160.00 Lacs towards various CSR activities/ projects during FY 2019-20. 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 2019-20 is given as a part of Annual Report on CSR activities in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, annexed to this Report as **Annexure V**.

18. VIGIL MECHANISM

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

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 **Annexure VIII** 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 VIII**. 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 Prakash Chandra Jain & 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, 2020.

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.

Secretarial Auditors & their report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company appointed M/s Mahesh M Darji, Practising Company Secretary, FCS 7175 CP 7809, to undertake the Secretarial Audit of the Company for FY2019-20. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2019-20 is appended to this Report as **Annexure VII**.

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

Comments of C & AG

C&AG vide its letter No. GA/CA-1/No/STCIFL/2019-20/115 dated September 04, 2020 have issued a report stating that it has decided not to conduct the supplementary audit of the Company's Standalone Financial statements for the year ended March 31, 2020 in terms of Section 143 (6)(a) of the Companies Act, 2013. CAG vide its aforesaid letter has also issued a report stating that it has decided not to conduct the supplementary audit of the Company's Consolidated Financial Statements for the year



DIRECTORS' REPORT

ended March 31, 2020 in terms of Section 143 (6)(a) read with section 129(4) of the Companies Act, 2013. The said reports of C & AG forms part of this Annual report.

Internal & Concurrent Auditors

M/s Mukund M Chitale & Co., Chartered Accountants, Mumbai were appointed as the Company's Internal & Concurrent Auditors for the financial year 2019-20. 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 on quarterly basis.

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

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

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 2019-20, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or under Chapter V of the Companies Act, 2013.

24. FAIR PRACTICES CODE

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

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

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

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

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

27. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;



DIRECTORS' REPORT

- (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.

28. ANNEXURES FORMING PART OF THIS REPORT OF DIRECTORS

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

- (i) Extract of Annual Return in Form MGT-9- **Annexure I**.
- (ii) Policy on Directors appointment and remuneration for Directors/ KMP/senior management personnel / other employees- **Annexure II**
- (iii) Policy on Related party transactions- **Annexure III**
- (iv) Related party transactions under Section 188(1) in Form AOC-2- **Annexure IV**
- (v) Annual report on CSR activities- **Annexure V**
- (vi) Ratio of remuneration to median employees remuneration as per Section 197 (12) of Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014-**Annexure VI**
- (vii) Secretarial Audit Report for financial year 2019-20 - **Annexure VII**

29. CAUTIONARY STATEMENT

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

30. ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Date: September 21,2020
Place: Mumbai

Pradeep Madhav **Melwyn O Rego**
Managing Director & CEO **Director**
(DIN 00267422) **(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, 2020

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Lending Activity	64920- Other credit granting	69.97%

**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. Promoter s									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) StateGovt.(s)	-	-	-	-	-	-	-	-	-
d) BodiesCorp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRI's-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) BodiesCorp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):	-	-	-	-	-	-	-	-	-



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	
Total Shareholding Promoter (A) = (A)(1) + (A)(2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	342607150	-	342607150	90.16	342607150	-	342607150	90.16	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	31631970	-	31631970	8.32	31631970	-	31631970	8.32	-
g) FIs	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (SUUTI & SIDBI Venture Capital Fund)	5760880	-	5760880	1.52	5760880	-	5760880	1.52	-
Sub-total (B)(1):	380000000	-	380000000	100	380000000	-	380000000	100	
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individuals Shareholders holding nominal share capital upto Rs. 1 lakh Individual	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lac	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	380000000	-	380000000	100	380000000	-	380000000	100	
Total Public Shareholding (B) = (B)(1)+ (B)(2)	380000000	-	380000000	100	380000000	-	380000000	100	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	380000000	-	380000000	100	380000000	-	380000000	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	-	-	-	-	-	-	-

*The Company is not specifically promoted by any single entity

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

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

*The Company is not specifically promoted by any single entity

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.	Bank of India				
	At the beginning of the year	113837810	29.96		
	Date wise increase/ decrease in share-holding during the year along with reasons	No Change during the year		113837810	29.96
	At the end of the year	113837810	29.96		
2.	State Bank of India				
	At the beginning of the year	39211420	10.32		
	Date wise increase/ decrease in share-holding during the year along with reasons	No Change during the year		39211420	10.32
	At the end of the year	39211420	10.32		



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
3.	IDFC First Bank Limited				
	At the beginning of the year	-	-		
	Date wise increase/ decrease in share-holding during the year along with reasons	Change in name of IDFC Bank to IDFC First Bank Ltd pursuant to merger of Capital First Limited with IDFC Bank Ltd on 19/ 12/ 2019.		35301360	9.29
	At the end of the year	35301360	9.29		
4.	IDBI Bank Ltd				
	At the beginning of the year	25076100	6.60		
	Date wise increase/ decrease in share-holding during the year along with reasons	No Change during the year		25076100	6.60
	At the end of the year	25076100	6.60		
5.	Life Insurance Corporation of India				
	At the beginning of the year	21523470	5.66		
	Date wise increase/ decrease in share-holding during the year along with reasons	No Change during the year		21523470	5.66
	At the end of the year	21523470	5.66		
6.	Punjab National bank				
	At the beginning of the year	18775640	4.94		
	Date wise increase/ decrease in share-holding during the year along with reasons	No Change during the year		18775640	4.94
	At the end of the year	18775640	4.94		
7.	Canara Bank				
	At the beginning of the year	14262980	3.75		
	Date wise increase/ decrease in share-holding during the year along with reasons	No Change during the year		14262980	3.75
	At the end of the year	14262980	3.75		
8.	ICICI Bank Ltd				
	At the beginning of the year	14005280	3.69		
	Date wise increase/ decrease in share-holding during the year along with reasons	No Change during the year		14005280	3.69
	At the end of the year	14005280	3.69		



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
9.	Bank of Baroda				
	At the beginning of the year	12535440	3.30		
	Date wise increase/ decrease in share-holding during the year along with reasons	No Change during the year		12535440	3.30
	At the end of the year	12535440	3.30		
10.	Central Bank of India				
	At the beginning of the year	11501000	3.03		
	Date wise increase/ decrease in share-holding during the year along with reasons	No Change during the year		11501000	3.03
	At the end of the year	11501000	3.03		

v) Shareholding of Directors and Key Managerial Personnel

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



V) INDEBTEDNESS

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

(₹ In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	129,942.96	55,940.69	-	185,883.65
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,229.77	13.23	-	4,243.00
Total (i+ii+iii)	134,172.73	55,953.92	-	190,126.65
Change in Indebtedness during the financial year				
i) Addition (Bank loans)	10,000.00	25,000.00	-	35,000.00
ii) Reduction	82,713.60	46,314.98	-	129,028.58
Net Change	(72,713.60)	(21,314.98)	-	(94,028.58)
Indebtedness at the end of the financial year				
i) Principal Amount	60,797.10	34,628.70	-	95,425.80
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	662.03	10.24	-	672.27
Total (i+ii+iii)	61,459.13	34,638.94	-	96,098.07

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

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Pradeep Madhav Managing Director & CEO	Mr. Raghvendra Kumar, Deputy Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	117.38	63.42	180.80
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	0.93	1.25
	(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 PF)	6.22	1.94	8.16
	Total (A)	123.92	66.29	190.21
	#Ceiling as per the Act	133.36	133.36	266.72

In terms of Section 197 of the Act, in case of inadequate profits or no profits, the remuneration payable to the Managing Director or Whole Time Director shall be paid in accordance with the provisions of Schedule V of the Act. In line with these provisions, the remuneration paid to Mr. Pradeep Madhav, MD & CEO and Mr. Raghvendra Kumar, Whole time Director - DMD in FY 2019-20 is within the ceiling of Rs. 133.36 Lakhs per Managerial person as prescribed in Clause A of Section II of Part II of Schedule V of the Act based on the Effective capital of the Company. For disclosure of information in terms of sub clause (iv) of second proviso of clause (B) of Section II of Part II of Schedule V of the Act with respect to remuneration paid to MD & CEO and DMD in FY 2019-20, Annexure II to the Notice for the ensuing AGM may be referred.

**B. Remuneration to other directors**

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Mr. K.Narasimha Murthy (upto September 21, 2019)	Mr. S.Ravi (upto September 21, 2019)	Mr. T.V Rao (upto September 21, 2019)		
	(a) Fee for attending board / committee meetings	4.10	6.10	4.90		
	(b) Commission	-	-	-		
	(c) Others, please specify	-	-	-		
	Total (i)	4.10	6.10	4.90		15.10
	Independent Directors	Mrs. Thankom Mathew	Mr. Melwyn Rego (w.e.f September 04, 2019)	Mr. R Venkataramani (w.e.f September 04, 2019)	Ms. Uma Subramaniam (w.e.f November 05, 2019)	
	(a) Fee for attending board / committee meetings	8.60	4.00	4.50	2.80	
	(b) Commission	-	-	-	-	
	(c) Others, please specify	-	-	-	-	
	Total (ii)	8.60	4.00	4.50	2.80	19.90
	Total (1)= (i) +(ii)					35.00
2	Other Non-Executive Directors	Mr. Vivek Wahi – Nominee Bank of India		Mr. T.C Venkat Subramanian		
	(a) Fee for attending board committee meetings	3.00		3.70		6.70
	(b) Commission	-		-		-
	(c) Others, please specify	-		-		-
	Total (2)	3.00		3.70		6.70
	Total (B)=(1+ 2) Total Managerial Remuneration (A) + (B)					41.70 231.91
	Overall Ceiling as per the Act- For (A) –Remuneration payable to MD and Whole time Director -For (B)- Remuneration payable to other Directors by way of sitting fees for attending each meeting of Board or Committee					(Rs. 133.36 Lakhs per Managerial person as per Clause A of Section II of Part II of Schedule V of the Act) (Rs. 1 lakh for each meeting of Board or Committee thereof attended by each director as per Section 197 (5) of the Act)



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

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34.91	41.41	76.32
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.00	1.00	2.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- Others, specify.....	-	-	-
5	Others, please specify (Contribution to Provident Fund)	1.69	1.95	3.64
	Total	37.60	44.36	81.96

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	-	-	-	-	-

For and on behalf of the Board of Directors

Date : September 21 ,2020

Place: Mumbai

Pradeep Madhav
Managing Director & CEO
(DIN 00267422)

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 Nomination, Remuneration & HRD Committee (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/ renewal of their appointment as per the applicable RBI guidelines for NBFCs or other enactment/ regulations in force based upon the information provided in requisite declarations obtained from the proposed/ existing Directors under the applicable RBI Guidelines or other applicable enactment/ regulations. As a part of due diligence for determining the suitability of a person for appointment / to continue to hold office of Director, the Committee shall:
 - (i) Obtain declaration and undertaking from the proposed / existing Directors at the time of appointment / renewal of appointment in the format prescribed by RBI.
 - (ii) Decide on the acceptance or otherwise of the Directors based on the information provided in the signed declarations.
 - (iii) Ensure that a Deed of Covenant have been executed by the nominated/ elected directors in the format prescribed by RBI.
 - (iv) Ensure that the Company obtains annually on March 31 a simple declaration from the existing Director(s) that the information provided has not undergone any change and where there is a change the requisite details are furnished by them forthwith.
- 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 (as amended from time to time).
- 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.

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

Date : September 21 ,2020

Place: Mumbai

Pradeep Madhav
Managing Director & CEO
(DIN 00267422)

Melwyn O Rego
Director
(DIN 00292670)



ANNEXURE III TO THE DIRECTORS' REPORT

STCI FINANCE LIMITED RELATED PARTY TRANSACTION POLICY

1. Preamble

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

2. Purpose

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

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

3. Definitions

- (i) **"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of the Act.
- (ii) **"Board"** means Board of Directors of the Company
- (iii) **"Related Party Transaction" or "RPT"** means the following transactions /contracts /arrangements with related parties as given under clause (a) to (g) subsection (1) of section 188 of the Act:
 - (i) 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).

The Audit Committee may grant omnibus approval to the transactions proposed to be entered into with related parties subject to the following guidelines.

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

S.No	Particulars	Criteria
1	Repetitiveness of the transaction (in past or future)	More than once
2.	Justification for the need of omnibus approval	Repetitive nature of the transaction, Interest of the company and Administrative convenience.
3.	maximum value of transactions, in aggregate, which can be allowed under the omnibus route in a year	As determined by Audit Committee from time to time



S.No	Particulars	Criteria
4.	maximum value per transaction which can be allowed	As determined by Audit Committee from time to time
5.	Disclosures to be made at the time of seeking of omnibus approvals	Name of related party, nature and brief particulars of transaction, maximum amount of the transaction, indicative pricing, other information relevant to Audit Committee
6	Periodic Review of Related Party Transaction entered into by the company pursuant to each omnibus approval made	Atleast half yearly intervals or as determined by Audit Committee from time to time
7	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	Transactions in respect of selling or disposing of the undertaking of the company

- (b) Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit committee may grant omnibus approval subject to their value not exceeding Rs. 1 crore per transaction.
- (c) Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of the financial year.
- (d) A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

(ii) Board Approval

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

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

(iii) Approval of the Shareholders

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

S.No	Prescribed Related Party Transaction	Monetary limit
1	Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding ten percent of the annual turnover of the Company or 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



S.No	Prescribed Related Party Transaction	Monetary limit
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.

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

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

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

5. Related party Transactions not approved under this Policy

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

6. Disclosures

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

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

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

**8. Applicability**

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

9. Amendments to the Policy

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

For and on behalf of the Board of Directors

Date : September 21 ,2020

Place: Mumbai

**Pradeep Madhav
Managing Director & CEO
(DIN 00267422)**

**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, 2020 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, 2020 are :

S.N	Name(s) of the related party and nature of relationship	Nature of contract/ arrangement	Duration of contract/ arrangement/ transaction	Salient terms of contract/ arrangements/ transactions including value, if any	Amount (in Rs lakh)	Date of Board approval, if any	Amount paid as advances, if any
1.	Bank of India-Investing Company holding 29.9% voting power	Fixed Deposit placed by Company		As per prevailing interest rate for Bank's Fixed Deposits.	14000.00		
2.	Bank of India-Investing Company holding 29.9% voting power	Interest received on FDRs placed by Company		As per prevailing interest rate for the Bank's Fixed Deposits.	6.94		
3.	Bank of India-Investing Company holding 29.9% voting power	Loans availed from overdraft and short term loan accounts.		As per Bank's sanction letter as per the prevailing market practice.	81549.41	N.A	-
4.	Bank of India-Investing Company holding 29.9% voting power.	Loans repaid from overdraft and short term loan accounts.		As per Bank's sanction letter as per the prevailing market practice	86349.00	N.A	-
5.	Bank of India-Investing Company holding 29.9% voting power	Interest paid on loans availed as overdraft & short term loans.		As per Bank's sanction letter as per the prevailing market practice	1942.85	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 contract/ arrangements/ transactions including value, if any	Amount (in Rs lakh)	Date of Board approval, if any	Amount paid as advances, if any
6.	Bank of India-Investing Company holding 29.9% voting power	Processing Fees & charges on overdraft and short term loans.		As per the Bank's sanction letter as per the prevailing market practice.	24.67	N.A	-
7.	Bank of India-Investing Company holding 29.9% voting power	Issue/ allotment of Commercial papers of face value of Rs. 50 crore.		As per the prevailing market rates.	4680.33	N.A	-
8.	Bank of India-Investing Company holding 29.9% voting power	Discount booked on the Commercial Papers of face value of Rs. 50 crore.		As per the prevailing market rates.	126.94	N.A	-
9.	Bank of India Investing Company holding 29.9% voting power	Final Dividend paid for FY 2018-19		Dividend @ Rs. 8 per share declared at the 25th AGM of the Company.	910.70	N.A	-
10.	Bank of India Investing Company holding 29.9% voting power	Sitting Fees paid		Sitting Fees paid for each meeting of the Board attended by Nominee.	3.00	N.A	-
11	STCI Primary Dealer Ltd-wholly owned subsidiary	Sale of Corporate Bonds		As per the market rates	5063.57	N.A	
12.	STCI Primary Dealer Ltd-wholly owned subsidiary	CSSL Charges paid on GSec Deal		As per the prevailing market convention.	0.55	N.A	-
13.	STCI Primary Dealer Ltd-wholly owned subsidiary	Dividend including Interim Dividend		Dividend including Interim Dividend declared at the AGM/ by the Board of STCI PD during FY 2019-20.	8400.00		-
14.	STCI Primary Dealer Ltd-wholly owned subsidiary	Reimbursement made for electricity charges		Electricity charges at Delhi Office space shared proportionate to the office space shared.	2.51	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 contract/ arrangements/ transactions including value, if any	Amount (in Rs lakh)	Date of Board approval, if any	Amount paid as advances, if any
15.	STCI Primary Dealer Ltd- wholly owned subsidiary	Reimbursement of expenses received		Reimbursement received for House Rent recovered from staff of STCI PD occupying the Company's residential quarters at Mumbai.	9.92	N.A	
16.	STCI Primary Dealer Ltd- wholly owned subsidiary	Reimbursement of expenses received		Rent (Sub-Lease) received from STCI PD for using Bangalore office space	3.01		
17.	STCI Primary Dealer Ltd- wholly owned subsidiary	Reimbursement of expenses received		Interest Free Deposit for Sub-Lease of Bangalore Office Received from STCI PD	3.25		
18.	STCI Primary Dealer Ltd- wholly owned subsidiary	Sitting fees received		Sitting fees received for each meeting of the Board attended by its Nominee.	4.30	N.A	-
19	STCI Commodities Ltd- wholly owned subsidiary	Sitting fees received		Sitting fees received for each meeting of Board attended by its Nominee.	0.55	N.A	

*The contract/transaction/ arrangement mentioned above at S.No. 1, 3, 4, 7, 11 & 13 are material related party transactions as per the Company's Policy on Related Party Transactions.

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

For and on behalf of the Board of Directors

Date : September 21 ,2020
Place: Mumbai

Pradeep Madhav **Melwyn O Rego**
Managing Director & CEO **Director**
(DIN 00267422) **(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, Deputy Managing Director and senior executives nominated by the Managing Director implements and monitors the CSR activities of the Company within the Policy Framework under the overall supervision of the CSR Committee of the Board, reports to the CSR Committee the progress of the CSR activities/ programs from time to time and assists in achieving the objectives and purpose of CSR Policy.

'Web link to the CSR Policy and projects or programs

[http://stcionline.com/pdf/CSR-POLICY\(2\).pdf](http://stcionline.com/pdf/CSR-POLICY(2).pdf)

2. The Composition of the CSR Committee:

The present composition of the CSR Committee is as follows:

- (a) Ms. Thankom T Mathew, member
- (b) Shri Pradeep Madhav, member
- (c) Shri Raghvendra Kumar, member

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

The Average net profit of the Company for last three financial years is Rs. 7996.97 Lakhs.

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. 159.94 Lakhs

5. Details of CSR spent during the financial year:

- (a) Total amount to be spent for the financial year : Rs. 159.94 Lakhs;
- (b) Amount unspent, if any: Nil
- (c) Manner in which the amount spent during the financial year is detailed below.



(₹ In Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.N	CSR project or activity identified	Sector in which Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects Sub – heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency*
1.	Contribution to Prime Minister's National Relief Fund for socio economic development and relief and welfare	Socio economic development and relief and welfare	Contribution to the Prime Minister's National Relief Fund for socio economic development and relief and welfare	6.00	(i)Direct expenditure: 6.00 (ii)Overhead: Nil	6.00	Direct
2.	Project for patient care towards medical treatment of 252 deserving poor patients (120 children suffering blood cancer & 132 women suffering from breast cancer) at Tata Memorial hospital.	Promoting health care including preventive health care	Parel Mumbai, Maharashtra	13.40	(i)Direct Expenditure: 12.98 (ii) Overhead: 0.42	13.40	Through - Vasantha Memorial Trust
3.	Project for Cancer awareness & screening.	Promoting healthcare including preventive healthcare	In and around Mumbai, far off suburbs and outside Mumbai in the interiors of Maharashtra	2.60	(i)Direct Expenditure: 2.60 (ii) Overheads: Nil	2.60	Through - Vasantha Memorial Trust
4.	Project for rehabilitation of cancer survivors at its Rehabilitation centre	Promoting healthcare including preventive healthcare	Vikhroli west, Mumbai	2.06	(i)Direct Expenditure: 2.06 (ii) Overheads: Nil	2.06	Through - Vasantha Memorial Trust



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.N	CSR project or activity identified	Sector in which Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects Sub – heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency*
5	Sponsor the educational expenses and cost of medicines/ medical emergency for 30 parentless and destitute children for a period of one year.	Empowering orphans, promoting education, including special education among children	Gadakana, Bhubaneswar, Odisha	8.34	(I)direct Expenditure: 8.34 (ii)Overheads: Nil	8.34	Through - RAWA Academy
6.	Sponsor the Mid day Meal Program for 700 government school children at Nagpur for a period of one year @ 1100 per child	Eradicating hunger and malnutrition, promoting education, including special education among children.	Nagpur, Maharashtra	7.70	(i)Direct Expenditure: 7.44 (ii)Overheads: 0.26	7.70	Through - Akshaya Patra Foundation
7.	Independent learners project (activity based education) for 15 children living in the slums of Borivali & Dahisar for a period of one year	Promoting education, including special education among children	Borivali & Dahisar, Mumbai- Maharashtra	3.41	(i)Direct expenditure : 3.34 (ii) Overheads: 0.07	5.00	Through Touching Lives Welfare Trust
8.	Project for support of the Loneliness Mitigation Centre for the unprivileged Elderly at Jogeshwari 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	7.54	(i)Direct expenditure : 7.54 (ii) Overheads: Nil	7.54	Through -Dignity Foundation



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.N	CSR project or activity identified	Sector in which Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects Sub – heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency*
9.	Education to tribal children at 25 Ekal Vidyalayas (One teacher schools) in Ghoti- Nashik	Promotion of Education & enhancing vocational skills especially among children.	Ghoti-Nasik	5.50	(i)Direct Expenditure: 5.33 (ii)Overheads: 0.17	5.50	Through -Friends of Tribals Society
10.	Holistic Community project for mother & child health care towards medical treatment of 360 patients (very poor mothers & children)	Promoting Healthcare including preventive health care	In and around Kolkata and the rural areas of Bengal	16.80	(i)Direct expenditure :16.80 (ii)Overheads :Nil	16.80	Through - Ramakrishna Sarada Mission Matri Bhavan
11.	Sponsor the cost of education of 50 underprivileged children at RTE Schools India, S.S Marg, Goregaon west for a period of one year	Promoting education, including special education especially among children	Goregaon west, Mumbai	3.59	(i)Direct expenditure : 3.59 (ii)Overheads :Nil	3.59	Through Desh Seva Samiti (DSS)
12.	Contribution (out of dividend proceeds of HFDC Charity Fund for cancer Cure) to corpus of Indian Cancer Society to fund the cost of treatment of needy & underprivileged cancer patients.	Promoting Health care including preventive health care	Across Hospitals in 28 states	29.05	(i)Direct expenditure : 29.05 (ii)Overheads :Nil	29.05	Through Indian Cancer Society
13.	Sponsor the cost of All new Amo Whitestar Signature- Pro Phacoemulsification Machine (upgraded model) at Swami Sarvanand Hospital at Ulhasnagar.	Promoting Health care including preventive health care	Ulhasnagar, Mumbai	23.00	(i)Direct expenditure : 23.00 (ii)Overheads :Nil	23.00	Through Sunder Shewak Sabha



(1)	(2)		(4)	(5)	(6)	(7)	(8)
S.N	CSR project or activity identified	Sector in which Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects Sub – heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency*
14.	Project for education and development of 8 hamlets of Kathhari Tribals in Raigad District, Maharashtra for a period of one year	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly	Raigad District, Maharashtra	8.00	(i)Direct expenditure : 7.72 (ii)Overheads :0.28	8.00	Through Centre for Social Action (CSA)
15.	Project for supporting the running expenses at the Muktangam Tribals Girls Hostel (having 90 tribal girls) in Narodi District, Pune, Maharashtra for a period of one year	Promoting education, including special education especially among children	Pune District, Maharashtra	11.61	(i)Direct expenditure :11.61 (ii)Overheads :Nil	11.61	Through Maharashtra Arogya Mandal (MAM)
16.	Project to Sponsor salary of two Doctors and One Nurse working full time for rescued, abandoned and disabled senior citizens at the Old age home Gurukul, at Bandhwari Village, Gurgaon for a period of one year	Setting up old age homes, day care centres and such other facilities for senior citizens	Bandhwari Village, Gurgaon	11.40	(i)Direct expenditure :11.40 (ii)Overheads :Nil	11.40	Through The Earth Saviours Foundation

*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.

Date: September 21, 2020
Place: Mumbai

Pradeep Madhav
Managing Director & CEO
(DIN 00267422)

Thankom T Mathew
Chairman of CSR Committee
(DIN 00025326)

**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 2019-20.

Name of Director (refer Note 1)	Designation	Total remuneration paid in FY 2019-20 (refer note 2) (₹ in Lakhs)	Ratio of remuneration of director to median remuneration of employees (Refer Note 3 & 4)
Mr. Pradeep Madhav	Managing Director & CEO	123.92	11.60
Mr. Raghvendra Kumar	Deputy Managing Director	66.29	6.20

- 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 2019-20:

Name of Director & KMPs	Designation	Total Remuneration paid (₹ In Lakhs)		% increase (Refer note 5)
		FY 2019-20	FY 2018-19	
Mr Pradeep Madhav	Managing Director & CEO	123.92	114.60	8.13%
Mr. Raghvendra Kumar (w.e.f 2.05.2018)	Deputy Managing Director	66.29	47.47	26.65%
Mr. Kamlesh Rathi	Chief Financial Officer	44.36	41.00	8.18%
Ms. Suparna Sharma	Company Secretary	37.60	34.61	8.64%

- iii. The percentage increase in the median remuneration of employees in the financial year ended March 31, 2020

Median Remuneration of employees is Rs. 10.69 and Rs 10.12 lakhs for FY 19-20 & FY 18-19 respectively. The percentage increase in the median remuneration of employees in the financial year 2019-20 is 5.63%.

- 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, 2020 is 45.

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

The average increase in the salaries of employees other than the Key Managerial Personnel for FY2019-20 is around 12.50% while the average increase in the remuneration of the Key Managerial Personnel is 12.90%.

Notes:

- The Non-Executive Directors including Independent Directors are only entitled to payment of sitting fees 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.
- 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.
- The median remuneration of employees does not include Managing Director's and Deputy Managing Director's remuneration.



4. The ratio of remuneration of director to the median remuneration of employees is determined based on their annualised remuneration.
5. The percentage increase in remuneration of director & KMPs and the average increase in remuneration for employees and the Key Managerial personnel is determined based on their annualised remuneration.

For and on behalf of the Board of Directors

Date : September 21 ,2020

Place: Mumbai

**Pradeep Madhav
Managing Director & CEO
(DIN 00267422)**

**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, 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

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

Dear Sir / Madam,

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

Based on our limited verification of the Company’s books, papers, minutes books, forms and returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

We have examined on test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31st March, 2020, according to the provisions of:

- (i) The Companies Act, 2013 and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (to the extent applicable);
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (to the extent applicable);
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
 - d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (v) Provisions of Reserve Bank of India Act, 1934 and Regulations / Guidelines issued by Reserve Bank of India from time to time as applicable to Non-deposit accepting NBFCs.

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



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

- (i) Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013;
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

We further report that:

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

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

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

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

We further report that during the audit period the following specific events / actions had a bearing on the Company in pursuance of the above referred laws, rules, regulations, guidelines etc, viz:

- (i) Redemption of 3,000 - 9.67% Secured Redeemable Non Convertible Debentures of Rs. 10,00,000/- each aggregating to Rs. 300 crore on 25.06.2019; and
- (ii) Redemption of 2,000 - 9.89% Secured Redeemable Non Convertible Debentures of Rs. 10,00,000/- each aggregating to Rs. 200 crore on 30.07.2019

Mahesh M. Darji

Company Secretary in Practice

FCS: 7175

CP: 7809

Place: Mumbai

Date: 08.06.2020

UDIN: F007175B000327572

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



'ANNEXURE A'

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

- (i) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- (ii) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- (iii) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (iv) Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and occurrence of events.
- (v) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
- (vi) During the period of COVID-19 outbreak and Lockdown situation, we have relied on the information, details, data, documents and explanation as provided by the Company and its officers and agents in electronic form without physically verifying their office.
- (vii) The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Mahesh M. Darji
Company Secretary in Practice
FCS: 7175
CP: 7809
Place: Mumbai
Date: 08.06.2020
UDIN: F007175B000327572



INDEPENDENT AUDITOR'S REPORT

To the Members of STCI Finance Limited

(Formerly known as Securities Trading Corporation of India Limited)

Report on the Audit of the Standalone Financial Statements Opinion

We have audited the standalone financial statements of STCI Finance Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, the statement of Profit and Loss, the statement of changes in equity and statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Considering the situation due to pandemic "COVID 2019" and lockdown being declared nationwide from March 22, 2020 till the date of the report, the process of audit has been modified. Some of the documents /records /returns were not verified physically; however, the documents were made available in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity.

Key Audit Matters

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

S. No.	Key audit matter	Auditor's response
1	<p><u>Credit Impairment :</u></p> <p>Ind AS requires the company to recognize the expected credit losses (ECL) on financial instruments which involves significant judgment and estimates to be made by the company.</p>	<p><u>Principle audit procedures</u></p> <ul style="list-style-type: none"> As per Ind AS, the shift is from 'Incurred Loss' approach to 'Expected Loss' approach while computing provision for losses on loans and advances. We have reviewed the ECL calculations which were done using an excel based model developed by an independent expert entity. We have relied on PD and LGD calculations generated from Model. The accuracy and completeness of critical data was reviewed. We have assessed the effectiveness of the ongoing monitoring and identification of loans displaying indicators of impairment and whether they are migrating on a timely basis.



S. No.	Key audit matter	Auditor's response
		<ul style="list-style-type: none"> Reviewed sample of data for correctness of internal ratings, collaterals types, exposures, Stage of account and ECL calculations. System of Computation of ECL was found satisfactory. Refer accounting policy no. (1) iii (a)(4)

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



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

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

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

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

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

Other Matter

- 1) As per RBI prudential norms, interest on non performing assets (credit impaired asset) is booked on receipt basis. However, as per Ind AS, interest income on credit impaired asset should be recognized on the net carrying amount. Taking into account RBI guidelines and prudence, interest on non performing assets is booked on receipt basis by the company.
- 2) The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. (Refer Note no 40 (1) to notes to accounts.

Our opinion is not modified in respect of these matters.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure-A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – *Refer Note 24 to notes to financial statements;*
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There was no amount required to be transferred to the Investor Education and Protection Fund by the Company.
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, 2020, we report that:
 - a) Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

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



- b) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

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

- c) Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

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

For and on behalf of

Prakash Chandra Jain & Co.

Chartered Accountants

Firm Registration No. 002438C

Pratibha Sharma

Partner

Membership No. 400755

UDIN: 20400755AAAAAN3691

Place : Mumbai

Date : June 08, 2020



Annexure – A to the Independent Auditor’s Report

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

- i. a. 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. 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.

In our opinion and according to the information and explanation given to us, the Company had made investments in subsidiaries companies in the earlier years, which are continuing in the current year. The company has complied with the provisions of Section 186(1) of the Act & in our opinion other provisions of section 186 are not applicable to the Company as the Company is a Registered Non-Banking Financial Company.
- v. The Company has not accepted any deposits during the year from the public within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules made there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under Section (1) section 148 of the Act. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- vii. a. According to the information and explanations given to us and based on the records examined by us, except for stamp duty on transaction of Non Government securities, (Refer Note 25 of notes to financial statements) the Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, GST and any other statutory dues with the appropriate authorities. 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.62.54 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, goods and service tax and value added tax which have not been deposited on account of any dispute. The demands in respect of tax deducted at source and income tax for the following years have not been deposited on account of disputes:



Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax deducted at source	3.54	Financial Year 2008 – 09	Assistant Commissioner of Income tax – TDS – 3(2)
Income Tax Act, 1961	Tax deducted at source	2.94	Financial Year 2009 – 10	Assistant Commissioner of Income tax – TDS – 3(2)
Income Tax Act, 1961	Tax deducted at source	10.72	Financial Year 2010 – 11	Assistant Commissioner of Income tax – TDS – 3(2)
Income Tax Act, 1961	Income tax	4.48	Financial Year 2011-12	Assessing officer
Income Tax Act, 1961	Income tax	5.24	Financial Year 2012-13	Assessing officer

- viii. According to the information and explanations provided to us and based on the records examined by us, the Company has not defaulted in repayment of dues to banks and debenture holders during the year. The Company has not raised any funds from financial institutions or the Government.
- ix. According to information and explanation given to us and based on the records examined by us, the Company has utilized the monies raised by way of term loans for the purpose for which the loan was obtained. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- x. According to the information and explanations provided to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of the audit.
- xi. According to information and explanation provided to us and based on the records examined by us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act to be read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii. According to the information and explanation provided to us and based on our examination of records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the 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
Prakash Chandra Jain & Co.
Chartered Accountants
 Firm Registration No. 002438C

Pratibha Sharma
Partner
 Membership No. 400755
 UDIN: 0400755AAAAAL5307

Place : Mumbai
 Date : June 08, 2020



Annexure – B to the Independent Auditor’s Report

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

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

We have audited the internal financial controls over financial reporting of STCI Finance Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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
Prakash Chandra Jain & Co.
Chartered Accountants
Firm Registration No. 002438C

Pratibha Sharma
Partner
Membership No. 400755
UDIN: 0400755AAAAAL5307

Place : Mumbai
Date : June 08, 2020



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

(Formerly known as Securities Trading Corporation of India Limited)

A/B1 802, A-Wing, 8th Floor,
Marathon Innova,
Marathon Nextgen Compound,
Off. G.K. Marg, Lower Parel (West),
Mumbai – 400013

- 1) This report is issued in accordance with requirements of Non Banking Financial Companies Auditors Report (Reserve Bank) Directions, 2016 – Master Direction DNBS.PPD.03/66.15.001/2016-17 dated September 29, 2016).
- 2) We have audited the company financial Statements of STCI Finance Limited. (Formerly known as Securities Trading Corporation of India Limited) (herein after referred to as the “Company”) comprising the Balance Sheet as at 31st March 2020, the statement of Profit and Loss, the statement of changes of equity and statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date, on which we have issued our report dated 08.06.2020.

Management Responsibility for the financial Statement :

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

Auditor's Responsibility

- 5) Pursuant to the requirements of Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions 2016, as consolidated in RBI master Direction (Ref DNBR.PD.008/03.10.119/2017-18 (the “Directions”), it is our responsibility to examine the audited books and records of the company for the year ended March 31, 2020 and report on the matters specified in the directions to the extent applicable of the Company.
- 6) We conducted our examination in accordance with the ‘Guidance note on Audit Reports and Certificates for the ‘Special Purposes’ issued by the Institute of Chartered Accountants of India.

Opinion

- 7) Based on our examination of the audited books and records of the company for the year ended March 31, 2020 as produced for our examination and the information and explanations given to us we report that :
 - 7.1. The company is engaged in the business of non-banking financial institution and has obtained a certificate of registration (CoR) (certificate No. B-13.00005 December 16, 1997) under section 45IA of Reserve Bank of India Act, 1934) (2 of 1934) from Bank's Department of Non-Banking Supervision, Mumbai Regional Office.



- 7.2. The company is entitled to continue to hold such CoR in terms of its asset/(income pattern) as on March 31,2020.
- 7.3. As laid down in Master Direction- non Banking Financial Company- Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016, the company is meeting the required net owned fund requirement.
- 7.4. The Board of Directors of the company has passed a resolution in its meeting held on 6th May 2019, for non acceptance of public deposits.
- 7.5. The company has not accepted any public deposit during the year ended 31 March 2020.
- 7.6. As per the Ministry of Corporate Affairs (MCA) notification dated 30.03.2016 the Company is required to prepare its financial statements using Indian Accounting Standards (Ind AS). The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it under Ind AS. However, as per RBI prudential norms, interest on non performing assets (credit impaired asset) is booked on receipt basis. However, as per Ind AS, interest income on credit impaired asset should be recognized on the net carrying amount. Taking into account RBI guidelines and prudence, interest on non performing assets is booked on receipt basis by the company.
- 7.7. The annual statement of capital funds, risk assets/exposures and risk assets ratio (NBS-7) has been furnished to the Bank on May 13, 2020 within the stipulated period based on the unaudited books of account. However, final capital adequacy ratio will be disclosed once the accounts are finalized. It is in compliance with the minimum CRAR prescribed by the bank. The capital adequacy has been calculated based on the RBI guidelines RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian Accounting Standards by NBFCs.
- 7.8. The Company is not NBFC Micro Finance Institution (MFI) as defined in the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Restrictions on Use

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

For and on behalf of
Prakash Chandra Jain & Co.
Chartered Accountants
Firm Registration No. 002438C

Pratibha Sharma
Partner
Membership No. 400755
UDIN: 0400755AAAAAL5307

Place : Mumbai
Date : June 08, 2020



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 2020

The preparation of financial statements of STCI Finance Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 08 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of STCI Finance Limited for the year ended 31 March 2020 under section 143 (6)(a) of the Act.

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

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

Place : Mumbai
Date : 04.09.2020

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



BALANCE SHEET AS AT MARCH 31, 2020

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2020	As at April 01, 2019
	ASSETS			
1	Financial Assets			
(a)	Cash & Cash equivalents	2 a	27,396.57	3,246.26
(b)	Bank Balances other than (a) above	2 b	408.83	659.38
(c)	Derivative Financial Instruments	3	-	-
(d)	Receivables			
	(i) Trade Receivables	4	15.55	7.32
	(ii) Other Receivables		2.61	-
(e)	Loans	5	1,55,855.94	2,73,399.63
(f)	Investments	6	48,310.91	54,075.48
(g)	Other Financial Assets - (Security and other Deposits)		516.29	507.75
2	Non-Financial Assets			
(a)	Tax Assets(net)		9,591.70	7,272.78
(b)	Property, Plant and Equipment	7	2,075.26	2,143.60
(c)	Other Intangible Assets	7	53.59	6.20
(d)	Right of Use Asset	7	138.34	-
(e)	Other Non-Financial assets	8	269.37	76.90
	Total Assets		2,44,634.96	3,41,395.30
	LIABILITIES AND EQUITY			
1	Financial Liabilities			
(a)	Derivative Financial Instruments	3	-	0.52
(b)	Payables			
	(i) Trade Payables	9		
	total outstanding dues of micro enterprises and small enterprises		-	-
	total outstanding dues of creditors other than micro enterprises and small enterprises		140.08	117.86
	(ii) Other Payables	9		
	total outstanding dues of micro enterprises and small enterprises		-	-
	total outstanding dues of creditors other than micro enterprises and small enterprises		0.55	0.55
(c)	Debt Securities	10	14,227.53	62,958.73
(d)	Borrowings (Other than Debt Securities)	11	81,870.54	1,27,167.92
(e)	Other Financial Liabilities	12	5,008.78	749.63

**BALANCE SHEET AS AT MARCH 31, 2020**

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2020	As at April 01, 2019
2	Non-Financial Liabilities			
(a)	Provisions	13	506.28	500.62
(b)	Deferred Tax Liabilities	35	886.74	2,453.52
(c)	Other Non-Financial Liabilities	14	43.67	300.12
3	Equity			
(a)	Equity Share capital	15	38,000.00	38,000.00
(b)	Other Equity	16	1,03,950.79	1,09,145.83
	Total Liabilities and Equity		2,44,634.96	3,41,395.30
	Significant accounting policies, key estimates and judgments	1		
The accompanying notes form an integral part of the standalone financial statements.				

As per our report of even date

For and on behalf of

Prakash Chandra Jain & Co.**Chartered Accountants**

Firm Registration No.002438C

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

Director

DIN: 00292670

R Venkataramani

Director

DIN: 00829107

Pradeep Madhav

Managing Director & CEO

DIN: 00267422

Raghendra Kumar

Dy. Managing Director

DIN: 08045355

Pratibha Sharma

Partner

Membership No. 400755

Kamlesh Rathi

Chief Financial Officer

Suparna Sharma

Company Secretary

Plate : Mumbai

Date : June 8, 2020

Plate : Mumbai

Date : June 8, 2020



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
(I)	Revenue from operations			
(i)	Interest Income	17	23,870.57	36,579.33
(ii)	Dividend Income (From subsidiary ₹ 8,400.00 lakhs (PY - ₹ 1,500.00 lakhs)		8,579.93	1,681.85
(iii)	Fees and commission Income		83.51	177.57
(iv)	Net gain on fair value changes	18	169.35	-
	Total Revenue from operations		32,703.36	38,438.75
(II)	Other Income	19	49.40	79.55
(III)	Total Income (I+II)		32,752.76	38,518.30
	Expenses			
(i)	Finance Costs	20	11,355.72	21,584.30
(ii)	Net loss on fair value changes	18	-	107.58
(iii)	Impairment on financial instruments	21	22,378.62	8,944.80
(iv)	Employee Benefits Expenses	22	1,087.45	1,092.93
(v)	Depreciation, amortization and impairment	7	141.89	88.52
(vi)	Others expenses	23	1,177.14	1,082.65
(IV)	Total Expenses		36,140.82	32,900.78
(V)	Profit / (loss) before exceptional items and tax (III-IV)		(3,388.06)	5,617.52
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V+VI)		(3,388.06)	5,617.52
(VIII)	Tax Expense:			
	- Current Tax		-	3,300.00
	- Deferred Tax		(1,476.27)	(2,144.06)
(IX)	Profit/(loss) for the period (VII-VIII)		(1,911.79)	4,461.58
(X)	Other Comprehensive Income			
A	(i) Items that will not be reclassified to profit and loss		(333.76)	647.24
	(ii) Less: Income Tax on items that will not be reclassified to profit & loss		(90.51)	(281.71)
	Subtotal (A) (i-ii)		(243.25)	928.95
B	(i) Items that will be reclassified to profit and loss		-	-
	(ii) Less: Income Tax on items that will be reclassified to profit & loss		-	-
	Subtotal (B) (i-ii)		-	-
	Other Comprehensive Income (A + B)		(243.25)	928.95
(XI)	Total Comprehensive Income for the period (IX + X)		(2,155.04)	5,390.53

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

(₹ in lakhs)

	Particulars	Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
(XII)	Earnings per equity share for equity shares of par value ₹ 10/- each Basic & Diluted (in ₹)	30	(0.50)	1.17
	Significant accounting policies, key estimates and judgments	1		

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

As per our report of even date

For and on behalf of

Prakash Chandra Jain & Co.**Chartered Accountants**

Firm Registration No.002438C

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

Director

DIN: 00292670

R Venkataramani

Director

DIN: 00829107

Pradeep Madhav

Managing Director & CEO

DIN: 00267422

Raghendra Kumar

Dy. Managing Director

DIN: 08045355

Pratibha Sharma

Partner

Membership No. 400755

Kamlesh Rathi

Chief Financial Officer

Suparna Sharma

Company Secretary

Plate : Mumbai

Date : June 8, 2020

Plate : Mumbai

Date : June 8, 2020



STATEMENT OF CHANGES IN EQUITY

A. Equity share capital (₹ in lakhs)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning	38,00,00,000	38,000.00	3,80,00,000	38,000.00
Changes in the equity share capital during the year				
Subdivision of equity shares	-	-	34,20,00,000	-
(One share of ₹ 100 split into shares of ₹ 10 each)				
Balance as at the end	38,00,00,000	38,000.00	38,00,00,000	38,000.00



Particulars	Reserves & Surplus			Equity Instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
	Statutory Reserve	Capital redemption Reserve	Retained Earnings			
Balance as at March 31, 2018	38,315.00	12,000.00	31,067.89	25,724.25	4.71	1,07,111.85
Total Comprehensive Income for the year	-	-	4,461.58	937.48	(8.53)	5,390.53
Dividend	-	-	(3,356.55)	-	-	(3,356.55)
Transfer to/from retained earnings	1,300.00	-	(1,300.00)	-	-	-
Balance as at March 31, 2019	39,615.00	12,000.00	30,872.92	26,661.73	(3.82)	1,09,145.83
Changes in accounting policy/prior period errors	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	(1,911.79)	(247.71)	4.46	(2,155.04)
Dividend	-	-	(3,040.00)	-	-	(3,040.00)
Transfer to/from retained earnings	-	-	-	-	-	-
Balance as at March 31, 2020	39,615.00	12,000.00	25,921.13	26,414.02	0.64	1,03,950.79

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

For and on behalf of

Prakash Chandra Jain & Co.**Chartered Accountants**

Firm Registration No.002438C

Melwyn Oswald Rego

Director

DIN: 00292670

R Venkataramani

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Kamlesh Rathi

Chief Financial Officer

Suparna Sharma

Company Secretary

Pratibha Sharma

Partner

Membership No. 400755

Plate : Mumbai

Date : June 8, 2020

Plate : Mumbai

Date : June 8, 2020



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before exceptional items and tax	(3,388.06)	5,617.52
Adjustments :		
Depreciation	141.89	88.52
(Profit) / Loss on sale of Property, plant and equipment (Net)	(0.11)	(1.05)
Impairment on financial instruments	22,378.62	8,944.80
	22,520.40	9,032.27
Operating Profit / (loss) before working capital changes	19,132.34	14,649.79
Changes in Working Capital:		
(Increase)/ Decrease in Receivable	(10.84)	(3.98)
(Increase)/ Decrease in Loans	95,165.07	60,574.03
(Increase)/ Decrease in Investments	5,423.13	(2,159.82)
(Increase)/ Decrease in Other Financial Assets	(8.54)	(380.45)
(Increase)/ Decrease Other Non-Financial Assets	(192.47)	(1.58)
Increase/ (Decrease) in Payable	22.22	(52.41)
Increase/ (Decrease) in Other Financial Liabilities (incl. Derivatives)	4,116.49	4.50
Increase/ (Decrease) in Provisions	13.34	40.38
Increase/ (Decrease) Other Non-Financial Liabilities	(256.45)	58.85
	1,04,271.95	58,079.52
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	1,23,404.29	72,729.31
Taxes Paid	(2,318.92)	(4,805.35)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	1,21,085.37	67,923.96
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed deposit with banks having original maturity over three months	250.55	(0.36)
Purchase of tangible / intangible assets	(79.18)	(113.59)
Sale of tangible / intangible assets	0.14	5.72
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	171.51	(108.23)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Dividend (including dividend & DDT)	(3,040.00)	(3,356.55)
Funds borrowed/(Repaid)	(94,028.58)	(65,343.92)
Payment towards lease liabilities	(37.99)	-
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	(97,106.57)	(68,700.47)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	24,150.31	(884.74)
Cash and Cash Equivalents at beginning of period (Refer Note 2 (a))	3,246.26	4,131.00
Cash and Cash Equivalents at end of period (Refer Note 2(a))	27,396.57	3,246.26
The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the (Ind AS) -7 "Cash Flow Statements".		

As per our report of even date

For and on behalf of

Prakash Chandra Jain & Co.**Chartered Accountants**

Firm Registration No.002438C

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

Director

DIN: 00292670

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Dy. Managing Director

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Partner

Membership No. 400755

Kamlesh Rathi

Chief Financial Officer

Suparna Sharma

Company Secretary

Plate : Mumbai

Date : June 8, 2020

Plate : Mumbai

Date : June 8, 2020



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

i) Corporate Information

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

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

ii) Basis of Preparation

a) Statement of Compliance

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

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

b) Functional and presentation currency

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

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

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

d) Use of judgment and Estimates

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

e) Fair value measurement

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

iii) **Significant Accounting policies**

a) **Financial Instruments**

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

1) **Financial Assets**

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

Financial assets are subsequently classified as measured at

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

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

- **Loans and Advances :**

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

- **Debt Instruments:**

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

Measured at amortised cost:

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

Debt Instruments at FVTOCI

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

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

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

Debt Instruments at FVTPL

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

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

- **Equity instruments**

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

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

- **Reclassification of financial assets**

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- **De-recognition of financial assets**

The Company de-recognises a financial asset only when

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

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

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

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

- **Equity Instruments**

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

- **Financial liabilities**

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

- **Financial liabilities at FVTPL:**

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

- **Financial liabilities at amortised cost:**

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

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

- **De-recognition of financial liabilities**

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

3. **Derivative financial instruments**

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

4. Impairment of financial instruments

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

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

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

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

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

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

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

*In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto three months on the payment of all instalments and /or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. Since the moratorium is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same has not been treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower. Consequently, For all such accounts where the moratorium is granted, the asset classification (Stage 2 to Stage 3) remains stand still during the moratorium period.

Measurement of Expected Credit Loss

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

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

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

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

Computation of ECL is summarized as under.

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

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

To the extent a financial asset is considered irrecoverable, the applicable portion of the gross carrying value is written off. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off and when there is no reasonable expectation of



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

recovery from the collaterals held. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

- Presentation of allowance for ECL in the balance sheet

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

5. Offsetting

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

b) Cash and Cash equivalents

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

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

Statement of Cash Flow

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

c) Property, Plant and Equipment and Intangible Assets

1. Recognition and measurement

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

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

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

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

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

2. Subsequent Measurement

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3. Depreciation and amortisation

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

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

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

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

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

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

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

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

e) Provisions and Contingencies

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

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

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

f) **Employee Benefits**

1. **Short-term employee benefits**

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

2. **Long-Term employee Benefits**

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

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

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

3. **Post-Employment and termination benefits**

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

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

• **Defined Benefit Obligation (Gratuity)**

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

Defined benefit costs are categorised as follows:

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

g) **Borrowing Cost**

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

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

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

h) **Revenue Recognition**

1. **Interest**

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

2. **Fees Income**

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

3. **Dividend Income**

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

4. **Income from securities**

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

I Leases

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

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

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

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

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

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

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

The Company as a lessor

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

j) Income Tax

Income tax expense comprises of current tax and deferred tax.

1. Current Tax

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

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

2. Deferred Tax

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

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

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

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

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

k) Earnings Per Share

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

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

l) Segment Reporting

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

m) Dividend Distribution to Equity Holders of the Company

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Note 2 (a) : Cash and Cash equivalents**

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Cash on hand	0.05	0.00
b)	Balance with Bank (In current and deposit accounts)	27,396.52	3,246.26
	Total (a+b)	27,396.57	3,246.26

(b) : Bank Balance other than Cash & Cash Equivalents

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
	Deposit with Bank (Original maturity of more than 3 months) (includes interest accrued but not due) Fixed deposit includes (a) ₹ 395.00 lakhs (PY- ₹ 395.00 lakhs) in the name of National Securities Clearing Corporation Limited towards margin requirements for Equity Futures & Options segment; and (b) ₹ Nil (PY - ₹ 250.00 lakhs) with HDFC Bank for meeting margin requirements for equity segment. Residual maturity of above fixed deposits is less than one year.	408.83	659.38
	Total	408.83	659.38

Note 3 : Derivative financial instruments

(₹ in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value Assets	Fair Value Liabilities	Notional amounts	Fair Value Assets	Fair Value Liabilities
Equity linked derivatives	-	-	-	669.18	-	0.52
Total derivatives Financial Instruments	-	-	-	669.18	-	0.52
PART - II, Included in above (part I) are derivatives held for hedging and risk management purposes as follows:						
Undesignated Derivatives	-	-	-	669.18	-	0.52
Total derivatives Financial Instruments	-	-	-	669.18	-	0.52



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 4 : Receivables

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Trade Receivables		
	a) Secured, considered good ;	15.55	7.32
	b) Unsecured, considered good; and	-	-
	c) Credit Impaired	-	-
	Subtotal (a+b+c)	15.55	7.32
	Less: Allowance for impairment loss	-	-
	NET Receivables	15.55	7.32
b)	Other Receivables (from related party - STCI Primary Dealer Limited)	2.61	-
	TOTAL (a+b)	18.16	7.32

Dues from Directors & Others officers of the Company in above

Nil

Nil

Note-5 : Loans (At Amortised Cost)

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Loans (at amortised cost) :		
	Term Loans & Others (Refer Note no. 38)	1,68,555.44	2,55,979.78
	Others - TREPS Lending	-	32,094.26
	Total (Gross)	1,68,555.44	2,88,074.04
	Less : Impairment loss allowance	(12,699.50)	(14,674.41)
	Total (Net)	1,55,855.94	2,73,399.63
b)	i) Secured by tangible assets	1,68,555.44	2,40,853.03
	ii) Secured by intangible assets	-	-
	iii) Covered by bank / Government guarantees	-	-
	iv) Covered by CCP's	-	32,094.26
	v) Unsecured	-	15,126.75
	Total (Gross)	1,68,555.44	2,88,074.04
	Less : Impairment loss allowance	(12,699.50)	(14,674.41)
	Total (Net)	1,55,855.94	2,73,399.63
c)	I) Loans in India	-	-
	a) Public Sector	-	-
	b) Others	1,68,555.44	2,88,074.04
	Total (Gross)	1,68,555.44	2,88,074.04
	Less : Impairment loss allowance	(12,699.50)	(14,674.41)
	Total (Net)	1,55,855.94	2,73,399.63
	II) Loans outside India (Net)	-	-
	Total C(I) & C(II)	1,55,855.94	2,73,399.63

Loans and Advances of ₹ 73,950.74 lakhs (₹ 164,932.38 lakhs as on March 31, 2019) have been charged in favour of Debenture Trustee and Banks for outstanding Secured Redeemable Non-Convertible Debentures (NCD's) of ₹ 9,000.00 lakhs (₹ 59,000.00 lakhs as March 31, 2019) and Bank Term Loans of ₹ 51,935.33 lakhs (₹ 71,054.30 lakh as on March 31, 2019)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note-6 : Investments

(₹ in lakhs)

Particulars	As at March 31, 2020				As at March 31, 2019					
	At Fair Value		Total	Others at Cost	At Fair Value		Total	Others at Cost		
	Through OCI	Through profit and loss account			Through OCI	Through profit and loss account				
	1	2	(3=1+2)	4	5=3+4	6	7	(8=6+7)	9	(10=8+9)
Investments										
Mutual funds	-	502.35	502.35	-	502.35	-	500.40	500.40	-	500.40
Government Securities (Incl. SDL) *	-	41.99	41.99	-	41.99	-	42.64	42.64	-	42.64
Other approved securities	-	-	-	-	-	-	-	-	-	-
Debt Securities *	-	-	-	-	-	-	5,025.84	5,025.84	-	5,025.84
Equity instruments										
- Quoted Equity Shares	20.80	206.16	226.96	-	226.96	37.24	604.75	641.99	-	641.99
- Subsidiaries (Wholly owned & unquoted) **	-	-	-	15,386.94	15,386.94	-	-	-	15,386.94	15,386.94
- Equity Investment in CCIL (unquoted)	31,538.46	-	31,538.46	-	31,538.46	31,538.46	-	31,538.46	-	31,538.46
Investment in Venture Capital Fund ***	875.00	-	875.00	-	875.00	1,200.00	-	1,200.00	-	1,200.00
Total – Gross (A)	32,434.26	750.50	33,184.76	15,386.94	48,571.70	32,775.70	6,173.63	38,949.33	15,386.94	54,336.27
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	32,434.26	750.50	33,184.76	15,386.94	48,571.70	32,775.70	6,173.63	38,949.33	15,386.94	54,336.27
Total – Gross (B)	32,434.26	750.50	33,184.76	15,386.94	48,571.70	32,775.70	6,173.63	38,949.33	15,386.94	54,336.27
Total Investments (A) = (B)	32,434.26	750.50	33,184.76	15,386.94	48,571.70	32,775.70	6,173.63	38,949.33	15,386.94	54,336.27
Less: Impairment loss allowance (C)	-	-	-	260.79	260.79	-	-	-	260.79	260.79
Total – Net D = (A) - (C)	32,434.26	750.50	33,184.76	15,126.15	48,310.91	32,775.70	6,173.63	38,949.33	15,126.15	54,075.48

* Including accrued Interest

** The investment in subsidiaries has been valued at cost.

*** Tata Venture Capital Funds- class A units 25,00,00,000 of ₹ 1/- each. Net amount paid per unit - ₹ 0.4941 (PY ₹ 0.4941) after considering redemption of ₹ 0.41656 (PY ₹ 0.41656) per unit. Balance committed Capital contribution ₹ 223.23 lakhs (PY ₹ 223.23 lakhs).

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note - 7 : Property, Plant & Equipment and Intangible Assets

(₹ in lakhs)

Particulars	Tangible Assets										Intangible Assets	Right of Use Asset	Total Assets		
	Air-Conditioners	Buildings *	Improvement to Leasehold Property	Computers	Electrical Installations	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software and Licenses				Building	
Gross Block															
As at March 31, 2018	11.24	2,126.87	-	44.35	12.86	35.22	4.40	24.40	2,259.34	22.60	-	-	2,281.94		
Additions	6.88	-	34.56	31.93	-	16.52	2.16	19.70	111.75	1.84	-	-	113.59		
Disposals	-	-	-	0.55	-	-	0.13	7.30	7.98	-	-	-	7.98		
As at March 31, 2019	18.12	2,126.87	34.56	75.73	12.86	51.74	6.43	36.80	2,363.11	24.44	-	-	2,387.55		
Recognised on adoption of Ind AS 116															
Additions	-	-	-	19.39	-	0.41	0.47	-	20.27	58.91	104.74	75.39	154.57		
Disposals	-	-	-	-	-	0.05	-	1.90	1.95	-	-	-	1.95		
As at March 31, 2020	18.12	2,126.87	34.56	95.12	12.86	52.10	6.90	34.90	2,381.43	83.35	180.13	75.39	2,644.91		
Depreciation															
As at March 31, 2018	2.32	106.34	-	13.13	3.69	8.26	1.79	5.18	140.71	11.83	-	-	152.54		
Additions	2.73	39.70	3.64	16.19	3.69	9.58	1.44	5.14	82.11	6.41	-	-	88.52		
Disposals	-	-	-	0.26	-	-	0.13	2.92	3.31	-	-	-	3.31		
As at March 31, 2019	5.05	146.04	3.64	29.06	7.38	17.84	3.10	7.40	219.51	18.24	-	-	237.75		
Additions	3.05	39.82	7.20	18.82	3.70	10.34	1.27	4.38	88.58	11.52	41.79	-	141.89		
Disposals	-	-	-	-	-	0.02	-	1.90	1.92	-	-	-	1.92		
As at March 31, 2020	8.10	185.86	10.84	47.88	11.08	28.16	4.37	9.88	306.17	29.76	41.79	41.79	377.72		
Net Carrying Amount															
As at March 31, 2019	13.07	1,980.83	30.92	46.67	5.48	33.90	3.33	29.40	2,143.60	6.20	-	-	2,149.80		
As at March 31, 2020	10.02	1,941.01	23.72	47.24	1.78	23.94	2.53	25.02	2,075.26	53.59	138.34	138.34	2,267.19		

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Note-8 : Other Non-Financial Asset**

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
	Unsecured - Considered good (Unless otherwise stated)		
	Prepaid Expenses	52.32	49.69
	Input Tax Credit	77.86	26.61
	Other Advances	139.19	0.60
	Total	269.37	76.90

Note-9 : Payables

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Trade Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total dues of creditors other than micro enterprises and small enterprises	140.08	117.86
	Subtotal (i+ ii)	140.08	117.86
b)	Other Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total dues of creditors other than micro enterprises and small enterprises	0.55	0.55
	Subtotal (i+ ii)	0.55	0.55
	Total (a+b)	140.63	118.41

Based on and to the extent of the information received by the company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), there are no amounts due to MSME as at March 31, 2020.

	Disclosure under MSMED Act, 2006, to the extent the Company has received intimation from the Suppliers regarding their status	As at March 31, 2020	As at March 31, 2019
i)	Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-
ii)	Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-
iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
iv)	Interest accrued and remaining unpaid at the end of each accounting year	-	-
v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note-10 : Debt Securities (At amortised Cost)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
- Commercial Papers (Unsecured) *	4,807.27	-
- Secured Non Convertible Debentures	9,420.26	62,958.73
Total	14,227.53	62,958.73
Debt securities in India	14,227.53	62,958.73
Debt securities outside India	-	-
Total	14,227.53	62,958.73

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

* Initially subscribed and held by related party Bank of India (BOI) as on March 31, 2020. Face Value of the CP is ₹ 5,000.00 lakhs.

Non Convertible Debentures (NCD's) are privately placed having face value of ₹ 10 lakhs each and redeemable at par and secured by way of first charge on specific receivables (Loan & Advances) and registered mortgage of the Company's immovable properties with an overall asset cover of 125%. Details of outstanding NCD' is as under.

(₹ in lakhs)

Particulars	Maturity Date	As at March 31, 2020		As at March 31, 2019	
		Current Maturities	Non Current portion	Current Maturities	Non Current portion
9.67% NCDs 3000 (PY-3000)	June 25, 2019	-	-	30,000.00	-
9.89% NCDs 2000 (PY-2000)	July 30, 2019	-	-	20,000.00	-
9.40% NCDs 900 (PY-900)	October 1, 2020	9,000.00	-	-	9,000.00
		9,000.00	-	50,000.00	9,000.00

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

Note-11: Borrowings (Other than Debt Securities) at amortised cost

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Term loans		
(i) from Banks - Long Term	52,038.87	65,713.66
(ii) from Banks - Short Term	-	5,500.34
- Related Party (BOI) **	20,010.08	20,004.71
(b) Loans repayable on demand	-	-
(i) from Banks	9,821.52	31,141.10
(ii) from Banks - Related Party (BOI) **	0.07	4,808.11
(c) Other loans - CBLO/TREPS (Secured)	-	-
Total	81,870.54	1,27,167.92
Borrowings in India	81,870.54	1,27,167.92
Borrowings outside India	-	-
Total	81,870.54	1,27,167.92

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

(₹ in lakhs)

Name of the Lender	Repayment details	As at March 31, 2020		As at March 31, 2019	
		Principal Maturity Value		Principal Maturity Value	
		Current	Non Current	Current	Non Current
State Bank of India	18 Qtrly Installments w.e.f. 30.07.17	11,112.00	8,330.00	11,112.00	19,442.00
HDFC Bank Ltd	8 Qtrly Installments w.e.f. 07.04.18	-	-	2,500.00	-
Union Bank I	8 Qtrly Installments w.e.f. 29.09.18	2,500.00	-	10,000.00	2,500.00
Bank of Baroda	8 Qtrly Installments w.e.f. 30.06.22	-	19,993.33	-	19,999.96
Union Bank II	10 Qtrly Installments w.e.f. 28.07.20	3,000.00	7,000.00	-	-
		16,612.00	35,323.33	23,612.00	41,941.96

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

(₹ in lakhs)

Name of the Lender	Repayment details	Type	As at March 31, 2020	As at March 31, 2019
Bank Of India (Related Party)	28.05.2020 (PY -28.05.19)	Unsecured	20,000.00	20,000.00
Bank of Baroda	- (PY - 20.03.2020)	Secured	-	5,500.34
Interest Accrued but not due on above			10.08	4.71
			20,010.08	25,505.05

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

(₹ in lakhs)

Name of the Lender	Type	As at March 31, 2020	As at March 31, 2019
Bank Of India (Related Party)	Unsecured	-	4,799.59
Corporation Bank	Unsecured	12.17	12,623.48
Union Bank of India	Unsecured	9,787.86	9,585.37
Andhra Bank	Unsecured	21.40	8,932.25
Interest Accrued but not due on above		0.16	8.52
		9,821.59	35,949.21

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

Note 12 : Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Margin money	4,863.39	749.63
b) Lease Liability (Refer Note no 26)	142.14	-
c) Others (Payable to related party - STCI Primary Dealer Ltd)	3.25	-
Total	5,008.78	749.63



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note-13 : Provisions

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for Employee benefits	393.64	412.98
(b) Provision for PLVP	50.00	25.00
(c) Others		
- Provision for Stamp Duty	62.64	62.64
- Other provisions	-	-
Total (a+b+c)	506.28	500.62

Note-14 : Other Non-Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Revenue received in advance	-	277.33
(b) Statutory Dues	43.67	22.79
Total (a+b)	43.67	300.12

Note-15 : Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
500,000,000 (PY - 500,000,000) Equity shares of ₹ 10/- each (PY ₹ 10/-)	50,000.00	50,000.00
	-	-
	50,000.00	50,000.00
Issued, subscribed, and fully paid up		
Equity Share Capital	-	-
380,000,000 (PY - 380,000,000) Equity shares of ₹ 10/- (PY ₹ 10/-) each fully paid up	38,000.00	38,000.00
Total	38,000.00	38,000.00

a) Details of Shareholding as at March 31, 2020

- 113,837,810 number of equity shares of ₹ 10/- each (PY - 113,837,810 of ₹ 10/- each), are held by Bank of India, the largest shareholder of the company. During the previous year, the shareholders of the Company had approved sub-division of equity shares of the Company from one equity share of face value ₹ 100 each fully paid up to ten equity shares of face value ₹ 10 each fully paid up.
- Shareholders holding more than 5% of equity shares of the company are as under.

Name of Shareholder	As at March 31, 2019		As at March 31, 2019	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	11,38,37,810	29.96%	11,38,37,810	29.96%
State Bank of India	3,92,11,420	10.32%	3,92,11,420	10.32%
IDFC Bank Limited	3,53,01,360	9.29%	3,53,01,360	9.29%
IDBI Bank Limited	2,50,76,100	6.60%	2,50,76,100	6.60%
LIC of India	2,15,23,470	5.66%	2,15,23,470	5.66%

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

- b) Details of shares bought back during past five years : Nil
- c) Aggregate number of shares allotted as fully paid up pursuant to contract without payment being received in cash or by way of Bonus Shares - Nil
- d) **Reconciliation of the number of equity shares outstanding of ₹10 (PY ₹10/-) each**

Particulars	As at March 31, 2020	As at March 31, 2019
No. of shares Outstanding as at the beginning of the year (FV ₹ 10/- (PY ₹ 100/-))	38,00,00,000.00	3,80,00,000.00
Adjustment for Sub-Division of Equity Shares (from ₹ 100/- to ₹ 10/-)	-	34,20,00,000.00
Number of shares outstanding Post-split (FV ₹ 10/- per share)	38,00,00,000.00	38,00,00,000.00
Add: Shares issued	-	-
Less: Share bought back / forfeited	-	-
Number of shares at the end of year (FV ₹ 10/- per share)	38,00,00,000.00	38,00,00,000.00

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

Note-16 : Other Equity

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Reserve u/s 45-IC of The RBI Act, 1934	39,615.00	39,615.00
Capital redemption Reserve	12,000.00	12,000.00
Retained Earnings	25,921.13	30,872.92
Other Comprehensive Income	26,414.66	26,657.91
Total	1,03,950.79	1,09,145.83

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note-17 : Interest Income

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Financial Assets measured at Amortised Cost		
Interest on Loans	22,832.91	35,469.40
Interest on deposits with Banks	111.92	49.29
Other interest Income	847.93	828.64
Financial Assets measured at fair value through profit or loss		
Interest income from debt instruments	77.81	232.00
Total	23,870.57	36,579.33

Note-18 : Net gain/ (loss) on fair value changes

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	151.51	(35.51)
- Derivatives	17.84	(72.07)
Total	169.35	(107.58)
Fair Value changes:		
- Realised	212.34	(130.51)
- Unrealised	(42.99)	22.93
Total	169.35	(107.58)

Note-19 : Other Income

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Net gain/(loss) on derecognition of property, plant and equipment	0.11	1.05
Provisions no longer required written back	25.00	61.37
Income from subleasing right-of-use assets	3.01	-
Miscellaneous Income	21.28	17.13
Total	49.40	79.55

Note-20 : Finance Costs

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Interest on Financial liabilities measured at Amortised Cost		
Borrowings other than debt securities	8,862.04	8,301.15
Debt securities	2,299.98	13,094.73
Interest expense on lease liabilities	9.05	-
Others	184.65	188.42
Total	11,355.72	21,584.30

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Note-21 : Impairment on financial instruments measured at amortised cost**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Loan		
- Expected credit losses	(1,974.91)	5,614.15
-Write off of Loans	24,353.53	3,330.65
Impairment provision on Investments	-	-
Total	22,378.62	8,944.80

Note-22 : Employee Benefits Expenses

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Salaries and wages	989.19	996.98
Contribution to provident and other funds	62.85	57.64
Staff welfare expenses	35.41	38.31
Total	1,087.45	1,092.93

Note 23 : Other expenses

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Rent, taxes and energy costs	91.17	99.08
Repairs and maintenance	62.90	54.53
Communication Costs	15.52	15.56
Printing and stationery	6.37	9.09
CSR Expenditure (Refer Note No.31)	160.00	213.11
Donation	-	10.00
Director's fees, allowances and expenses	45.45	43.17
Auditor's fees and expenses (Refer Note No.27)	15.25	14.50
Legal and Professional charges	472.15	379.35
Insurance	39.19	40.34
Information services	37.60	39.43
Travelling Expenses	70.45	68.29
Other expenditure	161.09	96.20
Total	1,177.14	1,082.65



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Notes forming part of financial statements

24. Contingent Liabilities (to the extent not provided for)

- i) Claims against the company not acknowledged as debt:
- 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.
 - No provision has been made in respect of following disputed tax dues under Income Tax act 1961. The total tax liability under dispute is ₹ 497.40 lakhs (PY ₹ 497.40 lakhs).

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

- No provision has been made for stamp duty on non-government securities transactions for the period up to 31st March 2006.

ii) Capital and other commitments:

Balance committed capital contribution to Tata Venture Capital Fund as on March 31, 2020 is ₹ 223.23 lakhs (PY-₹223.23 lakhs).

25. Details of Provisions is as under.

* Performance Linked Variable Pay

(₹ in lakhs)

Particulars	Stamp Duty		PLVP*	
	2019-20	2018-19	2019-20	2018-19
Carrying amount at the beginning	62.64	62.64	25.00	35.00
Additional provisions made in the period	-	-	50.00	25.00
Amounts used during the period	-	-	-	-
Unused amounts reversed during the period	-	-	(25.00)	(35.00)
Carrying amount at the end of the period	62.64	62.64	50.00	25.00

Provision for stamp duty is made in respect of stamp duty payable under Maharashtra Stamp Act, (erstwhile Bombay Stamp Act, 1958) in respect of direct deals for Non SLR transactions. 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

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, 2020 for stamp duty on non-government securities transactions stands at ₹ 62.64 lakhs (PY ₹ 62.64 lakhs) which is for the period commencing 1st April 2006 onwards. The amount of provision as on March 31, 2019 is included under the head "Provisions" in the balance sheet.

Provision of ₹ 50.00 lakhs (PY - ₹ 25.00 lakhs) is made during the year for performance linked variable and incentive pay.

26. Leases

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

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of transition and the right of use asset at its carrying amount. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

Due to adoption of modified retrospective method as permitted, there is no impact of Ind AS 116 adoption to the retained earnings as at April 1, 2019. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 104.74 lakhs and a corresponding lease liability of ₹ 104.74 lakhs. In the results for the current period, the nature of expenses in respect of operating leases has changed from rent in previous period to depreciation for the right to use asset and finance cost for interest accrued on lease liability. Adoption of this standard led to overall increase of ₹ 5.31 lakhs in expense and did not have a material effect on financial results for the year.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate on the date of transition
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Maturity analysis of lease liabilities as at March 31, 2020 is as under.

Particulars	(₹ in lakhs)	
	At Present Value	on an Undiscounted Basis
Less than one year	27.09	38.92
Between one and five years	115.05	136.83
More than five years	-	-

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in lakhs)

Particulars	As at March 31, 2020
Balance at the beginning	104.74
Additions	75.39
Finance cost accrued during the period	9.05
Payment of lease liabilities	(47.04)
Balance at the end	142.14

27. Remuneration to Statutory Auditors

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Payment to auditors (excluding taxes)		
a) Statutory Audit Fees	8.25	7.50
b) Taxation matters (Tax Audit Fees)	1.50	1.50
c) Certification Fees & Other services	5.50	5.50
Total	15.25	14.50

28. In compliance with Ind AS – 27 'Separate Financial Statements', the required information is as under.

Particulars	Principal place of Business	Percentage (%) of ownership Interest	
		Year ended March 31, 2020	Year ended March 31, 2019
Subsidiaries			
STCI Primary Dealer Limited	India	100	100
STCI Commodities Limited	India	100	100

29. Related Party Transactions

List of related parties

i) Related party where control exists:

- STCI Primary Dealer Limited – wholly-owned subsidiary
- 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:-

- Mr Pradeep Madhav – Managing Director & CEO
- Mr. Raghvendra Kumar- Deputy Managing Director(From 02.05.2018)
- Mr. Kamlesh Rathi – Chief Financial Officer
- Ms. Suparna Sharma – Company Secretary

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

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

Particulars	For the Year ended March 31, 2020		For the Year ended March 31, 2019	
	BOI	Subsidiaries	BOI	Subsidiaries
Transactions during the year				
Sale of Govt. Securities	-	-	-	585.96
Allotment of Debt Securities	4,680.33	5,063.57	48,204.25	-
Buyback of Debt Securities	-	-	49,785.15	-
Loans availed *	81,549.41	-	81,063.25	-
Repayment of Loan availed *	86,349.00	-	56,236.96	-
Maximum Loan (availed) Outstanding during the Year	24,879.66	-	24,964.50	-
Finance Cost (Interest Provided on loans)	1,942.85	-	1,665.09	-
Discount paid on Debt Securities (CPs)	126.95	-	1,580.90	-
Dividend Paid (including interim)	910.70	-	910.70	-
Fixed Deposits (FDR) placed	14,000.00	-	-	-
Deposits Received	-	3.25	-	-
Dividend Received (including interim)	-	8,400.00	-	1,500.00
Interest Received on FDRs	6.94	-	-	-
Financial Charges/ payments	24.67	0.55	24.65	3.33
Sitting fees paid	3.00	-	2.50	-
Non-financial Charges/ payments	-	2.51	1.75	1.69
Reimbursement of expenses (receipt)	-	9.92	-	11.12
Sitting fees received	-	4.85	-	4.25
Other Receipts	-	3.01	-	-
Outstanding at the end of the year				
Fixed Deposits (FDR) placed	14,000.00	-	-	-
Interest accrued but not due (on FDRs)	6.25	-	-	-
Deposits Held	-	3.25	-	-
Other Receivable	-	2.61	-	-
Debt Securities issued by Company	4,807.27	-	-	-
Loan availed (including OD)	20,000.00	-	24,799.59	-
Interest accrued but not due on borrowings	10.15	-	13.23	-
Balance in Current/OD account	9,527.00	-	6.96	-

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

Compensation to Key management personnel

(₹ in lakhs)

Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i)	Mr. Pradeep Madhav	123.92	114.60
(ii)	Mr. Raghvendra Kumar	66.29	47.47
(iii)	Mr. Kamlesh Rathi	44.36	41.00
(iv)	Ms. Suparna Sharma	37.60	34.61



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Break up of the Compensation to Key management personnel is as under.

(₹ in lakhs)

Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i)	Salary including Short-term employee benefits	260.36	227.14
(ii)	Company's contribution to Provident Fund	11.81	10.54
	Total	272.17	237.68

Remuneration includes salary, perquisite and profits in lieu of salary as defined under Section 17 of the Income Tax Act, 1961.

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net Profit attributable to equity holders (₹ in Lakhs)	(1,911.79)	4,461.58
Weighted-Average Number of Equity Shares Outstanding (Face Value ₹ 10/- each)	380,000,000	380,000,000
Basic and diluted earnings per share (in ₹)	(0.50)	1.17

31. CSR Expenses

During the year, Company has spent ₹ 160.00 lakhs (PY ₹ 213.11 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. Details of CSR expenses for the year are as under.

(₹ in lakhs)

Sr. No.	Particulars	FY 2019-20	FY 2018-19
1	Construction/acquisition of any asset	Nil	Nil
2	Others	160.00	213.11
	Total CSR Expenses	160.00	213.11
	Amount Pending to be Spent	Nil	Nil

32. Capital Management

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

Sr. No.	Items	As at 31st March, 2020	As at 31st March, 2019
i	CRAR (%)	62.71%	49.49%
ii.	CRAR - Tier I capital (%)	62.11%	49.04%
iii.	CRAR - Tier II Capital (%)	0.60%	0.45%

As per RBI Prudential norms, the minimum CRAR requirement for NBFCs is 15% and the Company has maintained CRAR well above the regulatory norms throughout the year. CRAR as at March 31, 2020, has been calculated based on the RBI guidelines RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, on Implementation of Indian Accounting Standards by NBFCs.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****33. Segment Reporting**

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

(₹ in lakhs)

Particulars	Treasury		Lending		Unallocated		Total	
	FY 19-20	FY 18-19	FY 19-20	FY 18-19	FY 19-20	FY 18-19	FY 19-20	FY 18-19
REVENUES								
External Clients	1,197.03	1,113.68	22,916.42	35,646.97	8,639.31	1,757.65	32,752.76	38,518.30
Inter-segment	-	-	-	-	-	-	-	-
Total Revenue	1,197.03	1,113.68	22,916.42	35,646.97	8,639.31	1,757.65	32,752.76	38,518.30
Segment Result Profit/(Loss)	1,188.13	754.25	(10,908.50)	5,196.23			(9,720.37)	5,950.48
Unallocated income net of expenses							6,474.20	(244.44)
Operating Profit/(Loss)							(3,246.17)	5,706.04
Depreciation							141.89	88.52
Profit before Tax & exceptional item							(3,388.06)	5,617.52
Exceptional items							-	-
Profit after exceptional items before tax							(3,388.06)	5,617.52
Provision/(Write-back) for Direct Taxes including Deferred Tax							(1,476.27)	1,155.94
Profit/(Loss) after Tax							(1,911.79)	4,461.58
OTHER INFORMATION								
Segment Assets	1,148.78	38,931.64	155,855.94	241,312.69	87,630.24	61,150.97	244,634.96	341,395.30
Segment Liabilities	62.64	127.12	100,961.46	191,153.61	(1660.07)	2,968.74	102,684.17	194,249.47

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

The Company makes contributions towards PF, in respect of qualifying employees. The amount recognised as an expense and included in Note-22 "Employee Benefits Expenses" under the head "Contribution to Provident and Other Funds" are as under.

(₹ in lakhs)

Particulars	FY 2019-20	FY 2018-19
Employer's Contribution to Provident Fund	47.42	45.53



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Defined Benefit Plan - Gratuity

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

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

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

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
I. Assumption		
Mortality rate	IALM (2012-14) Ult	IALM (2006-08) Ult.
Interest / Discount Rate	6.51%	7.32%
Rate of increase in compensation	8.00%	10.00%
Expected average remaining service	7.11	6.91
II. Reconciliation of net defined benefit asset/(liability)		
(a) Reconciliation of present value of defined benefit obligation		
Opening Defined Benefit Obligation	155.02	126.44
Interest Cost	10.33	9.19
Current Service Cost	13.39	10.46
Transfer in of liability	0.00	1.92
Actuarial (Gains) / Losses	(6.75)	11.61
Benefits Paid	(17.32)	(4.60)
Closing Defined Benefit Obligation	154.67	155.02
(b) Reconciliation of present value of plan asset		
Fair value of plan assets at the beginning of year	120.47	87.26
Transfer in of Funds	0.00	1.92
Interest Income	8.29	7.53
Contributions	13.24	29.87
Benefits paid	(17.32)	(4.60)
Return on Plan Assets excluding Interest Income	0.93	(1.51)
Fair value of plan assets at the end of year	125.61	120.47
(c) Reconciliation of net defined benefit asset/(liability)		
Present value of obligation as at the end of year	154.67	155.02
Fair value of plan assets as at the end of year	125.61	120.47
Funded status	(29.06)	(34.55)
Recognised in Balance Sheet - Asset / (Liability)	(29.06)	(34.55)
III. Actuarial (Gain)/Loss on Obligation		
Due to Demographic Assumption	0.00	0.00
Due to Financial Assumption	(2.73)	0.85
Due to Experience	(4.02)	10.76
Net Actuarial (Gain)/ Loss on obligation	(6.75)	11.61

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
IV. Actual Return on Plan Assets		
Actual Interest Income	9.22	6.02
Expected Interest Income	8.29	7.53
Return on Plan Assets excluding Interest Income	0.93	(1.51)
V. Net Interest		
Interest Expense	10.33	9.19
Interest Income	8.29	7.53
Net Interest Exp/(Income)	2.04	1.65
VI. Expenses Recognised in Profit and Loss account under Employee benefit expenses		
Current Service Cost	13.39	10.46
Net Interest Exp/(Income)	2.04	1.65
Past Service Cost (vested benefits)	-	-
Expenses recognised in Profit and Loss Account	15.43	12.11
VII. Remeasurements recognised in Other Comprehensive Income		
Net Actuarial (Gain)/ Loss on obligation	(6.75)	11.61
Return on Plan Assets excluding Interest Income	(0.93)	1.51
Total Actuarial (Gain)/ Loss recognised in OCI	(7.68)	13.12
VIII. Others		
Weighted average duration of defined benefit obligation	7.22	7.07
Investment Details - Gratuity Fund (LIC of India)	125.61	120.47
Projected Service Cost	12.61	13.39

Experience Adjustment - Gratuity

(₹ in lakhs)

Particulars	31.03.2020	31-03-2019	31-03-2018	31-03-2017	31-03-2016
Defined Benefit Obligation	154.67	155.02	126.44	94.82	67.04
Plan assets	125.61	120.47	87.26	76.31	54.22
Surplus/(Deficit)	(29.06)	(34.55)	(39.18)	(18.51)	(12.82)
Experience adj. on plan assets	0.93	(1.51)	0.59	0.36	0.10

Sensitivity analysis : Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 100 basis points as at 31.03.20 is as below:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Change in rate of Discount Rate + 100 basis points	144.55	145.02
Change in rate of Discount Rate- 100 basis points	166.21	166.51
Change in rate of Salary Escalation Rate + 100 basis points	161.16	160.50
Change in rate of Salary Escalation Rate - 100 basis points	148.66	149.36



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The Expected Payout as at 31st March 2020 are as under:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Year 1	29.49	27.76
Year 2	8.31	21.21
Year 3	18.06	7.33
Year 4	7.93	16.67
Year 5	20.23	7.27
Year 6 to year ten	41.79	40.37

The company's liability on account of compensated absences is not funded and hence the disclosures related to the planned assets are not applicable. Expenses incurred towards compensated absences of ₹ 39.22 lakhs (Previous year ₹ 123.51 lakhs) of are included in Note – 22 "Employee Benefits Expenses". Total provision as on March 31, 2020 for compensated absences is of ₹ 364.58 lakhs (Previous year ₹ 378.43 lakhs).

35. Income Tax Expense

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

(₹ in lakhs)

Items	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Income tax expense:		
Current tax	-	3,300.00
Deferred tax - origination and reversal of temporary differences	(1,476.27)	(2,144.06)
Total	(1,476.27)	1,155.94

ii) Amounts recognised in Other Comprehensive Income

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020			For the Year ended March 31, 2019		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified subsequently to the P&L						
Equity Instruments & VCF through OCI	(341.44)	(93.73)	(247.71)	660.36	277.12	937.48
Remeasurements of the defined benefit plan	7.68	3.22	4.46	(13.12)	4.59	(8.53)
Items that will be reclassified subsequently to the P&L						
Debt Instruments through Other	(333.76)	90.51	(243.25)	647.24	281.71	928.95
Comprehensive Income	-	-	-	-	-	-
Total	(333.76)	90.51	(243.25)	647.24	281.71	928.95

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****iii) Reconciliation of effective tax rate :**

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

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Profit before income tax	(3,388.06)	5,617.52
Enacted income tax rate in India	25.17%	34.94%
Computed expected tax expense	(852.71)	1,962.99
Effect of:		
Expenses that are not deductible for tax purposes	257.92	(177.88)
Dividend income exempt from income tax	(2,159.40)	(587.70)
Deductions available under income tax	-	(44.36)
Deferred tax due to change in rates	1,277.63	(23.55)
Other	0.29	(26.44)
Income tax expense	(1,476.27)	1,155.94
Short/(Excess) provision for tax for earlier years	-	-
Income Tax Expense	(1,476.27)	1,155.94

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate of 25.17%. The Company has elected to apply the concessional tax rate. Consequently, the Company has remeasured the opening net deferred tax assets at concessional rate with a one-time impact of ₹ 1,277.63lakhs recognized in the Standalone statement of profit and loss.

iv) Other tax assets and current tax liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Other tax assets	9,591.70	7,272.78

v) Recognized deferred tax assets and liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Asset :		
Loans & Advances (EIR Adj and Net ECL Prov.)	2,735.30	4,691.18
Provisions	127.42	175.12
Carried forward Loss	3,411.09	-
Others	1.34	-
Total Deferred Tax Asset	6,275.15	4,866.30
Deferred Tax Liability:		
Fair Value Gains & EIR Adj. on Investments	6,931.84	7,032.96
Property, Plant and Equipment & Intangible assets	195.26	247.95
Unamortised Borrowings Costs	34.79	38.91
Total Deferred Tax Liability	7,161.89	7,319.82
Net Deferred Tax Asset/(Liability)	(886.74)	(2,453.52)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

vi) Movement in temporary differences

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Credit / (Charge) in the Statement of Profit and Loss during the period (a)		
Investments	7.39	(7.09)
Loans & Advances	(1,955.88)	2,167.99
Property, Plant and Equipment & Intangible assets	52.69	(29.73)
Borrowings	4.12	(10.04)
Provisions	(44.88)	22.93
Carried forward loss	3,411.09	-
Other	1.34	-
Total (a)	1,476.27	2,144.06
Credit / (Charge) in the other comprehensive income during the period (b)		
Provisions - employee benefits	(3.22)	4.59
Investment measured at fair value through other comprehensive income	93.73	277.12
Total (b)	90.51	281.71
Net deferred income tax asset at the beginning (c)	(2,453.52)	(4,879.29)
Net deferred tax asset/(Liabilities) at the end of the period d) = (a) + (b) + (c)	(886.74)	(2,453.52)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

36. Financial Instruments

i) Accounting classification and fair values:

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

As at March 31, 2020	Carrying Amount			Fair value hierarchy				
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Investment in equity instruments	206.16	31,559.26	-	31,765.42	226.96	31,538.46	-	31,765.42
Investment in debt instruments – G Sec	41.99	-	-	41.99	41.99	-	-	41.99
Investment in Mutual fund Units	502.35	-	-	502.35	502.35	-	-	502.35
Investment in Venture Capital Fund	-	875.00	-	875.00	-	-	875.00	875.00
Cash and cash equivalents	-	-	27,396.57	27,396.57	-	-	-	-
Other Bank Balances	-	-	408.83	408.83	-	-	-	-
Trade Receivables	-	-	15.55	15.55	-	-	-	-
Other Receivables	-	-	2.61	2.61	-	-	-	-
Loans & Advances	-	-	155,855.94	155,855.94	-	-	-	-
Others financial assets	-	-	516.29	516.29	-	-	-	-
Total	750.50	32,434.26	184,195.79	217,380.55	771.30	31,538.46	875.00	33,184.76

Financial liabilities								
Trade and Other Payables	-	-	140.63	140.63	-	-	-	-
Debt Securities	-	-	14,227.53	14,227.53	-	-	-	-
Borrowings	-	-	81,870.54	81,870.54	-	-	-	-
Other Financial Liabilities	-	-	5,008.78	5,008.78	-	-	-	-
	-	-	101,247.48	101,247.48	-	-	-	-

There were no significant changes to the valuation or levelling approaches during FY 19-20. The valuation of shares held in The Clearing Corporation of India Limited (CCIL) as on March 31, 2019 was based on the available market observable inputs. However, in absence of any specific recent transaction value and no major change in the business model of the Company and overall operations, the value adopted as on March 31, 2019 is considered to be fair value as on March 31, 2020.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

As at March 31, 2019	Carrying Amount			Fair value hierarchy				
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Investment in equity instruments	604.75	31,575.70	-	32,180.45	641.99	31,538.46	-	32,180.45
Investment in debt instruments – G Sec	42.64	-	-	42.64	42.64	-	-	42.64
Investment in debt instruments – Corp Bonds	5,025.84	-	-	5,025.84	5,025.84	-	-	5,025.84
Investment in Mutual fund Units	500.40	-	-	500.40	500.40	-	-	500.40
Investment in Venture Capital Fund	-	1,200.00	-	1,200.00	-	-	1,200.00	1,200.00
Cash and cash equivalents	-	-	3,246.26	3,246.26	-	-	-	-
Other Bank Balances	-	-	659.38	659.38	-	-	-	-
Trade receivables	-	-	7.32	7.32	-	-	-	-
Loans & Advances	-	-	273,399.63	273,399.63	-	-	-	-
Others financial assets	-	-	507.75	507.75	-	-	-	-
Total	6,173.63	32,775.70	277,820.34	316,769.67	6,210.87	31,538.46	1,200.00	38,949.33
Financial liabilities								
Derivatives - Equity Linked	0.52	-	-	0.52	0.52	-	-	0.52
Trade and Other Payables	-	-	118.41	118.41	-	-	-	-
Debt Securities	-	-	62,958.73	62,958.73	-	-	-	-
Borrowings (Other than Debt Securities)	-	-	127,167.92	127,167.92	-	-	-	-
Other Financial Liabilities	-	-	749.63	749.63	-	-	-	-
Total	0.52	-	190,994.69	190,995.21	0.52	-	-	0.52

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****ii) Valuation of level 3 Financial Assets**

The valuation of investment in units of Tata Venture Capital fund is based on the unaudited NAV declared. The NAV for the same is based on the fair valuation of the underlying investments. Some of the underlying investments are measured at fair value using level 3 unobservable markets inputs and hence the valuation of investment in units of Tata Venture Capital fund has been disclosed as level 3 valuation. The Following table shows the total gains/(losses) recognised in respect of Level 3 fair value assets.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Gains/(losses) included in Other Comprehensive Income	(325.00)	760.41
Changes in fair value (realized)	-	2,187.49
Changes in fair value (unrealized)	(325.00)	(1,427.08)

iii) Reconciliation of Level 3 fair values

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	1,200.00	3,175.00
Purchases, issuance and settlements (Net)	-	(547.92)
Net change in fair value (unrealised)	(325.00)	(1,427.08)
Transfer in fair value hierarchy	-	-
Closing Balance	875.00	1,200.00

iv) Sensitivity analysis for Level 3 Assets

Given the bespoke nature of the analysis in respect of each holding of Venture Capital Fund, it is not practical to quote a range of key unobservable inputs. Accordingly, NAV of the VCF units has been considered for sensitivity analysis.

For the fair values of units in Tata Venture Capital Funds, reasonably possible changes at the reporting date would have the following effects. The Company applies a 5 per cent increase or decrease on the Closing NAV, to generate a range of reasonably possible alternative valuations.

(₹ in lakhs)

Particulars	Impact on the company's equity and profit or OCI	
	March 31, 2020	March 31, 2019
Significant unobservable inputs		
NAV (5% movement)	43.75	60.00

37. Financial Risk Management

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

i. Credit risk

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

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

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

a) Maximum Exposure to the Credit Risk

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

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial Assets at amortised Cost - Loans & Advances (Gross)	168,555.44	255,979.78
Less: Impairment loss allowance	12,699.50	14,674.41
Financial Assets at amortised Cost - Loans & Advances – (Net)	155,855.94	241,305.37
Financial Assets measured at FVTPL - Debt instruments	-	5,025.84
Trade Receivables	18.17	7.32
Total	155,874.11	246,338.53

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

b) Credit quality analysis

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

Inputs, assumptions and techniques used for estimating impairment

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

Assessment of significant increase in credit risk

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

Calculation of expected credit losses

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

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

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Gross stage 1 (DPD≤30)	135,439.75	232,761.73
Less: Impairment loss allowance	1,033.89	1,133.15
Net Stage 1 Assets	134,405.86	231,628.58
ECL Prov. Coverage	0.76%	0.49%
Gross Stage 2 (30>DPD≤90)	15,682.21	6,562.20
Less: Impairment loss allowance	1,165.91	202.87
Net Stage 2 Assets	14,516.30	6,359.33
ECL Prov. Coverage	7.43%	3.09%
Stage 3 (DPD>90)	17,499.50	16,987.77
Less: Impairment loss allowance	10,499.70	13,338.39
Net Stage 3 Assets	6,999.80	3,649.38
ECL Prov. Coverage	60%	78.52%
Total Loans & Adv	168,621.46	256,311.70
Less: Impairment loss allowance	12,699.50	14,674.41
Net Loans & Advances	155,921.96	241,637.29
ECL Prov. Coverage	7.53%	5.73%

Credit impairment charge to the income statement

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
New and increased provisions (incl. write off)	24,223.39	10,064.14
Write-backs of specific provisions	-	-
Recoveries of specific provisions	(1,844.77)	(1,119.34)
Total charge to the income statement	22,378.62	8,944.80

Write-offs still under enforcement activity

All the contractual amount ₹ 24,353.53 lakhs outstanding on loans and advances that were written off during the year ended March 2020, and are still subject to enforcement measures.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

Particulars	Movement in Gross Exposure to Loans & Adv.				Movement in ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(₹ in lakhs)							
Balance as at March 31, 2018	338,859.83	-	13,982.19	352,842.02	2,069.17	-	6,991.09	9,060.27
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL	(9,565.60)	9,565.60	-	-	(91.46)	91.46	-	-
- Transferred to lifetime ECL -significant increase in credit risk	(16,049.37)	-	16,049.37	-	(325.36)	-	325.36	-
- Transferred to lifetime ECL credit - impaired	86,041.50	-	-	86,041.50	473.58	-	-	473.58
Increase due to financial assets originated	(153,055.51)	-	-	(153,055.51)	(886.53)	-	-	(886.53)
Decrease due to loans derecognised on full payment	(13,469.11)	(3,003.40)	(9,713.15)	(26,185.66)	(106.25)	111.41	9,352.59	9,357.75
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	-	-	(3,330.65)	(3,330.65)	-	-	(3,330.65)	(3,330.65)
Amounts written off during the year	232,761.73	6,562.20	16,987.77	256,311.70	1,133.15	202.87	13,338.39	14,674.41
Balance as at March 31, 2019								
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL	2,560.71	(2,560.71)	-	-	147.69	(147.69)	-	-
- Transferred to lifetime ECL -significant increase in credit risk	(20,328.79)	20,328.79	-	-	(189.32)	189.32	-	-
- Transferred to lifetime ECL credit - impaired	(38,343.99)	(3,229.31)	41,573.30	-	(151.88)	(35.42)	187.30	-
Increase due to financial assets originated	41,795.33	6,566.50	-	42,451.83	189.57	70.02	-	259.59
Decrease due to loans derecognised on full payment	(69,598.68)	(772.18)	-	(70,370.86)	(237.19)	(19.76)	-	(256.95)
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	(13,406.56)	(5,303.08)	(16,708.04)	(35,417.68)	141.88	906.56	21,327.54	22,375.98
Amounts written off during the year	-	-	(24,353.53)	(24,353.53)	-	-	(24,353.53)	(24,353.53)
Balance as at March 31, 2020	135,439.75	15,682.21	17,499.50	168,621.46	1,033.90	1,165.90	10,499.70	12,699.50

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****d) Collateral and other credit enhancements**

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

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

As collateral is a source of mitigating credit risk, assessment of the condition of the securities and their value is undertaken on regular basis. There were no significant changes in the collateral policy of the company during the Financial Year 2019-20.

The collateral cover in respect of credit impaired assets as at March 31, 2020 was 212 % and 208% as on March 31, 2019.

e) Credit Concentration

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

Particulars	As at March 31, 2020	As at March 31, 2019
Loan Against Shares	57.08%	45.41%
Real Estate	19.38%	20.03%
Others	23.54%	34.56%

ii. Liquidity risk

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

(₹ in lakhs)

As at March 31, 2020	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Debt Securities	14,230.27	14,230.27	-	-	-
Other Borrowings	82,006.03	46,682.70	25,330.00	9,993.33	-
Trade and Other Payables	140.63	140.63	-	-	-
Other liabilities	5,008.78	4,890.48	118.30	-	-
	101,385.71	65,944.08	25,448.30	9,993.3	

(₹ in lakhs)

As at March 31, 2019	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Debt Securities	62,974.96	53,974.96	9,000.00	-	-
Other Borrowings	127,263.02	85,321.06	21,942.00	19,999.96	-
Trade and Other Payables	118.41	118.41	-	-	-
Other liabilities	749.63	749.63	-	-	-
	191,106.02	140,164.06	30,942.00	19,999.96	-

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

Market risk is represented by the below two categories

i. **Interest rate risk**

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

Exposure to interest rate risk

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

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial Assets at amortised cost - Loans & Advances	168,621.46	256,311.70
Financial Assets measured at FVTPL - Debt instruments	40.54	5,061.18
Total of Fixed Rate Financial Assets	168,662.00	261,372.88
Financial liabilities at amortised cost Debt securities	13,807.27	59,000.00
Financial liabilities at amortised cost Other Borrowings	81,756.76	126,994.99
Total of Fixed Rate Financial Liabilities	95,564.03	185,994.99

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

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

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

Sensitivity analysis for Loan Book

A movement of 50 basis point in interest rates is likely to impact the Net Interest Income for the year ending March 31, 2020 by ₹ 176.43 lakhs (₹ 220.60 lakhs for the year ended 31st March 2019).

ii. Price risk

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

(₹ in lakhs)

Particulars	Impact on the company's equity and profit or OCI	
	As at March 31, 2020	As at March 31, 2019
1% movement from fair prices as on reporting date on		
- Investment in CCIL (at FVTOCI)	315.39	315.39
- Other Equity Investmnts (at FVTOCI)	0.21	0.37
- Equity, MF Investmnts (at FVTPL)	7.09	11.05
Total	322.69	326.81

38. During the year, Company has extended credit by way of secondary market NCD acquisition. Credit extended by way of NCDs and other financial instruments which, in substance, form part of the Company's financing activities, are classified under Loans as the classification results in a better presentation of the substance of the transaction and business model of the Company. Principal Maturity Value of such credit as on March 31, 2020 is ₹ 7,000.00 lakhs.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

39. Maturity Analysis of Assets & Liabilities

(₹ in lakhs)

	As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 months	Total	Within 12 Months	After 12 months	Total
ASSETS						
Financial Assets						
Cash & Cash equivalents	27,396.57	-	27,396.57	3,246.26	-	3,246.26
Bank Balances other than above	408.83	-	408.83	659.38	-	659.38
Receivables						
(i) Trade Receivables	15.55	-	15.55	7.32	-	7.32
(ii) Other Receivables	2.61	-	2.61	-	-	-
Loans	111,206.80	44,649.14	155,855.94	209,400.92	63,998.71	273,399.63
Investments	750.50	47,560.41	48,310.91	5,673.23	48,402.25	54,075.48
Other Financial Assets	481.89	34.40	516.29	467.52	40.23	507.75
Non-financial Assets						
Tax assets(net)	-	9,591.70	9,591.70	-	7,272.78	7,272.78
Property, Plant and Equipment	-	2,075.26	2,075.26	-	2,143.60	2,143.60
Other Intangible assets	-	53.59	53.59	-	6.20	6.20
Right of Use Asset	-	138.34	138.34	-	-	-
Other Non-Financial assets	131.19	138.18	269.37	76.65	0.25	76.90
Total Assets	140,393.94	104,241.02	244,634.96	219,531.28	121,864.02	341,395.30
LIABILITIES AND EQUITY						
Financial Liabilities						
Derivative financial instruments	-	-	-	0.52	-	0.52
Payables						
(i) Trade Payables	140.08	-	140.08	117.86	-	117.86
(ii) Other Payables	0.55	-	0.55	0.55	-	0.55
Debt Securities	14,227.53	-	14,227.53	53,974.96	8,983.77	62,958.73
Borrowings (Other than Debt Sec.)	46,682.70	35,187.84	81,870.54	85,321.06	41,846.86	127,167.92
Other Financial Liabilities	4,890.48	118.30	5,008.78	749.63	-	749.63
Non-Financial Liabilities						
Provisions	218.41	287.87	506.28	204.44	296.18	500.62
Deferred Tax Liabilities	-	886.74	886.74	-	2,453.52	2,453.52
Other Non-Financial Liabilities	43.67	-	43.67	300.12	-	300.12
Total Liabilities	66,203.42	36,480.75	102,684.17	140,669.14	53,580.33	194,249.47
Net	74,190.52	67,760.27	141,950.79	78,862.14	68,283.69	147,145.83

The changes in liabilities arising from financing activities are on account of cash flows only.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****40. Disclosures in terms of the provisions of Non-Banking Financial Companies, Prudential Norms :****a) Capital to Risk Weighted Asset Ratio**

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	CRAR (%)	62.71%	49.49%
2	CRAR – Tier I Capital (%)	62.11%	49.04%
3	CRAR – Tier II Capital (%)	0.60%	0.45%
4	Amount of subordinated debt raised as Tier-II capital	Nil	Nil
5	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

CRAR as at March 31, 2020, has been calculated based on the RBI guidelines RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, on Implementation of Indian Accounting Standards by NBFCs. CRAR as on March 31, 2019 without considering the net unrealized gain on investments and related adjustment is 43.96%.

b) Investments

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Value of Investments :		
(i)	Gross Value of Investments (including accrued interest)		
(a)	In India	48,571.70	54,336.27
(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	48,310.91	54,075.48
(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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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, 2020.

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Nil	Nil
(v)	The fair value of the swap book	Nil	Nil

ii) Exchange Traded Interest Rate (IR) Derivatives :

The Company has not entered into any Exchange Traded Interest Rate (IR) Derivatives during the year and there are no outstanding positions in respect of any Exchange Traded Interest Rate (IR) Derivatives as on March 31, 2020.

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil
(iv)	Mark-to-Market value of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil

iii) Qualitative Disclosure

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

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

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, 2020.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

(₹ in lakhs)

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

d) Disclosure relating to Securitisation :

- During the year, Company has not securitized any of its assets and does not have any outstanding position in respect thereof as on March 31, 2020.
- Company has not sold any of its financial assets to Securitisation/Reconstruction Company for Asset Reconstruction.
- Company has not undertaken any assignment transaction during the year.
- Company has neither purchased nor sold any non-performing financial assets during the year and does not have any outstanding position in respect thereof as on March 31, 2020.

(₹ in lakhs)

	Upto 30/31 days	Over 1 month upto 2 month	Over 2 month upto 3month	Over 3 month upto 6 month	Over 6 month to 1 year	Over 1 year upto 3 years	Over 3 years Upto 5 years	Over 5 Years	Total
As at March 31, 2020									
Assets									
Deposits	-	-	-	-	-	-	-	-	-
Advances *	4,233.59	15,607.49	18,605.98	47,907.33	24,852.42	36,284.07	15,778.91	5,351.67	168,621.46
Investments	248.15	502.35	-	-	-	895.80	-	46,925.40	48,571.70
Liabilities **									
Bank Borrowings	5,527.11	20,000.00	0.00	3,778.00	17,377.59	25,330.00	9,993.33	-	82,006.03
Market borrowings	-	-	-	4,807.27	9,423.00	-	-	-	14,230.27
Foreign Currency :									
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-
As at March 31, 2019									
Assets									
Deposits	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Advances *	2,910.72	17,483.72	193,00.92	121,612.49	17,351.25	51,160.49	21,622.90	4,869.21	256,311.70
Investments	5,673.23	-	-	-	-	537.64	1,200.00	46,925.40	54,336.27
Liabilities **									
Bank Borrowings	6,171.04	20,000.00	-	5,903.00	53,247.03	21,942.00	19,999.96	-	127,263.03
Market borrowings	-	-	32,225.43	21,749.54	-	9,000.00	-	-	62,974.97
Foreign Currency :									
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

* Excluding Interest accrued but not due and unamortised upfront fee

** Excluding unamortised borrowing cost



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

f) Exposures

i) Exposure to Real Estate Sector :

(₹ in lakhs)

Category	As at March 31, 2020	As at March 31, 2019
Direct Exposure*		
1 Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	Nil	Nil
2 Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) including non-fund based (NFB) limits	36,326.96	59,162.47
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).	Nil	5,025.84

*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.

ii) Exposure to Capital Market

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
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:	47,654.71	48,067.79
2 Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds:	1,006.77	1,000.00
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	95,249.18	115,401.74
4 Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds ie where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances:	Nil	Nil

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

(₹ in lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers:	Nil	Nil
6	Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources:	Nil	Nil
7	Bridge loans to companies against expected equity flows / issues;	Nil	Nil
8	All exposures to venture capital funds (both registered and unregistered)	875.00	1,200.00
Total Exposure to Capital Market		144,785.66	165,669.53

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

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

v) Unsecured Advances – ₹ Nil lakhs (PY - 15,126.75 lakhs)

g) Miscellaneous

i) Registration obtained from other financial sector regulators - Nil

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

iii) Details of Company's Credit Rating are as under.

(₹ in lakhs)

Rating Agencies	Rating programme	31.03.2020		31.03.2019	
		Rating Assigned	Rating Amount	Rating Assigned	Rating Amount
CRISIL	Short Term (CP)	-	-	Crisil A1+	200,000.00
ICRA	Short Term (CP)	ICRA A1+	100,000.00	Crisil A1+	200,000.00
ICRA	Long Term Bank Lines	ICRA AA-	20,000.00	ICRA AA-	20,000.00
ICRA	Long Term Debt (NCD)	ICRA AA-	100,000.00	ICRA AA-	100,000.00
CARE	Long Term Debt (NCD)	CARE AA-	44,000.00	CARE AA-	100,000.00
CARE	Long Term Bank Lines	CARE AA-	150,000.00	CARE AA-	150,000.00

In view of the marginal CP borrowings, On Company's request, CRISIL has withdrawn Ratings assigned to Short Term Borrowings of the Company and ICRA has also reduced the rated short term debt. During the year, the outlook for long term ratings have been revised to Negative from Stable.

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

Company operates primarily through its Head Office in Mumbai and has few branch offices across the country. Company does not have any overseas presence either through its branches or by way of any joint venture or overseas subsidiaries.

h) Additional Disclosuresi) **Information on all provisions and contingencies booked as expenditure in Profit and Loss Account:**

(₹ in lakhs)

Particulars	2019-20	2018-19
Net Provision towards Advances - (Impairment on financial instruments)	(1,974.91)	5,614.15
Provision towards Income Tax on Total Comprehensive Income (incl. deferred tax)	(1,566.78)	874.23
Other Provision (employee related)	50.00	25.00



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

ii) Draw Down from Reserves – Nil

iii) Concentration of Advances, Exposures and NPAs

a) Concentration of Advances/Exposures

(₹ in lakhs)

Particulars	2019-20	2018-19
Total Advances/exposure to twenty largest borrowers/ customers	124,227.68	164,713.76
% of Advances/exposure to twenty largest borrowers to total advances/exp.	73.67%	64.26%

b) Concentration of NPAs

(₹ in lakhs)

Particulars	2019-20	2018-19
Total Exposure to top four NPA accounts	15,421.21	15,420.01

c) Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		2019-20	2018-19
1	Agriculture & Allied activities	-	-
2	MSME	-	-
3	Corporate borrowers (includes LLP and partnership firms/Trusts)	10.35%	6.62%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-
8	Others (Individual Borrowers)	14.81%	7.69%

iv) Movement of NPAs (Stage 3 Accounts)

(₹ in lakhs)

Particulars	2019-20	2018-19
(i) Net NPAs to Net Advances (%)	4.43%	1.50%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	16,987.77	13,982.19
(b) Additions during the year	29,322.45	13,735.17
(c) Reductions during the year (including write off)	28,810.72	10,729.59
(d) Closing balance	17,499.50	16,987.77
(iii) Movement of NPAs (Net)		
(a) Opening balance	3,649.39	6,991.10
(b) Additions during the year	4,612.83	2,937.88
(c) Reductions during the year (including write off)	1,262.42	6,279.59
(d) Closing balance	6,999.80	3,649.39
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	13,338.38	6,991.09
(b) provisions during the year	24,709.62	10,797.29
(c) Write-off / write-back of excess provisions	27,548.30	4,450.00
(d) Closing balance	10,499.70	13,338.38

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

- v) Company does not have any overseas assets.
- vi) Company does not have any off balance sheet sponsored SPV's.

i) Customer Complaints

Particulars		2019-20	2018-19
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	Nil	Nil
(c)	No. of complaints redressed during the year	Nil	Nil
(d)	No. of complaints pending at the end of the year	Nil	Nil

j) Disclosure of Restructured Accounts

No Loan account has been restructured during the year and accordingly disclosure in terms of Para 9 (Annexure 4) of RBI Notification No. DNBS (PD) No. 271/CGM (NSV)-2014 dated January 23, 2014 is not applicable. Loan accounts where moratorium has been provided in terms of COVID19 Regulatory Package is not considered as restructuring.

k) Other Disclosure :

(₹ in lakhs)

Sr. No.	Particulars	Amount Outstanding		Amount Outstanding	
		As at 31.3.2020	As at 31.3.2019	As at 31.3.2020	As at 31.3.2019
	<u>Liabilities Side</u>				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid: *				
	(a) Debenture				
	Secured	9,423.00	62,974.96	Nil	Nil
	Unsecured	Nil	Nil	Nil	Nil
	(other than falling within the meaning of Public deposit)				
	(b) Deferred Credit		Nil	Nil	Nil
	(c) Term Loans	72,184.44	91,313.82	Nil	Nil
	(d) Inter Corporate Loans and Borrowing	Nil	Nil	Nil	Nil
	(e) Commercial Paper	4,807.27	Nil	Nil	Nil
	(f) Others Loans (Working Capital Demand Loan/CBLO/TREPS)	9,821.59	35,949.21	Nil	Nil
	*excluding unamortised borrowing cost				
	<u>Asset Side</u>				
		Amount Outstanding 2019-20 (₹ in lakhs)		Amount Outstanding 2018-19 (₹ 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) **				



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Sr. No.	Particulars	Amount Outstanding 2019-20	Amount Outstanding 2018-19
	(a) Secured (Gross)	168,621.46	241,184.95
	(b) Unsecured *excluding TREPS lending, EIR adj & Interest accrued not due	Nil	15,126.75
3	Break up Leased Assets and stock on hire and and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals		
	(a) Finance Lease	Nil	Nil
	(b) Operating Lease	Nil	Nil
	(ii) Stock on hire including hire charges		
	(a) Assets on hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
	(iii) Other loans counting towards AFC activities		
	(a) loans where assets have been repossessed	Nil	Nil
	(b) loans other than (a) above	Nil	Nil
4	Break-up of Investments		
	Current Investment		
	1. Quoted		
	(i) Shares : (a) Equity	206.16	604.75
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	5,025.84
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	41.99	42.64
	(v) others	Nil	Nil
	2. Unquoted		
	(i) Shares : (a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) others (Commercial papers)	Nil	Nil
	Long Term Investments		
	1. Quoted		
	(i) Shares : (a) Equity	20.80	37.24
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	502.35	500.40
	(iv) Government Securities	Nil	Nil

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

(₹ in lakhs)

Sr. No.	Particulars	Amount Outstanding 2019-20 (₹ in lakhs)	Amount Outstanding 2018-19 (₹ in lakhs)		
	(v) others	Nil	Nil		
2.	Unquoted				
	(i) Shares : (a) Equity	46,925.40	46,925.40		
	(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)	875.00	1,200.00		
		48,571.70	54,336.27		
5	Borrower group-wise classification of assets financed as in (2) and (3) above as on March 31, 2020				
	Category	Amount Net of Provisions (₹ in lakhs)			
		Secured	Unsecured	Total	
	1. Related Parties				
	(a) Subsidiaries	Nil	Nil	Nil	
	(b) Companies in the same group	Nil	Nil	Nil	
	(c) other related parties	Nil	Nil	Nil	
	2. Other than related parties	155,921.96	Nil	155,921.96	
	Total	155,921.96	Nil	155,921.96	
6	Investor group-wise classification of all Investments in shares and securities (quoted & unquoted)				
	Category	Market Value (₹ in lakhs)		Book Value (₹ in lakhs) Without Fair Value Adj.	
		2019-20	2018-19	2019-20	2018-19
	1. Related Parties				
	(a) Subsidiaries	15,386.94	15,386.94	15,386.94	15,386.94
	(b) Companies in the same group	Nil	Nil	Nil	Nil
	(c) other related parties	Nil	Nil	Nil	Nil
	2. Other than related parties	33,184.76	38,949.33	2,531.39	7,888.59
	Total	48,571.70	54,336.27	17,918.33	23,275.53
7	Other Information	As on March 31, 2020		As on March 31, 2019	
	Particulars				
	(i) Gross Non-Performing Assets				
	(a) Related parties	Nil		Nil	
	(b) Other than related parties	17,499.50		16,987.77	
	(ii) Net Non-Performing Assets				
	(a) Related parties	Nil		Nil	
	(b) Other than related parties	6,999.80		3,649.39	
	(iii) Assets acquired in satisfaction of Debts	Nil		Nil	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

l) COVID19 Regulatory Package - Asset Classification and Provisioning

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto three months on the payment of all instalments and /or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. Since the moratorium is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same has not been treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower. Consequently, For all such accounts where the moratorium is granted, the asset classification (Standard to Substandard) remains stand still during the moratorium period.

The methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the earlier period. However, considering the uncertainty over the potential macro-economic impact of COVID 19, additional provision of 5 per cent of the total outstanding of loan accounts has been made, in respect of accounts in default (stage II) but standard as on March 31, 2020.

Disclosure in terms of RBI notification - COVID19 Regulatory Package - Asset Classification and Provisioning dt 17.04.2020.

Particulars	₹ in lakhs
Total Loan Outstanding as on March 31, 2020 in categories, where the moratorium/deferment was extended	
Stage 1 Accounts	61,917.38
Stage 2 Accounts	15,025.71
Total outstanding of Stage 2 Loan accounts above, where asset classification benefits is extended (Standard to Substandard)	5,586.22

m) Disclosure in terms of RBI notification - Implementation of Indian Accounting Standards dt 13.03.2020 (₹ in lakhs)

Asset Classification as per RBINorms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Net Carrying Amount Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage 1	135,439.75	1,033.90	134,405.85	541.76	492.14
	Stage 2	15,682.21	1,165.90	14,516.31	814.01	351.89
Subtotal		151,121.96	2,199.80	148,922.16	1,355.77	844.03
Non-Performing Assets (NPA)						
Substandard	Stage 3	12,677.20	7,606.32	5,070.88	1,267.72	6,338.60
Doubtful -						
up to 1 year	Stage 3	2,429.55	1,457.73	971.82	485.91	971.82
1 to 3 years	Stage 3	1,700.00	1,020.00	680.00	510.00	510.00
More than 3 years	Stage 3	692.75	415.65	277.10	346.38	69.27
Subtotal for doubtful		4,822.30	2,893.38	1,928.92	1,342.29	1551.09

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		17,499.50	10,499.50	6,998.80	2,610.01	7,889.69
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
	Stage 1	135,439.75	1,033.90	134,405.85	541.76	492.14
Total	Stage 2	15,682.21	1,165.90	14,516.31	814.01	351.89
	Stage 3	17,499.50	10,499.70	6,999.80	2,610.01	7,889.69
	Total	168,621.46	12,699.50	155,921.96	3,965.78	8,733.72

41. Apart from COVID-19 pandemic, no other significant events have occurred after the balance sheet date which may have material effect on the Company's financial statements. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. As the impact assessment of COVID-19 is a continuing process the company will continue to monitor for any material changes to future economic conditions.
42. The Board of Directors at its meeting held on June 08, 2020 has recommended a final dividend of 8% (₹ 0.80/- per equity share of ₹ 10/- each) for the financial year 2019-20, which is subject to approval by shareholders at the Annual General Meeting. The proposed dividend will lead to outflow of ₹ 3,040.00 lakhs.
43. Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary to make them comparable with the current year figures. Figures are rounded off to the nearest lakh Rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

As per our report of even date

For and on behalf of

Prakash Chandra Jain & Co.**Chartered Accountants**

Firm Registration No.002438C

Pratibha Sharma

Partner

Membership No. 400755

Plate : Mumbai

Date : June 8, 2020

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

Director

DIN: 00292670

Pradeep Madhav

Managing Director & CEO

DIN: 00267422

Kamlesh Rathi

Chief Financial Officer

Plate : Mumbai

Date : June 8, 2020

R Venkataramani

Director

DIN: 00829107

Raghendra Kumar

Dy. Managing Director

DIN: 08045355

Suparna Sharma

Company Secretary



FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Form AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(₹ in lakhs)

Name of the subsidiary	STCI Primary Dealer Limited	STCI Commodities Limited
The date since when subsidiary was acquired	31-Oct-06	10-Mar-08
Reporting period for the subsidiary	31-Mar-20	31-Mar-20
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	48,033.56	(262.96)
Total Assets	8,92,325.37	195.27
Total Liabilities	8,29,291.81	8.23
Investments	8,16,344.09	0.00
Turnover / Revenue	78,029.91	12.76
Profit before taxation	29,140.82	10.29
Provision for taxation	6,544.97	2.59
Profit after taxation	22,595.85	7.70
Proposed Dividend - interim	3,300.00	Nil
(Excluding interim dividend of Rs.7,500.00 lakhs received for FY19-20)		
% of shareholding	100.00%	100.00%
Names of subsidiaries which are yet to commence operations		Not Applicable
Names of subsidiaries which have been liquidated or sold during the year		Not Applicable
Part "B": Associates and Joint Ventures - Not Applicable		

As per our report of even date

For and on behalf of

Prakash Chandra Jain & Co.

Chartered Accountants

Firm Registration No.002438C

Pratibha Sharma

Partner

Membership No. 400755

Plate : Mumbai

Date : June 8, 2020

For and on behalf of the Board of Directors

Melwyn Oswald Rego

Director

DIN: 00292670

Pradeep Madhav

Managing Director & CEO

DIN: 00267422

Kamlesh Rathi

Chief Financial Officer

Plate : Mumbai

Date : June 8, 2020

R Venkataramani

Director

DIN: 00829107

Raghvendra Kumar

Dy. Managing Director

DIN: 08045355

Suparna Sharma

Company Secretary

**LIST OF SHAREHOLDING AND SHAREHOLDING PATTERN AS ON 31.03.2020**

Sr No.	Name of shareholders	No of shares held	% Held
1	BANK OF INDIA	11,38,37,810	29.96
2	STATE BANK OF INDIA	3,92,11,420	10.32
3	IDFC FIRST BANK LIMITED	3,53,01,360	9.29
4	IDBI BANK LTD.	2,50,76,100	6.60
5	LIFE INSURANCE CORPORATION OF INDIA	2,15,23,470	5.66
6	PUNJAB NATIONAL BANK	1,87,75,640	4.94
7	CANARA BANK-MUMBAI	1,42,62,980	3.75
8	ICICI BANK LTD	1,40,05,280	3.69
9	BANK OF BARODA	1,25,35,440	3.30
10	CENTRAL BANK OF INDIA	1,15,01,000	3.03
11	INDIAN BANK	1,10,23,780	2.90
12	ALLAHABAD BANK	62,21,340	1.64
13	SYNDICATE BANK	58,21,600	1.53
14	UNION BANK OF INDIA	58,12,480	1.53
15	ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA-UNIT SCHEME 1964	49,40,430	1.30
16	ORIENTAL BANK OF COMMERCE	47,42,770	1.25
17	UCO BANK	46,48,920	1.22
18	GENERAL INSURANCE CORPORATION OF INDIA	43,28,750	1.14
19	UNITED BANK OF INDIA	37,82,560	0.99
20	THE NEW INDIA ASSURANCE COMPANY LIMITED	36,81,750	0.97
21	IFCI LTD	33,74,000	0.89
22	ANDHRA BANK	31,31,960	0.82
23	BANK OF MAHARASHTRA	26,50,320	0.70
24	INDIAN OVERSEAS BANK	25,40,780	0.67
25	PUNJAB AND SIND BANK	22,55,000	0.59
26	CORPORATION BANK	20,94,610	0.55
27	THE ORIENTAL INSURANCE COMPANY LIMITED	13,72,900	0.36
28	SIDBI VENTURE CAPITAL LIMITED	8,20,450	0.22
29	NATIONAL INSURANCE COMPANY LTD	7,25,100	0.19
	TOTAL	38,00,00,000	100.00

STCI FINANCE LIMITED



CONSOLIDATED ACCOUNTS

**ANNUAL REPORT
FOR THE YEAR ENDED
31st MARCH, 2020**



II. CONSOLIDATED ACCOUNTS

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INDEPENDENT AUDITOR’S REPORT

The Members STCI Finance Limited

(Formerly known as Securities Trading Corporation of India Limited)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **STCI Finance Limited** (hereinafter referred to as “the Holding Company”) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss, (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) and other the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, of consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Considering the situation due to pandemic “COVID 2019” and lockdown being declared nationwide from March 22, 2020 till the finalization of accounts, the process of audit has been modified. Some of the documents /records /returns were not verified physically; however, the documents were made available in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity.

Key Audit Matters

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

S. No.	Key audit matter	Auditor’s response
1	<p><u>Credit Impairment :</u></p> <p>Ind AS requires the group to recognize the expected credit losses (ECL) on financial instruments which involves significant judgment and estimates to be made by the group.</p>	<p><u>Principle audit procedures</u></p> <ul style="list-style-type: none"> As per Ind AS, the shift is from ‘Incurred Loss’ approach to ‘Expected Loss’ approach while computing provision for losses on loans and advances. We have reviewed the ECL calculations which were done using an excel based model developed by an independent expert entity. We have relied on PD and LGD calculations generated from Model. The accuracy and completeness of critical data was reviewed.



S. No.	Key audit matter	Auditor's response
		<ul style="list-style-type: none"> • We have assessed the effectiveness of the ongoing monitoring and identification of loans displaying indicators of impairment and whether they are migrating on a timely basis. • Reviewed sample of data for correctness of internal ratings, collaterals types, exposures, Stage of account and ECL calculations. • System of Computation of ECL was found satisfactory. • <i>Refer accounting policy no. 1(iii) (a) 4.</i>

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

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

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

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and the other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a



material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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



Other Matter

- 1) We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 892520.64 lakhs as at 31st March, 2020, total revenues of Rs. 78042.68 lakhs and net cash flows amounting to Rs. 68.92 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- 2) As per RBI prudential norms, interest on non performing assets (credit impaired asset) is booked on receipt basis. However, as per Ind AS, interest income on credit impaired asset should be recognized on the net carrying amount. Taking into account RBI guidelines and prudence, interest on non performing assets is booked on receipt basis by the group.
- 3) STCI Commodities Ltd. , a subsidiary of the group, had discontinued its core business operations of commodity broking with effect from 20th September 2011. Accordingly, the accounts of subsidiary have not been prepared on the assumption of going concern basis. Further the subsidiary has surrendered its membership of National Commodity & Derivatives Exchange Limited (NCDEX)and Multi Commodity Exchange. The subsidiary is required to pay the clients and exchange dues on the discontinuation of business. The subsidiary had taken all the steps to repay such dues, however dues of Rs 7.28 lacs are still payable as the cheques issued to the respective parties, were returned back and some cheques were delivered but not deposited by the parties. Company has also initiated legal measures against clients for recovery of Rs. 62.41 lakhs plus interest. The matter is pending before the court.

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

Report on other legal and regulatory requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account, as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors of the Holding company as on March 31, 2020, and taken on record by the Board of Directors of the Holding company, and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the group Companies incorporated in India are disqualified as on March 31, 2020, from being appointed as a director of that company in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure I" " which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein ; and



- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the group – Refer Note 27 to the consolidated financial statements;
- ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31st March, 2020 by the group.

2. As required by section 143(5) of the Act and in pursuance of directions issued by the Office of the Comptroller and Auditor General of India for the year ended March 31, 2020, we report that :

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

Yes, the group has the system in place to process all the accounting transactions through IT system. However, the Ind AS adjustments made to the financial statements has been made outside the IT systems by using excel sheets eg. ECL calculations, amortized cost using effective interest rate, calculation of lease liability etc.. However, there are no financial implications of processing of accounting transactions outside IT system on the integrity of accounts.

- b) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the group due to the group's inability to repay the loan? If yes, the financial impact may be stated.

On the basis of information and explanation given to us, no existing loans have been restructured by the lenders of the company. There are no cases of waiver / write off of debts/ loans/ interest etc. made by the lender to the company during the year.

- c) Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation

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

For and on behalf of

Prakash Chandra Jain & Co.

Chartered Accountants

Firm Registration No. 002438C

Pratibha Sharma

Partner

Membership No. 400755

UDIN - 20400755AAAAA03928

Place : Mumbai

Date : June 08, 2020



Annexure – I to the Independent Auditor’s Report

Referred to in paragraph 1 (f) under “Report on other legal and regulatory requirements “ of our report of even date

Report on the Internal financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act 2013 (“THE ACT”)

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended 31st March 2020, we have audited the internal financial controls over financial reporting of STCI Finance Ltd. (“THE Holding Company”) and its subsidiary companies which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiaries, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

For and on behalf of

Prakash Chandra Jain & Co.

Chartered Accountants

Firm Registration No. 002438C

Pratibha Sharma

Partner

Membership No. 400755

UDIN - 20400755AAAAAO3928

Place : Mumbai

Date : June 08, 2020



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 2020

The preparation of consolidated financial statements of STCI Finance Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 08 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the consolidated financial statements of STCI Finance Limited for the year ended 31 March 2020 under section 143 (6)(a) read with section 129 (4) of the Act.

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

Place : Mumbai
Date : 04.09.2020

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

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020**

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2020	As at April 01, 2019
	ASSETS			
1	Financial Assets			
(a)	Cash & Cash equivalents	2 a	27,462.70	3,381.32
(b)	Bank Balances other than (a) above	2 b	921.48	1,666.27
(c)	Derivative financial instruments	3	71,759.19	87,573.51
(d)	Receivables			
	(i) Trade Receivables	4	15.55	7.32
	(ii) Other Receivables		-	17.55
(e)	Loans	5	1,55,855.94	2,74,899.63
(f)	Investments	6	8,49,528.85	9,70,524.61
(g)	Other Financial Assets	7	2,530.54	1,981.01
2	Non-financial Assets			
(a)	Tax assets(net)		9,593.03	7,274.87
(b)	Property, Plant and Equipment	8	3,629.18	3,758.75
(c)	Other Intangible assets	8	53.83	8.49
(d)	Right of Use Asset	8	260.74	-
(e)	Other Non-Financial assets	9	412.58	150.35
	Total Assets		11,22,023.61	13,51,243.68
	LIABILITIES AND EQUITY			
1	Financial Liabilities			
(a)	Derivative financial instruments	3	70,905.86	86,937.70
(b)	Payables			
	(i) Trade Payables	10		
	total outstanding dues of micro enterprises and small enterprises			
	total outstanding dues of creditors other than micro enterprises and small enterprises		260.86	205.76
	(ii) Other Payables	10		
	total outstanding dues of micro enterprises and small enterprises			
	total outstanding dues of creditors other than micro enterprises and small enterprises		58.63	91.43
(c)	Debt Securities	11	14,227.53	62,958.73
(d)	Borrowings (Other than Debt Securities)	12	8,34,935.82	9,96,260.36
(e)	Deposits	13	2,931.21	18,278.11
(f)	Other Financial Liabilities	14	5,118.93	816.84



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2020	As at April 01, 2019
2	Non-Financial Liabilities			
(a)	Current tax liabilities (net)		477.14	92.30
(b)	Provisions	15	1,701.30	1,168.37
(c)	Deferred Tax Liabilities	37	1,272.62	2,964.84
(d)	Other Non-Financial Liabilities	16	88.45	341.97
3	Equity			
(a)	Equity Share capital	17	38,000.00	38,000.00
(b)	Other Equity	18	1,52,045.26	1,43,127.27
	Total Liabilities and Equity		11,22,023.61	13,51,243.68
	Significant accounting policies, key estimates and judgments	1		
	The accompanying notes form an integral part of the standalone financial statements.			

As per our report of even date

For and on behalf of

Prakash Chandra Jain & Co.

Chartered Accountants

Firm Registration No.002438C

Pratibha Sharma

Partner

Membership No. 400755

Plate : Mumbai

Date : June 8, 2020

For and on behalf of the Board of Directors

Melwyn Oswald Rego

Director

DIN: 00292670

Pradeep Madhav

Managing Director & CEO

DIN: 00267422

Kamlesh Rathi

Chief Financial Officer

R Venkataramani

Director

DIN: 00829107

Raghvendra Kumar

Dy. Managing Director

DIN: 08045355

Suparna Sharma

Company Secretary

Plate : Mumbai

Date : June 8, 2020

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

(₹ in lakhs)

	Particulars	Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
(I)	Revenue from operations			
(i)	Interest Income	19	82,209.20	94,671.35
(ii)	Dividend Income		208.98	212.19
(iii)	Fees and commission Income		266.44	866.10
(iv)	Net gain on fair value changes	20	19,645.94	8,082.48
	Total Revenue from operations		1,02,330.56	1,03,832.12
(II)	Other Income	21	56.47	158.80
(III)	Total Income (I+II)		1,02,387.03	1,03,990.92
	Expenses			
(i)	Finance Costs	22	56,708.44	72,159.97
(ii)	Net loss on fair value changes	18	-	-
(ii)	Impairment on financial instruments	23	22,378.62	8,944.80
(iii)	Employee Benefits Expenses	24	2,585.59	2,022.48
(iv)	Depreciation, amortization and impairment	8	250.57	161.39
(v)	Others expenses	25	3,100.75	2,738.79
(IV)	Total Expenses		85,023.97	86,027.43
(V)	Profit / (loss) before exceptional items and tax (III-IV)		17,363.06	17,963.49
(VI)	Exceptional items		-	9,413.35
(VII)	Profit/(loss) before tax (V+VI)		17,363.06	8,550.14
(VIII)	Tax Expense:			
	- Current Tax		7,728.14	3,955.11
	- Deferred Tax	37	(2,656.85)	(641.37)
	- MAT Credit		-	(200.00)
(IX)	Profit/(loss) for the period (VII - VIII)		12,291.77	5,436.40
(X)	Other Comprehensive Income			
A	(i) Items that will not be reclassified to profit and loss		(340.33)	635.90
	(ii) Income Tax relating to items that will not be reclassified to profit and loss		(92.16)	(285.67)
	Subtotal (A) (i-ii)		(248.17)	921.57
B	(i) Items that will be reclassified to profit and loss		2,542.63	645.46
	(ii) Income Tax relating to items that will be reclassified to profit and loss		856.79	225.55
	(iii) Reclassification adjustment		44.77	-
	Subtotal (B) (i-ii-iii)		1,641.07	419.91



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Other Comprehensive Income (A + B)		1,392.90	1,341.48
(XI) Total Comprehensive Income for the period		13,684.67	6,777.88
(XII) Earnings per equity share for equity shares of par value ₹ 10/- each			
Basic & Diluted (in ₹)	32	3.23	1.43
Significant accounting policies, key estimates and judgments	1		
The accompanying notes form an integral part of the consolidated financial statements.			

As per our report of even date

For and on behalf of

Prakash Chandra Jain & Co.

Chartered Accountants

Firm Registration No.002438C

Pratibha Sharma

Partner

Membership No. 400755

Plate : Mumbai

Date : June 8, 2020

For and on behalf of the Board of Directors

Melwyn Oswald Rego

Director

DIN: 00292670

Pradeep Madhav

Managing Director & CEO

DIN: 00267422

Kamlesh Rathi

Chief Financial Officer

R Venkataramani

Director

DIN: 00829107

Raghvendra Kumar

Dy. Managing Director

DIN: 08045355

Suparna Sharma

Company Secretary

Plate : Mumbai

Date : June 8, 2020



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

(₹ in lakhs)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning	38,00,00,000	38,000.00	3,80,00,000	38,000.00
Changes in the equity share capital during the year				
Subdivision of equity shares (One share of ₹ 100 split into shares of ₹ 10 each)	-	-	34,20,00,000	-
Balance as at the end	38,00,00,000	38,000.00	38,00,00,000	38,000.00



B. Other Equity

Particulars	Reserves & Surplus						Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
	Statutory Reserve	General Reserve	Reserve & Surplus HTM - CGS A/c	Capital Reserve	Capital redemption Reserve	Retained Earnings				
Balance as at March 31, 2018	48,427.54	319.22	2,126.63	27.53	17,000.00	48,336.08	(1,952.64)	25,724.26	5.65	1,40,014.27
Total Comprehensive Income for the year	-	-	-	-	-	5,436.40	419.91	937.47	(15.90)	6,777.88
Dividend	-	-	-	-	-	(3,664.88)	-	-	-	(3,664.88)
Transfer to/from retained earnings	1,875.48	-	-	-	-	(1,875.48)	-	-	-	-
Balance as at March 31, 2019	50,303.02	319.22	2,126.63	27.53	17,000.00	48,232.12	(1,532.73)	26,661.73	(10.25)	1,43,127.27
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance as at March 31, 2019	50,303.02	319.22	2,126.63	27.53	17,000.00	48,232.12	(1,532.73)	26,661.73	(10.25)	1,43,127.27
Total Comprehensive Income for the year	-	-	-	-	-	12,291.77	1,641.07	(247.71)	(0.46)	13,684.67
Dividend	-	-	-	-	-	(4,766.68)	-	-	-	(4,766.68)
Transfer to/from retained earnings	4,846.40	-	-	-	-	(4,846.40)	-	-	-	-
Balance as at March 31, 2020	55,149.42	319.22	2,126.63	27.53	17,000.00	50,910.81	108.34	26,414.02	(10.71)	1,52,045.26

As per our report of even date

For and on behalf of

Prakash Chandra Jain & Co.
Chartered Accountants

Firm Registration No.002438C

For and on behalf of the Board of Directors

Melwyn Oswald Rego

Director

DIN: 00292670

R Venkataramani

Director

DIN: 00829107

Pradeep Madhav

Managing Director & CEO

DIN: 00267422

Raghendra Kumar

Dy. Managing Director

DIN: 08045355

Pratibha Sharma

Partner

Membership No. 400755

Kamlesh Rathi

Chief Financial Officer

Suparna Sharma

Company Secretary

Plate : Mumbai

Date : June 8, 2020

Plate : Mumbai

Date : June 8, 2020

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before exceptional items and tax	17,363.06	8,550.14
Adjustments :		
Depreciation	250.57	161.39
(Profit) / Loss on sale of Property, plant and equipment (Net)	(0.12)	(1.05)
Impairment on financial instruments	22,378.62	18,358.14
	22,629.07	18,518.48
Operating Profit / (loss) before working capital changes	39,992.13	27,068.62
Changes in Working Capital:		
(Increase)/ Decrease in Receivable	9.32	(17.24)
(Increase)/ Decrease in Loans	96,665.07	59,828.77
(Increase)/ Decrease in Investments	1,23,152.18	(1,73,901.64)
(Increase)/ Decrease in Other Financial Assets	(549.53)	912.77
(Increase)/ Decrease Other Non-Financial Assets	(262.23)	51.94
(Increase)/ Decrease Derivative Financial Instruments	(217.52)	(661.02)
Increase/ (Decrease) in Payable	22.30	35.44
Increase/ (Decrease) in Other Financial Liabilities	4,046.55	(369.95)
Increase/ (Decrease) in Provisions	534.04	47.58
Increase/ (Decrease) Other Non-Financial Liabilities	(253.52)	80.86
	2,23,146.66	(1,13,992.49)
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	2,63,138.79	(86,923.87)
Taxes Paid	(9,461.46)	(5,722.94)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	2,53,677.33	(92,646.81)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed deposit with banks having original maturity over three months	744.79	(846.71)
Purchase of tangible / intangible assets	(89.08)	(129.59)
Sale of tangible / intangible assets	0.15	5.72
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	655.86	(970.58)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Dividend (including dividend & DDT)	(4,766.68)	(3,664.88)
Funds borrowed/(Repaid)	(2,25,402.64)	96,433.26
Payment towards lease liabilities	(82.49)	-
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	(2,30,251.81)	92,768.38
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	24,081.38	(849.01)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Cash and Cash Equivalents at beginning of period (Refer Note 2 (a))	3,381.32	4,230.33
Cash and Cash Equivalents at end of period (Refer Note 2(a))	27,462.70	3,381.32
The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (Ind AS) -7 "Cash Flow Statements".		

As per our report of even date

For and on behalf of

Prakash Chandra Jain & Co.**Chartered Accountants**

Firm Registration No.002438C

Pratibha Sharma

Partner

Membership No. 400755

Plate : Mumbai

Date : June 8, 2020

For and on behalf of the Board of Directors

Melwyn Oswald Rego

Director

DIN: 00292670

Pradeep Madhav

Managing Director & CEO

DIN: 00267422

Kamlesh Rathi

Chief Financial Officer

R Venkataramani

Director

DIN: 00829107

Raghvendra Kumar

Dy. Managing Director

DIN: 08045355

Suparna Sharma

Company Secretary

Plate : Mumbai

Date : June 8, 2020



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

i) Corporate Information

STCI Finance Limited (“STCI” or “the Holding Company”) is a Public limited company domiciled in India with its registered office at A/B 1-802, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G K marg, Lower Parel (w) Mumbai – 400013. The Company was incorporated on May 10, 1994, vide certificate of incorporation no. U51900MH1994PLC078303 issued by the Registrar of Companies Maharashtra, Mumbai.

These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the ‘Group’).

The Group’s principal business is financing, advancing loans and underwriting, bidding, market making & trading in Government Securities, fixed income securities and other money market instruments.

ii) Basis of Preparation

a) Statement of Compliance

These Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (‘Ind AS’) notified under section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, RBI directions to NBFCs and Division III to Schedule III of the Act. Refer Note no. 26 for STCI Commodities Limited whose financials have been prepared on the basis of net realizable value.

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

b) Basis of Consolidation

STCI consolidates entities which it owns or controls. Control exists when the parent has power over the entity is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity’s returns. Subsidiaries are consolidated from the date control commences until the date control ceases. The consolidated financial statements comprise the financial statements of the Company, its controlled subsidiaries, as disclosed below.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain/loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded. The financial statements of the subsidiaries are drawn up to the same reporting date as that of parent company.

c) Functional and Presentation Currency

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

d) Basis of Preparation, Presentation and Disclosure of Financial Statements

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

e) Use of Judgment and Estimates

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

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

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

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

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

f) Fair Value Measurement

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

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

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

- Level 1 — Valuation using quoted market price in active markets : The fair value for the instruments traded in active markets at the reporting date is based on their quoted market price, without any deduction for transaction costs. A market is regarded as active, if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 — Valuation using observable inputs : If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates most of the factors that market participants would take into account in pricing a transaction.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

- Level 3 — Valuation with significant unobservable inputs : The valuation techniques is used only when fair value cannot be determined by using observable inputs. The Group regularly reviews significant unobservable inputs and valuation adjustments. Level 3 assets are typically very illiquid, and fair values can only be calculated using estimates.

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

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

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

g) Effective Interest Rate (EIR) method

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

iii) Significant Accounting policies**a) Financial Instruments**

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

1) Financial Assets

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

Financial assets are subsequently classified as measured at

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

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- **Loans and Advances :**

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

- **Debt Instruments:**

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

Measured at Amortised Cost:

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

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

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

Debt Instruments at FVTOCI

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

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

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

Debt Instruments at FVTPL

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

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

- **Equity Instruments**

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

- **Reclassification of Financial Assets**

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

- **De-recognition of Financial Assets**

The Group de-recognises a financial asset only when

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

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

2. **Financial Liabilities and Equity Instruments issued by the Group**

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

- **Equity Instruments**

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

- **Financial Liabilities**

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

- **Financial Liabilities at FVTPL:**

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

- **Financial Liabilities at Amortised Cost:**

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

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- **De-recognition of Financial Liabilities**

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

3. Derivative Financial Instruments

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

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

4. Impairment of Financial Instruments

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

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

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

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

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

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

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

*In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto three months on the payment of all instalments and /or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. Since the moratorium is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same has not been treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower. Consequently, For all such accounts where the moratorium is granted, the asset classification (Stage 2 to Stage 3) remains stand still during the moratorium period.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Measurement of Expected Credit Loss**

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

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

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

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

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

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

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

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

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

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

Computation of ECL is summarized as under.

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- **Write-offs of Credit-Impaired Instruments**

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

- **Presentation of Allowance for ECL in the Balance Sheet**

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

5. Offsetting

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

b) Cash and Cash Equivalents

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

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

Statement of Cash Flow

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

c) Property, Plant and Equipment and Intangible Assets

1. Recognition and Measurement

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

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

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****2. Subsequent Measurement**

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

3. Depreciation and Amortisation

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

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

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

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

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

d) Impairment of Non-Financial Assets (Tangible and Intangible Assets)

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

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

e) Provisions and Contingencies

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

f) Employee Benefits

1. Short-Term Employee Benefits

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

2. Long-Term Employee Benefits

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

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

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

3. Post-Employment and Termination Benefits

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

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

- **Defined Benefit Obligation (Gratuity)**

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

Defined benefit costs are categorised as follows:

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****- Re-measurement**

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

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

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

g) Borrowing Cost

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

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

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

h) Revenue Recognition**1. Interest**

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

2. Fees Income

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

3. Dividend Income

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

4. Income from Securities

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

i) Leases

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

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

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial material direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

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

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

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

j) Income Tax

Income tax expense comprises of current tax and deferred tax.

1. Current Tax

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

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

2. Deferred Tax

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

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

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

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

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

k) Earnings Per Share (EPS)

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

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

l) Segment Reporting

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

m) Dividend Distribution to Equity Holders of the Company

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note-2 (a) : Cash and Cash equivalents

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Cash on hand	0.20	0.07
b)	Balance with Bank (In current and deposit accounts)	27,462.50	3,381.25
	Total (a+b)	27,462.70	3,381.32

(b) : Bank Balance other than Cash & Cash Equivalents

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
	Deposits with Bank (Original maturity of more than 3 months) (includes interest accrued but not due) Fixed deposit includes Balances with banks of ₹ 695.00 lakhs (PY ₹ 1,445.00 lakhs) to the extent held as margin money or security against the borrowings, guarantees, other commitments and for settlements Residual maturity of above fixed deposits is less than one year.	921.48	1,666.27
	Total	921.48	1,666.27

Note-3 : Derivative Financial Instruments

(₹ in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value Assets	Fair Value Liabilities	Notional amounts	Fair Value Assets	Fair Value Liabilities
Equity linked derivatives	-	-	-	669.18	-	0.52
Interest rate derivatives :						
Forward Rate Agreements and Interest Rate Swaps	16,30,608.95	71,759.19	70,905.86	34,72,584.81	87,573.51	86,931.53
Futures	-	-	-	3,500.00	-	5.65
Total derivatives Financial Instruments	16,30,608.95	71,759.19	70,905.86	34,76,753.99	87,573.51	86,937.70
PART - II, Included in above (part I) are derivatives held for hedging and risk management purposes as follows:						
Undesignated Derivatives	16,30,608.95	71,759.19	70,905.86	34,76,753.99	87,573.51	86,937.70
Total derivatives Financial Instruments	16,30,608.95	71,759.19	70,905.86	34,76,753.99	87,573.51	86,937.70

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Note 4 : Receivables**

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Trade Receivables		
	a) Secured, considered good ;	15.55	7.32
	b) Unsecured, considered good; and	-	-
	c) Credit Impaired	-	-
	Subtotal (a+b+c)	15.55	7.32
	Less: Allowance for impairment loss	-	-
	NET Receivables	15.55	7.32
	b) Other Receivables	-	17.55
	TOTAL (a+b)	15.55	24.87

Dues from Directors & Others officers of the Company in above

Nil

Nil

Note-5 : Loans (At Amortised Cost)

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Loans (at amortised cost) :		
	Term Loans & Others (Refer Note No 39)	1,68,555.44	2,55,979.78
	Others - Lending under REPO (Secured)	-	1,500.00
	Others - TREPS Lending	-	32,094.26
	Total (Gross)	1,68,555.44	2,89,574.04
	Less : Impairment loss allowance	(12,699.50)	(14,674.41)
	Total (Net)	1,55,855.94	2,74,899.63
b)	i) Secured by tangible assets	1,68,555.44	2,42,353.03
	ii) Secured by intangible assets	-	-
	iii) Covered by bank / Government guarantees	-	-
	iv) Covered by CCP's	-	32,094.26
	v) Unsecured	-	15,126.75
	Total (Gross)	1,68,555.44	2,89,574.04
	Less : Impairment loss allowance	(12,699.50)	(14,674.41)
	Total (Net)	1,55,855.94	2,74,899.63
c)	I) Loans in India		
	a) Public Sector	-	-
	b) Others	1,68,555.44	2,89,574.04
	Total (Gross)	1,68,555.44	2,89,574.04
	Less : Impairment loss allowance	(12,699.50)	(14,674.41)
	Total (Net)	1,55,855.94	2,74,899.63
	II) Loans outside India (Net)	-	-
	Total C(I) & C(II)	1,55,855.94	2,74,899.63

Loans and Advances of ₹73,950.74 lakhs (₹ 164,932.38 lakhs as on March 31, 2019) have been charged in favour of Debenture Trustee and Banks for outstanding Secured Redeemable Non-Convertible Debentures (NCD's) of ₹ 9,000.00 lakhs (₹ 59,000.00 lakhs as March 31, 2019) and Bank Term Loans of ₹ 51,935.33 lakhs (₹ 71,054.30 lakh as on March 31, 2019)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note-6 : Investments

(₹ in lakhs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At Fair Value		Others at Cost	Total	At Fair Value		Others at Cost	Total
	Through OCI	Through profit and loss account			Subtotal	Through OCI		
Investments	1	2	4	(5=3+4)	6	7	9	(10=8+9)
Mutual funds	-	1,004.70	-	1,004.70	-	1,000.80	-	1,000.80
Government securities (Incl. SDL) *	35,784.79	6,83,005.44	-	7,18,790.23	42,783.35	7,80,017.33	-	8,22,800.68
Other approved securities	-	-	-	-	-	4,586.98	-	4,586.98
Debt securities (FI Bonds) *	-	97,093.50	-	97,093.50	-	1,08,379.95	-	1,08,379.95
Equity instruments								
- Quoted Equity Shares	20.80	206.16	-	226.96	37.24	980.50	-	1,017.74
- Subsidiaries (Wholly owned & unquoted)	-	-	-	-	-	-	-	-
- Equity Investment in CCIL (unquoted)	31,538.46	-	-	31,538.46	31,538.46	-	-	31,538.46
Investment in Venture Capital Fund **	875.00	-	-	875.00	1,200.00	-	-	1,200.00
Total – Gross (A)	68,219.05	7,81,309.80	-	8,49,528.85	75,559.05	8,94,965.56	-	9,70,524.61
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	68,219.05	7,81,309.80	-	8,49,528.85	75,559.05	8,94,965.56	-	9,70,524.61
Total – Gross (B)	68,219.05	7,81,309.80	-	8,49,528.85	75,559.05	8,94,965.56	-	9,70,524.61
Total Investments (A) = (B)	68,219.05	7,81,309.80	-	8,49,528.85	75,559.05	8,94,965.56	-	9,70,524.61
Less: Impairment loss allowance (C)	-	-	-	-	-	-	-	-
Total – Net D = (A) - (C)	68,219.05	7,81,309.80	-	8,49,528.85	75,559.05	8,94,965.56	-	9,70,524.61

* Including accrued Interest. Securities having book value of ₹ 35,784.79 lakhs (PY ₹ 42,783.35 lakhs) held in HTM portfolio & Securities having FV of ₹ 687,578.00 lakhs (PY ₹ 806,487.60 lakhs) has been kept as collateral for various borrowings and settlement.

** Tata Venture Capital Funds - class A units 25,00,00,000 of ₹ 1/- each. Net amount paid per unit - ₹ 0.4941 (PY ₹ 0.4941) after considering redemption of ₹ 0.41656 (PY ₹ 0.41656) per unit. Balance committed Capital contribution ₹ 223.23 lakhs (PY ₹ 223.23 lakhs).

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

Note-7 : Other Financial Assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security and other deposits (Measured at amortised cost)	77.22	68.72
Margin Money With CCIL & Others	1,876.25	1,912.29
Profit/ (Loss) on account of trade on reporting date accounting	577.07	-
	2,530.54	1,981.01



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note - 8 : Property, Plant & Equipment and Intangible Assets

(₹ in lakhs)

Particulars	Tangible Assets										Intangible Assets	Right of Use Asset	Total Assets		
	Air-Conditioners	Buildings *	Improvement to Leasehold Property	Computers	Electrical Installations	Furniture & Fixtures	Office Equipments	Vehicles	Total	Software and Licenses					
Gross Block															
As at March 31, 2018	21.49	3,705.15	-	129.85	12.86	79.28	7.77	40.80	3,997.20	49.23	-	-	4,046.43		
Additions	6.88	-	34.56	47.82	-	16.52	2.27	19.70	127.75	1.84	-	-	129.59		
Disposals	-	-	-	0.55	-	-	0.13	7.30	7.98	-	-	-	7.98		
As at March 31, 2019	28.37	3,705.15	34.56	177.12	12.86	95.80	9.91	53.20	4,116.97	51.07	-	-	4,168.04		
Recognised on adoption of Ind AS 116															
Additions	-	-	-	29.04	-	0.41	0.72	-	30.17	58.91	165.84	172.19	261.27		
Disposals	-	-	-	5.38	-	0.05	-	1.90	7.33	-	-	-	7.33		
As at March 31, 2020	28.37	3,705.15	34.56	200.78	12.86	96.16	10.63	51.30	4,139.81	109.98	338.03	338.03	4,587.82		
Depreciation															
As at March 31, 2018	4.80	135.89	-	32.36	3.69	21.18	3.27	8.27	209.46	33.26	-	-	242.72		
Additions	5.19	69.25	3.64	38.28	3.69	22.48	2.49	7.05	152.07	9.32	-	-	161.39		
Disposals	-	-	-	0.26	-	-	0.13	2.92	3.31	-	-	-	3.31		
As at March 31, 2019	9.99	205.14	3.64	70.38	7.38	43.66	5.63	12.40	358.22	42.58	-	-	400.80		
Additions	5.52	69.45	7.20	42.44	3.70	23.28	1.83	6.29	159.71	13.57	77.29	77.29	250.57		
Disposals	-	-	-	5.38	-	0.02	-	1.90	7.30	-	-	-	7.30		
As at March 31, 2020	15.51	274.59	10.84	107.44	11.08	66.92	7.46	16.79	510.63	56.15	77.29	77.29	644.07		
Net Carrying Amount															
As at March 31, 2019	18.38	3,500.01	30.92	106.74	5.48	52.14	4.28	40.80	3,758.75	8.49	-	-	3,767.24		
As at March 31, 2020	12.86	3,430.56	23.72	93.34	1.78	29.24	3.17	34.51	3,629.18	53.83	260.74	260.74	3,943.75		

* a) Cost of building includes ₹ 0.10 lakhs being the cost of shares held for membership of the Co-operative society.

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note-9 : Other non-financial asset

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured - Considered good (Unless otherwise stated)		
Prepaid Expenses	132.96	90.24
Input Tax Credit	127.82	58.90
Other Advances	151.80	1.21
Total	412.58	150.35

Note-10 : Payables

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total dues of creditors other than micro enterprises and small enterprises	260.86	205.76
Subtotal (i+ii)	260.86	205.76
b) Other Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total dues of creditors other than micro enterprises and small enterprises	58.63	91.43
Subtotal (i+ii)	58.63	91.43
Total (a+b)	319.49	297.19

Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), there are no amounts due to MSME as at March 31, 2020

Disclosure under MSMED Act, 2006, to the extent the Company has received intimation from the Suppliers regarding their status	As at March 31, 2020	As at March 31, 2019
i) Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-
ii) Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-
iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
iv) Interest accrued and remaining unpaid at the end of each accounting year	-	-
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise,	-	-

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Note-11 : Debt Securities (At ammortised Cost)**

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
- Commercial Papers (Unsecured) *	4,807.27	-
- Secured Non Convertible Debentures	9,420.26	62,958.73
Total	14,227.53	62,958.73
Debt securities in India	14,227.53	62,958.73
Debt securities outside India	-	-
Total	14,227.53	62,958.73

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

* Initially subscribed and held by related party Bank of India (BOI) as on March 31, 2020. Face Value of the CP is ₹ 5,000.00 lakhs.

Non Covenvertible Debentures (NCD's) are privately placed having face value of ₹ 10 lakhs each and redeemable at par and secured by way of first charge on specific receivables (Loan & Advances) and registered mortgage of the Company's immovable properties with an overall asset cover of 125%. Details of outstanding NCD' is as under.

(₹ in lakhs)

Particulars	Maturity Date	As at March 31, 2020		As at March 31, 2019	
		Current Maturities	Non Current portion	Current Maturities	Non Current portion
9.67% NCDs 3000 (PY-3000)	June 25, 2019	-	-	30,000.00	-
9.89% NCDs 2000 (PY-2000)	July 30, 2019	-	-	20,000.00	-
9.40% NCDs 900 (PY-900)	October 1, 2020	9,000.00	-	-	9,000.00
		9,000.00	-	50,000.00	9,000.00

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

Note-12: Borrowings (Other than Debt Securities) at amortised cost

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Term loans		
(i) from Banks - Long Term	52,038.87	65,713.66
(ii) from Banks - Short Term	-	5,500.34
- Related Party (BOI) **	20,010.08	20,004.71
(b) Loans repayable on demand		
(i) from Banks (including call and term money)	1,16,841.74	1,49,072.32
(ii) from Banks - Related Party (BOI) **	0.07	4,808.11
(c) Other loans		
CBLO/TREPS (Secured)	2,92,343.71	3,00,806.18
REPO (Secured)	3,06,735.36	2,96,785.96
LAF/Refinance from RBI (Secured)	46,965.99	1,53,569.08
Total	8,34,935.82	9,96,260.36
Borrowings in India	8,34,935.82	9,96,260.36
Borrowings outside India	-	-
Total	8,34,935.82	9,96,260.36



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

(₹ in lakhs)

Name of the Lender	Repayment details	As at March 31, 2020		As at March 31, 2019	
		Principal Maturity Value		Principal Maturity Value	
		Current	Non Current	Current	Non Current
State Bank of India	18 Qtrly Installments w.e.f. 30.07.17	11,112.00	8,330.00	11,112.00	19,442.00
HDFC Bank Ltd	8 Qtrly Installments w.e.f. 07.04.18	-	-	2,500.00	-
Union Bank I	8 Qtrly Installments w.e.f. 29.09.18	2,500.00	-	10,000.00	2,500.00
Bank of Baroda	8 Qtrly Installments w.e.f. 30.06.22	-	19,993.33	-	19,999.96
Union Bank II	10 Qtrly Installments w.e.f. 28.07.20	3,000.00	7,000.00	-	-
		16,612.00	35,323.33	23,612.00	41,941.96

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

(₹ in lakhs)

Name of the Lender	Repayment details	Type	As at March 31, 2020	As at March 31, 2019
Bank Of India (Related Party)	28.05.2020 (PY -28.05.19)	Unsecured	20,000.00	20,000.00
Bank of Baroda	- (PY - 20.03.2020)	Secured	-	5,500.34
Interest Accrued but not due on above			10.08	4.71
			20,010.08	25,505.05

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

(₹ in lakhs)

Name of the Lender	Type	As at March 31, 2020	As at March 31, 2019
Bank Of India (Related Party)	Unsecured	-	4,799.59
Corporation Bank	Unsecured	12.17	12,623.48
Union Bank of India	Unsecured	9,787.87	9,585.37
Andhra Bank	Unsecured	21.40	8,932.25
Interest Accrued but not due on above		0.16	8.52
		9,821.60	35,949.21

Other Details :

- Borrowings under TREPS is secured by Collateral of Government Securities & Treasury Bills and carries interest rate between 0.30% to 0.75% (PY 5.7% to 7.29%) and is repayable within 3 days (PY- 2 days)
- Borrowings under Repo is secured by Collateral of Government Securities & Treasury Bills and carries interest rate between 1% to 4.95% (PY - 6.05% to 7.50%) and is repayable within 3 days (PY- 2 days)
- Borrowings under LAF/Refinance is secured by Collateral of Government Securities & Treasury Bills and carries interest rates of 4.40% (PY - 6.25% to 6.42%) and is repayable within next 22 - 27 days (PY - 2 - 71 days).
- Loan repayable on demand includes Unsecured Loan from Banks repayable at call/short notice/term of ₹ 107,020.22 lakhs (PY - ₹ 117,931.22 lakhs) carrying interest rate between 4.40% to 5.65% (PY - 6.18% to 8.00%) and repayable within 3-70 days.(PY- 2-12 days)

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Note 13 : Deposits**

Borrowings under Inter Corporate Deposits carries interest rates between 5.39% to 5.44% (PY - 6.50% to 9.05%) and is repayable within 88 - 91 days (PY 8 - 89 days).

Note 14 : Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Margin money	4,863.39	749.63
b) Lease Liability	255.54	-
c) Net Fair value changes for settlement date	-	67.21
Total	5,118.93	816.84

Note-15 : Provisions

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for Employee benefits	535.06	553.71
(b) Provision for PLVP	745.80	203.70
(c) Others		
- Provision for Stamp Duty	419.94	410.46
- Other provisions	0.50	0.50
Total (a+b+c)	1,701.30	1,168.37

Note-16 : Other Non-Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Revenue received in advance	-	277.33
(b) Statutory Dues	88.45	64.64
Total (a+b)	88.45	341.97

Note-17 : Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
500,000,000 (PY - 500,000,000) Equity shares of ₹ 10/-each	50,000.00	50,000.00
	50,000.00	50,000.00
Issued, subscribed, and fully paid up		
Equity Share Capital		
380,000,000 (PY - 380,000,000) Equity shares of ₹ 10/- each fully paid up	38,000.00	38,000.00
Total	38,000.00	38,000.00



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

a) Details of Shareholding as at March 31, 2020

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

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	11,38,37,810	29.96%	11,38,37,810	29.96%
State Bank of India	3,92,11,420	10.32%	3,92,11,420	10.32%
IDFC Bank Limited	3,53,01,360	9.29%	3,53,01,360	9.29%
IDBI Bank Limited	2,50,76,100	6.60%	2,50,76,100	6.60%
LIC of India	2,15,23,470	5.66%	2,15,23,470	5.66%

- b) Details of shares bought back during past five years : Nil
- c) Shares allotted as fully paid up pursuant to contract without payment being received in cash or by way of Bonus Shares - Nil
- d) **Reconciliation of the number of equity shares outstanding of ₹ 10/- each**

Particulars	As at March 31, 2020	As at March 31, 2019
No. of shares Outstanding as at the beginning of the year (FV ₹ 10/- (PY ₹ 100/-))	38,00,00,000	3,80,00,000
Adjustment for Sub-Division of Equity Shares (from ₹ 100/- to ₹ 10/-)	-	34,20,00,000
Number of shares outstanding Post-split (FV ₹ 10/- per share)	38,00,00,000	38,00,00,000
Add: Shares issued	-	-
Less: Share bought back / forfeited	-	-
Number of shares at the end of year (FV ₹ 10/- per share)	38,00,00,000	38,00,00,000

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

Note-18 : Other Equity

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Reserve u/s 45-IC of The RBI Act, 1934	55,149.42	50,303.02
Reserve & Surplus HTM - CGS	2,126.63	2,126.63
Capital redemption Reserve	17,000.00	17,000.00
General Reserve	319.22	319.22
Capital Reserve	27.53	27.53
Retained Earnings	50,910.81	48,232.12
Other Comprehensive Income	26,511.65	25,118.75
Total	1,52,045.26	1,43,127.27

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

- i) Statutory Reserve is created pursuant to Section 45IC of the RBI Act, 1934 by transferring therein a sum not less than 20% of its net profit every year and forms part of free reserves, Net owned funds and Tier I capital.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

- ii) Capital redemption Reserve is created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares in accordance with Section 69 of the Companies Act, 2013.
- iii) Retained earnings represents profits that the Company has earned till date, less any transfers to Statutory reserve, dividends or other distributions paid to shareholders.
- iv) Other Comprehensive Income represents the cumulative gains/(losses) arising on the revaluation of Equity Shares and debt instruments measured at fair value through OCI. It also includes actuarial gains and losses on defined benefit plans recognised in other comprehensive income (net of taxes).
- v) Reserve & Surplus HTM - CGS represents profit transferred such reserve as per RBI guidelines on disposal of instruments classified under HTM category.
- vi) The Capital reserve comprises of profits/gains of capital nature earned and credited directly to such reserve.

Note-19 : Interest Income

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Financial Assets measured at Amortised Cost		
Interest on Loans	22,832.91	35,469.40
Interest on deposits with Banks	125.25	59.19
Other interest Income	874.19	901.20
	-	-
Financial Assets measured at fair value through OCI		
Interest income from debt instruments	2,517.48	2,887.21
Financial Assets measured at fair value through profit or loss		
Interest income from debt instruments	55,859.37	55,354.35
Total	82,209.20	94,671.35

Note-20 : Net gain/ (loss) on fair value changes

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	19,740.99	7,678.59
- Derivatives	(139.82)	403.89
(B) Others	-	-
(i) 'Government securities (including SDL)-(Held at FVTOCI on derecognition)	44.77	-
Total	19,645.94	8,082.48
Fair Value changes:		
- Realised	18,062.69	5,687.73
- Unrealised	1,583.25	2,394.75
Total	19,645.94	8,082.48



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note-21 : Other Income

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Net gain/(loss) on derecognition of property, plant and equipment	0.12	1.05
Provisions no longer required written back	25.00	61.37
Miscellaneous Income	18.59	31.56
Other Interest Income	12.76	10.92
Expenses Write back	-	53.90
Total	56.47	158.80

Note-22 : Finance Costs

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Interest on Financial liabilities measured at Amortised Cost		
Borrowings other than debt securities	52,979.01	57,451.22
Debt securities	2,299.98	13,094.73
Deposits	1,062.85	1,198.01
Intraday Liquidity charges	168.73	174.34
Other interest expense	197.87	241.67
Total	56,708.44	72,159.97

Note-23 : Impairment on Financial Instruments Measured at Amortised Cost

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Loan		
- Expected credit losses	(1,974.91)	5,614.15
-Write off of Loans	24,353.53	3,330.65
Impairment provision on Investments	-	-
Total	22,378.62	8,944.80

Note-24 : Employee Benefits Expenses

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Salaries and wages	2,401.22	1,861.78
Contribution to provident and other funds	114.31	98.73
Staff welfare expenses	70.06	61.97
Others	-	-
Total	2,585.59	2,022.48

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Note 25 : Other expenses**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Rent, taxes and energy costs	123.41	168.18
Repairs and maintenance	134.82	127.63
Communication Costs	44.04	44.79
Printing and stationery	17.21	18.29
CSR Expenditure (Refer Note No 33)	412.44	444.46
Donation	-	10.00
Director's fees, allowances and expenses	81.99	75.13
Auditor's fees and expenses (Refer Note No 30)	29.28	31.74
Legal and Professional charges	567.77	479.91
Insurance	79.28	67.59
Information services	145.68	143.20
Business Development Expenses	19.03	9.65
Travelling Expenses	70.45	68.29
Transaction and settlement charges	1,090.81	920.64
Other expenditure	284.54	129.29
Total	3,100.75	2,738.79



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Notes forming part of financial statements

26. The following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of incorporation	Ownership held by	% of holding and voting power as at	
				March 31, 2020	March 31, 2019
STCI Primary Dealer Limited	Subsidiary	India	STCI Finance Ltd.	100%	100%
STCI Commodities Limited	Subsidiary	India	STCI Finance Ltd.	100%	100%

Details of entities considered in the consolidated financial statements

Name of the entity in the Group	Net Assets (Total assets minus total liabilities)		Share in profit or loss (PAT)*		Share in other comprehensive income		Share in other comprehensive income*	
	% of consolidated net assets	Amount (₹ in lakhs)	% of consolidated profit or loss (PAT)	Amount (₹ in lakhs)	As % of consolidated OCI	Amount (₹ in lakhs)	As % of total comprehensive income	Amount (₹ in lakhs)
STCI Finance Limited (parent)	66.73%	126,824.66	(83.89%)	(10,311.79)	(17.46%)	(243.25)	(77.13%)	(10,555.04)
Subsidiaries – Indian								
STCI Primary Dealer Limited	33.17%	63,033.56	183.83%	22,595.86	117.46%	1,636.15	177.07%	24,232.01
STCI Commodities Limited	0.10%	187.04	0.06%	7.70	-	-	0.06%	7.70
Subsidiaries - Foreign	-	-	-	-	-	-	-	-
Non-controlling Interests in all subsidiaries	-	-	-	-	-	-	-	-
Associates - Indian (as per eq. method)	-	-	-	-	-	-	-	-
Associates - Foreign (as per eq. method)	-	-	-	-	-	-	-	-
Joint Ventures - Indian (as per eq. method)	-	-	-	-	-	-	-	-
Joint Ventures – Foreign (as per eq. method)	-	-	-	-	-	-	-	-
Total	100.00%	190,045.26	100.00%	12,291.77	100.00%	1,392.90	100.00%	13,684.67

*After adjusting for Inter group investments and profit.

STCI PD was incorporated in October 2006 as a wholly owned subsidiary of the company for undertaking Primary Dealership business of government securities.

STCI Commodities Limited was incorporated on September 20, 2004 with the object of carrying on the business of trading and broking in commodities on the various Commodity Exchanges 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. Therefore, the accounts of STCI Commodities Limited have been drawn as per net realizable value.

27. Contingent Liabilities (to the extent not provided for)

i) Claims against the Group not acknowledged as debt:

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

- b) No provision has been made in respect of disputed tax dues of ₹ 497.40 lakhs (PY ₹ 467.40 lakhs) under Income Tax act 1961.
- c) No provision has been made for stamp duty on non-government securities transactions for the period up to 31st March 2006.

ii) Capital and other commitments:

- a) Balance committed capital contribution to Tata Venture Capital Fund as on March 31, 2020 is ₹ 223.23 lakhs (PY- ₹ 223.23 lakhs).
- b) Commitment and contractual obligations in respect of:

The purchases and sales of the securities effected on March 31, 2020, the transaction shall be accounted on April 03, 2020 i.e Settlement date. The face value of the securities purchased and sold on March 31, 2020 are as given in the table below;

(₹ in lakhs)

S No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Purchase of securities	18,000	79,527
2	Sale of securities	54,710	89,225

A subsidiary company has been dealing in Government Securities on behalf of its Constituents through the Constituent SGL account opened with RBI. The transactions undertaken represents amounts received from the constituents and also physicals tendered by them for conversion into SGL Account. As on March 31, 2020 the face value of the securities held by the Company on behalf of its constituents is ₹ 2,675,785.40 Lakhs (March 31, 2019 – ₹ 2,482,112.70 lakhs).

28. Details of Provisions is as under.

(₹ in lakhs)

Particulars	Stamp Duty		PLVP*	
	2019-20	2018-19	2019-20	2018-19
Carrying amount at the beginning	410.46	400.22	203.70	247.99
Additional provisions made in the period	9.48	10.24	710.00	136.45
Amounts used during the period	-	-	(142.20)	(145.60)
Unused amounts reversed during the period	-	-	(25.70)	(35.14)
Carrying amount at the end of the period	419.94	410.46	745.80	203.70

* Performance Linked Variable Pay

Provision for stamp duty is made in respect of stamp duty payable under Maharashtra Stamp Act, (erstwhile Bombay Stamp Act, 1958) in respect of direct deals for Non SLR transactions. 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 Group 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, 2020 for stamp duty on non-government securities transactions stands at ₹ 419.94 lakhs (PY ₹ 410.46 lakhs) which is for the period commencing 1st April 2006 onwards. The amount of provision as on March 31, 2020 is included under the head "Provisions" in the balance sheet.

Provision of ₹ 710.00 lakhs (PY - ₹ 136.45 lakhs) is made during the year for performance linked variable and incentive pay and ₹ 9.48 lakhs (PY - ₹ 10.24 lakhs) for stamp duty on Non SLR transactions direct deals.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

29. Leases

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

Effective April 1, 2019, the Group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Group recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of transition and the right of use asset at its carrying amount. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

There is no impact of Ind AS 116 adoption to the retained earnings as at April 1, 2019. On transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset of ₹ 165.84 lakhs and a corresponding lease liability of ₹ 165.84 lakhs. In the results for the current period, the nature of expenses in respect of operating leases has changed from rent in previous period to depreciation for the right to use asset and finance cost for interest accrued on lease liability. Adoption of this standard led to overall increase of ₹ 9.48 lakhs in expense and did not have a material effect on financial results for the year.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate on the date of transition
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Maturity analysis of lease liabilities as at March 31, 2020 is as under.

(₹ in lakhs)

Particulars	At Present Value
Less than one year	54.28
Between one and five years	201.26
More than five years	-

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

The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in lakhs)

Particulars	As at March 31, 2020
Balance at the beginning	165.84
Additions	159.01
Finance cost accrued during the period	13.46
Payment of lease liabilities	(82.77)
Balance at the end	255.54

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****30. Remuneration to Statutory Auditors**

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Payment to auditors (excluding taxes)		
a) Statutory Audit Fees	16.03	13.40
b) Taxation matters (Tax Audit Fees)	3.00	3.25
c) Certification Fees & Other services	10.00	14.84
d) Reimbursement of expenses	0.25	0.25
Total	29.28	31.74

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

- i) Bank of India (BOI) by virtue of its shareholding in the Company being in excess of 20 per cent.**
- ii) Key Management Personnel:-**
 - a) Mr Pradeep Madhav – Managing Director & CEO
 - b) Mr. Raghvendra Kumar- Deputy Managing Director
 - c) Mr. Kamlesh Rathi – Chief Financial Officer
 - d) Ms. Suparna Sharma – Company Secretary

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Transactions during the year		
Purchase of Govt. Securities	28,714.95	34,516.06
Sale of Govt. Securities	25,060.53	112,380.37
Allotment of Debt Securities	4,680.33	48,204.25
Buyback of Debt Securities	-	49,785.15
Loans availed *	81,549.41	81,063.25
Repayment of Loan availed *	86,349.00	56,236.96
Maximum Loan (availed) Outstanding during the Year	24,879.66	24,964.50
IDL Borrowings & Repayment	4,840,000.00	4,820,000.00
Finance Cost (Interest Provided on loans)	1,942.85	1,665.09
Discount paid on Debt Securities (CPs)	126.94	1,580.90
Dividend Paid (including interim)	910.70	910.70
Other financial payments	24.67	24.65
Non-financial payments	-	1.75
Sitting fees paid	5.60	4.00
IDL Charges Paid	40.00	47.20
Interest Income received on FDR	14.71	7.22
Fixed Deposits Placed	14,134.92	108.37
Outstanding at the end of the year		
Loan availed (including OD)	20,000.00	24,799.59
Fixed Deposits Placed	14,134.92	108.37
CP Issued by Company	4,807.27	-
Interest accrued but not due (Receivable)	11.60	4.90
Interest accrued but not due (Payable)	10.15	13.23
Balance in Current/OD account	9,527.00	6.96

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

Compensation to Key management personnel

(₹ in lakhs)

Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i)	Mr. Pradeep Madhav	123.92	114.60
(ii)	Mr. Raghvendra Kumar	66.29	47.47
(iii)	Mr. Kamlesh Rathi	44.36	41.00
(iv)	Ms. Suparna Sharma	37.60	34.61

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Break up of the Compensation to Key management personnel is as under.

(₹ in lakhs)

(i)	Salary including Short-term employee benefits	260.36	227.14
(ii)	Company's contribution to Provident Fund	11.81	10.54
	Total	272.17	237.68

Remuneration includes salary, perquisite and profits in lieu of salary as defined under Section 17 of the Income Tax Act, 1961.

32. Earning Per Share (EPS)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net Profit attributable to equity holders (₹ in Lakhs)	12,291.77	5,436.40
Weighted-Average Number of Equity Shares Outstanding (Face Value ₹ 10/- each)	380,000,000	380,000,000
Basic and diluted earnings per share (in ₹)	3.23	1.43

33. CSR Expenses

During the year, Group has spent ₹ 412.44lakhs (PY ₹ 444.46 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. Details of CSR expenses for the year are as under.

(₹ in lakhs)

Sr. No.	Particulars	FY 2019-20	FY 2018-19
1	Construction/acquisition of any asset	Nil	Nil
2	Contribution to Prime Ministers Relief Fund	124.20	173.85
3	Contribution to other charitable organisations eligible for CSR purpose	288.24	270.61
	Total CSR Expenses	412.44	444.46
	Amount Pending to be Spent	Nil	Nil

34. Capital Management

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

Sr. No.	Items	As at 31st March, 2020	As at 31st March, 2019
i.	CRAR (%)	62.71%	49.49%
ii.	CRAR - Tier I capital (%)	62.11%	49.04%
iii.	CRAR - Tier II Capital (%)	0.60%	0.45%

As per RBI Prudential norms, the minimum CRAR requirement for NBFCs is 15% and the Company has maintained CRAR well above the regulatory norms throughout the year. CRAR as at March 31, 2020, has been calculated based on the RBI guidelines RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, on Implementation of Indian Accounting Standards by NBFCs.

35. Segment Reporting

Business Segment: The Group's management has identified Lending Business and Treasury Operations as two reportable segment based on risk, return and the regulatory authorities for reporting. Since the business operations of the Group are concentrated in India, the Group is considered to operate only in the domestic segment and therefore there is no reportable geographic segment. The detailed segmental information is as under.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	Treasury		Lending		Unallocated		Total	
	FY 19-20	FY 18-19	FY 19-20	FY 18-19	FY 19-20	FY 18-19	FY 19-20	FY 18-19
REVENUES								
External Clients	79,186.15	67,922.10	22,916.42	35,646.97	284.46	421.85	102,387.03	103,990.92
Inter-segment	-	-	-	-	-	-	-	-
Total Revenue	79,186.15	67,922.10	22,916.42	35,646.97	284.46	421.85	102,387.03	103,990.92
Segment Result Profit/(Loss)	32,747.75	16,241.27	(10,908.50)	5,196.23	-	-	21,839.25	21,437.50
Unallocated income net of expenses							(4,225.62)	(3,312.62)
Operating Profit/(Loss)							17,613.63	18,124.88
Depreciation							250.57	161.39
Profit before Tax & exceptional item							17,363.06	17,963.49
Exceptional items							-	(9,413.35)
Profit after exceptional items before tax							17,363.06	8,550.14
Provision/(Write-back) for Direct Taxes including Deferred Tax							(5,071.29)	(3,113.74)
Profit/(Loss) after Tax							12,291.77	5,436.40
OTHER INFORMATION								
Segment Assets	891,556.44	1,061,840.86	155,855.94	241,312.69	74,611.23	48,090.13	1,122,023.61	1,351,243.68
Segment Liabilities	826,964.99	956,156.74	100,961.46	191,153.61	4,051.90	22,806.06	931,978.35	1,170,116.41

36. Employee benefits

Defined Contribution Plan - Provident Fund (PF) Contribution

The Group makes contributions towards PF, in respect of qualifying employees. The amount recognised as an expense and included in Note-24 "Employee Benefits Expenses" under the head "Contribution to Provident and Other Funds" are as under.

(₹ in lakhs)

Particulars	FY 2019-20	FY 2018-19
Employer's Contribution to Provident Fund	82.99	78.34

Defined Benefit Plan - Gratuity

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

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

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
I. Assumption		
Mortality rate	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Interest / Discount Rate	6.51%	7.32%
Rate of increase in compensation	5%-8%	5%-10%
II. Reconciliation of net defined benefit asset/(liability)		
(a) Reconciliation of present value of defined benefit obligation		
Opening Defined Benefit Obligation	226.82	176.33
Interest Cost	15.36	12.88
Current Service Cost	23.06	18.31
Transfer in of liability	-	1.92
Actuarial (Gains) / Losses	(0.62)	23.90
Benefits Paid	(21.77)	(6.52)
Closing Defined Benefit Obligation	242.85	226.82
(b) Reconciliation of present value of plan asset		
Fair value of plan assets at the beginning of year	201.35	136.65
Transfer In of Funds	-	1.92
Adjustment to Op. Balance	(4.96)	0.36
Interest Income	13.91	12.24
Contributions	26.55	57.25
Benefits paid	(21.77)	(6.52)
Return on Plan Assets excluding Interest Income	0.49	(0.55)
Fair value of plan assets at the end of year	215.57	201.35
(c) Reconciliation of net defined benefit asset/(liability)		
Present value of obligation as at the end of year	242.85	226.82
Fair value of plan assets as at the end of year	215.57	201.35
Funded status	(27.28)	(25.47)
Recognised in Balance Sheet - Asset / (Liability)	(27.28)	(25.47)
III. Actuarial (Gain)/Loss on Obligation		
Due to Financial Assumption	2.11	1.98
Due to Experience	(2.73)	21.92
Net Actuarial (Gain)/ Loss on obligation	(0.62)	23.90
IV. Actual Return on Plan Assets		
Actual Interest Income	14.40	11.68
Expected Interest Income	13.91	12.24
Return on Plan Assets excluding Interest Income	0.49	(0.56)
V. Net Interest		
Interest Expense	15.36	12.88
Interest Income	13.91	12.24
Net Interest Exp/(Income)	1.45	0.64



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
VI. Expenses Recognised in Profit and Loss account under Employee benefit expenses		
Current Service Cost	23.06	18.31
Net Interest Exp/(Income)	1.45	0.64
Past Service Cost (vested benefits)	-	-
Expenses recognised in Profit and Loss Account	24.51	18.95
VII. Remeasurements recognised in Other Comprehensive Income		
Net Actuarial (Gain)/ Loss on obligation	(0.62)	23.90
Return on Plan Assets excluding Interest Income	(0.49)	0.56
Total Actuarial (Gain)/ Loss recognised in OCI	(1.11)	24.46
VIII. Others		
Investment Details - Gratuity Fund (LIC of India)	215.57	201.35
Projected Service Cost	22.42	23.06

Experience Adjustment - Gratuity

(₹ in lakhs)

Particulars	31.03.2020	31-03-2019	31-03-2018	31-03-2017	31-03-2016
Defined Benefit Obligation	242.85	226.82	176.33	140.01	113.36
Plan assets	215.57	201.35	136.65	122.23	104.93
Surplus/(Deficit)	(27.28)	(25.47)	(39.68)	(17.78)	(8.43)
Experience adj. on plan assets	0.49	(0.23)	2.73	(2.81)	(0.28)

Sensitivity analysis: Sensitivity analysis for significant actuarial assumptions, showing how defined benefit obligation would be affected, considering increase/decrease of 100 basis points as at 31.03.20 is as under:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Change in rate of Discount Rate + 100 basis points	226.82	211.95
Change in rate of Discount Rate- 100 basis points	261.16	243.88
Change in rate of Salary Escalation Rate + 100 basis points	252.68	235.03
Change in rate of Salary Escalation Rate - 100 basis points	233.52	217.26



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The Expected Payout as at 31st March 2020 are as under:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Year 1	48.52	33.99
Year 2	16.69	37.12
Year 3	23.47	13.87
Year 4	13.30	21.23
Year 5	25.09	11.74
Year 6 to year ten	63.32	59.84

The Group's liability on account of compensated absences is not funded and hence the disclosures related to the planned assets are not applicable. Expenses incurred towards compensated absences of ₹ 53.04 lakhs (Previous year ₹ 183.51 lakhs) are included in Note- 24 "Employee Benefits Expenses". Total provision as on March 31, 2020 for compensated absences is of ₹ 507.77 lakhs (Previous year ₹ 523.99 lakhs).

37. Income tax expense

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

(₹ in lakhs)

Items	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Income tax expense:		
Current tax	7,728.14	3,955.11
Deferred tax - origination and reversal of temporary differences	(2,656.85)	(641.37)
MAT Credit	-	(200.00)
Total	5,071.29	3,113.74

ii) Amounts recognised in Other Comprehensive Income

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020			For the Year ended March 31, 2019		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified subsequently to the P&L						
Equity Instruments & VCF at FVTOCI	(341.44)	92.55	(248.89)	660.36	277.12	937.48
Remeasurement of the defined benefit plan	1.11	(0.39)	0.72	(24.46)	8.55	(15.91)
Items that will be reclassified subsequently to the P&L	(340.33)	92.16	(248.17)	635.90	285.67	921.57
Debt Instruments at FVTOCI	2,497.86	(856.79)	1,641.07	645.46	(225.55)	419.91
Total	2,157.53	(764.63)	1,392.90	1281.36	60.12	1341.48

iii) Reconciliation of effective tax rate :

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Profit before income tax	17,363.07	8,550.14
Enacted income tax rate in India	25.17%	34.94%
Computed expected tax expense	4,369.93	2,987.76
Effect of:		
Expenses that are not deductible for tax purposes	269.22	(364.70)
Dividend income exempt from income tax	(52.60)	(73.36)
Deductions available under income tax	(86.88)	(84.78)
Tax due to change in rates	1,277.63	(23.55)
Other	(874.19)	1,017.26
Income tax expense	4,903.11	3,458.63
Short/(Excess) provision for tax for earlier years	168.18	(344.89)
Income Tax Expense	5,071.29	3,113.74
Effective Tax Rate	29.21%	36.42%

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate of 25.17%. The Company has elected to apply the concessional tax rate. Consequently, the Company has remeasured the opening net deferred tax assets at concessional rate.

iv) Other tax assets and current tax liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Other tax assets	9,593.03	7,274.87
Current tax liabilities	477.14	92.30

v) Recognized deferred tax assets and liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Asset :		
Loans & Advances (EIR Adj and Net ECL Prov.)	2,735.30	4,691.18
Provisions	428.06	406.80
Other Liabilities	1.34	23.49
Carried Forward Losses & MAT	3,411.09	200.00
Total Deferred Tax Asset	6,575.79	5,321.47
Deferred Tax Liability:		
Fair Value Gains & EIR Adj. on Investments	7,404.38	7,756.89
Property, Plant and Equipment & Intangible assets	409.24	490.51
Unamortised Borrowings Costs	34.79	38.91
Total Deferred Tax Liability	7,848.41	8,286.31
Net Deferred Tax Asset/(Liability)	(1,272.62)	(2,964.84)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****vi) Movement in temporary differences**

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Credit / (Charge) in the Statement of Profit and Loss (a)		
Investments	1115.57	(1,402.75)
Loans & Advances	(1,955.88)	2,167.99
Property, Plant and Equipment & Intangible assets	81.27	(42.72)
Borrowings	4.12	(10.04)
Provisions	22.83	61.57
Carried Forward Losses	3,411.09	-
Other Liabilities	(22.15)	(132.67)
Total (a)	2,656.85	641.38
Credit / (Charge) in the OCI during the period (b)		
Provisions - employee benefits	(1.57)	8.55
Investment measured at fair value through OCI	(763.06)	51.57
Total (b)	(764.63)	60.12
Net deferred income tax asset at the beginning (c)	(2,964.84)	(3,866.34)
MAT Credit (d)	(200.00)	200.00
Net deferred tax asset/(Liabilities) at the end of the period d) = (a) + (b) + (c) + (d)	(1,272.62)	(2,964.84)

vii) Movement in MAT credit entitlement

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of year	200.00	-
Add: MAT credit entitlement availed during the year	-	-
(Less)/add:(Restoration)/reversal of MAT credit entitlement	(200.00)	200.00
Less: MAT Credit pertaining to earlier years	-	-
Balance at the end of year	-	200.00

38. Change in liabilities arising from financing activities

(₹ in lakhs)

Particulars	1-Apr-19	Cash flows	Changes in fair values	Exchange differences	Other	31-Mar-20
Debt securities	62,958.73	(48,731.20)	-	-	-	14,227.53
Borrowings other than debt securities	996,260.36	(161,324.54)	-	-	-	834,935.82
Deposits	18,278.11	(15,346.90)	-	-	-	2,931.21
Total liabilities from financing activities*	1,077,497.20	(225,402.64)	-	-	-	852,094.56



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	1-Apr-18	Cash flows	Changes in fair values	Exchange differences	Other	31-Mar-19
Debt securities	170,825.03	(107,866.30)	-	-	-	62,958.73
Borrowings other than debt securities	793,053.71	203,206.65	-	-	-	996,260.36
Deposits	17,185.20	1,092.91	-	-	-	18,278.11
Total liabilities from financing activities*	981,063.94	96,433.26	-	-	-	1,077,497.20

*Cash flows also includes interest accrued but not due on borrowings.

39. During the year, Holding Company has extended credit by way of secondary market NCD acquisition. Credit extended by way of NCDs and other financial instruments which, in substance, form part of the Group's financing activities, are classified under Loans as the classification results in a better presentation of the substance of the transaction and business model of the Company. Principal Maturity Value of such credit as on March 31, 2020 is ₹ 7,000.00 lakhs.

40. Offsetting

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis. The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

Financial Assets subject to offsetting, netting arrangements

(₹ in lakhs)

Particulars	Derivative assets	March 31, 2020	March 31, 2019
Offsetting recognised on the balance sheet	Gross assets before offset	71,759.19	87,573.51
	Offset with gross liabilities ²	-	-
	Net assets recognised on the balance sheet	71,759.19	87,573.51
Netting potential not recognised on the balance sheet	Financial liabilities	70,905.86	86,931.53
	Collaterals received	-	-
	Assets/ Liabilities after consideration of netting potential ³	853.33	641.98
Assets not subject to netting arrangements ¹	Assets recognised on the balance sheet	-	-
Total assets	Recognised in the balance sheet	71,759.19	87,573.51
Maximum exposure to risk	After consideration of netting potential	853.33	641.98

¹ Represents items not subject to enforceable netting arrangements and other out-of-scope items

² "Netting with gross liabilities" column represents amounts that can be offset under Ind AS 32. These numbers are the same amount as those presented in the "Netting with gross assets" column in the liabilities table

³ Amounts have been capped by the relevant netting agreement so as not to exceed the net amount financial assets presented on the balance sheet; (i.e., over-collateralisation, where it exists, is not reflected in the table, given surplus collateral would not be recognisable in an event of default.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Financial Liabilities subject to offsetting, netting arrangements**

(₹ in lakhs)

Particulars	Derivative assets	March 31, 2020	March 31, 2019
Offsetting recognised on the balance sheet	Gross assets before offset	70,905.86	86,931.53
	Offset with gross liabilities ²	-	-
	Net assets recognised on the balance sheet	70,905.86	86,931.53
Netting potential not recognised on the balance sheet	Financial liabilities	70,905.86	86,931.53
	Collaterals received	-	-
	Assets/ Liabilities after consideration of netting potential ³	-	-
Assets not subject to netting arrangements ¹	Assets recognised on the balance sheet	-	-
Total assets	Recognised in the balance sheet	70,905.86	86,931.53
Maximum exposure to risk	After consideration of netting potential	-	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

41. Financial Instruments

i) Accounting classification and fair values

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

As at March 31, 2020	Carrying Amount			Fair value hierarchy			Total
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3	
Financial Assets							
Investment in equity instruments	206.16	31,559.26	-	226.96	31,538.46	-	31,765.42
Investment in debt instruments – G Sec	683,005.44	35,784.79	-	262,581.73	456,208.50	-	718,790.23
Investment in Other Approved Debt Securities	-	-	-	-	-	-	-
Investment in Other debt instruments	97,093.50	-	-	31,998.99	65,094.51	-	97,093.50
Investment in Mutual fund Units	1,004.70	-	-	1,004.70	-	-	1,004.70
Investment in Venture Capital Fund	-	875.00	-	-	-	875.00	875.00
Derivative Instruments	71,759.19	-	-	-	71,759.19	-	71,759.19
Cash and cash equivalents	-	-	27,462.70	-	-	-	-
Other Bank Balances	-	-	921.48	-	-	-	-
Trade & Other receivables	-	-	15.55	-	-	-	-
Loans & Advances	-	-	155,855.94	-	-	-	-
Others financial assets	-	-	2,530.54	-	-	-	-
Total	853,068.99	68,219.05	186,786.21	295,812.38	624,600.66	875.00	921,288.04
Financial liabilities							
Derivative Instruments	70,905.86	-	-	-	70,905.86	-	70,905.86
Trade and Other Payables	-	-	319.49	-	-	-	-
Debt Securities	-	-	14,227.53	-	-	-	-
Borrowings (Other than Debt Securities)	-	-	834,935.82	-	-	-	-
Deposits	-	-	2,931.21	-	-	-	-
Other Financial liabilities	113.40	-	5,005.53	113.40	-	-	113.40
Total	71,019.26	-	857,419.58	113.40	70,905.86	-	71,019.26



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

As at March 31, 2019	Carrying Amount			Fair value hierarchy				
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Investment in equity instruments	980.50	31,575.70	-	32,556.20	1,017.74	31,538.46	-	32,556.20
Investment in debt instruments – G Sec	780,017.33	42,783.35	-	822,800.68	335,581.61	487,219.07	-	822,800.68
Investment in Other Approved Debt Securities	4,586.98	-	-	4,586.98	4,586.98	-	-	4,586.98
Investment in Other debt instruments	108,379.95	-	-	108,379.95	5,025.84	103,354.11	-	108,379.95
Investment in Mutual fund Units	1,000.80	-	-	1,000.80	1,000.80	-	-	1,000.80
Investment in Venture Capital Fund	-	1,200.00	-	1,200.00	-	-	1,200.00	1,200.00
Derivative Instruments	87,573.51	-	-	87,573.51	-	87,573.51	-	87,573.51
Cash and cash equivalents	-	-	3,381.32	3,381.32	-	-	-	-
Other Bank Balances	-	-	1,666.27	1,666.27	-	-	-	-
Trade receivables	-	-	24.87	24.87	-	-	-	-
Loans & Advances	-	-	274,899.63	274,899.63	-	-	-	-
Others financial assets	-	-	1,981.01	1,981.01	-	-	-	-
Total	982,539.07	75,559.05	281,953.10	1,340,051.22	347,212.97	709,685.15	1,200.00	1,058,098.12
Financial liabilities								
Derivative Instruments	86,937.70	-	-	86,937.70	6.17	86,931.53	-	86,937.70
Trade and Other Payables	-	-	297.19	297.19	-	-	-	-
Debt Securities	-	-	62,958.73	62,958.73	-	-	-	-
Borrowings (Other than Debt Securities)	-	-	996,260.36	996,260.36	-	-	-	-
Deposits	-	-	18,278.11	18,278.11	-	-	-	-
Other Financial liabilities	67.21	-	749.63	816.84	67.21	-	-	67.21
	87,004.91	-	1,078,544.02	1,165,548.93	73.38	86,931.53	-	87,004.91

There were no significant changes to the valuation or levelling approaches during FY 19-20. The valuation of shares held in The Clearing Corporation of India Limited (CCL) as on March 31, 2019 was based on the available market observable inputs. However, in absence of any specific recent transaction value and no major change in the business model of the Company and overall operations, the value adopted as on March 31, 2019 is considered to be fair value as on March 31, 2020.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ii) Valuation of level 3 Financial Assets

The valuation of investment in units of Tata Venture Capital fund is based on the unaudited NAV declared. The NAV for the same is based on the fair valuation of the underlying investments. Some of the underlying investments are measured at fair value using level 3 unobservable markets inputs and hence the valuation of investment in units of Tata Venture Capital fund has been disclosed as level 3 valuation. The Following table shows the total gains/(losses) recognised in respect of Level 3 fair value assets.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Gains/(losses) included in Other Comprehensive Income	(325.00)	760.41
Changes in fair value (realized)	-	2,187.49
Changes in fair value (unrealized)	(325.00)	(1,427.08)

iii) Reconciliation of Level 3 fair values

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	1,200.00	3,175.00
Purchases, issuance and settlements (Net)	-	(547.92)
Net change in fair value (unrealised)	(325.00)	(1,427.08)
Closing Balance	875.00	1,200.00

iv) Sensitivity analysis for Level 3 Assets

Given the bespoke nature of the analysis in respect of each holding of Venture Capital Fund, it is not practical to quote a range of key unobservable inputs. Accordingly, NAV of the VCF units has been considered for sensitivity analysis.

For the fair values of units in Tata Venture Capital Funds, reasonably possible changes at the reporting date would have the following effects. The Group applies a 5 per cent increase or decrease on the Closing NAV, to generate a range of reasonably possible alternative valuations.

(₹ in lakhs)

Particulars	Impact on the company's equity and profit or OCI	
	March 31, 2020	March 31, 2019
NAV (5% movement)	43.75	60.00

42. Financial Risk Management

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****i. Credit risk**

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

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

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

a) Maximum Exposure to the Credit Risk

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

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial Assets at amortised cost - Loans & Advances (Gross)	168,555.44	255,979.78
Less: Impairment loss allowance	12,699.50	14,674.41
Financial Assets at amortised cost - Loans & Advances – (Net)	155,855.94	241,305.37
Financial Assets measured at FVTPL - Debt instruments	97,093.50	108,379.95
Trade Receivables	15.55	24.87
Total	252,964.99	349,710.19

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

b) Credit quality analysis

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

Inputs, assumptions and techniques used for estimating impairment

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

COVID19 Regulatory Package - Asset Classification and Provisioning

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto three months on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. Since the moratorium is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same has not been treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower. Consequently, For all such accounts where the moratorium is granted, the asset classification (Standard to Substandard) remains stand still during the moratorium period.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the earlier period. However, considering the uncertainty over the potential macro-economic impact of COVID 19, additional provision of 5 per cent of the total outstanding of loan accounts has been made, in respect of accounts in default (stage II) but standard as on March 31, 2020.

Assessment of significant increase in credit risk

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

Calculation of expected credit losses

Expected credit losses (ECLs) are calculated using three main parameters i.e. a Probability of Default (PD), a Loss Given Default (LGD) and an Exposure at Default (EAD). These parameters are generally derived from internally developed statistical models combined with historical and other available information.

Following table sets out information about credit quality of financial assets measured at amortised cost.

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Gross stage 1 (DPDd≤30)	135,439.75	232,761.73
Less: Impairment loss allowance	1,033.90	1,133.15
Net Stage 1 Assets	134,405.85	231,628.58
ECL Prov. Coverage	0.76%	0.49%
Gross Stage 2 (30>DPDd≤90)	15,682.21	6,562.20
Less: Impairment loss allowance	1,165.90	202.87
Net Stage 2 Assets	14,516.31	6,359.33
ECL Prov. Coverage	7.43%	3.09%
Stage 3 (DPD>90)	17,499.50	16,987.77
Less: Impairment loss allowance	10,499.70	13,338.39
Net Stage 3 Assets	6,999.80	3,649.38
ECL Prov. Coverage	60%	78.52%
Total Loans & Adv	168,621.46	256,311.70
Less: Impairment loss allowance	12,699.50	14,674.41
Net Loans & Advances	155,921.96	241,637.29
ECL Prov. Coverage	7.53%	5.73%

Credit impairment charge to the income statement

(₹ in lakhs)

Particulars	Year ended	
	March 31, 2020	March 31, 2019
New and increased provisions (incl. write off)	24,223.39	10,064.14
Write-backs of specific provisions	-	-
Recoveries of specific provisions	(1,844.77)	(1,119.34)
Total charge to the income statement	22,378.62	8,944.80
Write Off – Exceptional Item	-	9,413.35

Write-offs still under enforcement activity

All the contractual amount ₹ 24,353.53 lakhs outstanding on loans and advances that were written off during the year ended March 2020, and are still subject to enforcement measures.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

Particular	Movement in Gross Exposure to Loans & Adv.			Movement in ECL				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as at April 1, 2018	338,859.83	-	13,982.19	352,842.02	2,069.17	-	6,991.10	9,060.27
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL	(9,565.60)	9,565.60	-	-	(91.46)	91.46	-	-
- Transferred to lifetime ECL -significant increase in credit risk	(16,049.37)	-	16,049.37	-	(325.36)	-	325.36	-
- Transferred to lifetime ECL credit - impaired	86,041.50	-	-	86,041.50	473.58	-	-	473.58
Increase due to financial assets originated	(153,055.51)	-	-	(153,055.51)	(886.53)	-	-	(886.53)
Decrease due to loans derecognised on full payment	(13,469.11)	(3,003.40)	(9,713.15)	(26,185.66)	(106.25)	111.41	9,352.59	9,357.75
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	-	-	(3,330.65)	(3,330.65)	-	-	(3,330.65)	(3,330.65)
Amounts written off during the year	232,761.73	6,562.20	16,987.77	256,311.70	1,133.15	202.87	13,338.39	14,674.41
Balance as at March 31, 2019								
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL 2,560.71	(2,560.71)	-	-	147.69	(147.69)	-	-	-
- Transferred to lifetime ECL -significant increase in credit risk	(20,328.79)	20,328.79	-	-	(189.32)	189.32	-	-
- Transferred to lifetime ECL credit - impaired	(38,343.99)	(3,229.31)	41,573.30	-	(151.88)	(35.42)	187.30	-
Increase due to financial assets originated	41,795.33	656.50	-	42,451.83	189.57	70.02	-	259.59
Decrease due to loans derecognised on full payment	(69,598.68)	(772.18)	-	(70,370.86)	(237.19)	(19.76)	-	(256.95)
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	(13,406.56)	(5,303.08)	(16,708.04)	(35,417.68)	141.88	906.56	21,327.54	22,375.98
Amounts written off during the year	-	-	(24,353.53)	(24,353.53)	-	-	(24,353.53)	(24,353.53)
Balance as at March 31, 2020	135,439.75	15,682.21	17,499.50	168,621.46	1,033.90	1,165.90	10,499.70	12,699.50

(₹ in lakhs)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

d) Collateral and other credit enhancements

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

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

As collateral is a source of mitigating credit risk, assessment of the condition of the securities and their value is undertaken on regular basis. There were no significant changes in the collateral policy of the Group during the Financial Year 2019-20.

The collateral cover in respect of credit impaired assets as at March 31, 2020 was 212 % and 208% as on March 31, 2019.

e) Credit Concentration

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

Particulars	As at March 31, 2020	As at March 31, 2019
Loan Against Shares	57.08%	45.41%
Real Estate	19.38%	20.03%
Others	23.54%	34.56%

ii. Liquidity risk

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

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

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

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

(₹ in lakhs)

As at March 31, 2020	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Debt Securities	14,230.27	14,230.27	-	-	-
Other Borrowings	835,071.31	799,747.98	25,330.00	9,993.33	-
Deposits	2,931.21	2,931.21	-	-	-
Trade and Other Payables	319.49	319.49	-	-	-
Other Financial Liabilities	5,118.93	4,914.42	180.70	23.81	-
	857,671.21	822,143.37	25,510.70	10,017.14	-

(₹ in lakhs)

As at March 31, 2019	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Debt Securities	62,974.96	53,974.96	9,000.00	-	-
Other Borrowings	996,355.46	954,413.50	21,942.00	19,999.96	-
Deposits	18,278.11	18,278.11	-	-	-
Trade and Other Payables	297.19	297.19	-	-	-
Other Financial Liabilities	816.84	816.84	-	-	-
	1,078,722.56	1,027,780.60	30,942.00	19,999.96	-

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

Market risk is represented by the below two categories

i. **Interest rate risk**

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

Exposure to interest rate risk

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	As at	
	March 31, 2020	March 31, 2019
Financial Assets at amortised cost - Loans & Advances	168,555.44	255,979.78
Financial Assets measured at FVTOCI - Debt instruments	35,784.79	42,783.35
Financial Assets measured at FVTPL - Debt instruments	780,098.94	892,984.26
Total of Fixed Rate Financial Assets	984,439.17	1,191,747.39
Financial liabilities at amortised cost Debt securities	14,227.53	62,958.73
Financial liabilities at amortised cost Other Borrowings	834,935.82	996,260.36
Deposits	2,931.21	18,278.11
Total of Fixed Rate Financial Liabilities	852,094.56	1,077,497.20

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

Sensitivity analysis for Loan Book

A movement of 50 basis point in interest rates is likely to impact the Net Interest Income for the year ending March 31, 2020 by ₹ 176.43 lakhs (₹ 220.60 lakhs for the year ended 31st March 2019).

Fair value sensitivity analysis for fixed-rate instruments

One basis point movement in interest rates is likely to impact the profit or loss (before tax) for the year ending March 31, 2020 by ₹ 169.31 Lakhs (March 31, 2019 ₹ 195.11 Lakhs).

ii. Price risk

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

(₹ in lakhs)

Particulars	Impact on the company's equity and profit or OCI	
	As at March 31, 2020	As at March 31, 2019
On 1% movement from fair prices as on reporting date		
- Investment in CCIL (at FVTOCI)	315.39	315.39
- Other Equity Investments (at FVTOCI)	0.21	0.37
- Equity, MF Investments (at FVTPL)	12.11	19.81
Total	327.71	335.57

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****43. Maturity Analysis of Assets & Liabilities**

(₹ in lakhs)

	As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 months	Total	Within 12 Months	After 12 months	Total
ASSETS						
Financial Assets						
Cash & Cash equivalents	27,462.70	-	27,462.70	3,381.32	-	3,381.32
Bank Balances other than above	921.48	-	921.48	1,666.27	-	1,666.27
Derivative financial instrument	71,759.19	-	71,759.19	87,573.51	-	87,573.51
Receivables						
(I)trade Receivables	15.55	-	15.55	7.32	-	7.32
(ii) Other Receivables	-	-	-	17.55	-	17.55
Loans	111,206.80	44,649.14	155,855.94	210,900.92	63,998.71	274,899.63
Investments	781,309.80	68,219.05	849,528.85	893,964.76	76,559.85	970,524.61
Other Financial Assets	2,464.21	66.33	2,530.54	1,912.81	68.20	1,981.01
Non-financial Assets						
Tax assets(net)	-	9,593.03	9,593.03	-	7,274.87	7,274.87
Property, Plant and Equipment	-	3,629.18	3,629.18	-	3,758.75	3,758.75
Other Intangible assets	-	53.83	53.83	-	8.49	8.49
Right of Use Asset	-	260.74	260.74	-	-	-
Other Non-Financial assets	274.40	138.18	412.58	150.10	0.25	150.35
Total Assets	995,414.13	126,609.48	1,122,023.61	1,199,574.56	151,669.12	1,351,243.68
LIABILITIES AND EQUITY						
Financial Liabilities						
Derivative financial instrument	70,905.86	-	70,905.86	86,937.70	-	86,937.70
Payables						
(i) Trade Payables	260.86	-	260.86	205.76	-	205.76
(ii) Other Payables	58.63	-	58.63	91.43	-	91.43
Debt Securities	14,227.53	-	14,227.53	53,974.96	8,983.77	62,958.73
Borrowings (Other than Debt Sec.)	799,747.98	35,187.84	834,935.82	954,413.50	41,846.86	996,260.36
Deposits	2,931.21	-	2,931.21	18,278.11	-	18,278.11
Other Financial Liabilities	4,917.67	201.26	5,118.93	816.84	-	816.84
Non-Financial Liabilities						
Current Tax Liabilities	477.14	-	477.14	92.30	-	92.30
Provisions	1,413.43	287.87	1,701.30	872.19	296.18	1,168.37
Deferred Tax Liabilities	-	1,272.62	1,272.62	-	2,964.84	2,964.84
Other Non-Financial Liabilities	88.45	-	88.45	341.97	-	341.97
Total Liabilities	895,028.76	36,949.59	931,978.35	1,116,024.76	54,091.65	1,170,116.41
Net	100,385.37	89,659.89	190,045.26	83,549.80	97,577.47	181,127.27



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

44. Apart from COVID-19 pandemic, no other significant events have occurred after the balance sheet date which may have material effect on the Company's financial statements. Further, the extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain. As the impact assessment of COVID 19 is a continuing process, the Group will continue to monitor for any material changes to future economic conditions.
45. The Board of Directors of the Holding Company at its meeting held on June 08, 2020 has recommended a final dividend of 8% (₹ 0.80/- per equity share of ₹ 10/- each) for the financial year 2019-20, which is subject to approval by shareholders at the Annual General Meeting. The proposed dividend will lead to outflow of ₹ 3,040.00 lakhs.
46. Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary to make them comparable with the current year figures. Figures are rounded off to the nearest lakh Rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

As per our report of even date

For and on behalf of

Prakash Chandra Jain & Co.

Chartered Accountants

Firm Registration No.002438C

Pratibha Sharma

Partner

Membership No. 400755

Plate : Mumbai

Date : June 8, 2020

For and on behalf of the Board of Directors

Melwyn Oswald Rego

Director

DIN: 00292670

Pradeep Madhav

Managing Director & CEO

DIN: 00267422

Kamlesh Rathi

Chief Financial Officer

Plate : Mumbai

Date : June 8, 2020

R Venkataramani

Director

DIN: 00829107

Raghvendra Kumar

Dy. Managing Director

DIN: 08045355

Suparna Sharma

Company Secretary

STCI FINANCE LIMITED



STCI PRIMARY DEALER LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED
31st MARCH, 2020**



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DIRECTORS' REPORT

TO THE SHAREHOLDERS OF STCI PRIMARY DEALER LIMITED (CIN:- U67110MH2006PLC165306)

Your Directors are pleased to present the Fourteenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2020.

1. FINANCIAL RESULTS

The Financial performance of the Company for the year ended March 31, 2020 is as under:-

(₹ in Lakhs)

Particulars	FY 2019-20	FY 2018-19
Income		
Revenue	78027.74	67000.95
Other income	2.17	71.39
A. Total income	78029.91	67072.34
Expenses		
Operating expenditure	3427.69	2587.76
Depreciation and amortization expense	108.68	72.87
Finance costs	45352.72	50,575.67
B. Total Expenses	48889.09	53236.31
C. Profit before tax and exceptional items (A-B)	29140.82	13,836.03
D. Exceptional items	-	(9,413.35)
E. Profit before Tax (C-D)	29140.82	4,422.68
F. Tax expense	(6544.97)	(1,957.80)
G. Profit for the year attributable to owners of the company (E-F)	22595.85	2,464.88
H. Opening balance of retained earnings	16007.64	15,514.04
I. Total comprehensive income		
a. Profit for the year	22595.56	2,464.89
b. Other comprehensive income / (losses)	1636.15	412.54
Total (a+b)	24232.01	2,877.42
J. Dividend (including tax on dividend)	(10126.68)	(1,808.33)
K. Transfer to statutory reserve	(4846.40)	(575.48)
L. Closing balance of retained earnings [(H+I)-(J+K)]	25266.58	16,007.64

Your Company has made a net profit (Profit After Tax) of ₹ 225.96 Crore for the FY2019-20 as against a net profit (Profit After Tax) of ₹ 24.65 Crore for the FY2018-19.

The Ministry of Corporate Affairs (MCA) vide its notification dated 30.03.2016 had notified the Companies (Indian Accounting Standards) Rules, 2016 laying roadmap for application of IFRS converged standard (IndAS) for prescribed categories of companies. In line with the said requirements, the Company had adopted IndAS for the first time in FY2018-19. Further Reserve Bank of India (RBI) vide circular dated March 13, 2020 had prescribed guidelines on reporting of financial statement in IndAS from 2019-20 onwards and accordingly the same is adhered to.

2. MANAGEMENT DISCUSSION AND ANALYSIS

a. The Economy

The economic landscape during FY20 witnessed several crises throughout the year, which clouded the macroeconomic outlook considerably. Crises appeared in succession on both the domestic as well as the international fronts. The beginning of the



DIRECTORS' REPORT

financial year saw imminent slowdowns in global economies including the US and the Eurozone, while Japan continued to reel under recessionary trends. The UK remained under a shadow of uncertainty following the Brexit deal and the economy remained on a shaky footing. Expectations around the world were for a strong rebound from emerging markets, mostly driven by a growth push in China, which however did not materialise till the end of 2019. The prospect of economic growth continued to hinge to a great extent on the US and China agreeing to a deal and ending their on-going trade war.

Even as the US China trade negotiations progressed, geopolitical tensions between the US & Iran arose at the end of 2019 leading to sharp volatility in crude oil prices which breached USD 70/barrel mark during January 2020. The major Eurozone economies continued to struggle with an economic downturn, especially countries with heavy dependency on the auto sector like Germany, Italy and France. Recessionary trends continued to trouble Japanese policy makers throughout 2019 and hopes of an economic revival were increasingly pinned on the upcoming Tokyo Olympics in the middle of 2020.

The domestic economy suffered in tandem with global economies and was even more badly affected than its global peers. Economic growth in India decelerated sharply with Q2FY20 growth at a 7 year low of 4.5% and thereafter continued to stagnate with Q3FY20 growth again clocking 4.7%. In order to make the Indian economy globally competitive and to kick start private sector investment together with attracting foreign capital the Finance Ministry sharply reduced the corporate tax rate in September 2019. In an unprecedented move the effective corporate tax rate was brought down to 25.17% from 34.94%. However, this led to a revenue shortfall and the Government was forced to utilise the 'escape clause' under the Fiscal Responsibility and Budget Management (FRBM) Act to gain a leeway of 0.5% and increase in the fiscal deficit to 3.8% instead of the originally estimated 3.3%.

Even as the banking sector continued to struggle under mounting NPAs and a liquidity crisis, the banking crisis in the private sector space following the debacle of a large co-operative bank shook policymakers and stakeholders' alike, creating doubts about the robustness of the banking sector in the Indian economy.

The economy was already reeling from these crises when the Covid-19 pandemic struck and a nation-wide lockdown had to be imposed thereby bringing economic activity to a standstill. As the outbreak spread globally in February 2020, central banks around the world raced to stem the economic damage by pushing interest rates lower to near the "zero bound" and announced massive expansion of balance sheets in order to support their economies and stave off recession.

The Reserve Bank of India adopted an extremely pro-active stance to tackle the economic fallout by cutting the Repo rate by 75 basis points and a slew of credit and liquidity measures to avoid meltdown of financial markets and credit freeze in the economy. Financial markets around the world witnessed unprecedented volatility even with central banks announcing monetary measures which were of the largest magnitude of quantitative easing seen till date. The US Dollar remained strong against most peers throughout on the back of heightened risk aversion and flight to safety.

The year ahead remains fraught with challenges both on the fiscal and monetary fronts. Although the Government has as yet stuck to the path of fiscal rectitude and a relief package to the tune of 20 Lac Cr have been announced so far to mitigate the immediate impact for the poor, the economic aftermath could demand a larger fiscal intervention from both the Central as well as State governments. Thus even as economic prospects remain uncertain and rise in NPA & very poor credit off take remain major roadblocks on the road to recovery, a large fiscal overshoot in the absence of central bank monetisation could severely pressure interest rates.

b. Developments in Money and Securities Market

The financial year commenced on a downbeat market sentiment as the Central Government proposed to borrow 62.3% of the full year gross market borrowing program in H1FY20 itself thereby front loading it in the first half. In addition, RBI announced an additional FX buy/sell swap auction to inject liquidity into the system, thereby weakening the case for incremental OMO purchases.

In its April 2019 meeting, the Monetary Policy Committee of the RBI cut the policy Repo Rate by 25 bps and revised inflation projections downwards to 2.9-3.0% in H1 FY20 (3.2-3.4% previous) and 3.5-3.8% in H2 FY20 (3.9% in Q3 previous), and maintained "neutral stance" with emphasis on the upside risks to inflation trajectory.



DIRECTORS' REPORT

Markets remained jittery due to volatility in crude oil prices and uncertainty ahead of the general election results. However, a decisive mandate in favor of the ruling party, bolstered market sentiment and risk appetite. INR appreciated more than 1% against USD post-election results, amidst expectations of renewed FPI flows in the debt market. OMO purchases by RBI recommenced in the month of May after a brief gap as the RBI chose to infuse rupee liquidity by conducting FX Buy-sell swaps in the months of March & April.

Weaker than expected GDP print for Q4FY19 let the MPC to cut the Policy Repo rate by 25 bps in its June 2019 meeting, along with the change in stance to “accommodative” from “neutral”. The RBI also re-iterated its commitment to provide adequate liquidity to the banking system for all productive sectors as and when required.

The presentation of Union Budget for FY20 on July 5, 2019 saw the fiscal deficit target for FY20 pegged at 3.30% of GDP and lower than the target of 3.40% of GDP projected in the interim Union Budget in February 2019 and retained the gross market borrowing target of ₹ 7.10 Lac Cr. This imparted a bullish momentum in the bond market with the benchmark yield falling to a level unseen in the past 20 months. A further policy Repo rate cut by the MPC in the August 2019 meeting surprised the market as the Committee voted for an unconventional rate cut of 35 bps. Government finances were bolstered by the transfer of a larger than anticipated surplus of ₹ 1.76 Lac Cr from RBI based on the recommendations of the Bimal Jalan Committee Report.

In a move to boost the sagging economy and to kick start growth, the Finance Minister, Smt Nirmla Sitharaman announced an unprecedented sharp cut in the corporate tax rate from 34.94% to 25.17% in September 2019. The MPC in its October meeting cut policy Repo rate by 25 bps for the fifth consecutive time as it anticipated FY20 GDP print to moderate to 6.1% from its earlier projection of 6.9%.

As CPI inched above the RBI's medium-term target of 4% in October 2019 amid soaring food and vegetable prices with farm produce being damaged by excessive rainfall, the MPC was guided to hold the policy Repo rate unchanged at 5.15% in the December Policy Review while retaining the “accommodative stance”. The RBI also commenced using unconventional policy tools including the first ever Operation Twist (OT) - buying longer tenor bonds and simultaneously selling shorter tenor bonds thereby intending to compress term spreads in order to facilitate faster monetary policy transmission. This achieved the desired result with a sharp softening of the longer tenor bond yields by 15-20 bps. Crude oil prices saw a sharp spike above USD 70/barrel in January 2020 as tensions between US and Iran intensified after a leading Iranian General was killed in a US drone strike and retaliatory strikes by Iran on US military bases.

As the Covid-19 pandemic surfaced and spread to major parts of the world including US, investor risk aversion and concerns over the economic impact of the virus, led to a sharp plunge in US Treasury yields and crude oil prices, leading to easing in domestic bond yields. The markets were pleasantly surprised as, despite Central Government's extremely strained fiscal position, no additional borrowings for FY20 were announced during the presentation of Union Budget for FY21. The Central Government stuck to its gross market borrowing number of ₹ 7.80 Lac Cr which was in line with market expectations. As the Covid-19 pandemic hit Indian shores in March 2020, the Government had to impose a nationwide lockdown from March 25, 2020. Truncated market hours and muted investor participation together with fiscal worries lead to a sharp sell-off in the market. With heightened risk aversion amid the ongoing crisis, the Indian debt market witnessed a massive FPI led sell off of close to ₹ 70,000 Cr during the period January-March 2020. However, liquidity support by RBI in the form of OMO purchase worth ₹ 92,500 Cr during the year supported the demand-supply dynamics.

The borrowing by State governments under SDLs in FY20 stood substantially higher at ₹ 6.34 Lac Cr compared to a borrowing of ₹ 4.78 Lac Cr in FY19 as state revenues fell amidst slowing growth. Liquidity conditions considerably eased as systemic liquidity moved from a deficit of ₹ 77,000 Cr at the start of FY20 to a surplus of ₹ 2.53 Lac Cr at the end of the fiscal year.

c. Operations review

(i) Financial Performance

Your Company has made a Net Profit (Profit After Tax) of ₹ 225.95 Crore for FY2019-20. This profit is the highest ever in the history of the Company. Your Company was able to deliver such financial performance in a challenging business environment amidst the ongoing credit crisis in the financial market and the Covid-19 pandemic outbreak.



DIRECTORS' REPORT

For the FY 2019-2020, your Company has declared and paid three interim dividends. The first interim dividend was declared in July 2019 at the rate of 20% amounting to ₹ 2 per share (Face Value - ₹ 10/- per share), entailing a payout of ₹ 36.17 Crore (including ₹ 6.17 Crore of Dividend Distribution Tax). Further, the second interim dividend was declared in January 2020 at the rate of 30% amounting to ₹ 3 per share (Face Value - ₹ 10/- per share), entailing a payout of ₹ 54.25 Crore (including of ₹ 9.25 Crore of Dividend Distribution Tax).

Your Board declared the third interim dividend for FY2019-20 in May 2020 at a rate of 22% amounting to ₹ 2.2 per share (Face Value - ₹ 10/- per share), entailing a payout of ₹ 33.00 Crore (including ₹ 2.47 Crore of Tax Deduction at Source). The total payout arising out of interim dividend distribution and taxes thereon for FY 2019-2020 amounts to ₹ 123.42 Crore. Your Directors do not recommend any final dividend for the current year.

(ii) Performance of the Company as Primary Dealer in Government Securities Market

The Company's total turnover ratio was 774 times in Government dated securities and 139 times in Treasury Bills as against the stipulated minimum turnover ratio of 5 times and 10 times respectively under the RBI's guidelines for Primary Dealers in Government securities market. On an outright basis, the turnover ratio was 298 times in Government dated securities and 13 times in Treasury Bills as against the prescribed minimum of 3 times and 6 times respectively. As against the stipulated minimum success ratio of 40%, the Company achieved success ratio of 47.98% in respect of bids tendered for primary issues of Treasury Bills.

(iii) Risk Management

The Company has in place a comprehensive Business Investment and Risk Policy to monitor market, credit, liquidity, forex, settlement and operational risks associated with the business operations of the Company. The Company's Risk Management Department is an independent unit under the Chief Risk Officer, who is responsible for measurement and monitoring of risk limits within the risk management framework across all asset classes. The Company uses Value-at-Risk (VaR) methodology for measuring and monitoring market risks associated with its portfolio and uses stress-testing tools to assess the impact of interest rate movements on the portfolio. The Company has an internal Credit Evaluation Committee for evaluating & monitoring the credit quality of entities in whose corporate debt securities the Company invests. The risk management function of the Company is periodically reviewed by the Risk Management Committee of the Board.

The Company also has an Asset-Liability Committee (ALCO) of executives of the Company comprising of the Managing Director and Senior Management of the Company. ALCO Committee functions under the guidance and directions of the Board of Directors of the Company as well as the Risk Management Committee.

(iv) Internal Audit and Control Systems

For the period under review, the Company appointed M/s. Chandabhoy & Jassoobhoy, Chartered Accountants, as the Company's Internal and Concurrent Auditors. The scope of their audit included review of adequacy and efficacy of the internal control systems and procedures and deviations, if any, from generally accepted best practices, review of the Company's compliance with applicable laws and regulations including the guidelines issued by RBI and other statutory bodies. M/s. Chandabhoy & Jassoobhoy, Chartered Accountants were also entrusted with the work of Concurrent audit of all money and securities market transactions. The Audit Committee as well as the Board of Directors interacts with the Internal and Concurrent Auditors on a regular basis for ensuring adequate internal controls and checks.

(v) Regulatory Compliance

The Company has complied with the applicable guidelines prescribed by RBI for the Primary Dealers and NBFCs regarding accounting standards, income recognition, valuation of securities, capital adequacy etc.

(vi) Credit Rating

The Company has obtained the highest credit rating of A1+ from the credit rating agency CRISIL for ₹ 200 Crore for its short-term debt (STD) programme.



DIRECTORS' REPORT

(vii) Debt & Macro 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 making forecasts of various upcoming economic releases both for the Company's valued clients/market participants as well as for the dealing team for taking informed trading decisions. Other regular research contributions include series of reports in the form of daily and weekly debt market updates and fortnightly economic updates. It also releases periodic reports such as Monetary Policy Meeting expectations, review of MPC decisions and outcomes, analysis and fiscal impact of the Union Budget, Government Borrowing calendar and occasional write-ups on issues of topical interest.

(viii) IT Strategy Committee

The Company has an IT Strategy Committee with an Independent Director as Chairperson in line with the RBI IT Master Directions Framework for NBFCs. This Committee has the responsibility of monitoring the adequacy and compatibility of the IT Systems of the Company as well as advising on the timely upgrade of the IT infrastructure in line with the Company's emerging business requirements. The IT Strategy Committee also reviews the audit of IT systems of the Company which are conducted periodically and gives suggestions/recommendations on areas of improvement.

(ix) Human Resources

The Company's HR function for FY2019-20 was outsourced to M/s. HR Anxi Private Limited, HR Consultants who provided HR support by way of review of Company's HR policies, compensation structure, key hiring plan, new employee on-boarding, skill and capability building for employees and other regular HR engagement activities. The Company's staff strength as on March 31, 2020 was 42 employees.

(x) Internal Financial Controls and their adequacy

The Company has in place adequate Internal Financial Control framework commensurate with the nature, size and scale of operation of the Company. The controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically.

d. Outlook for the Current Year

The current year poses several economic challenges as the country tries to recover from the economic damage wrought by the Covid-19 pandemic. The domestic stakeholders including the Central and State governments and the RBI have taken several relief measures to restore the economy to an even keel and mitigate as much damage as possible. Economic growth which was already struggling at a 7 year low of 4.5% in Q2FY20 has been severely impacted by the economic shock following the pandemic and shows clear recessionary trends for the current financial year. Many professional forecasters now expect the Indian economy to clock real GDP growth rate of minus 2%-3% for FY21 and only a marginal recovery into positive territory for FY22 driven by sheer base effect. The RBI has reacted proactively by cutting rates by 75 basis points, together with other measures including a targeted CRR cut, Long Term Repo Operations (LTROs) and Targeted Long Term Repo Operations (TLTROs) to ensure supply of credit to all productive sectors of the economy. As the economy slowly gets back on its feet and risks to growth appear to be far more severe than in earlier assessments, the RBI will continue to take accelerated efforts to resuscitate domestic consumption demand to avoid any negative fallout on income levels and employment in the short run and the medium term growth potential. The Reserve Bank of India is expected to further reduce policy rates and also maintain an "accommodative stance" through easy liquidity conditions till the severe growth disruptions caused by the pandemic are addressed and economic growth is restored. Bond yields may face headwinds from adverse demand-supply dynamics as both Central & State governments have to resort to increased borrowing to compensate for loss of tax revenue and funding economic stimulus to revive growth. The option of monetization of debt in such an extraordinary situation as is currently faced remains in the realm of possibility.

On the global front, the Covid-19 pandemic crisis has affected both developed as well as developing economies significantly. The US has preemptively cut rates by a massive 150 basis point in two unscheduled meetings and brought the Fed Funds Rate to near zero levels. The Eurozone, already struggling with low growth due to a slowdown in manufacturing will face a rising



DIRECTORS' REPORT

unemployment scenario. The ECB is already in the negative interest rate zone, and cannot move much further on the rates front, while doing all it can on the liquidity aspect to boost credit growth and keep the economy moving. Crude oil prices have stabilized after reaching new lows with Brent having traded as low as USD 16/barrel, and are expected to remain benign as demand for crude oil has significantly declined post the lockdown. Trade tensions will continue to haunt the global economic landscape throughout FY21. Safe haven assets are expected to remain strong as capital takes flight to assets like gold and the USD. Most central banks around the world are now expected to carry on the “accommodative” monetary policy stance and keep rates low in addition to giving huge liquidity injections to boost credit off-take.

Cautionary Statement

Statements in this Management Discussion and Analysis may be ‘forward looking’ within the meaning of applicable laws and regulations. Actual results may differ, from those expressed or implied, due to various factors. The views expressed above are not to be treated as advisory or recommendatory in nature.

3. COMPOSITION OF BOARD

As on March 31, 2020, the Board comprised of seven Directors. The Board includes Independent Directors, Non-Executive Directors and a Managing Director as under:-

- Mr. G Narayanan, Independent Director
- Ms. Sonali Sinha, Independent Director
- Mr. T. V. Rao, Independent Director
- Mr. R. Venkataramani, Non-Executive Director
- Mr. Vivek Wahi, Non-Executive Director
- Mr. Pradeep Madhav, Non-Executive Director
- Mr. Prasanna Patankar, Managing Director

The Company has received declarations from Director(s), as applicable to them. The Board met five times during the year under review.

Date of Board Meeting		April 24, 2019	July 29, 2019	Aug 26, 2019	Nov 01, 2019	Jan 17, 2020
Details of Directors						
1.	Mr. G. Narayanan	✓	✓	✓	✓	✓
2.	Ms. Sonali Sinha	✓	✓	✓	✓	✓
3.	Mr. T. V. Rao	✓	✓	✓	✓	✓
4.	Mr. R. Venkataramani	✓	✓	✓	✓	✓
5.	Mr. Vivek Wahi	✓	✓	✓	✓	✓
6.	Mr. Pradeep Madhav	✓	✓	✓	✓	✓
7.	Mr. Prasanna Patankar	✓	✓	✓	✓	✓

4. COMMITTEES OF THE BOARD

The Committees of the Board play a crucial role and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board of Directors to carry out clearly defined roles.

The Company has following Committees of the Board:-

(i) Audit Committee

As on March 31, 2020, the Audit Committee of the Board comprised of Mr. G Narayanan, Mr. R Venkataramani, Ms. Sonali Sinha and Mr. T. V. Rao. The scope and functions of the Audit Committee includes the following;



DIRECTORS' REPORT

- review of the Statutory and Internal Auditors' reports
- monitor the adequacy of the internal control system and internal audit function
- review the Company's financial management policies
- discussions with the Internal, Concurrent and Statutory Auditors as and when necessary/required
- recommending appointment, remuneration and terms of appointment of auditors of the Company;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- examining the financial statement and the auditors' report thereon;
- approving or ratifying transactions of the Company with related parties, if any;
- scrutinizing inter-corporate loans and investments, if any;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- any other applicable matters as specified under section 177 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard

In addition to quarterly meetings for consideration of financial results, meetings of the Audit Committee may also be convened, as and when required, for review of various businesses/functional aspects of the Company, business risk assessment, internal audit, etc.

The Committee met four times during the year.

Date of Meeting		April 24, 2019	July 29, 2019	Nov 01, 2019	Jan 17, 2020
Details of Directors					
1.	Mr. G. Narayanan	✓	✓	✓	✓
2.	Ms. Sonali Sinha	✓	✓	✓	✓
3.	Mr. R. Venkataramani	✓	✓	✓	✓
4.	Mr. T. V. Rao*	Refer Note	✓	✓	✓

*inducted in the Committee w.e.f July 29, 2019

(ii) Risk Management Committee

As on March 31, 2020, the Risk Management Committee of the Board comprised of Mr. G. Narayanan, Mr. Pradeep Madhav, Ms. Sonali Sinha and Mr. Vivek Wahi. The Company has in place a detailed and comprehensive Business Investment and Risk Policy, which is reviewed at regular intervals and modified, if required, in order to align with the changing business dynamics of the Company. The Risk Management Committee meets at regular intervals. The scope of the Risk Management Committee includes the following;

- review compliance with the approved/statutory risk policies and parameters
- review risk policies, procedures and reporting mechanisms
- review risk management reports on a periodic basis and suggest modifications to the Business Investment and Risk Policy of the Company for submitting to the Board for final approval
- all such acts and functions as may be delegated by the Board of Directors

The Committee met four times during the year.

Date of Meeting		April 23, 2019	July 29, 2019	Nov 01, 2019	Jan 17, 2020
Details of Directors					
1.	Mr. G. Narayanan	✓	✓	✓	✓
2.	Ms. Sonali Sinha	✓	✓	✓	✓
3.	Mr. Pradeep Madhav	✓	✓	✓	✓
4.	Mr. Vivek Wahi*	Refer Note	✓	x	✓

*inducted in the Committee w.e.f July 29, 2019



DIRECTORS' REPORT

(iii) Nomination and Remuneration Committee

As on March 31, 2020, the Nomination and Remuneration Committee of the Board comprised of Mr. G Narayanan, Ms. Sonali Sinha and Mr. R Venkataramani. 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 persons qualified to become Directors and recommend to the Board their appointment and removal, if considered appropriate
- identify persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal
- carry out evaluation of every Director's performance
- formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees
- any other matters as specified under section 178 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard

The Committee met three times during the year.

Date of Meeting		April 23, 2019	July 29, 2019	Nov 01, 2019
Details of Directors				
1.	Mr. G. Narayanan	✓	✓	✓
2.	Ms. Sonali Sinha	✓	✓	✓
3.	Mr. R. Venkataramani	✓	✓	✓

(iv) Corporate Social Responsibility (CSR) Committee

As on March 31, 2020, the Corporate Social Responsibility (CSR) Committee comprised of Ms. Sonali Sinha, Mr. G Narayanan, Mr. R. Venkataramani and Mr. Prasanna Patankar. The Company aims to contribute to the social and economic development of the community and direct and assist efforts to build a better, sustainable way of life for the betterment of the society. The scope of the Committee is as prescribed in the Companies Act, 2013 and as 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 and approved by the Board of Directors.

The Corporate Social Responsibility (CSR) Committee met two times during the year.

Date of Meeting		April 23, 2019	Jan 17, 2020
Details of Directors			
1.	Mr. G. Narayanan	✓	✓
2.	Ms. Sonali Sinha	✓	✓
3.	Mr. Prasanna Patankar	✓	✓
4.	Mr. R. Venkataramani*	Refer Note	✓

* inducted in Committee w.e.f January 17, 2020

5. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour.

The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The ICC is responsible for redressal of complaints related to sexual harassment. All employees (permanent, contractual, temporary,



DIRECTORS' REPORT

trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed of during the year:

- (a) Number of complaints pending at the beginning of the year - NIL;
- (b) Number of complaints received during the year – NIL;
- (c) Number of complaints disposed off during the year – NIL;
- (d) Number of cases pending at the end of the year - NIL.

6. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013 and the rules framed thereto and any other provisions, if any, the Directors confirm:-

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) that appropriate accounting policies have been adopted and have been applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- (c) that proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis; and
- (e) that proper systems to ensure compliance with the provisions of all applicable laws and that such systems have been adequate and operating effectively.

7. AUDITORS

M/s. Dassani and Associates, Chartered Accountants, Mumbai, ICAI firm registration number 009096C, were appointed as the statutory auditors of the Company, by the Comptroller and Auditor General of India (C&AG) for the FY 2019-20.

M/s. Dilip Bharadiya & Associates, firm of Practicing Company Secretaries, were appointed as Secretarial Auditor of the Company for the FY 2019-20.

8. DISCLOSURE OF PARTICULARS

The Company is a Standalone Primary Dealer as defined and regulated by the Reserve Bank of India and is not a manufacturing Company, hence the particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 and the rules framed thereto are not applicable to the Company.

The information required pursuant to Section 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.

The details of foreign exchange earnings, if any, as well as foreign exchange outgo, if any, are mentioned in the Notes to Accounts of the Audited Financial Statements for FY2019-20.

9. RELATED PARTY TRANSACTION

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business operations. All related party transactions are placed before the Audit Committee and the Board of



DIRECTORS' REPORT

Directors. There are no materially significant transactions made by the Company with Promoters, Directors, Key Managerial Persons or any other related parties that may have a potential conflict with the interest of the Company at large. The details of contracts or arrangements with related parties along with justification for entering into transactions referred to in sub-section (1) of section 188 are annexed to the Report as “Annexure I”. The Policy on Related Party Transaction is available on the Company’s website www.stcipd.com and is also annexed to the Report as “Annexure IV”.

10. VIGIL MECHANISM POLICY

The Company has established a vigil mechanism through the Audit Committee, to address any complaint related to questionable practices, internal controls, auditing matters, or the reporting of all information to the shareholders, the regulators and/or the government and the financial markets. The vigil mechanism allows for disclosure by whistle blower internally of such matters without fear of reprisal, discrimination or adverse employment consequences and addresses the disciplining of those responsible. The vigil mechanism provides adequate safeguards against victimisation of whistle blower and makes provision for direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the Company and its employees. The Company has formulated a Vigil Mechanism Policy in accordance with the requirements of Section 177 of the Companies Act, 2013 and the rules framed thereto. The Policy is available on the Company’s website www.stcipd.com.

11. FAIR PRACTICES CODE

The Company has adopted the Fair Practices Code prepared in accordance with the guidelines as prescribed by RBI as well as the publications/code/general market practice guidelines released by FIMMDA/PDAI. The Code is available on the Company’s website www.stcipd.com.

12. 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.

13. 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. The Company’s CSR policy is intended to make a material, visible and lasting difference and impact to the lives of the disadvantaged/underprivileged sections of society. The disclosures under Corporate Social Responsibility in accordance with the Companies Act, 2013 & Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed to the report as “Annexure II”. The Policy is available on the Company’s website www.stcipd.com.

14. EXTRACT OF ANNUAL RETURN IN FORM MGT-9

The extract of Annual Return in Form MGT-9 in accordance with the Companies Act, 2013 is annexed to the Report as “Annexure III”.

15. 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 FY2019-20, 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.

16. SUBSEQUENT EVENTS

There are no material changes and commitments affecting the financial position of the company which have occurred between March 31, 2020 and the date of the report.

17. KEY MANAGERIAL PERSONNEL

During the FY2019-20 the Company had the following Key Managerial Personnel (KMP) in line with the requirements and as defined by the Companies Act, 2013 and the rules framed thereto



DIRECTORS' REPORT

- (i) Mr. Prasanna Patankar, Managing Director
- (ii) Mr. M. N. Suresh, Chief Financial Officer* (up to March 31, 2020)
- (iii) Mr. Kalpesh Mody, Company Secretary & Chief Financial Officer* (w.e.f. from April 1, 2020)

**On attaining the age of superannuation Mr. M. N. Suresh was scheduled to retire on December 31, 2019. However, the Board had approved his extension for a period of six (06) months and accordingly Mr. M. N. Suresh superannuated from his services on June 30, 2020. Further, Mr. M. N. Suresh ceased to be the Chief Financial Officer (CFO) and KMP of the Company with effect from 1st April, 2020 and Mr. Kalpesh Mody was designated as the Chief Financial Officer from 1st April, 2020 in addition to his existing designation as Company Secretary of the Company.*

18. 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.

19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There were no significant and/or material orders passed against the Company by the regulators or courts or tribunals impacting the going concern status of the Company and/or impacting the Company's operations in future.

20. 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).

21. SHARES

There has been no change in shareholding pattern for the FY 2019-20. The details of the transfer(s) of share(s), if any, has been mentioned in Form MGT-9, which is annexed to the report as "Annexure III".

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186(4) of the Companies Act, 2013 requiring disclosure in the financial statements of the particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security is not applicable to Non-Banking Financial Company registered under Chapter III of the Reserve Bank of India Act, 1934 and whose principal business is acquisition of securities.

23. REGISTRAR & SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited acts as the Registrar & Share Transfer Agent for FY2019-20.

24. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

25. PUBLIC DEPOSITS

During the year ended March 31, 2020 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.

26 BRANCH OFFICES

During the year under review, the Company opened a new sales office at Bengaluru as 'Branch Office' of the Company. The Company has a total of three (3) branch offices viz. New Delhi, Kolkata and Bengaluru which have been driving the business



DIRECTORS' REPORT

development efforts on a pan-India basis and procuring business from PSUs, Commercial Banks, Co-operative Banks, Small Finance Banks, Corporates, MNCs, Provident Funds, Pension and Gratuity Funds, Insurance Companies, Mutual Funds etc. The activities of these offices are being regularly assessed and monitored.

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

The Company had subscribed to the Commercial Papers (CPs) issued by Infrastructure Leasing & Financial Services Limited (IL&FS) of face value of ₹ 100,00,00,000/- (Rupees One Hundred Crore Only) of which CP of face value of ₹ 50,00,00,000/- (Rupees Fifty Crore Only) were due to be repaid on September 17, 2018 and balance CP of face value of ₹ 50,00,00,000/- (Rupees Fifty Crore Only) was due to be repaid on March 05, 2019. IL&FS did not honour its repayment obligations towards the Company under both these CPs on the due dates.

The Company's claim as one of the "Financial Creditor" of IL&FS under the Insolvency & Bankruptcy Code, 2016 and the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 has been admitted. Further, the Company is part of the 'Committee of Creditors (CoC)' for the insolvency resolution plan of IL&FS.

Presently the matter is subjudice and pending before the Hon'ble National Company Law Tribunal (NCLT), Mumbai and the Hon'ble National Company Law Appellate Tribunal (NCLAT), New Delhi.

28. ACKNOWLEDGEMENT

Your Directors thank STCI Finance Limited (Holding Company), Reserve Bank of India, SEBI, CCIL, its Bankers, NSDL, Stock Exchange(s), other commercial and cooperative banks, financial institutions, mutual funds, insurance companies, corporates and other customers for their business support and continued patronage. The Directors would also like to place on record their appreciation of the dedicated performance by the officers and staff of the Company.

On behalf of the Board of Directors

Pradeep Madhav

Director

DIN:- 00267422

July 22, 2020

Mumbai

Prasanna Patankar

Director Managing

DIN:- 07658714

July 22, 2020

Mumbai



Annexure I

Form No. AOC-2

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

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

Sr. No	Particulars	Amount
1.	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:	
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

Pradeep Madhav
Director
DIN:- 00267422

July 22, 2020
Mumbai

Prasanna Patankar
Director Managing
DIN:- 07658714

July 22, 2020
Mumbai



Details of material contracts or arrangement or transactions at arm's length basis

Sr. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/arrangements/transactions	Amount (INR in lakh)	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any
1	STCI Finance Ltd.	Holding Company	Purchase of Government Securities	5,063.57				
2	STCI Finance Ltd.	Holding Company	CSGL charges and CCLL charges (Received)	0.55				
3	STCI Finance Ltd.	Holding Company	Reimbursement of Expenses (Payment)	9.92				
4	STCI Finance Ltd.	Holding Company	Reimbursement of Expenses (Received)	2.51				
5	STCI Finance Ltd.	Holding Company	Rent Paid	3.01		Not Applicable		
6	STCI Finance Ltd.	Holding Company	Sitting fees Paid	4.30				
7	STCI Finance Ltd.	Holding Company	Security Deposit	3.25				
8	Mr. Prasanna Patankar	Managing Director*	Salaries**, allowances, perquisites, incentive pay and Company's contribution to PF	115.00				
9	Mr. M.N.Suresh	Chief Financial Officer*		62.39				
10	Mr. Kalpesh Mody	Company Secretary*		20.68				
	TOTAL			5,285.18				

Note

* Performance Linked Variable Pay (PLVP) paid during FY2019-20, pertaining to the year FY2016-17.

** Subject to applicable tax deductions.

* Excludes amount of tax paid by employer on behalf of employee.

On behalf of the Board of Directors

Pradeep Madhav
Director
DIN:- 00267422

Prasanna Patankar
Director Managing
DIN:- 07658714

July 22, 2020
Mumbai

July 22, 2020
Mumbai



ANNUAL REPORT ON CSR ACTIVITIES

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

The Corporate Social Responsibility (CSR) Policy is available on the website of the Company www.stcipd.com

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

As on March 31, 2020 the CSR Committee comprised of;

- (i) Ms. Sonali Sinha, Independent Director
- (ii) Mr. G. Narayanan, Independent Director
- (iii) Mr. R. Venkataramani, Director
- (iv) Mr. Prasanna Patankar, Managing Director

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

The Average Net Profit for the past 3 (three) Financial Years was ₹ 12,597 Lakh.

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

The Company is required to spend ₹ 251.95 Lakh towards CSR.

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

- (a) Total amount to be spent for the financial year - ₹ 252.44 In Lakh towards CSR.
- (b) Amount unspent, if any - Nil
- (c) Manner in which the amount spent during the financial year is detailed below.

(Amt ₹ in Lakh)

1	2	3	4	5	6	7	8
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Project 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 the projects or programs Sub heads:- (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure upto the reporting period	Amount Spent:- Direct or through implementing agency
1	Contribution to the Prime Minister's National Relief Fund for socio-economic development and relief	Socio economic development and relief	Contribution to the Prime Minister's National Relief Fund - PAN India	118.20	(1) 118.20 (2) Nil	118.20	Prime Minister's National Relief Fund
2	Project for patient care towards medical treatment of deserving poor patients	Promoting health care including preventive health care	local area	20.00	(1) 19.00 (2) 1.00	20.00	Cancer Patient Aid Association (CPAA)



3	Project for patient care towards medical treatment of deserving poor patients	Promoting health care including preventive health care	local area	20.00	(1) 20.00 (2) Nil	20.00	ImPaCCT Foundation (Paediatric Foundation of Tata Memorial hospital)
4	Project for promoting education amongst visually impaired children	Promotion of education	Local area	10.00	(1) 9.90 (2) 0.10	10.00	National Association for the Blind
5	Project for upliftment of underprivileged children	Promoting health care including preventive health care	Area of operations of business – State of West Bengal	20.19	(1) 20.19 (2) Nil	20.19	Ramakrishna Mission, Kolkata, West Bengal
6	Project for promoting education amongst tribal children	Promotion of education	Local area	10.00	(1) 9.90 (2) 0.10	10.00	Friends of Tribals Society
7	Project for patient care by providing financial assistance for procurement of Perimetry machine used in the Ophthalmic department for medical treatment of deserving poor patients	Promoting health care including preventive health care	Local area	25.00	(1) 25.00 (2) Nil	25.00	Swami Sarvanand Hospital owned and managed by Sunder Shewak Sabha
8	Project for patient care towards medical treatment of deserving poor patients	Promoting health care including preventive health care	local area	29.05	(1) 29.05 (2) Nil	29.05 [#]	Indian Cancer Society via HDFC Charity Fund for Cancer Cure*

* The Company has made investment in HDFC Cancer Cure Fund. As per the scheme, any dividend declared in the said scheme will be contributed directly to Indian Cancer Society and eligible towards Company's contribution for CSR commitment. The said scheme is a close ended scheme.

Date of Declaration of dividend (₹ in lakhs)

- i. September 20, 2019 ₹ 15.25
- ii. March 26, 2020 ₹ 13.80
- Total ₹ 29.05**



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 Corporate Social Responsibility Committee
& the Board of Directors**

On behalf of STCI Primary Dealer Limited

**Pradeep Madhav
Director
DIN:- 00267422
July 22, 2020
Mumbai**

**Prasanna Patankar
Managing Director
DIN:- 07658714
July 22, 2020
Mumbai**



Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) **CIN:** U67110MH2006PLC165306
- ii) **Registration Date:** Date of Incorporation – October 31, 2006
- iii) **Name of the Company:** STCI Primary Dealer Limited
- iv) **Category / Sub-Category of the Company:** Company having Share Capital
- v) **Address of the Registered Office and contact details:**
A/B1-801 (A-Wing), 8th Floor, Marathon Innova
Marathon NextGen Compound, Lower Parel
Mumbai – 400 013
Tel:- 022 – 6620 2200
- vi) **Whether listed company (Yes / No):** No
- vii) **Name, Address and Contact details of Registrar and Transfer Agent, if any:**
Link Intime India Pvt Ltd.
C 101, 247 Park, L.B.S Marg, Vikhroli (West)
Mumbai, Maharashtra 400083

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

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	6599	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.	15000000 ⁵	Nil	15000000 ⁵	100	15000000 ⁵	Nil	15000000 ⁵	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):-	15000000⁵	Nil	15000000⁵	100	15000000⁵	Nil	15000000⁵	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
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)	15000000⁵	Nil	15000000⁵	100	15000000⁵	Nil	15000000⁵	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



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	
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
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)	150000000^s	Nil	150000000^s	100	150000000^s	Nil	150000000^s	100	Nil

^s includes shares held by nominees

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 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	00	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.	Ms. Sabita Braganza*	01	0	Nil	01	0	Nil	Nil
7.	Ms. Suparna Sharma*	01	0	Nil	01	0	Nil	Nil
8.	Mr. Rajiv Ranjan*	00	0	Nil	01	0	Nil	Nil
	Total	15,00,00,000	100	Nil	15,00,00,000	100	Nil	Nil

*shares held by nominees



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

AS PER ANNEXURE "C"

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	15,00,00,000**	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	15,00,00,000**	100%	15,00,00,000**	100%

* includes shares held by nominees

* The Company is a wholly owned subsidiary of STCI Finance Limited

iv). 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 Top10 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			

* The Company is a wholly owned subsidiary of STCI Finance Limited



v) Shareholding of Directors and Key Managerial Personnel (KMP):

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, Non-Executive Director (holds one share as a nominee)				
	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer/ bonus/ sweat equity etc):	No Change			
	At the End of the year	1	0	1	0
	Mr. Prasanna Patankar, Managing Director (holds one share as a nominee)				
	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer/ bonus/ sweat equity etc):	No Change			
	At the End of the year	1	0	1	0

V. INDEBTEDNESS

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

(₹ In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount [#]	7,51,161.22	1,17,931.22	18,278.11	8,87,370.55
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due*	-	-	-	-
Total (i+ii+iii)	7,51,161.22	1,17,931.22	18,278.11	8,87,370.55
Change in Indebtedness during the financial year				
(+)Addition	16,54,34,837.13	4,30,17,253	2,63,630	20,87,15,719.59
(-)Reduction	16,55,39,953.29	4,30,28,164	2,78,977	20,88,47,093.64
Net Change	6,46,045.06	1,07,020.22	2,931.21	7,55,996.49
Indebtedness at the end of the financial year				
i) Principal Amount [#]	6,46,045.06	1,07,020.22	2,931.21	7,55,996.49
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due*	-	-	-	-
Total (i+ii+iii)	6,46,045.06	1,07,020.22	2,931.21	7,55,996.49

Includes Interest accrued but not due

* Interest accrued but not due is reclassified with principal Amount as per requirement of Ind AS



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION[#] TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of Managing Director Prasanna Patankar	Total Amount
1	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	74.65	74.65
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	15.60	15.60
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	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 ⁺	24.75	24.75
	Total (A)	115.00	115.00

*Performance Linked Variable Pay (PLVP) paid during FY2019-20, pertaining to the year FY2016-17

⁺Subject to applicable tax deductions[#]Excludes amount of tax paid by employer on behalf of employee.B. Remuneration[#] to other Directors:

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. G Narayanan	Ms. Sonali Sinha	Mr. T. V. Rao	
1.	Independent Directors				
	• Fee for attending board/ committee meetings	6.70	7.30	3.70	17.70
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	Total (1)	6.70	7.30	3.70	17.70

2.	Other Non-Executive Directors	Mr. Pradeep Madhav *	Mr. Vivek Wahi +	Mr. R Venkataramani	Total Amount
		• Fee for attending board/ committee meetings	4.30	2.60	
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	Total (2)	4.30	2.60	4.90	11.80
				Total(B)=(1+2)	29.50

* paid to STCI Finance Limited (erstwhile Securities Trading Corporation of India Limited)

+ paid to Bank of India

Subject to applicable tax deductions



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

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17.26	53.54	70.80
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission			
	- as % of profit	NIL	NIL	NIL
	- Others, specify.....	NIL	NIL	NIL
5.	Others*	3.42	8.85	12.27
	Total	20.68	62.39	83.07

*Performance Linked Variable Pay (PLVP) paid during FY2019-20, pertaining to the year FY2016-17.

*Subject to applicable tax deductions

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			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board of Directors

Pradeep Madhav
Director
DIN:-00267422
July 22, 2020
Mumbai

Prasanna Patankar
Managing Director
DIN:- 07658714
July 22, 2020
Mumbai



RELATED PARTY TRANSACTION POLICY

This policy has been framed as required under Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016 issued by Reserve Bank of India, as updated from time to time. The Company is required to disclose the policy on dealing with Related Party Transactions on its website and in the Annual Report.

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

Definitions

- (i) "Audit Committee" or "Committee" means Committee of Board of Directors of the Company constituted as per Section 177 of the Act
- (ii) "Board" means Board of Directors of the Company
- (iii) "Related Party Transaction" or "RPT" means the following transactions /contracts /arrangements with related parties as laid down under clause (a) to (g) sub-section (1) of section 188 of the Act:
 - (a) sale, purchase or supply of any goods or materials;
 - (b) selling or otherwise disposing of, or buying, property of any kind;
 - (c) leasing of property of any kind;
 - (d) availing or rendering of any services;
 - (e) appointment of any agent for purchase or sale of goods, materials, services or property etc.
 - (f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - (g) underwriting the subscription of any securities or derivatives thereof, of the Company.
- (iv) "Material Related party Transactions" mean related party transaction / transactions to be entered into individually or which taken together with previous transactions during a financial year, exceed the prescribed monetary limit given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014
- (v) "Related Party" means related party as defined under Section 2(76) of the Act as under;
Sec 2 (76) "Related Party" with reference to a Company, means-
 - (i) A director or his relative
 - (ii) Key Managerial Personnel or his/ her relative
 - (iii) A firm, in which a director, manager or his relative is a partner
 - (iv) A private company in which a director or manager or his relatives is a member or director
 - (v) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
 - (vi) A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except such advice is given in a professional capacity.
 - (vii) Any other person on whose advice, directions or instructions a director or manager is accustomed to act

Provided that nothing in sub-clause (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;



(viii) Any company which is:

- A Holding, Subsidiary or an Associate company of such company or
- A Subsidiary of a Holding company to which it is also a Subsidiary

(ix) such other person as may be prescribed, i.e. as under:-

-A Director, other than an Independent Director, or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a Related Party.

(vi) "Relative" means relative as defined under Section 2(77) of the Act as under;

Section 2(77) "relative", with reference to any person, means anyone who is related to another, if—

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

(vii) "Key Managerial Personnel" or "KMP" means key managerial personnel as defined under Section 2(51) of the Act as under:-

Section 2(51) "key managerial personnel", in relation to a Company, means—

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed

In addition to the above mentioned KMP, all such person(s), if any, as identified and designated by the Company may also be treated as KMP for the purpose of this policy.

(viii) "Associate Company" means as defined under Section 2(6) of the Act as under:-

Section 2(6) "Associate Company", in relation to another Company means a Company in which that other Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.

For the purposes of this clause, "significant influence" means control of at least twenty per cent of the total share capital, or of business decisions under an agreement.



“Total Share Capital”, for the purposes of clause, means the aggregate of the –

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

Words or expressions used but not defined herein and defined under the Companies Act, 1956 or Companies Act, 2013 or in the RBI Act shall have the same meaning as assigned to them in the respective act as the case may be.

Policy

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

Identification of Related Parties

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

Identification of Related Party Transactions

In case of any proposed transaction or arrangement with a Related Party, the concerned team/department in the Company shall furnish to the CS, relevant details of the proposed transaction which shall include the name of the related party, nature of relationship, nature of contract, duration and particulars of the contract/arrangement/transaction; reason for entering into the transaction, manner of determining price and other commercial terms, the draft contract/agreement and other supporting documents. The Company shall, based on the details of transaction determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Approvals/process for related party transactions

The Company generally undertakes transactions with related parties, in its ordinary course of business and at arms’ length basis and such transaction do not require prior approval under the Act. However such transactions would be placed for noting to the Audit Committee as well as the Board of Directors.



(i) Audit Committee review / approval

All related party transactions / arrangements or any modifications thereof, which are not in ordinary course of business and/or not on arms length basis, will be referred to the Audit Committee for review and approval with the details of related party, nature of transaction, reason for undertaking the transaction, particulars of the contract/arrangement, pricing terms, whether on arms length and in the ordinary course of business and other relevant information. Any member of the Committee who has a potential interest in any reported Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction. The Audit Committee, on the recommendation of the Management, may approve the transactions with related parties in accordance with provisions of the Companies Act read with the Rules made there under, as amended from time to time.

(ii) Board Approval

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

In addition to the above, contracts/ arrangements/ transactions which are in the ordinary course of business and at arms length and do not require approval of the Board under Section 188 of the Act may also be reviewed and noted by the Audit Committee and the Board of Directors.

(iii) Approval of the Shareholders

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

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

Explanation:

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



Summary of Approval process

S.No	Particulars / Criteria	Audit Committee Approval	Board Approval	Shareholders' Approval
(i)	Transaction in the Ordinary Course of Business AND at arm's length basis	Quarterly Noting at Meeting*	Quarterly Noting at Meeting*	×
(ii)	Transaction within the threshold limit and either not in the Ordinary course of business OR not at arm's length basis	√ (prior approval)	√ (prior approval)	×
(iii)	Transaction exceeding the threshold limit and either not in the Ordinary course of business OR not at arm's length basis	√ (prior approval)	√ (prior approval)	√ (prior approval)

* usually identified transaction for which omnibus approval for related party transactions is taken as well as other transactions which are in the ordinary course of business and at arm's length basis.

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

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

Related party Transactions not approved under this Policy

Where any contract or arrangement not in ordinary course of business and/or not on arms length basis is entered into by a Director or any other employee without obtaining the approval of Board or approval of Shareholders by a resolution in the general meeting under Section 188(1) of the Act, it shall be put up for ratification by the Board or by the shareholders at a meeting within three (3) months from the date on which such contract or arrangement was entered into. In the event the Company becomes aware of a transaction with a Related Party that has not been approved within three (3) months as stated above, the matter shall be reviewed by the Board. The Board shall consider all of the relevant facts and circumstances of such Transaction/ arrangement and evaluate all options available to the Company, including ratification by the Board or shareholders, revision or termination of such transaction/arrangement and take any such action as it may deem appropriate.

Disclosures

The particulars of contracts or arrangement with Related Parties referred to in section 188 shall be disclosed in the Board's report for each financial year in the prescribed format. The Company shall disclose this Policy on its website and also in its annual report.

Register of Contracts/Arrangements in which Directors are interested

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

Applicability

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

Amendments to the Policy

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



FORM NO. MR - 3

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

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

To,
The Members,
STCI PRIMARY DEALER LIMITED
A/B1, 801 (A Wing) 8th floor,
Marathon Innova,
Marathon Nextgen Compound,
Lower Parel, Mumbai 400013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **STCI PRIMARY DEALER LIMITED** (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.

Considering the situation due to pandemic "COVID 2019" and lockdown being declared nationwide from March 22, 2020 till the date of the report, the process of audit has been modified. Some of the documents /records /returns / registers /minutes were not verified physically, however, the documents were made available in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity.

Based on our verification of 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 March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanisms 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 as given in **Annexure I**, for the financial year ended on March 31, 2020, according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the Companies Amendment Act, 2017 as amended from time to time and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder; [Not Applicable to the Company during the audit period]
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; [Not Applicable to the Company during the audit period]
- iv. The 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 Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") were not applicable to the Company during the audit period.

The Laws specifically applicable to the Company:

- i. Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- ii. RBI Regulations, Guidelines, Operational 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 representations 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 which are stated above very specifically.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the financial year 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 the Directors to schedule the Board and Committee Meetings. Agenda and detailed notes on agenda were sent atleast 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 decisions at the Board and Committee Meetings are carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on basis of the representations made by the Company and its Officers, presentation of the Internal and Concurrent Auditors and Compliance Certificate(s) issued by the Company Secretary & other Senior Management Personnel and taken on record by the Board at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines to the Company.

We further report that:

- i. The Company is a Non-Banking Financial Institution and Non Deposit Accepting Company vide its Registration Number: N13.01865 dated 23rd May 2007.
- ii. The Primary Dealer Business Authorization issued by Reserve Bank of India has been renewed during the year and is valid upto June 30, 2022.
- iii. An inspection was carried out by the Internal Debt Management Department of the Reserve Bank of India (RBI) during the year and an Observation letter dated October 30, 2019 was issued to which the Company has submitted the reply vide the letter dated November 14, 2019.
- iv. The Company had invested in Commercial Paper (CP) issued by Infrastructure Leasing & Financial Services Ltd. (IL&FS) aggregating to a total of FV of Rs.100 Crores. The maturity of the said Commercial paper was on September 17, 2018 and March 5, 2019 of FV Rs. 50 crore respectively. IL&FS has defaulted on commercial papers invested by the Company. Owing to the default, the Board of Directors and Management had written-off the investment last year. The company had submitted a claim for the said amount. During the current year, out of the total claim of Rs. 100 Crores, Rs. 98.47 Crores has been admitted before the Hon'ble NCLT/NCLAT.
- v. The Board of Directors Company in their meeting held on 29th July 2019 passed the resolution to declare and pay an Interim Dividend @ 20% i.e. Rs. 2/- per share.
- vi. The Board of Directors Company in their meeting held on 17th January 2020 passed the resolution to declare and pay an Interim Dividend for the second time in the previous year @ 30% i.e. Rs. 3/- per share.
- vii. Pursuant to the RBI Notification no. DNBR (PD)CC. No. 099/03.10.001/2018-19 dated May 16, 2019, Mr. Manish Jadhvani is appointed as the Chief Risk Officer (CRO) of the Company with effect from August 01, 2019 for a period of 2 years. Further, he has been designated to be Compliance as well as Principal Officer w.e.f. April 1, 2020.

This report is to be read with our letter of even date, which is annexed as Annexure - II to this report.

For **DILIP BHARADIYA & ASSOCIATES**

DILIP BHARADIYA

Proprietor

FCS No.: 7956,

CP No.: 6740

Place : Mumbai

Date : May 27, 2020

UDIN : F007956B000284969

**Annexure - I****Other relevant documents which were verified during the course of audit includes:**

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the Financial Year ended March 31, 2019.
3. Minutes of the meetings of the Independent Directors Meeting, Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, IT Committee and Corporate Social Responsibility Committee held during the financial year under review, alongwith the Attendance Registers;
4. Internal Compliance Checklist of the Company.
5. Quarterly Internal and Concurrent Audit Reports.
6. RBI Inspection Report.
7. Minutes of General Body Meeting held during the financial year under review;
8. Statutory Registers viz.
 - Register of Directors & KMP & Directors Shareholding
 - Register of loans, guarantees and security and acquisition made by the Company- Not applicable during the period under review
 - Register of Charge- Not applicable
 - Register of Related Party Transaction- Transactions are in the Ordinary Course of Business at Arm's Length Basis.
 - Register of Members;
9. Agenda papers submitted to all the Directors/ Members for the Board and Committee Meetings;
10. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2), Section 149(3) and Section 149(7) of the Companies Act, 2013;
11. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956, if any and Companies Act, 2013, as amended from time to time alongwith the attachments thereof, during the financial year under review.



To,
The Members,
STCI PRIMARY DEALER LIMITED
MUMBAI

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

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

For **DILIP BHARADIYA & ASSOCIATES**

DILIP BHARADIYA
Proprietor
FCS No.: 7956, CP No.: 6740

Place : Mumbai
Date : May 27, 2020



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STCI PRIMARY DEALER LIMITED

Report on the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **STCI PRIMARY DEALER LIMITED** (hereinafter referred to as “the Company”), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Considering the situation due to pandemic “COVID 2019” and lockdown being declared nationwide from March 22, 2020 till the date of the report, the process of audit has been modified. Some of the documents /records /returns were not verified physically; however, the documents were made available in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity.

Information Other than the Standalone Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Overview, Board’s Report including Annexures to Board’s Report, and Shareholder’s Information but does not include the standalone financial statements and our auditor’s report thereon.

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

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

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

Management’s Responsibility for the Standalone Financial Statements

The Company’s Management and Board of Directors are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the



accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the audit of the Financial Statements

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

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

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

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



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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by sub-section (3) of Section 143 of the Act, based on our audit, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) In pursuance to the Notification No. G.S.R. 463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, sub-section 2 of section 164 of the Act pertaining to disqualification of directors not applicable to the Government Company. As informed to us by the Company the Board of Directors has taken on record written representations received from the directors as on March 31, 2020. As per written representation received, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of sub-section 2 of Section 164 of the Act
 - (f) With respect to the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of the sub-section 16 of Section 197 of the Act, as amended:

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

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 43 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 28 to the standalone financial statements; and
 - iii. As at March 31, 2020 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. After the applicability of Ind AS the company has developed the software in such manner that the major accounting transactions are done through IT system. The transactions outside the IT system and its implications are hereby stated below:
 - Various calculations in accordance with the requirements of Ind AS such as Amortized cost using effective interest rate, calculation of lease liability etc. needs to be processed through IT System, any manual intervention can lead to passing of wrong entries in the system and would directly affect the financial statements.

Presently, said working have been maintained manually and verified by us.
 - b. There is no restructuring of an existing loan or waiver/write off of debts / loans/ interest etc. made by a lender to the Company during the year due to its inability to repay the loan.
 - c. The Company has not received funds from specific schemes from central / state agencies during the year.

For **DASSANI & ASSOCIATES**,
Chartered Accountants
Firm Registration No.: 009096C

CA. Udesb Dassani
(Partner)
M. No. 078588

Place: Indore
Date: 27.05.2020
UDIN: 20078588AAAAAP4849



ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of STCI Primary Dealer Limited of even date)

- (i) (a) 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 schedule of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 11 to the standalone financial statements, 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 is held by the Company in de-materialized form with Axis Bank, and the same are verified with the confirmation certificates received from them at the year end. In our opinion, the frequency of such verification is reasonable and as explained to us, the Company is maintaining proper records of securities held as stock-in-trade and no material discrepancies were noticed on physical verification of inventories as compared to the book records.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, reporting under paragraph 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable to the Company. Accordingly, reporting under paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence, reporting under paragraph 3(v) of the Order is not applicable to the Company.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Act.
- (vii) (a) According to the information and explanations given to us, and the records of the company examined by us, except stamp duty on transactions of Non-Government securities (Refer Note 28), the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, goods and service tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, except stamp duty on Non-Government securities aggregating to Rs.357.30 lakhs is outstanding for more than six months as on March 31, 2020. (Refer Note 28 of the standalone financial statements).
- (b) According to the information and explanations given to us, there are no disputed amounts payable in respect of income tax, goods and service tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to the banks and the financial institutions. The Company has not taken any loans from government or by way of issue of debentures.



- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us by the Management, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year under review. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the Management, we report that no material fraud by the Company and on the Company by its officer or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, reporting under paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment/private placement of shares or fully or partly convertible debentures during the year.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the registration certificate has been obtained.

For DASSANI & ASSOCIATES,

Chartered Accountants

Firm Registration No.: 009096C

CA. Udesb Dassani

(Partner)

M. No. 078588

Place: Indore

Date: 27.05.2020

UDIN: 20078588AAAAAP4849



ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of STCI Primary Dealer Limited of even date)

We have audited the internal financial controls over financial reporting of STCI Primary Dealer Limited (hereinafter referred to as "the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management and Board of Directors of the Company 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,



projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DASSANI & ASSOCIATES**,
Chartered Accountants
Firm Registration No.: 009096C

CA. Udesb Dassani
(Partner)
M. No. 078588

Place: Indore
Date: 27.05.2020

UDIN: 20078588AAAAAP4849



INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF STCI PRIMARY DEALER LIMITED

Pursuant to the paragraphs 3 (A) and (C) of the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ("the Directions") issued by the Reserve Bank of India (RBI), we have examined the matters specified in the directions in respect of STCI Primary Dealer Limited (hereinafter referred to as "the Company"), for the year ended March 31, 2020.

Management's Responsibility

The Management is responsible for the design and implementation of internal procedures, systems, processes and controls to ensure compliance with the Directions on an ongoing basis. The Management is also responsible for ensuring that the Company complies with the requirements of the Directions and for providing all relevant information to RBI.

Auditor's Responsibility

Pursuant to the requirements of the directions it is our responsibility to examine the books and other records of the Company and report on the matters as prescribed by the RBI.

We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

Based on our examination of the books and records of the Company as produced for our examination, and the information and explanations given to us, we further report that:

1. (a) The Company is engaged in the business of non-banking financial institution and has obtained a Certificate of Registration No. 13.01865 dated 23.05.2007, as provided in Section 45-IA of the Reserve Bank of India Act, 1934.
(b) The Company is entitled to continue to hold Certificate of Registration in terms of its asset/income pattern as on March 31, 2020.
(c) The Company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company - Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
2. (a) The Board of Directors has passed a resolution for the non-acceptance of any public deposits.
(b) The Company has not accepted any public deposits during the relevant year.
(c) The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it.
(d) The capital adequacy ratio as disclosed in the return submitted to the Reserve Bank of India in Form NBS-7, has been correctly arrived at and such ratio¹ is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the Reserve Bank of India.
(e) The Annual Statement of Capital Funds, risk assets / exposures and risk asset ratio in form NBS-7 has been submitted within the stipulated period.



- (f) The Company is not NBFC Micro Finance Institutions (MFI) as defined in the Non- Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

For **DASSANI & ASSOCIATES**,
Chartered Accountants
Firm Registration No.: 009096C

Sd/-
CA. Udesb Dassani
(Partner)
M. No. 078588

Place: Indore
Date: 27.05.2020
UDIN: 20078588AAAAAP4849



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 2020

The preparation of financial statements of STCI Primary Dealer Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 May 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of STCI Primary Dealer Limited for the year ended 31 March 2020 under section 143 (6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

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

Place : Mumbai
Date : 20.08.2020



BALANCE SHEET AS AT MARCH 31, 2020

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
	ASSETS			
1	Financial Assets			
	(a) Cash & cash equivalents	4	62.78	134.13
	(b) Bank balances other than (a) above	5	322.06	822.21
	(C) Derivative financial instruments	6	71,759.19	87,573.51
	(d) Receivables			
	(i) Trade Receivables		-	-
	(ii) Other Receivables	7	-	17.56
	(e) Loans	8	-	1,500.00
	(f) Investments	9	816,344.09	931,575.28
	(g) Other financial assets	10	2,017.50	1,473.26
2	Non-financial Assets			
	(a) Property, plant and equipment	11	1,676.31	1,615.14
	(b) Other intangible assets	11	0.23	2.28
	(c) Other non-financial assets	12	143.21	73.45
	Total Assets		8,92,325.37	10,24,786.82
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	Financial Liabilities			
	(a) Derivative financial instruments	6	70,905.86	86,937.18
	(b) Payables			
	(i) Trade Payables	13		
	total outstanding dues of micro enterprises and small enterprises			
	total outstanding dues of creditors other than micro enterprises and small enterprises		120.78	87.90
	(ii) Other Payables			
	total outstanding dues of micro enterprises and small enterprises			
	total outstanding dues of creditors other than micro enterprises and small enterprises		53.00	83.11
	(c) Borrowings (other than debt securities)	14	7,53,065.28	8,69,092.44
	(d) Deposits	15	2,931.21	18,278.11
	(e) Other financial liabilities	16	113.40	67.21
2	Non-Financial Liabilities			
	(a) Current tax liabilities (net)		477.14	92.30
	(b) Provisions	17	1,194.52	667.25
	(c) Deferred tax liabilities(net)		385.88	511.32
	(d) Other non-financial liabilities	18	44.74	41.77



BALANCE SHEET AS AT MARCH 31, 2020

(₹ in lakhs)

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
3	Equity			
	(a) Equity share capital	19	15,000.00	15,000.00
	(b) Other equity	20	48,033.56	33,928.23
	Total Liabilities and Equity		8,92,325.37	10,24,786.82
	Basis of Preparation and measurement	2		
	Significant accounting policies	3		

The accompanying notes are an integral part of financial statements

In terms of our report of even date

For **Dassani & Associates**

Chartered Accountants
Firm Registration No.- 009096C

Udesh Dassani

Partner
Membership No.: 078588
Place : Indore
Date : May 27, 2020

G Narayanan
Director
DIN : 00210831
Place : Bengaluru

Prasanna Patankar
Managing Director
DIN : 07658714
Place : Mumbai

R Venkataramani
Director
DIN : 00829107
Place : Bengaluru

Pradeep Madhav
Director
DIN : 00267422
Place : Mumbai

T.V. Rao
Director
DIN : 05273533
Place : Bengaluru

Kalpesh Mody
Company Secretary and
Chief Financial Officer
Place : Mumbai

For and on behalf of the Board of Directors
STCI Primary Dealer limited



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations :			
(i) Interest income	21	58,338.62	58,092.02
(ii) Dividend income		29.05	30.34
(iii) Fees and commission income		183.48	688.53
(iv) Trading Profit/(Loss) on investments	22	17,805.58	5,818.24
(v) Net gain on fair value changes	23	1,626.24	2,371.82
(vi) Reclassification adjustment (Net gain on derecognition of financial instruments under FVOCI)		44.77	-
(I) Total revenue from operations		78,027.74	67,000.95
(II) Other income	24	2.17	71.39
(III) Total income (I+II)		78,029.91	67,072.34
Expenses :			
(i) Finance costs	25	45,352.72	50,575.67
(ii) Transaction and settlement charges		1,080.95	906.58
(iii) Employee benefits expenses	26	1,498.14	929.55
(iv) Depreciation, amortization and impairment	11	108.68	72.87
(v) Other expenses	27	848.60	751.64
(IV) Total expenses (IV)		48,889.09	53,236.31
(V) Profit / (loss) before exceptional items and tax (III-IV)		29,140.82	13,836.03
(VI) Exceptional items		-	9,413.35
(VII) Profit/(loss) before tax (V -VI)		29,140.82	4,422.68
Tax expense:			
Current Tax		7,725.55	655.11
Deferred Tax		(1,180.58)	1,502.69
MAT Credit		-	(200.00)
(VIII) Total tax expense:		6,544.97	1,957.80
(IX) Profit / (loss) for the year from continuing operations(VII-VIII)		22,595.85	2,464.88
(X) Profit/(loss) from discontinued operations		-	-
(XI) Tax Expense of discontinued operations		-	-
(XII) Profit/(loss) from discontinued operations(After tax) (X-XI)		-	-
(XIII) Profit/(loss) for the year		22,595.85	2,464.88
(XIV) Other comprehensive income			
(i) Items that will not be reclassified to profit or loss		(6.57)	(11.33)
(ii) Income Tax relating to items that will not be reclassified to profit or loss		1.65	3.96
Subtotal (A)		(4.92)	(7.37)
(i) Items that will be reclassified to profit or loss		2,542.63	645.46



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
	(ii) Income Tax relating to items that will be reclassified to profit or loss		(856.79)	(225.55)
	(ii) Reclassification adjustment		(44.77)	
	Subtotal (B)		1,641.07	419.91
	Other Comprehensive Income (A + B)		1,636.15	412.54
(XV)	Total Comprehensive Income for the year		24,232.00	2,877.42
(XVI)	Earnings per equity share (for continuing operations)			
	Basic (₹)		15.06	1.64
	Diluted (₹)		15.06	1.64
	Basis of Preparation and measurement	2		
	Significant accounting policies	3		

The accompanying notes are an integral part of financial statements

In terms of our report of even date

For **Dassani & Associates**

Chartered Accountants
Firm Registration No.- 009096C

Udesh Dassani

Partner
Membership No.: 078588
Place : Indore
Date : May 27, 2020

G Narayanan
Director
DIN : 00210831
Place : Bengaluru

Prasanna Patankar
Managing Director
DIN : 07658714
Place : Mumbai

R Venkataramani
Director
DIN : 00829107
Place : Bengaluru

Pradeep Madhav
Director
DIN : 00267422
Place : Mumbai

T.V. Rao
Director
DIN : 05273533
Place : Bengaluru

Kalpesh Mody
Company Secretary and
Chief Financial Officer
Place : Mumbai

For and on behalf of the Board of Directors
STCI Primary Dealer limited



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

A	Particulars	Year ended	
		March 31, 2020	March 31, 2019
	Cashflow from operating activities		
	<u>Net Profit before Taxation</u>	29,140.82	4,422.69
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation & amortisation	108.68	72.87
	Interest on Borrowings	45,352.72	50,522.42
	Net gain/(loss) on FVOCI debt securities	2,497.86	645.46
	Other adjustment in FVOCI	(6.57)	(11.33)
	Unrealised gain on investment held for trading	(1,626.24)	(2,371.82)
	Interest income in respect of investing activity	(2,517.48)	(2,887.21)
	Financial Instrument/ MAT credit written off	-	9,413.35
	Dividend received	(29.05)	(28.10)
	Interest expense on Income Tax	-	49.10
	Derivatives	-	655.78
	Operating Profit before working capital changes	72,920.74	60,483.21
	Changes in Working Capital:		
	(Increase)/ Decrease in Receivable	17.56	(16.88)
	Loans	1,500.00	(745.26)
	Investments at fair value through profit and loss (Trading portfolio)	1,08,232.63	(1,62,488.16)
	Financial Instrument written off	-	(9,413.35)
	Derivatives	(217.00)	(1,311.56)
	Other financial assets	(544.25)	492.55
	Other non-financial assets	(105.26)	53.51
	Payable	2.77	39.46
	Other financial liabilities	46.19	(379.68)
	Provisions	527.27	18.54
	Other non-financial liabilities	2.96	22.00
	Cash flow from/(used in) operating activities	1,09,462.87	(1,73,728.83)
	Less: Taxes Paid	(7,140.68)	(917.48)
	Net Cash flow from/(used in) Operating Activities	1,75,242.93	(1,14,163.11)
B	<u>Investing activities</u>		
	Sales of FVOCI debt instrument	8,624.82	1,854.89
	Purchase of fixed assets	(9.90)	(16.00)
	Right to use asset	(122)	
	Dividend received	29.05	28.10
	Fixed deposit with banks having original maturity over three months	500.15	0.02
	Interest received on FVOCI debt securities	2,517.48	2,887.21
	Net Cash Flow from/(used in) Investing Activities	11,539.18	4,754.22



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

C	Particulars	Year ended	
		March 31, 2020	March 31, 2019
	Financing Activities		
	Interest on borrowings	(45,352.72)	(50,522.42)
	Payment of dividend (including DDT)	(10,126.68)	(1,808.33)
	Increase/ (Decrease) in borrowings	(1,16,027.16)	1,60,684.28
	Increase/ (Decrease) in deposits	(15,346.90)	1,092.91
	Net Cash Flow from Financing Activities	(1,86,853.46)	1,09,446.44
	Net increase/(decrease) in cash & cash equivalent (A+B+C)	(71.35)	37.55
	Cash & cash equivalent as at April 01, 2019	134.13	96.58
	Cash & cash equivalent as at March 31, 2020	62.78	134.13
	Net change in cash and cash equivalents	(71.35)	37.55
	Operational cash flows from interest and dividends		
	Interest paid	45,184.00	50,401.33
	Interest received	58,338.62	58,092.02
	Dividend received	29.05	30.34

The accompanying notes are an integral part of financial statements

In terms of our report of even date

For **Dassani & Associates**Chartered Accountants
Firm Registration No.- 009096C**Udesh Dassani**Partner
Membership No.: 078588Place : Indore
Date : May 27, 2020**G Narayanan**Director
DIN : 00210831
Place : Bengaluru**Prasanna Patankar**Managing Director
DIN : 07658714
Place : Mumbai**R Venkataramani**Director
DIN : 00829107
Place : Bengaluru**Pradeep Madhav**Director
DIN : 00267422
Place : Mumbai**T.V. Rao**Director
DIN : 05273533
Place : Bengaluru**Kalpesh Mody**Company Secretary and
Chief Financial Officer
Place : Mumbai

For and on behalf of the Board of Directors

STCI Primary Dealer limited



Statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share Capital

(₹ in lakhs)

As at 01st April 2018	Movement during the year	As at 31st March, 2019	Movement during the year	As at 31st March, 2020
15000.00	-	15000.00	-	15,000.00

B. Other Equity

For the year ended March 31, 2020

(₹ in lakhs)

Particulars	Reserves & Surplus				Debt instruments through Other Comprehensive Income	Other items of Other Comprehensive Income (Employee Benefit)	Total
	Capital Redemption Reserve	Statutory Reserve	Reserve & Surplus HTM - CGS A/c	General Reserve			
Opening balance as at April 01, 2019	5,000.00	10,688.02	2,126.63	105.94	17,546.79	(6.43)	33,928.23
Total Comprehensive Income for the period	-	-	-	-	22,595.86	(4.92)	24,232.01
Dividend	-	-	-	-	(8,400.00)	-	(8,400.00)
Dividend Distribution Tax	-	-	-	-	(1,726.68)	-	(1,726.68)
Transfer to/from retained earnings	-	4,846.40	-	-	(4,846.40)	-	-
Any other change	-	-	-	-	-	-	-
Closing balance as at March 31, 2020	5,000.00	15,534.42	2,126.63	105.94	25,169.57	(11.35)	48,033.56



For the year ended March 31, 2019

(₹ in lakhs)

Particulars	Reserves & Surplus					Debt instruments through Other Comprehensive Income	Other items of Other Comprehensive Income (Employee Benefit)	Total
	Capital Redemption Reserve	Statutory Reserve	Reserve & Surplus HTM - CGS A/c	General Reserve	Retained Earnings			
Opening balance as at April 01, 2018	5,000.00	10,112.54	2,126.63	105.94	17,465.73	(1,952.63)	0.94	32,859.13
Total Comprehensive Income for the period	-	-	-	-	2,464.89	419.91	(7.37)	2,877.43
Dividend	-	-	-	-	(1,500.00)	-	-	(1,500.00)
Dividend Distribution Tax	-	-	-	-	(308.33)	-	-	(308.33)
Transfer to/from retained earnings	-	575.48	-	-	(575.48)	-	-	-
Closing balance as at March 31, 2019	5,000.00	10,688.02	2,126.63	105.94	17,546.79	(1,532.72)	(6.43)	33,928.23

The accompanying notes are an integral part of financial statements

For and on behalf of the Board of Directors
STCI Primary Dealer limited

In terms of our report of even date

For Dassani & Associates

Chartered Accountants

Firm Registration No.- 009096C

Udesh Dassani

Partner

Membership No.: 078588

Place : Indore

Date : May 27, 2020

G Narayanan

Director

DIN : 00210831

Place : Bengaluru

R Venkataramani

Director

DIN : 00829107

Place : Bengaluru

T.V. Rao

Director

DIN : 05273533

Place : Bengaluru

Prasanna Patankar

Managing Director

DIN : 07658714

Place : Mumbai

Pradeep Madhav

Director

DIN : 00267422

Place : Mumbai

Kalpesh Mody

Company Secretary and

Chief Financial Officer

Place : Mumbai



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. Corporate Information

STCI Primary Dealer Ltd. ('the Company') is a Public limited company domiciled in India with its registered office at A/B1, 801, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G K Marg, Lower Parel (w) Mumbai – 400013. The company was incorporated under the provisions of the Companies Act, 1956(as amended by the Companies Act, 2013) on October 31, 2006; vide CIN U67110MH2006PLC165306 issued by the Registrar of Companies Maharashtra, Mumbai. The Legal Entity identifier no is 335800QJFFJDBRUV9222. The Company is registered as a Non-Banking Financial Company and a Standalone Primary Dealer (PD).

The Company is a wholly owned subsidiary of STCI Finance Limited and core activities of the Company comprises of underwriting, bidding, market making and trading in Government Securities, Treasury Bills and other fixed income securities. Apart from the above, the Company is an active participant in the money market instruments. The Company plays an active role in all segments of the debt market i.e. in both the SLR and non-SLR segments. The Company runs a proprietary portfolio comprising of Government of India (GOI) dated securities (including Floating Rate Bonds, Inflation Indexed Bonds, etc.), GOI Special Bonds, State Development Loans, Treasury Bills, Corporate Bonds, Commercial Papers, Certificates of Deposits, etc.

2. Basis of Preparation and measurement

2.1. Basis of Preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time. Reserve Bank of India directions to Non-Banking Finance Companies (NBFCs) and as applicable to Primary Dealers; and Division III to Schedule III of the Act as per the Ministry of Corporate Affairs notification dated 11th October, 2018. The accounting policies are applied consistently to all the periods presented in the financial statements.

2.2. Functional and presentation currency

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

2.3. Basis of measurement

The Financial Statements have been prepared under historical cost convention on an accrual basis except for the following material items which have been measured at fair value as required by relevant Ind AS:

Items	Measurement Basis
Investments classified as fair value through profit or loss	Fair value
Investments classified as fair value through OCI	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

2.4. Use of judgment and Estimates

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



are known or materialise i.e. prospectively. Estimates and underlying assumptions are reviewed on an on-going basis based on the most recently available information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes.

- Fair value Measurement of Financial Instruments
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Recognition of deferred tax assets/liabilities;
- Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected

2.5. Fair value measurement

The Company measures financial instruments, such as investments and derivatives at fair values at each reporting date.

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

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities The Company measures the fair value of an instrument using the quoted price in an active market for that instrument, if the same is available. A market is regarded as active, if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 — If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates most of the factors that market participants would take into account in pricing a transaction.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The Company regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified



The fair value of financial assets which are measured at FVOCI or FVTPL is determined as under:

CATEGORY	Quoted / Unquoted	Valuation Method
Central Government Securities	Quoted	FIMMDA valuation
State Government Securities	Quoted	FIMMDA valuation
Corporate bonds/debentures	Quoted	FIMMDA valuation
Equity shares	Quoted	Stock Exchange
Units of Mutual Fund	Quoted	Stock Exchange
Units of Mutual Fund	Unquoted	At latest repurchase price/NAV declared by the Fund
Derivative equity Instruments	Quoted	Stock Exchange
Derivative Debt Instruments	Quoted	FIMMDA Valuation

3. Significant Accounting Policies

3.1. Presentation and disclosure of financial statements

All Assets and liabilities are presented in order of liquidity of line items on the face of financial statements.

3.2. Property, Plant and Equipment

i. Recognition and measurement

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

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

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

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

ii. Subsequent Measurement

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

iii. Depreciation and amortisation

Depreciation on property, plant and equipment and amortization of intangible assets is recognised based on the remaining useful life at the end of the year as estimated by the management which are in line with the useful lives indicated in Schedule II to the Companies Act, 2013.

Land is not depreciated. However, where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, based on the estimated useful life of the buildings.



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

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

3.3. Intangible Assets

i. Recognition and measurement

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

3.4. Impairment of Non-financial assets

Tangible and intangible assets

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

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

3.5. Financial Instruments

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

A. Financial Assets

i. Initial Recognition and measurement

Initial recognition

Financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition of financial assets for am items which are not at Fair Value through Profit or Loss are adjusted to the fair value on initial recognition. Purchase and sale of Financial Assets are recognised using Settlement date accounting.

If entity recognizes financial assets using settlement date accounting, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is not recognized for assets measured at amortized cost. However, for assets measured at fair value, the change in fair value shall be recognized in profit or loss or in other comprehensive income, as appropriate on reporting date.

Subsequent measurement

- Financial assets are subsequently classified as measured at Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.



ii. Classification of financial assets

A Financial Asset is measured at amortised cost if both of the following conditions are met:

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

After initial recognition, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of profit or loss, when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Debt Instruments at fair value through OCI

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

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

Debt Instruments at fair value through profit or loss

A Financial Asset shall be classified and measured at fair value through profit or loss (FVTPL) unless it is measured at amortised cost or at fair value through OCI.

A gain or loss on a debt investment that is subsequently measured at Fair value through Profit or Loss and is not part of a hedging relationship is recognised in statement of profit or loss within Other Income in the period in which it arises. Interest income from these financial assets is included in interest income.

Equity instruments

Equity instruments which are held for trading are classified as at FVPL with all changes recognised in statement of profit and loss. For all other equity instruments, the Company decides to classify the same as whether at FVOCI or FVPL. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

In case, where the equity instruments are classified as at FVOCI then fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investments. However, the Company may transfer the cumulative gain or loss within equity.

iii. De-recognition of financial assets

The Company de-recognises a financial asset only when rights to receive cash flows from the asset have expired or has transferred its rights to receive cash flows or it transfers the financial asset and



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

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on derecognition.

B. Financial liabilities and equity instruments issued by the Company

i. Classification as Debt or Equity:

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

Equity instruments

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

ii. Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

a) Financial Liabilities at Fair Value through Profit or Loss (FVTPL):

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

b) Financial liabilities at amortised cost:

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

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

De-recognition of financial liabilities

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

C. Derivative financial instruments

The Company presently deals in interest rate swaps & futures, currency swaps, Equity and Index Futures and Options to earn trading profit of changes in interest rates and exchange rates.



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

Currency futures, Interest rate futures (i.e. exchange traded derivatives) are marked to market using closing price of the relevant futures contract as published by the NSE.

Interest rate swaps are marked to market using suitable interest rate curves.

Equity and Index Futures and Options are marked to market using the NSE published rates.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

D. Impairment of financial instruments

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

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

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

Stage 3 (Non-performing or Credit-impaired assets) includes financial assets that have objective evidence of impairment at the reporting date.

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

Criteria used for classification of assets are detailed below:

Stage 1 (12 month ECL)	Investments	No downgrade in external rating
Stage 2 (lifetime ECL)	Investments	Significant downgrade in the external rating
Stage 3 (lifetime ECL)	Investments	Bonds with Default Rating

Measurement of Expected Credit Loss

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



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

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

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

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

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

Computation of ECL is summarized as under.

Classification	ECL	ECL computation
Stage 1	12 Month ECL	1 year PD*LGD*Outstanding on computation Date
Stage 2	Lifetime ECL	Sum of discounted value of each year's ECL(ECL for each year would be product of forecasted PD, LGD and forecasted EAD at the end of each year
Stage 3	Lifetime ECL	LGD*Outstanding on Computation Date

Presentation of allowance for ECL in the balance sheet

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

E. Write off

Debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

F. Offsetting

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

G. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and charges paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.



Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the 'interest income' line item.

H. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

3.6. Income Tax

Income tax expense comprises of current tax and deferred tax.

A. Current tax

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

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



B. Deferred tax

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

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

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

Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Any changes in the deferred taxes due to a change in tax rates are recognized in the statement of Profit and Loss in the period of enactment of the change.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

C. Minimum Alternate Tax ('MAT') credit:

The Company has opted for lower Income Tax Rate as applicable u/s. 115 BAA of Income Tax Act. As per the provision of this section the company has to foregone the earlier MAT credit available in the books and thus the Company has reversed the total MAT credit of Rs. 2,24,42,658/- available in the books.

3.7. Cash and Bank Balances

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

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

Statement of Cash Flow

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

3.8. Provisions and Contingencies

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



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

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

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

3.9. Revenue Recognition

A. Interest

For all financial instruments measured at amortised cost and interest-bearing financial assets classified at FVTOCI, interest income or expense is recognised using the effective interest rate method.

Interest income on tax refunds is recognised on receipt basis.

B. Dividend Income

Dividend income from investments is recognised when the shareholder's rights to receive income have been established.

C. Income from Derivative instruments:

Derivative instruments such as Equity and Index Futures and Options, Interest Rate Swaps (IRS), Currency and Interest Rate Futures are considered as trading derivatives and hence the Open positions are marked to market on daily basis and net gains/losses, are recognised to Profit & Loss account.

Income from Derivative instruments represents the net profit or loss on settled/expired positions in equity index and stock futures and options after adjusting for brokerage and other transaction costs.

D. Treasury Bills, Commercial Papers, Certificate of Deposits 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.

E. Expenses/Income under Repo Transactions:

In line with the revised guidelines issued by the Reserve Bank of India (RBI), repo/reverse repo transactions are treated as borrowing and lending transactions. Further, in line with the RBI guidelines, the difference between the total consideration (clean price and the accrued interest) between the 1st and 2nd leg of the repo and reverse repo transactions is accounted as Repo Expenditure or Repo Income, as the case may be, over the period of the contract.

F. Triparty Repo (TREPS)/Collateralized Borrowing and Lending Obligation (CBLO) transactions

Transactions for borrowing and lending under TREPS/CBLO are accounted for at their discounted values. The difference paid or received on redemption is treated as discount paid on TREPS/CBLO in case of borrowing and discount earned on TREPS/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.

G. Underwriting Commission/Fees

Underwriting commission/fee earned in respect of successful bids/devolvement towards fulfilment of underwriting commitments, to the extent apportionable to the cost, are reduced from the cost of securities devolved and the remaining amount is reckoned as income.

H. Cost of acquisition of securities includes Brokerage and Securities Transaction Tax (STT), wherever applicable paid towards the transaction. At the time of sale of securities, brokerage and STT are reduced from consideration received.

I. Profit/Loss from trading in Equities and equity exchange traded derivatives is recognised on the basis of fair value on trade dates. Profit/Loss from trading in Government Securities, Corporate Bonds is recognised on the basis of fair value on settlement dates.

3.10. Borrowing Cost

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

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

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

3.11. Employee Benefits

A. Short-term employee benefits

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

B. Long-Term employee Benefits

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

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

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



Post-Employment and termination benefits

Defined Contribution Plan (Provident Fund):

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

Defined Benefit Obligation (Gratuity)

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

Defined benefit costs are categorised as follows:

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

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

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

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

3.12. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

Company shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a Lessee

At the commencement date, Company recognises a right-of-use asset at cost and a lease liability at present value of the lease payments that are not paid at commencement date. The Lease Payments shall be discounted using appropriate interest rate on periodic basis.

Subsequently, right of use asset is depreciated over lease term and lease liability is reduced as payments are made and an imputed finance cost on lease liability is recognised in statement of profit and loss.



If a lease, at the commencement date, has a lease term of 12 months or less, it is treated as Short term lease.

Lease payments associated with short term leases are treated as an expense on systematic basis.

3.13. Earnings Per Share

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Other Comprehensive Income

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) Items that will not be reclassified to profit or loss		
Opening balance	(6.43)	0.94
(a) Actuarial gain/loss on gratuity	(6.57)	(11.33)
Total	(13.00)	(10.39)
(b) Income Tax relating to items that will not be reclassified to profit or loss	1.65	3.96
Subtotal (A)	(11.35)	(6.43)
(ii) Items that will be reclassified to profit or loss		
Opening balance	(1,532.72)	(1,952.63)
(a) Fair Value Changes - Debt Instruments held through Other Comprehensive Income	2,542.63	645.46
(b) Reclassification adjustments	(44.77)	-
	965.14	(1,307.17)
(c) Income Tax relating to items that will be reclassified to profit or loss	(856.79)	(225.55)
Subtotal (B)	108.35	(1,532.72)
Other Comprehensive Income (A + B)	97.00	(1,539.15)

Note- 4 : Cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Cash on hand	0.12	0.03
b) Balances with Bank	62.66	134.10
Total (a+b)	62.78	134.13

Note- 5 : Bank Balances other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposit with bank (includes interest accrued not due)	22.06	22.21
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	300.00	800.00
Total	322.06	822.21



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 6 : Derivative financial instruments

(₹ in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair Value Assets	Fair Value Liabilities	Notional amounts	Fair Value Assets	Fair Value Liabilities
(i) Currency derivatives						
(ii) Interest rate derivatives						
Interest rate swaps	16,30,608.95	71,759.19	70,905.86	34,77,584.81	87,573.51	86,931.53
Options purchased	-	-	-	-	-	-
Options sold (written)	-	-	-	-	-	-
Futures	-	-	-	-	-	5.65
Others	-	-	-	-	-	-
Total	16,30,608.95	71,759.19	70,905.86	34,77,584.81	87,573.51	86,937.18
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives (Please specify)	-	-	-	-	-	-
Total derivatives	16,30,608.95	71,759.19	70,905.86	34,77,584.81	87,573.51	86,937.18

* Notional amount for IRS represents both assets and liability

Note 7: Other Receivables

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Others	-	17.55
Total	-	17.55

Note 8: Loans (at amortised cost)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Lending under REPO (Secured By Collateral of Govt. Securities & Treasury Bills)	-	1,500.00
Lending under CBLO (Secured By Collateral of Govt. Securities & Treasury Bills)	-	-
Lending under TREPS (Secured By Collateral of Govt. Securities & Treasury Bills)	-	-
Total Gross	-	1,500.00
Less : Impairment loss allowance	-	-
Total Net	-	1,500.00



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 9: Investments

(₹ in lakhs)

Particulars	As at March 31, 2020						As at March 31, 2019								
	At Fair Value						At Fair Value								
	1	2	3	4	5	6	1	2	3	4	5	6			
	Amortised cost	Through other comprehensive income	Through profit and loss account*	Designated at fair value through profit and loss account	Sub Total	Others	Total	Amortised cost	Through other comprehensive income	Through profit and loss account*	Designated at fair value through profit and loss account	Sub Total	Others	Total	
					(5=2+3+4)	6	(7=1+5+6)					(5=2+3+4)	6	(7=1+5+6)	
Investments															
Government securities	-	35,784.79	6,82,963.45	-	7,18,748.24	-	7,18,748.24	-	42,783.35	7,79,974.69	-	8,22,758.04	-	8,22,758.04	
Other approved securities	-	-	(0.00)	-	(0.00)	-	(0.00)	-	-	4,586.98	-	4,586.98	-	4,586.98	
Debt securities	-	-	97,093.50	-	97,093.50	-	97,093.50	-	-	1,03,354.11	-	1,03,354.11	-	1,03,354.11	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Quoted Equity Shares	-	-	-	-	-	-	-	-	-	375.75	-	375.75	-	375.75	
Mutual funds	-	-	502.35	-	502.35	-	502.35	-	-	500.40	-	500.40	-	500.40	
Total : Gross (A)	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09	-	42,783.35	8,88,791.93	-	9,31,575.29	-	9,31,575.29	
(i) Overseas Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(ii) Investments in India	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09	-	42,783.35	8,88,791.93	-	9,31,575.29	-	9,31,575.29	
Total : Gross (B)	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09	-	42,783.35	8,88,791.93	-	9,31,575.29	-	9,31,575.29	
Total Investment (A) = (B)	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09	-	42,783.35	8,88,791.93	-	9,31,575.29	-	9,31,575.29	
Less: Impairment loss allowance (C)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total : Net D = (A) - (C)	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09	-	42,783.35	8,88,791.93	-	9,31,575.29	-	9,31,575.29	

* As per Business model of the company these investments are measured at FVTPL

Note 10: Other financial assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security and other deposits (Measured at amortised cost)	35.18	27.97
Others		
a) Profit/ (Loss) on account of trade on reporting date accounting	577.07	-
b) Margin money with CCIL	1,402.00	1,439.63
c) Margin money with others	3.25	5.66
Total	2,017.50	1,473.26



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 11 : Property, plant & equipment and intangible assets

Current Year	(₹ in lakhs)										
	Tangible Assets (I)						Intangible Assets (II)			Grand Total - (I+II)	
	Buildings	Computers	Office Equipments	Furniture & Fixtures	Vehicles	Right-of-Use Assets*	Sub-total (I)	Software and Licenses	Sub-total (II)		
Cost											
As at April 01, 2019	1,578.29	101.39	10.25	44.06	16.38	-	1,753.85	26.62	26.62	1,780.47	
Additions/adjustments during the period	-	9.65	-	-	-	157.90	167.79	-	-	167.79	
Deletions/retirements during the period	-	5.38	-	-	-	-	5.38	-	-	5.38	
As at March 31, 2020	1,578.29	105.66	10.25	44.06	16.38	157.90	1,916.26	26.62	26.62	1,942.88	
Depreciation and Amortisation											
As at April 01, 2019	59.10	41.32	4.94	25.82	4.99	-	138.71	24.34	24.34	163.05	
Depreciation charge for the period	29.63	23.61	2.47	12.94	1.91	35.50	106.62	2.05	2.05	108.67	
On Disposals	-	5.37	-	-	-	-	5.37	-	-	5.37	
upto March 31, 2020	88.73	59.56	7.40	38.76	6.90	35.50	239.95	26.39	26.39	266.34	
Net Book Value											
As at March 31, 2020	1,489.56	46.10	2.85	5.30	9.48	122.40	1,676.31	0.23	0.23	1,676.54	

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

* Right-of-Use Assets is derived as per the requirement of Ind AS 116.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Note 11 : Property, plant & equipment and intangible assets

Previous Year

Fixed Assets	Tangible Assets (I)										Intangible Assets (II)		Grand Total - (I+II)
	Buildings	Computers	Office Equipments		Furniture & Fixtures	Vehicles	Right-of-Use Assets*	Sub-total (I)	Software and Licenses	Sub-total (II)	(III)		
			Air-Conditioners	Others									
Cost													
As at April 01, 2018	1,578.29	85.50	10.25	3.37	44.06	16.38	-	1,737.85	26.62	26.62	1,764.47		
Additions/adjustments during the year	-	15.89	-	0.11	-	-	-	16.00	-	-	16.00		
Deletions/retirements during the year	-	-	-	-	-	-	-	-	-	-	-		
As at March 31, 2019	1,578.29	101.39	10.25	3.47	44.06	16.38	-	1,753.85	26.62	26.62	1,780.47		
Depreciation and Amortisation													
As at April 01, 2018	29.55	19.23	2.48	1.48	12.92	3.09	-	68.75	21.43	21.43	90.18		
Depreciation charge for the year	29.55	22.09	2.46	1.05	12.90	1.91	-	69.97	2.91	2.91	72.88		
On Disposals	-	-	-	-	-	-	-	-	-	-	-		
Up to March 31, 2019	59.10	41.32	4.94	2.54	25.82	4.99	-	138.71	24.34	24.34	163.05		
Net Book Value													
As at March 31, 2019	1,519.19	60.07	5.31	0.93	18.24	11.39	-	1,615.13	2.28	2.28	1,617.41		

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

Note 12 : Other non-financial assets

(₹ in lakhs)

Particulars	As at	
	March 31, 2020	March 31, 2019
Prepaid expenses	80.64	40.54
Advance payment to supplier	12.61	0.62
Receivable from Government		
- GST Input tax credit	49.96	32.29
Total	143.21	73.45



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 13 : Trade payables

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	120.78	87.90
	Subtotal (i+ii)	120.78	87.90
b)	Other payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	53.00	83.11
	Subtotal (i+ii)	53.00	83.11
	Total (a+b)	173.78	171.01

Note 14 : Borrowings at amortised cost (other than debt securities)

(₹ in lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
	Other loans	7,53,065.28	8,69,092.44
	Secured		
i)	Tri-Party Repo (TREPS) Segment	2,92,343.71	3,00,806.18
	(31st Mar 2020 : Carries interest rate between 0.30% to 0.75% and is repayable within 3 days)		
	(31st Mar 2019 : Carries interest rate between 5.7% to 7.29% and is repayable within 2days)		
	(Secured by Collateral of Govt. Securities & Treasury Bills)		
	(of the above, ₹ Nil is guaranteed by directors and/or others)	-	-
ii)	Borrowing under REPO	3,06,735.36	2,96,785.96
	(31st Mar 2020 : Carries interest rate between 1% to 4.95% and is repayable within 3 days)		
	(31st March 2019 : Carries interest rate between 6.05% to 7.5% and is repayable within 2 days)		
	(Secured by Collateral of Govt. Securities & Treasury Bills)		
	(of the above, ₹ Nil is guaranteed by directors and/or others)		
iii)	Borrowing Under LAF/Refinance from RBI	46,965.99	1,53,569.08
	(31st Mar 2020: LAF carries interest rate of 4.40% and is repayable in 22-27 days)		
	(31s March 2019 LAF carries interest rate of 6.25% and is repayable in 2 days, Refinance carries interest rate of 6.25% and is repayable within 8-71days, Term Repo carries interest rate of 6.42% and is repayable within 9 days)		
	(Secured by Collateral of Govt. Securities & Treasury Bills)		
	(of the above, ₹ Nil is guaranteed by directors and/or others)		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
(i) Loans repayable on demand from banks (repayable at call/short notice/term) (31st Mar 20: Call money carries interest rate between 4.40% to 4.90% and is repayable within 3 days, Notice money carries interest rate between 4.40% to 5.65% and is repayable between 4-11 days, Term money carries interest rate between 5.15% to 5.60% and is repayable between 15-70 days) (31st March 19: Notice money carries interest rate between 6.18% to 8.00% and is repayable within 2 days, Term money carries interest rate between 6.30% to 7.40% and is repayable between 2-12 days)	1,07,020.22	1,17,931.22
Total (A)	7,53,065.28	8,69,092.44
Borrowings in India	7,53,065.28	8,69,092.44
Borrowings outside India		
Total (A) = (B)	7,53,065.28	8,69,092.44

Note : The debt coverage has been complied with.

Note 15 : Deposits at amortised cost

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits - Unsecured		
From others (Inter Corporate Deposits)	2,931.21	18,278.11
Total	2,931.21	18,278.11

(31st Mar 2020 : carries interest rate between 5.39% to 5.44% and is repayable within 88-91 days)

(31st March 2019 : carries interest rate between 6.5% to 9.05% and is repayable within 8-89 days)

(of the above, ₹ Nil is guaranteed by directors and/or others)

- The Company has not defaulted in repayment of deposit and interest during the year.

Note 16 : Other financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Net Fair value changes for settlement date	-	67.21
Salary Payable	-	-
Lease Liability	113.40	-
Sundry Creditors for Expense (Others)	-	-
Total	113.40	67.21



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 17 : Provisions

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for employee benefits		
Provision for Performance linked variable pay (refer note no 28)	695.80	178.70
Gratuity & leave encashment	141.42	136.48
Others	-	4.25
(b) Others		
- Provision for stamp duty (refer note no 28)	357.30	347.82
Total (a+b)	1,194.52	667.25

Note 18 : Other non-financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues	44.74	41.77
Total	44.74	41.77

Note : 19 Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
30,00,00,000 Equity shares of Rs. 10/-each	30,000	30,000
	30,000	30,000
Issued, subscribed, and fully paid up		
Equity Share Capital		
15,00,00,000 Equity shares of Rs. 10/- each fully paid up	15,000	15,000
Total	15,000	15,000

Note: 19.1 Reconciliation of the number of shares outstanding

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
Shares outstanding at the beginning of the year	15,00,00,000	15,000	15,00,00,000	15,000
Shares Issued during the period	-	-	-	-
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the period	15,00,00,000	15,000	15,00,00,000	15,000

Note: 19.2 Details of aggregate shareholding by Holding Company, subsidiary of holding company or Associate of holding Company

Particulars	As at March 31, 2020	As at March 31, 2019
STCI Finance Limited (Holding Company)*	150,000,000	150,000,000

* Includes 6 shares held by the nominee



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note: 19.3 Terms and Rights attached to equity shares

Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of Rs. 10/- each. In the event of liquidation by the company, the shareholder of equity share will be entitled to receive remaining assets of the Company after distribution of all the preferential amount. Distribution will be in proportion number of equity shares held by each shareholder.

Note: 19.4 Shareholders holding more than 5% of equity shares of the company are as under.

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
STCI Finance Limited (Holding Company)*	15,00,00,000	100%	15,00,00,000	100%

Note-20 : Other equity

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
General Reserve	105.94	105.94
Retained Earnings	25,169.57	17,546.79
Other comprehensive income :		
Debt instruments through Other Comprehensive Income	108.35	(1,532.72)
Remeasurements of the net defined benefit plans	(11.35)	(6.43)
Other reserves:		
Statutory Reserve	15,534.42	10,688.02
Capital Redemption Reserve	5,000.00	5,000.00
Reserve & Surplus HTM - CGS	2,126.63	2,126.63
Total	48,033.56	33,928.23

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

- Statutory Reserve is created as per Section 45-IC of the RBI Act, 1934 by transferring therein a sum not less than 20% of its net profit every year and forms part of free reserves, Net owned funds and Tier I capital.
- Capital redemption Reserve is created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares in accordance with Section 69 of the Companies Act, 2013.
- Debt Instrument through OCI represents the cumulative gains/(losses) arising on the fair valuation of debt instruments measured at fair value through OCI.
- Reserve & Surplus HTM - CGS represents profit transferred to such reserve as per RBI guidelines on disposal of instruments classified under HTM category.

Note-21 : Interest income

(₹ in lakhs)

Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Securities classified at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Securities classified at fair value through profit or loss	Total
Interest on Loans	-	16.68	-	16.68	-	17.96	-	17.96
Interest income from investments	2,517.48	-	55,781.56	58,299.03	2,887.21	-	55,122.35	58,009.56
Interest on deposits with banks	-	13.33	-	13.33	-	9.90	-	9.90
Other interest income	-	9.58	-	9.58	-	54.60	-	54.60
Total	2,517.48	39.59	55,781.56	58,338.62	2,887.21	82.46	55,122.35	58,092.02



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 22 : Trading Profit/(Loss) on investments

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Government Securities	1,702.67	281.73
State Development Loans	13,398.86	3,667.07
GOI Special Securities	252.66	25.91
Corporate bonds	1,001.46	88.23
Zero Coupon Bonds	-	129.64
Liquid Mutual Fund	-	390.75
Equity Shares	(38.08)	20.38
Equity Futures & Options	(188.00)	(3.68)
Interest Rate Swaps	69.48	493.45
Interest Rate Futures	(32.18)	(10.04)
Currency Futures	(6.98)	(3.77)
Interest Rate Option	0.02	-
Treasury Bills	995.69	640.90
Commercial Papers	-	84.48
Certificate of Deposits	649.98	13.18
STRIPS	-	-
Trading Profit/(Loss) on securities (Refer A below)	17,805.58	5,818.23

Revenue from Operations

(₹ in lakhs)

A	Trading Profit/(Loss) on securities	For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Government securities		
	Sales (net of brokerage)	1,702.67	281.72
	Add : Stock on hand as at the end of the year	3,22,12,470.26	2,76,48,053.15
	Less : (i) Purchases	79,150.40	1,07,278.98
	(ii) Stock on hand as at the beginning of the year	(3,21,82,570.38)	(2,77,01,269.39)
	Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(1,07,278.98)	(53,784.56)
	Profit/ (Loss) on account of trade on reporting date accounting	(64.20)	3.54
		(4.43)	-
(b)	State Development Loans		
	Sales (net of brokerage)	13,398.86	3,667.08
	Add : Stock on hand as at the end of the year	36,35,984.65	26,67,317.66
	Less : (i) Purchases	1,45,507.35	1,79,526.79
	(ii) Stock on hand as at the beginning of the year	(35,88,158.92)	(27,57,623.81)
	Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(1,79,526.79)	(85,247.15)
	Profit/ (Loss) on account of trade on reporting date accounting	(933.48)	(306.41)
		526.05	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Revenue from Operations

(₹ in lakhs)

A	Trading Profit/(Loss) on securities	For the year ended March 31, 2020		For the year ended March 31, 2019	
(c)	GOI Special Securities		252.65		25.89
	Sales (net of brokerage)	37,763.80		50,191.04	
	Add : Stock on hand as at the end of the year	-		4,484.46	
	Less : (i) Purchases	(33,020.03)		(33,899.81)	
	(ii) Stock on hand as at the beginning of the year	(4,484.46)		(20,795.91)	
	Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(6.66)		46.11	
(d)	Corporate Bond		1,001.47		88.23
	Sales (net of brokerage)	2,90,448.95		4,52,174.45	
	Add : Stock on hand as at the end of the year	31,520.58		56,013.09	
	Less : (i) Purchases	(2,64,680.30)		(3,04,749.32)	
	(ii) Stock on hand as at the beginning of the year	(56,013.09)		(2,03,349.99)	
	Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(274.67)		-	
(e)	Zero Coupon Bonds		-		129.64
	Sales (net of brokerage)	-		7,238.73	
	Add : Stock on hand as at the end of the year	-		-	
	Less : (i) Purchases	-		(7,109.09)	
	(ii) Stock on hand as at the beginning of the year	-		-	
(f)	Liquid Mutual Fund		-		390.75
	Sales (net of brokerage)	-		14,04,390.75	
	Add : Stock on hand as at the end of the year	-		-	
	Less : (i) Purchases	-		(14,04,000.00)	
	(ii) Stock on hand as at the beginning of the year	-		-	
(g)	Equity Shares		(38.09)		20.37
	Sales (net of brokerage)	1,173.27		313.76	
	Add : Stock on hand as at the end of the year	-		369.96	
	Less : (i) Purchases	(835.61)		(663.35)	
	(ii) Stock on hand as at the beginning of the year	(369.96)		-	
	(iii) Equity Cash MTM	-		-	
	Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(5.79)		-	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Revenue from Operations

(₹ in lakhs)

A	Trading Profit/(Loss) on securities	For the year ended March 31, 2020		For the year ended March 31, 2019	
(h)	Equity Futures & Options		(188.00)		(3.68)
	Profit & Loss on Equity F&O	(188.00)		(3.68)	
(i)	Interest Rate Swap		69.48		493.45
	Profit & Loss including MTM on IRS	69.48		493.45	
(j)	Interest Rate Futures		(32.18)		(10.04)
	Profit & Loss on Interest Rate Futures	(32.18)		(10.04)	
(k)	Currency Futures		(6.98)		(3.77)
	Profit & Loss on Currency Futures	(6.98)		(3.77)	
(l)	Interest Rate Option		0.02		-
	Profit & Loss on Interest Rate Option	0.02		-	
(m)	Treasury Bills		995.68		640.90
	Sales (net of brokerage)	46,52,010.27		40,62,301.53	
	Add : Stock on hand as at the end of the year	4,51,565.45		4,85,951.60	
	Less : (i) Purchases	(45,89,709.78)		(42,18,213.29)	
	(ii) Stock on hand as at the beginning of the year	(4,85,951.60)		(3,03,968.32)	
	(iii) Discount Income on Treasury bills	(25,706.24)		(25,092.09)	
	Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(1,267.87)		(338.53)	
	Profit/ (Loss) on account of trade on reporting date accounting	55.45		-	
(n)	Commercial Papers		-		84.49
	Sales (net of brokerage)	-		84,026.90	
	CP Written off (refer note 43)	-		9,413.35	
	Add : Stock on hand as at the end of the year	-		-	
	Less : (i) Purchases	-		(43,407.39)	
	(ii) Stock on hand as at the beginning of the year	-		(48,225.26)	
	(iii)Discount Income on Commercial Papers	-		(1,833.25)	
	Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	-		110.14	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Revenue from Operations

(₹ in lakhs)

A	Trading Profit/(Loss) on securities	For the year ended March 31, 2020		For the year ended March 31, 2019	
(o)	Certificate of Deposit		649.99		13.18
	Sales (net of brokerage)	93,257.17		47,902.37	
	Add : Stock on hand as at the end of the year	64,942.17		46,707.16	
	Less : (i) Purchases	(1,06,643.34)		(93,385.96)	
	(ii) Stock on hand as at the beginning of the year	(46,707.16)		-	
	(iii) Discount Income on Certificate of Deposit	(4,198.85)		(1,210.39)	
(p)	STRIPS		-		-
	Sales (net of brokerage)	33.24	-	-	-
	Add : Stock on hand as at the end of the year	2,816.64	-	-	-
	Less : (i) Purchases	(2,792.15)	-	-	-
	(ii) Stock on hand as at the beginning of the year	-	-	-	-
	(iii) Discount Income on STRIPS	(57.73)	-	-	-
	Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss				
	Total		17,805.55		5,818.21

Note-23 : Net gain/ (loss) on fair value changes

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	1,626.24	2,371.82
- Derivatives	-	-
Total Net gain/(loss) on fair value changes	1,626.24	2,371.82
Fair Value changes:		
- Realised	-	-
- Unrealised	1,626.24	2,371.82
Total Net gain/(loss) on fair value changes	1,626.24	2,371.82

Note-24 : Other Income

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit on sale of fixed assets	0.01	-
Expenses write back	-	53.90
Miscellaneous income	2.16	17.48
Total other income	2.17	71.38



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note-25 : Finance costs at amortised cost (Refer Note 21)

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on deposits	1,062.85	1,198.01
Interest on borrowings	44,116.97	49,150.07
Interest on debt securities	-	-
Intraday liquidity charges	168.73	174.34
Other interest expense	4.17	53.25
Total	45,352.72	50,575.67

Note 26 : Employee Benefits Expenses

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	1,412.03	864.80
Gratuity	14.05	6.47
Contribution to provident and other funds	37.41	34.62
Staff welfare expenses	34.65	23.66
Total	1,498.14	929.55

Note 27 : Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Rent, taxes and energy costs	34.99	68.93
Repairs and maintenance	71.92	73.09
Communication costs	28.52	29.23
Printing and stationery	10.84	9.20
CSR expenditure	252.44	231.35
Director's fees, allowances and expenses	40.74	35.56
Auditor's remuneration (refer note below*)	13.63	16.45
Legal and professional charges	94.46	99.98
Insurance	40.09	27.25
Information services	108.08	103.77
Business development expenses	19.03	9.65
GST ITC (written off)#	75.29	-
Office expenses	39.21	26.16
Other expenditure	19.36	21.02
Total	848.60	751.64

As per company's policy the GST ITC in excess of ₹ 50 Lakhs is written off, any refund to be received from the department post balancesheet date shall be routed through profit and Loss in the year of receipt, till date no refund has been issued.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note : Auditors remuneration*

(₹ in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Statutory audit fee	7.38	5.50
Limited review fee	1.00	-
Tax audit fee	1.50	1.75
Certification and other services	3.50	8.95
Out of pocket expenses	0.25	0.25
Total	13.63	16.45

Notes forming part of financial statements :

Note : 28 Provisions, Contingent Liabilities and Contingent assets

Provisions

(₹ in lakhs)

Particulars	Stamp Duty#		PLVP*	
	2019-20	2018-19	2019-20	2018-19
Carrying amount at the beginning	347.82	337.58	178.70	212.99
Additional provisions made in the period	9.48	10.24	660.00	111.45
Amounts used during the period;	-	-	(142.20)	(145.60)
Unused amounts reversed during the period	-	-	(0.70)	(0.14)
Carrying amount at the end of the period	357.30	347.82	695.80	178.70

*Performance Linked Variable Pay – The same is provided by the company to its employees on the basis of their performance. The amount provided by the company is approved by the Board of Directors. In case if the amount is unapproved or the employee leaves the Company before the payment of the same, then such amounts are reversed.

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 ₹ 9.48 lakhs (March 31, 2019 - ₹ 10.24 lakhs) calculated on the basis of 0.01% of the value of transaction as stipulated in the Maharashtra Stamp Act, (erstwhile The Bombay Stamp Act, 1958), as amended, has been made for stamp duty for direct deals of non-government securities. The provision as on March 31, 2020 for stamp duty on non-government securities transactions stands at ₹ 357.30 lakhs (March 31, 2019 - ₹ 347.82 lakhs). The amount of provision is included under Note no. 17 "Provisions" in the balance sheet and under the head Transaction and Settlement Charges in the statement of profit and loss.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note: 29 Maturity analysis of assets and liabilities

(₹ in lakhs)

Assets	31-Mar-20		
	Within 12 months	After 12 months	Total
Cash and cash equivalents	62.78	-	62.78
Bank Balance other than (a) above	322.06	-	322.06
Derivative financial instruments	71,759.19	-	71,759.19
Receivables	-	-	-
Loans	-	-	-
Investments	7,80,559.30	35,784.79	8,16,344.09
Other financial assets	1,982.32	35.18	2,017.50
Non-financial Assets			
Deferred tax Assets (Net)	-	-	-
Property, Plant and Equipment	-	1,676.31	1,676.31
Other Intangible assets	-	0.23	0.23
Other non-financial assets	143.21	-	143.21
Total Assets (A)	8,54,828.86	37,496.51	8,92,325.37
LIABILITIES			
Financial Liabilities			
Derivative financial instruments	70,905.86	-	70,905.86
Payables	-	-	-
(i) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	120.78	-	120.78
(ii) Other Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	53.00	-	53.00
Borrowings (other than debt securities)	7,53,065.28	-	7,53,065.28
Deposits	2,931.21	-	2,931.21
Other financial liabilities	27.19	86.21	113.40
Non-Financial Liabilities			
Current tax liabilities (Net)	477.14	-	477.14
Provisions	1,194.52	-	1,194.52
Deferred tax liabilities (Net)	-	385.88	385.88
Other non-financial liabilities	44.74	-	44.74
Total liabilities (B)	8,28,819.72	472.09	8,29,291.81
Net (A-B)	26,009.14	37,024.42	63,033.56



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Assets	31-Mar-19		
	Within 12 months	After 12 months	Total
Cash and cash equivalents	134.14	-	134.14
Bank Balance other than (a) above	822.21	-	822.21
Derivative financial instruments	87,573.51	-	87,573.51
Receivables	17.55	-	17.55
Loans	1,500.00	-	1,500.00
Investments	8,88,291.53	43,283.75	9,31,575.28
Other financial assets	1,445.29	27.97	1,473.26
Non-financial Assets			
Deferred tax Assets (Net)	-	-	-
Property, Plant and Equipment	-	1,615.14	1,615.14
Other Intangible assets	-	2.28	2.28
Other non-financial assets	73.45	-	73.45
Total Assets (A)	9,79,857.68	44,929.14	10,24,786.82
LIABILITIES			
Financial Liabilities			
Derivative financial instruments	86,937.18	-	86,937.18
Payables			
(i) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	87.90	-	87.90
(ii) Other Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	83.11	-	83.11
Borrowings (other than debt securities)	8,69,092.44	-	8,69,092.44
Deposits	18,278.11	-	18,278.11
Other financial liabilities			
(Net Fair value changes for settlement date)	67.21	-	67.21
Non-Financial Liabilities			
Current tax liabilities (Net)	92.30	-	92.30
Provisions	667.25	-	667.25
Deferred tax liabilities (Net)	-	511.32	511.32
Other non-financial liabilities	41.77	-	41.77
Total liabilities (B)	9,75,347.27	511.32	9,75,858.59
Net (A-B)	4,510.41	44,417.82	48,928.23



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note : 30 Change in liabilities arising from financing activities

(₹ in lakhs)

Particulars	April 01, 2019	Cash flows	Changes in fair values	Exchange differences	Other	31-Mar-2020
Debt securities	-	-			-	-
Borrowings other than debt securities	8,69,092.44	(1,16,027.16)			-	7,53,065.28
Deposits	18,278.11	(15,346.90)			-	2,931.21
Total liabilities from financing activities*	8,87,370.55	(1,31,374.07)			-	7,55,996.48

(₹ in lakhs)

Particulars	April 01, 2018	Cash flows	Changes in fair values	Exchange differences	Other	31-Mar-2020
Debt securities	-	-	-	-	-	-
Borrowings other than debt securities	7,08,408.17	1,60,684.27	-	-	-	8,69,092.44
Deposits	17,185.20	1,092.91	-	-	-	18,278.11
Total liabilities from financing activities*	7,25,593.37	1,61,777.18	-	-	-	8,87,370.55

*Cash flows also includes interest accrued but not due on borrowings.

Note : 31 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)

Ultimate Holding Company : Bank of India

Fellow Subsidiary : STCI Commodities Limited

ii. Key management personnel and relatives of such personnel

1. Shri Prasanna Patankar, Managing Director

2. Shri M.N.Suresh, Chief Financial Officer

3. Shri Kalpesh Mody, Company Secretary

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

b. Details of Related party transactions during the year :

(₹ in lakhs)

Nature of Transaction	Related Party	2019-20	2018-19
Purchase of Government Securities	Holding Company	5,063.57	585.96
Sale of Government Securities	Holding Company	Nil	Nil
CSGL charges and CCIL charges (Received)	Holding Company	0.55	3.33
Reimbursement of Expenses (Payment)	Holding Company	9.92	11.12
Reimbursement of Expenses (Received)	Holding Company	2.51	1.69
Rent paid	Holding Company	3.01	Nil
Sitting fees Paid	Holding Company	4.30	3.7
Dividend Paid	Holding Company	8,400.00	1,500.00
Security Deposit	Holding Company	3.25	Nil
Purchase of Government Securities	Bank of India	28,714.95	34,516.06
Sale of Government Securities/ Commercial Papers	Bank of India	25,060.53	1,12,380.37
Sitting fees Paid	Bank of India	2.60	1.5
IDL Charges Paid	Bank of India	40.00	47.2
IDL Borrowings (C.Y. 200 crores for 242 days P.Y. 200 crores for 241 days)	Bank of India	48,40,000.00	48,20,000.00



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Key management personnel compensation

(₹ in lakhs)

Particulars	Year ended March 31, 2020*	Year ended March 31, 2019*
Short-term employee benefits	205.37	192.73
Post-employment benefits	-	-
Other long-term benefits	-	-
Other	-	-
Total	205.37	192.73

* Includes Performance Linked Variable Pay (PLVP) paid during the year.

Performance Linked Variable Pay (PLVP), if any, to be paid for the financial year shall be paid based on the Individual performance and Company's performance and as approved by the Board as per the Board approved PLVP policy.

Disclosure that related party transactions were made on terms equivalent to those that prevail in an arm's length transactions provided that such terms can be substantiated.

Note : 32

Earning Per Share

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Profit attributable to equity holders of the Company for basic and diluted earnings per equity share (₹ in Lakhs)	22,595.85	2,464.89
Issued ordinary shares (No's)	15,00,00,000	15,00,00,000
Weighted average number of shares at period end for basic and diluted EPS	15,00,00,000	15,00,00,000
Basic and diluted earnings per share (₹)	15.06	1.64

There has been no transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements which would require the restatement of EPS.

Note : 33

Disclosure as per Ind AS 116 - Leases

Leases as a Lessee

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

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of transition and the right of use asset at its carrying amount. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

There is no impact of Ind AS 116 adoption to the retained earnings as at April 1, 2019. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs. 61.10 lakhs and a corresponding lease liability of Rs. 61.10 lakhs. In the results for the current period, the nature of expenses in respect of operating leases has changed from rent in previous period to depreciation for the right to use asset and finance cost for interest accrued on lease liability. Adoption of this standard led to overall increase of 4.17 lakhs in expense and did not have a material effect on financial results for the year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The following is the summary of practical expedients elected on initial application:

- a) Applied a single discount rate on the date of transition
- b) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- c) Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
 - i) The following is the detailed breakup of Right-of-use assets (by class of underlying assets) included in Property, Plant and Equipment.

(₹ in lakhs)

Particulars	Gross Block					Depreciation				Net Carrying Amount	
	As at 01-04-19	Ind AS 116 Transition Impact	Additions	Reclassifications / Deductions / On Account Of Conclusion	As at 31-03-20	Up to 31-03-19	For the Year	Reclassifications / Deductions / On Account Of Conclusion	Up to 31-03-20	As at 31-03-20	As at 31-03-19
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Buildings	-	61.10	96.80	-	157.90	-	35.50	-	35.50	122.40	-
Total	-	61.10	96.80	-	157.90	-	35.50	-	35.50	122.40	-
Previous year											

- ii) The following expenses have been charged to Statement of Profit and Loss during FY 19-20

(₹ In Lakhs)

Interest on Lease Liabilities	4.41
Expenses relating to short term leases	-
Expenses relating to leases of low value items	-
Expenses relating to variable lease payments (not included in measurement of lease liabilities)	-

- iii) Total Cash outflow for leases during FY 19-20 is ₹ 35.73 Lakhs
- iv) Income from Sub leasing of Right-of-use assets recognised in statement of profit and loss during FY 19-20 is Nil
- v) Maturity Analysis of Lease Liabilities as per Ind AS 116 Leases

As at March 31, 2020	Contractual Cash Flows				Total
	Upto 1 year	1-3 years	3-5 years	More than 5 years	
Cash outflows	27.19	62.40	23.81	-	113.40

- vi) The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in lakhs)

Particulars	As at March 31, 2020
Balance at the beginning	61.10
Additions	83.62
Finance cost accrued during the period	4.41
Payment of lease liabilities	(35.73)
Balance at the end	113.40



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note : 34

Income Taxes

i) Amounts recognized in the Statement of Profit and Loss and other comprehensive income (₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income tax expense:		
Current tax	7,557.37	1,000.00
Short/(excess) provision for tax for earlier years	168.18	(344.89)
Deferred tax - origination and reversal of temporary differences	(1,180.58)	1,502.69
MAT credit entitlement	-	(200.00)
Total	6,544.97	1,957.80

ii) Reconciliation of effective tax rate:

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before income tax(II)	29,140.82	4,422.69
Enacted income tax rate in India*	25.17%	34.94%
Computed expected tax expense	7,334.16	1,545.47
Effect of:		
Difference indepreciation as per books and as per Income tax	(8.47)	(17.78)
Non-deductible expenses	11.30	(186.82)
Provisions recorded during previous years (net)	239.04	137.19
Tax exempt income	(7.31)	(9.82)
Deduction	(86.88)	(40.42)
Adjustment of Fair value as per Ind AS	75.53	(672.95)
(A) Income tax expense-Current Tax as per normal provision	7,557.37	754.86
(B) Income tax expense-Current tax as per MAT	-	978.82
Tax Payable (Higher of A & B)	7,557.37	978.82
Round off for current year tax provision	-	21.18
Short/(Excess) provision for tax for earlier years	168.18	(344.89)
Deferred tax - origination and reversal of temporary differences	(1,180.58)	1,502.69
MAT credit entitlement	-	(200.00)
Income Tax Expense(I)	6,544.97	1,957.80
Final Effective Income Tax Rate {(I/II)*100}	22.46%	44.27%

*From current Financial Year the Company has opted the tax rate as applicable under section 115BAA of the Income Tax Act, 1961. (effective tax rate 25.168%)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

iii) Recognized deferred tax assets and liabilities

(₹ in lakhs)

Sr No	Particulars	As at March 31, 2020	As at March 31, 2019
	Deferred Tax Asset :		
1	Investments	-	-
2	Provisions	300.64	231.68
3	Other Liabilities	-	23.49
4	MAT Credit	-	200.00
	Total Deferred Tax Asset	300.64	455.17
	Deferred Tax Liability:		
1	Investments	472.54	723.93
2	Property, Plant and Equipment & Intangible assets	213.98	242.56
3	Other Assets	-	-
	Total Deferred Tax Liability	686.52	966.49
	Net Deferred Tax Asset/(Liability)	(385.88)	(511.32)

iv) Movement in temporary differences

(₹ in lakhs)

Particulars	Balance as at April 1, 2019	Balance as at April 1, 2018
Net deferred tax asset/(Liability) at the beginning (a)	(511.32)	1,012.95
	Year ended March 31, 2020	Year ended March 31, 2019
Credit / (Charge) in the Statement of Profit and Loss during the period (b)		
Investments	1,108.18	(351.07)
Property, Plant and Equipment & Intangible assets	28.58	(12.99)
Provisions	67.31	3.58
Other Liabilities	(23.49)	(132.67)
Total	1,180.58	(493.13)
Credit / (Charge) in the other comprehensive income during the period (c)		
Provisions - employee benefits	1.65	39.02
Investment measured at fair value through other comprehensive income	(856.79)	(1,270.16)
Total	(855.14)	(1,231.14)
MAT CREDIT (d)	(200.00)	200.00
Net deferred tax asset/(Liabilities) at the end of the period d) = (a) + (b) + (c) + (d)	(385.88)	(511.32)

v) Movement in MAT credit entitlement:

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of year	200.00	-
Add: MAT credit entitlement availed during the year	-	-
(Less)/add:(Restoration)/reversal of MAT credit entitlement	200.00	200.00
Less: MAT Credit pertaining to earlier years	-	-
Balance at the end of year	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

vi) Other tax assets and current tax liabilities (₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current tax liabilities	477.14	92.30

Note : 35

Employee Benefits

Defined Contribution Plan

The Company makes contributions towards provident fund, in respect of qualifying employees

Particulars	March 31, 2020	March 31, 2019
Employer's Contribution to Provident Fund*	35.57	32.81

(above figure does not include administrative charges of ₹ 1.84 lakhs (PY - ₹ 1.81 Lakhs))

Defined Benefit Plan

i Gratuity:

The Company operates a post employment benefit plan that provides for gratuity benefit to the employees of the Company. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement / exit. The gratuity contribution is paid to Life Insurance Corporation of India (LIC) under Group gratuity Scheme of LIC. The estimates of the future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The following table summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans :

Particulars	March 31, 2020	March 31, 2019
I. Assumption		
Mortality	IALM (2012-14) Ult	IALM (2006-08) Ult
Interest / Discount rate	6.51%	7.32%
Rate of increase in compensation	5.00%	5.00%
Rate of return (expected) on plan assets	7.00%	7.00%
Employee Attrition Rate	20%	20%
Expected average remaining service	6.97	7.15
II. Changes in present value of obligations		
PVO at beginning of period	71.80	49.89
Interest cost	5.03	3.69
Current Service Cost	9.67	7.85
Past service cost –(vested benefits)	-	-
Benefits Paid	(4.45)	(1.92)
Actuarial (gain)/loss on obligation	6.13	12.28
PVO at end of period	88.18	71.80



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars		March 31, 2020	March 31, 2019
III.	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of period	80.87	49.39
	Adjustment to opening balance	(4.96)	0.36
	Return on plan assets excluding interest income	(0.44)	0.95
	Interest income	5.62	4.71
	Contributions by employer	13.31	27.38
	Benefit Paid	(4.45)	(1.91)
	Fair Value of Plan Assets at end of period	89.95	80.88
IV.	Actuarial (Gain)/Loss on obligation		
	Due to demographic assumption	-	-
	Due to financial assumption	4.84	1.13
	Due to experience	1.29	11.15
	Total Actuarial (Gain)/Loss	6.13	12.28
V.	Amounts to be recognized in the balance sheet and statement of profit & loss account		
	PVO at end of period	88.18	71.80
	Fair Value of Plan Assets at end of period	89.95	80.88
	Funded Status	1.77	9.08
	Net Asset/(Liability) recognized in the balance sheet	1.77	9.08
VI.	Expenses recognized in the statement of P & L A/c		
	Current Service Cost	9.67	7.85
	Net interest	(0.59)	(1.02)
	Past Service Cost –(vested benefits)	-	-
	Expenses recognized in the statement of P & L A/c	9.08	6.83
VII.	Other comprehensive income(OCI)		
	Actuarial (Gain)/Loss recognized for the period	6.13	12.28
	Return on plan assets excluding net interest	0.44	(0.95)
	Total Actuarial (Gain)/Loss recognized in OCI	6.57	11.33

Experience Adjustment

Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Defined Benefit Obligation	88.18	71.80	49.89	45.19	46.32
Plan Assets	89.95	80.88	49.39	45.92	50.71
Surplus / (Deficit)	1.77	9.08	(0.50)	0.73	4.38
Experience adjustment on plan assets	(0.44)	0.95	2.52	2.82	(0.38)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Sensitivity analysis

Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 1% as at 31.03.2020 is as below:

(₹ in lakhs)

Particular	Gratuity – Funded	
	March 31, 2020	March 31, 2019
+ 1% change in rate of Discounting	82.27	66.93
- 1% change in rate of Discounting	94.95	77.37
+ 1% change in rate of Salary increase/ inflation	91.52	74.53
- 1% change in rate of Salary increase/ inflation	84.86	67.90

The expected future cash flows as at 31st March 2020 were as follows:

(₹ in lakhs)

Estimated benefit payments from the fund during	Expected contribution March 31, 2020	Expected contribution March 31, 2019
Expected Outgo First	19.03	6.23
Expected Outgo Second	8.38	15.91
Expected Outgo Third	5.41	6.54
Expected Outgo Fourth	5.37	4.56
Expected Outgo Fifth	4.86	4.47
Expected Outgo Six to Ten years	21.53	19.47

Leave Encashment: The Company has additionally reversed the provision of ₹ 2.37 lakhs (P.Y. Provided provision of ₹ 48.65 lakh) during the period ended March 31, 2020 for leave encashment on actuarial valuation basis.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note : 36

Financial Instruments

i) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Financial assets and financial liabilities measured at fair value

(₹ in lakhs)

As at March 31, 2020	Carrying amount			Fair value hierarchy		
	FVTPL	FVOCI	Total	Level 1	Level 2	Total
Investment in Liquid mutual fund	502.35	-	502.35	502.35	-	502.35
Investment in Central Government securities	80,017.47	35,784.79	1,15,802.26	1,15,802.26	-	1,15,802.26
Investment in State Development loans	1,46,737.47	-	1,46,737.47	1,46,737.47	-	1,46,737.47
Investment in Government special securities	-	-	-	-	-	-
Investment in Treasury bills	4,53,374.62	-	4,53,374.62	-	4,53,374.62	4,53,374.62
Investment in Treasury STRIPS	2,833.88	-	2,833.88	-	2,833.88	2,833.88
Investment in Debentures or Bonds	31,998.99	-	31,998.99	31,998.99	-	31,998.99
Investment in Certificate of Deposit	65,094.51	-	65,094.51	-	65,094.51	65,094.51
Derivative instrument						
- Interest rate swap	71,759.19	-	71,759.19	-	71,759.19	71,759.19
Total	8,52,318.49	35,784.79	8,88,103.28	2,95,041.07	5,93,062.21	8,88,103.28
Financial liabilities						
Derivative instrument					-	
- Interest rate swap	70,905.86	-	70,905.86	-	70,905.86	70,905.86
Other Financial Liability	113.40	-	113.40	113.40	-	113.40
Total	71,019.26	-	71,019.26	113.40	70,905.86	71,019.26

Financial assets and financial liabilities measured at amortized cost

(₹ in lakhs)

As at March 31, 2020	Amount
Financial Assets	
Cash and cash equivalents	62.78
Bank Balances other than Cash and cash equivalents	322.06
Loans	-
Others financial assets	2,017.50
Total	2,402.34
Financial liabilities	
Borrowings	7,53,065.28
Deposits	2,931.21
Trade and Other Payables	173.78
Total	7,56,170.27



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Financial assets and financial liabilities measured at fair value

(₹ in lakhs)

As at March 31, 2019	Carrying amount			Fair value hierarchy		
	FVTPL	FVOCI	Total	Level 1	Level 2	Total
Investment in equity instruments	375.75		375.75	375.75		375.75
Investment in Liquid mutual fund	500.4		500.4	500.4		500.4
Investment in Central Government securities	1,09,397.87	42,783.35	1,52,181.22	1,52,181.22		1,52,181.22
Investment in State Development loans	1,83,357.74		1,83,357.74	1,83,357.74		1,83,357.74
Investment in Government special securities	4,586.98		4,586.98	4,586.98		4,586.98
Investment in Treasury bills	4,87,219.07		4,87,219.07		4,87,219.07	4,87,219.07
Investment in Debentures or Bonds	56,826.75		56,826.75		56,826.75	56,826.75
Investment in Certificate of deposit	46,527.37		46,527.37		46,527.37	46,527.37
Derivative instrument - Interest rate swap	87,573.51		87,573.51		87,573.51	87,573.51
Total	9,76,365.44	42,783.35	10,19,148.79	3,41,002.09	6,78,146.70	10,19,148.79
Financial liabilities						
Derivative instrument - Interest rate future	5.65		5.65	5.65		5.65
- Interest rate swap	86,931.53		86,931.53		86,931.53	86,931.53
Other Financial Liability	67.21		67.21	67.21		67.21
Total	87,004.39		87,004.39	72.86	86,931.53	87,004.39

Financial assets and financial liabilities measured at amortized cost

(₹ in lakhs)

As at March 31, 2019	Amount
Financial Assets	
Cash and cash equivalents	134.13
Bank Balances other than Cash and cash equivalents	822.21
Receivables	17.56
Loans (Lending under Repo)	1500
Others financial assets	1,473.26
Total	3,947.16
Financial liabilities	
Borrowings	8,69,092.44
Deposits	18,278.11
Trade and Other Payables	171.01
Total	8,87,541.56

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, others financial assets, borrowings, deposits, trade and other payables and other financial liability are considered to be same as fair value.

Financial assets and financial liabilities measured at fair value

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, others financial assets, borrowings, deposits, trade and other payables and other financial liability are considered to be same as fair value.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ii) Financial risk management

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Risk Management Committee of the Board has defined roles and responsibilities, which includes reviewing and recommending the risk management plan and the risk management report for approval of the Board with the recommendation of the Audit Committee. The Company has adopted a Risk Management Charter and Policy for self-regulatory processes and procedures for ensuring the conduct of the business in a risk conscious manner.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

a. Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables, cash and cash equivalents and other bank balances, derivatives and debt securities. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

i. Investment in debt securities and equity instruments

The Company's debt securities portfolio is divided broadly into two categories viz., SLR securities and non-SLR securities.

a. Exposure in SLR securities

SLR securities consisting of G-Sec, SDL, SPL and T-Bills have zero credit risk as they are sovereign securities. Further all SLR securities trades are settled by the Clearing Corporation of India Ltd which provides novation and thus guaranteed settlement in respect of all these instruments.

b. Exposure in non-SLR securities

In respect of investments in non-SLR securities, various prudential guidelines are laid down in Business Investment and Risk Policy to manage and mitigate credit risk arising therefrom. The debt issuers are classified based on their credit rating and exposure limits are also stipulated for each issuing company / entity. Credit rating of the concerned issuers is monitored on an ongoing basis by the Risk Management Department through Monthly Rating Reviews issued by Credit Rating Agencies CRISIL, ICRA, FITCH and CARE & is reported to the Risk Management Committee through regular MIS reports detailing outstanding exposure to each issuer. Further, reports in the financial dailies are also used to track the reported changes, if any, in the credit rating of any company/entity. Additionally, a defeasance / holding period has also been prescribed for corporate debt securities to mitigate risk arising from holding corporate debt securities .

c. Exposure in Interest Rate Swaps

Interest rate Swaps which are not in the IRS Guaranteed Settlement segment of CCIL give rise to bilateral credit risk. However currently all the IRS deals are dealt in IRS Guaranteed Settlement segment of CCIL and thus the Company is not exposed to credit risk in respect of its transactions in Interest Rate Swaps.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ii. **Cash and cash equivalents**

The Company held cash and bank balances of ₹ 62.78 lakhs at March 31, 2020 (March 31, 2019: ₹ 134.14 lakhs). The cash and cash equivalents are held with bank.

iii. **Derivatives**

The derivatives transactions in Interest Rate Futures and Currency derivatives are entered into on the exchange viz NSE/BSE and the clearing corporate of the exchange provides guaranteed settlement and hence no credit risk arises.

b. **Liquidity risk**

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

Liquidity risk is financial risk from a possible loss of liquidity. There are two types of liquidity risks:

- Specific liquidity risk is the risk that a particular institution will lose liquidity; The Company does not face liquidity risk in funding its portfolio as the portfolios comprise of liquid GSec, T-bills, CP, CD, Mutual Fund investments, etc and further as the Company has access to LAF and Primary Dealer Liquidity Support from RBI.
- Systemic liquidity risk affecting all participants in a market e.g. in case of extreme money market tightness due to advance tax outflows, etc or when credit markets seize up in the wake of global developments.

The Company has an ALCO which monitors various issues related to liquidity risk on the basis of the Company's ALM statement and decides on the strategy to address the same. The Company uses duration gap analysis to monitor the ALM interest rate risk. As a PD the company has access to the RBI daily LAF and PDL facility in case of tight liquidity conditions in the inter-bank money market. As a market participant, the Company has little control on systemic liquidity risk. The systemic liquidity risk is addressed by the liquidity management policies of the Reserve Bank of India which include reducing CRR & SLR for banks, conducting OMOs, infusing additional liquidity through LAF and other refinance measures in times of distress when the inter-bank money markets experience undue stress.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments. Maturity Analysis of Significant Financial Liabilities:

(₹ in lakhs)

As at March 31, 2020	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Borrowings and Deposits	7,55,996.49	7,55,996.49	-	-	-
Trade and other payables	173.78	173.78	-	-	-
Other financial liabilities	113.40	27.19	62.4	23.81	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

As at March 31, 2019	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 Years
Borrowings and Deposits	8,87,370.55	8,87,370.55	-	-	-
Trade and other payables	171.01	171.01	-	-	-
Other financial liabilities	67.21	67.21	-	-	-

c. Market Risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk which directly affects prices.

i. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, or in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company has a well-defined risk management framework based on robust risk management techniques including monitoring of Value-at-Risk (VaR), Modified Duration, Price Value of a Basis Point (PV01), sensitivity analysis and a stop loss framework. Impact of interest rate movements on the earnings is mitigated by operating within the parameters laid down for each of these risk measurement tools. The Company carries out scenario analysis for its portfolios at frequent intervals based on an assumed adverse parallel shift of upto 100 basis points in the yield curve and monitors the Earnings-at-Risk and Modified Duration Gap in order to mitigate the risk.

Exposure to interest rate risk

Company's interest rate risk arises primarily from Investments. The interest rate profile of the Company's interest-bearing financial instruments is as follows.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<u>Fixed-rate instruments</u>		
Financial Assets - measured at amortised cost		
Investment in debt instruments	-	-
Financial Assets - measured at FVTPL or FVOCI		
Investment in debt instruments	8,15,841.74	9,30,699.13
Total of Fixed Rate Financial Assets	8,15,841.74	9,30,699.13
Financial liabilities - measured at amortised cost		
Borrowings	7,53,065.28	8,69,092.44
Deposits (Inter corporate Deposit)	2,931.21	18,278.11
Total of Fixed Rate Financial Liabilities	7,55,996.49	8,87,370.55



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ii. Fair value sensitivity analysis for fixed-rate instruments

The Company's accounts for certain investments in fixed-rate financial assets such as investments in Government Securities, Commercial Paper, Corporate Deposit etc. Accordingly, a decrease in 1 basis point in interest rates is likely to increase the profit or loss (before tax) for the year ending 31st March 2020 by ₹ 169.31 Lakhs (31st March 2019 ₹ 195.11 Lakhs) and an increase in 1 basis point in interest rates is likely to decrease the profit or loss (before tax) for the year ending 31st March 2020 by ₹ 169.31 Lakhs (31st March 2019- ₹ 195.11 Lakhs).

Note : 37

Fair Value Measurement

i) Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note no. 38

ii) Valuation Governance

The Company's fair value methodology and the governance framework include a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The Company is required to follow valuation methodology for its assets and liabilities as prescribed by the RBI. All new products and their valuation methodologies are subject to approvals by the Risk Management Committee of the Board as well as the Board of Directors of the Company. The responsibility of on-going measurement resides with the Risk Management Department.

Once submitted, fair value estimates are also reviewed and independently verified by the Head of the Risk Management Department. The independent price verification process for financial reporting is ultimately the responsibility of the Head of the Risk Management Department.

The Risk Management team works together with the Finance function's accounting policy team and is responsible for ensuring that the final reported fair value figures are in compliance with Ind AS and will propose adjustments as and when needed.

iii) Asset and liabilities by fair value hierarchy:

All assets or liabilities are based on quoted (unadjusted) market prices/yields in active markets for identical assets or liabilities.

Note : 38

Valuation Techniques

Government dated securities: All Central Government dated securities are valued as per prices published by Financial Benchmarks India Limited (FBIL) as prescribed by RBI.

State Development Loans: All State Government securities are valued as per prices published by Financial Benchmarks India Limited (FBIL) as prescribed by RBI.

Special Bonds: All Special Bonds are valued as per prices published by Financial Benchmarks India Limited (FBIL) as prescribed by RBI.

Treasury Bills: T-Bills which are traded are valued at their last traded prices. T-Bills which are not traded are valued at market traded yields as per the T-Bill yield curve published by FBIL, as prescribed by RBI.

Commercial Papers: CPs which are traded are valued at their last traded prices. CPs which are not traded are valued at market traded yields as per the CD yield curve published by FBIL with a mark-up of 25 bps.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Certificate of Deposits: CDs which are traded valued at their last traded prices. CDs which are not traded are valued at market traded yields as per the CD curve published by FBIL.

Equity (cash and futures): Market value of equity shares is determined by the prices obtained from recognised stock exchange such as NSE/BSE.

Corporate bonds: Corporate Bonds which are traded are valued at their last traded prices. Corporate bonds which are not traded are valued based on the credit spreads published by FBIL over the last traded yields of Central Government Dated Securities as published by FBIL.

Mutual Fund units: Mutual Fund units are valued at their closing Net Asset Value (NAV) as declared/published by the MF/AMC.

Interest rate derivatives: Interest Rate Futures contracts are valued at their respective closing settlement prices as published by recognized stock exchange such as NSE/BSE.

Interest Rate Swaps are valued on the basis of traded swap yields as published by FBIL.

Note : 39

Valuation adjustments and other inputs and considerations

No valuation adjustments have been made to the prices/yields provided for valuation by FBIL or the recognized stock exchanges.

Note : 40

Analysis of risk concentration

The Company's business operations can be broadly classified into two major segments viz gilts and non-gilts. Gilts segment includes Government Dated Securities, State Development Loans, Special Bonds & Treasury Bills while non-gilt segment includes corporate bonds, CPs, CDs, Interest Rate Swaps and equities.

Reserve Bank of India (RBI) prescribes guidelines to prevent concentration of risk by Primary Dealers (PDs) by stipulating that 50% of total investments has to be in the gilt segment at all times. Further, in case of non-gilt investments, the RBI prescribes single and group borrower limits so as to prevent concentration of credit risk.

Additionally, the Business Investment & Risk Policy of the Company stipulates prudential limits on holding of each class of instrument. Concentration risk to a particular issuer is also limited by the internal prudential guidelines which stipulate counterparty exposure limits and maximum holding limits for each issuer (e.g. for each state government and individual reference credit) for debt securities, interest rate derivatives and equities.

The Company does not face any concentration risk arising from currency or geography as the Company operates only in the Indian Fixed Income market and it has a diversified pan-India presence through its Branches.

Note :41

Events after reporting date: The COVID-19 pandemic surfaced in China in January 2020 and intensified in the month of February 2020, which led to investor risk aversion and concerns over the economic impact of the virus in global financial markets. The RBI and Government has taken various measures to ease interest rates and liquidity in the market. The market rallied sharply following the RBI measures announced on March 27, 2020 and further on April 17, 2020 together with a sharp fall in crude oil prices and fresh buying by FPIs has led the yield on the 10Y benchmark paper to ease sharply to below the 6% level.

The Company has been able to successfully capture the movement in the yields and has earned trading profit by carrying an appropriate mix of Central Government Securities and State Development Loans. The Company did not face any adverse impact on its non SLR portfolio as it is carrying only AAA rated paper for which there has been good demand as RBI announced its TLTRO operation.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Note : 42****Capital Management**

The Company's objective is to maximize the shareholders' value by maintaining an optimum capital structure. The company maintains capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The adequacy of the company's capital is monitored using, among other measures, the regulation issued by RBI.

Capital to Risk Assets Ratio (CRAR)

S No.	Items	March 31, 2020	March 31, 2019
i.	CRAR (%)	28.72	23.26
ii.	CRAR - Tier I capital (%)	28.72	23.26
iii.	CRAR - Tier II Capital (%)	-	-
iv.	Amount of subordinated debt raised as Tier-II capital	-	-
v	Amount raised by issue of Perpetual Debt Instruments	-	-
vi.	Risk Weighted Assets (RWA) (₹ in Lakhs)	2,13,181	2,11,803
vii.	Net Owned Funds (NOF) (₹ in Lakhs)*	61,299	49,255
viii.	Tier- I Capital (₹ in Lakhs)	61,299	49,255

The Previous year no's are computed in accordance with erstwhile IGAAP (Companies Accounting Standard rules 2006).

*While calculating NOF unrealised gain is reduced in current year as per circular No. RBI/2019-20/170 DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dated March 13, 2020.

Note : 43**a. Pending litigation**

In the order dated February 4, 2019, the Hon'ble NCLAT, New Delhi, permitted the operational and financial creditors of the IL&FS & its group companies to file Intervention Applications. Accordingly, the Company has filed Intervention Application before the Hon'ble NCLAT, New Delhi. The Intervention Application no 9626 of 2019 filed by the Company has been admitted on February 11, 2019.

Details of investment in Cp's:

Name	Face Value
CP IL&FS Ltd due on 17.09.2018	5,000.00/-
CP IL&FS Ltd due on 05.03.2019	5,000.00/-

- b. An amount of ₹ 9,413.34 lakhs towards the book value of the investment made in CP of IL&FS has been written off in F.Y. 2018-19 owing to the fact that the instrument being unsecured in nature and on account of the fact that IL&FS has been classified by the resolution consultant and Ministry of Corporate Affairs, Govt. of India as a "Red Entity" i.e. the entity that cannot meet its payment obligations towards even senior secured financial creditors, as and when such payment obligation become due. Subsequent to the intervention application filed by the Company, in FY 2019-20 the Company has been admitted to the committee of creditors, and the claim of ₹ 9,847.89 lakhs has been admitted by NCLT/NCLAT in F.Y. 2019-20.

Note : 44**Segment Reporting**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020



(₹ in lakhs)

Segment Information	Gilt Income		Non Gilt Income		Unallocated		Total	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
	Interest and similar income	50,838.04	45,995.62	7,491.01	12,041.80	9.58	54.60	58,338.63
Interest and similar expense	41,075.72	40,644.83	4,272.83	9,877.59	4.17	53.25	45,352.73	50,575.67
Net interest income (expense)	9,762.32	5,350.79	3,218.17	2,164.21	5.40	1.35	12,985.90	7,516.35
Fee and commission income	183.48	688.53	-	-	-	-	183.48	688.53
Fee and commission expense	-	-	-	-	-	-	-	-
Net fees and commission income	183.48	688.53	-	-	-	-	183.48	688.53
Trading Profit/(Loss) on investments	16,349.88	5,099.04	1,455.70	719.20			17,805.58	5,818.24
Net gain on fair value changes	2,293.82	2,272.21	(90.51)	99.60			2,203.31	2,371.81
Reclassification adjustment (Net gain on derecognition of financial instruments under FVOCI)	44.77	-	-	-	-	-	44.77	-
impairment on financial instruments	-	-	-	9,413.35	-	-	-	9,413.35
Other income	-	-	-	-	31.22	102.61	31.22	102.61
Depreciation of property and equipment					106.62	69.97	106.62	69.97
Amortisation of intangible assets					2.05	2.91	2.05	2.91
Other operating expenses	1,064.95	892.57	16.00	13.99	2,346.74	1,682.07	3,427.69	2,588.63
Total operating expense	1,064.95	892.57	16.00	13.99	2,455.40	1,754.95	3,536.35	2,661.51
Segment profit (loss) before taxation	27,569.31	12,518.00	4,567.37	(6,444.33)	(2,418.78)	(1,650.99)	29,717.90	4,422.68
Income tax expense							6,544.97	1,957.80
Profit for the year for continuing operations							23,172.93	2,464.88
Other Comprehensive Income								
(i) Items that will not be reclassified to profit or loss					(6.57)	(11.33)	(6.57)	(11.33)
(ii) Income Tax relating to items that will not be reclassified to profit or loss					1.65	3.96	1.65	3.96
(i) Items that will be reclassified to profit or loss					2,497.86	645.46	2,497.86	645.46
(ii) Income Tax relating to items that will be reclassified to profit or loss					(856.79)	(225.55)	(856.79)	(225.55)
Additions to property and equipment					167.79	16.00	167.79	16.00
Additions to other intangible assets								
Segment assets as at March 31, 2020	7,92,489.75	9,17,864.41	97,917.91	1,05,044.81	1,917.71	1,877.60	8,92,325.37	10,24,786.82
Segment Liabilities as at March 31, 2020	7,67,653.93	8,77,588.30	59,248.42	78,441.32	65,423.02	68,757.20	8,92,325.37	10,24,786.82



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note : 45

Offsetting

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis. The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

Financial assets subject to offsetting, netting arrangements

(₹ in lakhs)

Particulars	Derivative assets	At 31 March, 2020	At 31 March, 2019
Offsetting recognised on the balance sheet	Gross assets before offset	71,759.19	87,573.51
	Offset with gross liabilities ²	-	-
	Net assets recognised on the balance sheet	71,759.19	87,573.51
Netting potential not recognised on the balance sheet	Financial liabilities	70,905.86	86,931.53
	Collaterals received	-	-
	Assets/ Liability after consideration of netting potentials	853.33	641.98
Assets not subject to netting arrangements ¹	Assets recognised on the balance sheet	-	-
Total assets	Recognised in the balance sheet	71,759.19	87,573.51
Maximum exposure to risk	After consideration of netting potential	853.33	641.98

1. Represents items not subject to enforceable netting arrangements and other out-of-scope items
2. "Netting with gross liabilities" column represents amounts that can be offset under Ind AS 32. These numbers are the same amount as those presented in the "Netting with gross assets" column in the liabilities table on the following page
3. Amounts have been capped by the relevant netting agreement so as not to exceed the net amount financial assets presented on the balance sheet; (i.e., over-collateralisation, where it exists, is not reflected in the table, given surplus collateral would not be recognisable in an event of default.

Financial liabilities subject to offsetting, netting arrangements

(₹ in lakhs)

Particulars	Derivative assets	At 31 March, 2020	At 31 March, 2019
Offsetting recognised on the balance sheet	Gross Liabilities before offset	70,905.86	86,931.53
	Offset with gross liabilities ²	-	-
	Net Liabilities recognised on the balance sheet	70,905.86	86,931.53
Netting potential not recognised on the balance sheet	Financial assets	70,905.86	86,931.53
	Collaterals received	-	-
	Assets/ Liab after consideration of netting potential ³	-	-
Assets not subject to netting arrangements ¹	Assets recognised on the balance sheet	-	-
Total Liabilities	Recognised in the balance sheet	70,905.86	86,931.53
Maximum exposure to risk	After consideration of netting potential	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note : 46

Corporate Social Responsibility (CSR) Disclosure

During the year, Company has spent ₹ 252.44 lakhs (PY ₹ 231.35 lakhs) towards CSR activities, as required to be spent in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules, 2014. Details of CSR expense for the year are as under:-

(₹ in lakhs)

Sr. No.	Particulars	Amount Spent	Pending to be Spent	Total
1	Construction/acquisition of any asset	-	-	-
2	On purposes other than (i) above-			
	a) Contribution to Prime Minister National Relief Fund	118.20	-	118.20
		(143.06)	-	(143.06)
	b) Cancer Patient Aid Association (CPAA)	20.00	-	20.00
		(7.50)	-	(7.50)
	c) ImPaCCT Foundation (Paediatric Foundation of Tata Memorial hospital)	20.00	-	20.00
		(10.00)	-	(10.00)
	d) National Association for the blind	10.00	-	10.00
		-	-	-
	e) HDFC Charity Fund for Cancer Cure ** (Dividend amount)	29.05	-	29.05
		(28.10)	-	(28.10)
	f) Sunder Shewak Sabha	25.00	-	25.00
		(12.50)	-	(12.50)
	g) Ramkrishna Mission	20.19	-	20.19
		(20.19)	-	(20.19)
	h) Friends of Tribals Society	10.00	-	10.00
		(10.00)	-	(10.00)

** The Company has made investment in HDFC Cancer Cure Fund. As per the scheme, any dividend declared in the said scheme will be contributed directly to Indian Cancer Society and eligible towards Company's contribution for CSR commitment. The said scheme is a close ended scheme.

Note: Figures in brackets denote figures for March 31, 2019

Regulatory Disclosures :

Note : 47

Capital Commitment and Contractual Obligation

a. Estimated amount of contracts remaining to be executed on capital account - Nil (PY Nil)

b. Commitment and contractual obligations in respect of:

- i. The purchases and sales of the securities effected on March 31, 2020, the transaction shall be accounted on April 03, 2020 i.e Settlement date. The face value of the securities purchased and sold on March 31, 2020 are as given in the table below;

(₹ in lakhs)

	Particulars	March 31, 2020	March 31, 2019
1	Purchase of securities	18,000	79,527
2	Sale of securities	54,710	89,225

Note : 48 The Company is a member of Primary Dealers Association of India and Fixed Income Money Market and Derivatives Association of India; which are Companies limited by guarantee and incorporated under the Companies Act, 1956. The amount guaranteed by the Company on this amounts to Rs. One Hundred only, for each Association.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Note : 49 The Company has been dealing in Government Securities on behalf of its Constituents through the Constituent SGL account opened with RBI. The transactions undertaken represents amounts received from the constituents and also physicals tendered by them for conversion into SGL Account. As on March 31, 2020 the face value of the securities held by the Company on behalf of its constituents is ₹ 26,75,785.40 Lakhs (March 31, 2019 – ₹ 24,82,112.70 lakhs).

Note : 50 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 lakhs)

PARTICULARS	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	March 31, 2020
Securities sold under repos				
Government Securities	2,61,561.97 (47,672.61)	4,53,875.35 (4,80,570.10)	3,55,795.82 (2,38,746.41)	3,06,628.12 (2,96,608.64)
Corporate debt securities	- -	- -	- -	- -
Securities purchased under reverse repos				
Government Securities	- -	10,592.55 (6,018.03)	400.76 (301.43)	- -
Corporate debt securities	- -	- -	- -	- -

Note: Figures in brackets denote figures for March 31, 2019

Note : 51 Other Disclosures

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007) (₹ in lakhs)

Sr. No.		Amount Outstanding		Amount Overdue	
		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	Liabilities Side				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	(a) Debenture				
	Secured	-	-	-	-
	Unsecured (other than falling within the meaning of Public deposit)	-	-	-	-
	(b) Deferred Credit	-	-	-	-
	(c) Term Loans (includes term money)	56,317.21	60,163.21	-	-
	(d) Inter Corporate Loans and Borrowing	2,931.21	18,278.11	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Others Loans				
	(i) Call/Notice	50,703.01	57,768.02	-	-
	(ii) CBLO/TREPS	2,92,343.71	3,00,806.18	-	-
	(iii) RBI LAF	-	1,07,887.06	-	-
	(iv) RBI Refinance	46,965.99	45,682.02	-	-
	(v) Loan Against Fixed Deposit	-	-	-	-
	(vi) REPO Borrowing	3,06,735.36	2,96,785.96	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Sr. No.	Assets Side	Amount Outstanding	Amount Outstanding
		2019-20 (₹ in lakhs)	2018-19 (₹ in lakhs)
2	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
	(a) Secured	-	1,500.00
	(b) Unsecured	-	2,451.38
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	-	-
	(b) Operating Lease	-	-
	(ii) Stock on hire including hire charges under sundry debtor		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities		
	(a) loans where assets have been repossessed	-	-
	(b) loans other than (a) above	-	-
4	Break-up of Investments		
	<u>Current Investment</u>		
	1. Quoted		
	(i) Shares : (a) Equity	-	375.75
	(b) Preference	-	-
	(ii) Debentures and Bonds	31,998.99	56,826.75
	(iii) Units of mutual funds	502.35	-
	(iv) Government Securities & T-bills	6,82,963.45	7,84,561.67
	(v) others		
	2. Unquoted		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) others : (a) Commercial papers	-	-
	(b) Certificate of Deposits	65,094.51	46,527.36



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Sr. No.	Long Term Investments	Amount Outstanding			
		2019-20 (₹ in lakhs)	2018-19 (₹ in lakhs)		
1.	Quoted				
	(i) Shares : (a) Equity	-	-		
	(b) Preference	-	-		
	(ii) Debentures and Bonds	-	-		
	(iii) Units of mutual funds	-	500.40		
	(iv) Government Securities	35,784.79	42,783.35		
	(v) others (Please specify)	-	-		
2.	Unquoted				
	(i) Shares : (a) Equity	-	-		
	(b) Preference	-	-		
	(ii) Debentures and Bonds	-	-		
	(iii) Units of mutual funds	-	-		
	(iv) Government Securities	-	-		
	(v) others (Please specify)	-	-		
5	Borrower group-wise classification of assets financed as in (2) and (3) above				
	Category	Amount Net of Provisions			
		Secured	Unsecured	Total	
1.	Related Parties				
	(a) Subsidiaries	-	-	-	
	(b) Companies in the same group	-	-	-	
	(c) other related parties	-	-	-	
2.	Other than related parties	-	-	-	
	Total	-	-	-	
6	Investor group-wise classification of all Investments (current & long-term) in shares and securities (quoted & unquoted)				
		Market Value		Book Value	
		2019-20	2018-19	2019-20	2018-19
1.	Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) other related parties	-	-	-	-
2.	Other than related parties	8,15,841.74	9,31,575.28	8,15,841.74	9,31,575.28
	Total	8,15,841.74	9,31,575.28	8,15,841.74	9,31,575.28



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Sr. No.	Particulars	2019-20 (₹ in lakhs)	2018-19 (₹ in lakhs)
7	Other Information		
	Particulars		
	(i) Gross Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	-	-
	(ii) Net Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	-	-
	(iii) Assets acquired in satisfaction of Debts	-	-

Note : 52 Issuer composition of investments in non-Government securities as at March 31, 2020

(Ref: RBI circular no. IDMD.PDRS.No.03/03.64.00/2003-04)

(₹ in lakhs)

No.	Issuer#	Amount*	Extent of private placement**	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities***
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	12,462.41 (21,153.58)	7,455.57 -	- -	- -	- -
2	FIs	4,490.57 (27,663.89)	- (5,016.31)	- -	- -	- -
3	Banks	69,387.39 (46,707.16)	4,782.98 (10,019.28)	- -	- -	- -
4	Other PDs	- -	- -	- -	- -	- -
5	Private Corporate	10,518.95 (8,004.52)	- (5,002.97)	- -	- -	- -
6	Subsidiaries/ Joint Ventures	- -	- -	- -	- -	- -
7	Others	- -	- -	- -	- -	- -
8	Provision held towards depreciation	- -	- -	- -	- -	- -
	Total	96,859.32 (1,03,529.15)	12,238.55 (20,038.56)	- -	- -	- -

Note: Figures in brackets pertain to previous year.

All the investments in the above non government securities are rated and are above investment grade securities.

* Represents amounts net of provision for depreciation if any and also includes CPs of ₹ Nil (PY ₹ Nil) and CDs of ₹ 65,083.55 (PY ₹ 46,707.16).

** Represents original issue.

#includes equity shares and mutual funds

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Note : 53 Disclosure pursuant to RBI circular No. RBI/2008-09/116 DNBS (PD). CC No.125/03.05.002/2008-2009 dated August 1, 2008, RBI/2015-16/12 DNBR (PD) CC.NO.053/03/10.119/2015-16 dated July 1, 2015 and RBI/DNBR/2016-17/42, Master Direction DNBR.PD.004/03.10.119/2016-17 dated August 23, 2016 as updated on November 22, 2019

a. Capital to Risk Assets Ratio (CRAR)*

S No.	Items	March 31, 2020	March 31, 2019
i.	CRAR (%)	28.72	23.26
ii.	CRAR - Tier I capital (%)	28.72	23.26
iii.	CRAR - Tier II Capital (%)	Nil	Nil
iv.	Amount of subordinated debt raised as Tier-II capital	Nil	Nil
v	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

*calculated as per RBI circular no.RBI/2006-2007/355 DNBS.PD/CC No.93/03.05.002/2006-07

b. Exposures to Real Estate Sector

(₹ in lakhs)

Category		March 31, 2020	March 31, 2019
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	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).	NIL	24512.22
	Non-fund based – Notional Principal of IRS	NIL	NIL



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Exposure to Capital Market

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
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;	500.00	869.96
Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	NIL	NIL
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	NIL	NIL
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	NIL	NIL
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	NIL	NIL
Loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL
Bridge loans to companies against expected equity flows/ issues;	NIL	NIL
All exposures to Venture Capital Funds (both registered and unregistered)	NIL	NIL
Total Exposure to Capital Market	500.00	869.96



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

c. Asset Liability Management - Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2020****

(₹ in lakhs)

	1 day to 30/31 days (one month)	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month upto 6 month	Over 6 month to 1 year	Over 1 year upto 3 years	Over 3 years Upto 5 years	Over 5 Years	Total
Assets									
Deposits	- (1,500.00)	11.70 -	- -	- -	- (2,336.30)	- -	11.11 -	12.37 (12.37)	35.18 (27.97)
Advances*	- (1,500.00)	- -	- -	- -	1,405.25 (2,336.30)	- -	- -	- -	1,405.25 (3,836.30)
Investments**	7,80,056.95 (8,88,291.53)	- -	502.35 -	- -	- -	- (500.40)	- -	35,784.79 (42,783.35)	8,16,344.09 (9,31,575.28)
Liabilities									
Borrowings from banks***	1,07,020.22 (1,17,931.22)	- -	- -	- -	- -	- -	- -	- -	1,07,020.22 (1,17,931.22)
Market Borrowings	6,46,045.06 (7,51,161.22)	- -	2,931.21 (18,278.11)	- -	- -	- -	- -	- -	6,48,976.27 (7,69,439.33)

Note: Figures in brackets denote previous years figures

* Advances represent advances in the given in the normal course of business and is not in nature of loans given.

** Investments in the nature of 'Securities held as Stock in Trade' are classified in the "one month bucket" and those in the nature of 'Non Current Investments' are classified as per their residual maturity.

*** Borrowings in Call / Notice / Term have been treated as borrowings from banks.

**** The Company does not have any foreign currency assets and liabilities.

d. Investments (HTM Portfolio)

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Value of Investments :		
	(i) Gross Value of Investments (including accrued interest)		
	(a) In India*	35,784.79	42,783.35
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India*	35,784.79	42,783.35
	(b) Outside India	-	-
2	Movement of Provisions held towards depreciation on Investments :		
	(i) Opening Balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less: Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

* The above figures are investment at fair value through other comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- e. The Company has not exceeded Single Borrower Limit (SGL)/Group Borrower Limit (GBL) as prescribed by the regulator.
- f. **Registration / license/authorisation obtained from financial sector regulators**
- RBI – Certificate of Registration bearing No. 13.01865, dated May 23, 2007.
 - MCA – Certificate of Incorporation dated October 31, 2006 bearing Corporate Identity No. U67110MH2006PLC165306.
 - Primary Dealership Business authorisation granted by RBI has been renewed for the year 2019-22 and is valid upto June 30, 2022.
- g. Disclosure of Penalties imposed by RBI and other regulator: Nil (PY–Nil)
- h. **Ratings assigned by credit rating agencies and migration of ratings during the year**

Rating Agencies	Rating programme	Rating Assigned	Migration	Rating Amount (₹ in lakhs)	
				31.03.2020	31.03.2019
CRISIL	Short Term	CRISIL A1+	-	20,000	20,000
ICRA	Short Term	[ICRA] A1+	-	-	40,000

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

Particulars	2019-20	2018-19
Provision for depreciation on Investment	Nil	Nil
Provision towards NPA	Nil	Nil
Provision for Standard Assets	Nil	Nil
Provision made towards Income Tax (incl. deferred tax)	863.02	614.21
Other Provision and Contingencies (stamp duty and employee related)	1,194.52	667.25

54. Derivatives

a. **Interest Rate Swaps** (₹ in lakhs)

S No.	Particulars	March 31, 2020	March 31, 2019
	Notional Principal amount of IRS Contracts		
a.	Hedging Contracts	-	-
b.	Trading Contracts	16,30,608.94	34,72,584.81
i.	Fair value of trading IRS	853.32	641.98
ii.	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	41.18
iii.	Likely impact of one percentage change in interest rate (100*PV01)	60.71	858.00
iv.	Collateral value made available towards Derivatives margin.	-	-
v.	Credit Risk Concentration@	-	-

@ Credit risk concentration is measured as the highest net receivable under swap contracts from a particular group of counterparties.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

b. Interest Rate Future Contracts

(₹ in lakhs)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
(i)	Inotional principal amount of exchange traded IR derivatives undertaken during the year		
	IRF on Government Securities	92,896.00	76,391.00
(ii)	Notional principal amount of exchange traded IR derivatives outstanding (Interest Rate Futures)	-	3,500
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv)	Mark-to-Market value of exchange traded IR derivatives outstanding and not "highly effective"	-	5.65

c. Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

During the year, Company has entered into derivative transactions in equity, currency and interest rate derivatives. The derivatives transactions entered into during the year are for the purpose of trading and market-making. The Business Investment and Risk policy of the Company lays down the risk management framework for derivatives trading. The Policy prescribes risk identification, measurement monitoring and risk mitigation. The compliance with the prudential limits for derivative transactions as laid down in the Risk Policy is done by the Risk Management Department which reports to the Managing Director. The Risk Management Committee of the Board oversees the risk management function of the Company. For accounting policy refer note no 21.3(v),(vi), (vii), (xiv) of notes forming part of the financial statements.

Quantitative Disclosure

The company has entered into currency and interest rate futures transactions during the year. The detail of outstanding position is mentioned hereunder:

(₹ in lakhs)

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

d. Disclosure relating to Securitisation :

- i) During the year Company has not securitized any of its assets and does not have any outstanding position in respect thereof as on March 31, 2020.
- ii) Company has not sold any of its financial assets to Securitization/Reconstruction Company for Asset Reconstruction.
- iii) Company has not undertaken any Assignment transactions during the year
- iv) Company has neither purchased nor sold any non-performing financial assets during the year and does not have any outstanding position in respect thereof as on March 31, 2020.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note : 55

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 received intimation from its suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006. The List of MSME suppliers are as follows :

Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), there are no amounts due to MSME as at March 31, 2020.

Disclosure under MSMED Act, 2006, to the extent the Company has received intimation from the Suppliers regarding their status		As at March 31, 2020	As at March 31, 2019
i)	Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-
ii)	Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-
iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
iv)	Interest accrued and remaining unpaid at the end of each accounting year	-	-
v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise,	-	-

Note : 56

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, 2020 was ₹ 622.97 crores and peak net call borrowing during the period ended March 31, 2020 was ₹ 1343.50 crores.

Leverage ratio: Average during the year was 17.30 and peak during the year was 18.11 Quarterly CRAR (Capital To Risk Weighted Asset Ratio) : Quarter ended June 30, 2019 – 31%, quarter ended September 30, 2019 – 37.67%, quarter ended December 31, 2019 – 38.55% and quarter ended March 31, 2020 – 28.72%.

The accompanying notes are an integral part of financial statements

In terms of our report of even date

For **Dassani & Associates**

Chartered Accountants
Firm Registration No.- 009096C

Udesh Dassani

Partner
Membership No.: 078588
Place : Indore
Date : May 27, 2020

G Narayanan
Director
DIN : 00210831
Place : Bengaluru

Prasanna Patankar
Managing Director
DIN : 07658714
Place : Mumbai

R Venkataramani
Director
DIN : 00829107
Place : Bengaluru

Pradeep Madhav
Director
DIN : 00267422
Place : Mumbai

**For and on behalf of the Board of Directors
STCI Primary Dealer limited**

T.V. Rao
Director
DIN : 05273533
Place : Bengaluru

Kalpesh Mody
Company Secretary and
Chief Financial Officer
Place : Mumbai

STCI FINANCE LIMITED



STCI COMMODITIES LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED
31st MARCH, 2020**



IV. STCI COMMODITIES LIMITED

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DIRECTORS' REPORT

TO THE SHAREHOLDERS OF STCI COMMODITIES LIMITED

The Directors take pleasure in presenting the Sixteenth Annual Report of the Company with the audited accounts for the year ended March 31, 2020.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Total Income	12.76	12.11
Total expenses	2.47	2.18
Profit/(Loss) before taxes	10.29	9.93
Tax expenses	2.59	—
Net Profit/(Loss) after tax	7.7	9.93
Other comprehensive income	—	—
Total comprehensive income	7.7	9.93

PERFORMANCE

Your Company's subsidiary discontinued its commodity broking operations with effect from September 20, 2011. Since then, the Company has been settling its clients dues, its pending legal cases and surrendering its membership with Multi Commodity Exchange and National Commodity and Derivative Exchange. Your Company reported a profit after tax of Rs. 7.70 lakh for the year ended March 31, 2020 as against a profit after tax of Rs. 9.93 lakhs in the previous year.

DIVIDEND

The Board of Directors has not recommended any dividend for the financial year ended March 31, 2020, due to inadequate profits.

BOARD OF DIRECTORS

In terms of the provisions of the Companies Act, 2013 and the Articles of Association, Shri Raghvendra Kumar retires by rotation at this AGM and, being eligible, offers himself for re-appointment. The brief particulars of the Director to be appointed/re-appointed at the ensuing Annual General Meeting is furnished in Annexure to the Notice for the ensuing Annual General Meeting.

Number of Board Meetings: During the financial year 2019-20, four meetings of the Board of Directors were held on April 20 2019, August 26, 2019, November 27, 2019 and February 27, 2020.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, the Director confirms that:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed and that there are no material departures.
- Appropriate accounting policies have been selected and applied them consistently and made judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit of the company for that period.
- 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.
- The Annual Accounts have not been prepared on a going concern basis.



DIRECTORS' REPORT

- 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. C. N .Jain & Co., Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company by the Comptroller and Auditor General (CAG) of India for the Financial Year 2019-20.

CAG vide its letter dated August 07, 2020 have issued a report stating that it has decided not to conduct the supplementary audit of the Company's Financial statements for the year ended March 31, 2020 in terms of Section 143 (6)(a) of the Companies Act, 2013.

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 the Companies Act, 2013 during the year are in the ordinary course of business and on arm's length basis. There are no materially significant related party transactions made by the Company with the Promoters or Directors or other related parties which may have a potential conflict with the interest of the Company at large. The details of transactions or contracts or arrangements entered into with related parties at an aggregate level for financial year 2019-20 is enclosed as Annexure II.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details regarding Loans, Guarantees or Investments made by the Company have been given in the notes to the Financial Statements.

OTHER DISCLOSURES

No statement containing particulars of employees as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is being annexed to the Report as there is no employee drawing remuneration as prescribed under the aforesaid Rule.

The disclosures pertaining to Conservation of Energy and Technology Absorption are not applicable to your company, as your company is not a manufacturing company.

There was no out go of foreign exchange during the year.

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public during the financial year 2019-20.

ACKNOWLEDGEMENT

The Board of Directors express their sincere appreciation to Company's Bankers and our parent company, STCI Finance Limited and other stakeholders for their support and guidance. The Board of Directors also places on record their appreciation of the dedicated performance by the employees.

On behalf of the Board of Directors

Mumbai
Date: 04-09-2020

Pradeep Madhav
Director
DIN 00267422

Prasanna Patankar
Director
DIN 07658714



Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U67120MH2004PLC148711
ii)	Registration Date	20/09/2004
iii)	Name of the Company	STCI Commodities Limited
iv)	Category / Sub-Category of the Company	Public Company limited by shares/NBFC
v)	Address of the Registered office and contact details	A/B 1-802, A-Wing, 8TH Floor, Marathon Innova, Marathon Nextgen Compound, Off. Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013. Tel: +91-22-6142 5115/100 Fax: +91-22 24991092 E-mail id: suparna@stcionline.com
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt Ltd C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000 Fax: +91 22 49186060. E-mail id: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	*Not applicable		

*The Company has discontinued its Commodity broking operations w.e.f September 20,2011

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	STCI Finance Limited A/B 1-802, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off Ganpatrao Kadam Marg, Lower Parel (W), Mumbai 400013	U51900MH1994PLC078303	Holding	100%	2(46)



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	4470000	-	4470000	99.34	4470000	-	4470000	99.34	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	30000	30000	0.66	30,000	-	30000	0.66	-
Sub-total (A) (1):	4470000	30000	4500000	100%	4500000	-	4500000	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):	-	-	-	-	-	-	-	-	-



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	
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)	4470000	30000	4500000	100%	4500000	-	4500000	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	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11
3	At the beginning of the year	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11



Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
4	At the beginning of the year	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11
5.	At the beginning of the year	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11
6.	At the beginning of the year	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11
7	At the beginning of the year	5000	0.11	5000	0.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons	No change in the shareholding			
	At the end of the year	5000	0.11	5000	0.11

iv) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

S. N	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
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	-	-	-	-



S. N	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
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 pattern of Directors and Key Managerial Personnel

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	None of the Directors hold any shares in the Company			
	Date wise increase/ decrease in share-holding during the year along with reasons				
	At the end of the year				



V) INDEBTEDNESS

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

(₹ In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
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:

(₹ 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 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	Pradeep Madhav	Prasanna Patankar	Raghvendra Kumar	
	(a) Fee for attending board committee meetings	0.20	0.20	0.15	0.55
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	Total (2)	0.20	0.20	0.15	0.55
	Total (B)=(1+2)	0.20	0.20	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 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 a 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	-	-	-	-	-

For and on behalf of the Board of Directors

Mumbai
Date: 04-09-2020Pradeep Madhav
Director
DIN 00267422Prasanna Patankar
Director
DIN 07658714



ANNEXURE IV TO THE DIRECTORS' REPORT

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, 2020 are in ordinary course of business and at arms length basis.

Details of *Material transactions with related parties at an aggregate level for the financial year ended March 31, 2020 :

S.N	Name(s) of the related party and nature of relationship	Nature of contract/ arrangement	Duration of contract/ arrangement/ transaction	Salient terms of contract/ arrangements/ transactions including value, if any	Amount (in Rs lakh)	Date of Board approval, if any	Amount paid as advances, if any
1.	STCI Finance Limited – Holding Company	Sitting fees paid for attending Board Meetings	N.A	Sitting fees of Rs. 5000/- paid for each meeting of Board attended by Nominees of STCI Finance Limited.	0.55	N.A	-

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

For and on behalf of the Board of Directors

Mumbai
Date: 04-09-2020

Pradeep Madhav
Director
DIN 00267422

Prasanna Patankar
Director
DIN 07658714



INDEPENDENT AUDITOR'S REPORT

To
The Members of STCI COMMODITIES LIMITED.

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of **STCI COMMODITIES LIMITED**, which comprise the Balance Sheet as at **31st March 2020**, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

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 Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS OF OPINION

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

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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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



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

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

Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

EMPHASIS OF MATTER

- a) We draw attention to note no 3 & 7 to the financial statements, the company has discontinued the commodity broking operations 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 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.
- b) We draw attention on status of legal matters of the company against two clients of Mathura Franchisee viz. Mr M Goswami & Mr Pratap Sharma against whom legal measures have been initiated for recovery of ₹ 62.41 lakhs plus interest. The matter is pending before the court.
- c) We draw attention that the company has discontinued the commodity broking operations with effect from 20th September 2011. Accordingly, the accounts have not been prepared on the assumption of going concern basis. Further the company has surrender its membership of National Commodity & Derivatives Exchange Limited (NCDEX) and Multi commodity exchange.



Our opinion is not modified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") as amended, issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, 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 c under the Emphasis of Matters paragraph above.
 - f) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - 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**".
 - 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 no pending litigations on its financial position in its financial statements.
 - ii. The Company has no material foreseeable losses on long-term contracts including derivative contracts as required under the applicable law or accounting standards.
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund (IEPF) by the Company.

For C. N. JAIN & CO.
Chartered Accountants
(FRN : 103895W)

C. N. JAIN
(Partner)
(Mem No: 035525)
UDIN : 20035525AAAAAD3749

Place : Mumbai
Date : 18/05/2020



Annexure “A” to the Independent Auditor’s Report on the financial statement of STCI COMMODITIES LIMITED

Referred to in paragraph 1, under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date to the standalone financial statement of the Company for the year ended March 31st 2020:

i) In respect of its fixed assets :

During the year the company has no fixed assets. Therefore the provision of clause (i) of the order is not applicable to the company.

ii) In respect of inventories:

During the year the company has no inventories. Therefore the provision of clause (ii) of the order is not applicable to the company.

iii) During the year 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.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013, with respect to investments made.

v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provision of Clause (v) of paragraph 3 of the Order is not applicable to the Company.

vi) As informed to us, the Central Government has not prescribed maintenance of cost records under subsection (1) of Section 148 of the Act in respect of the business of the company.

vii) a) According to information and explanations given to us and on the basis of our examination of the records of the company, the company has been regular in depositing its undisputed statutory dues such as, Income tax, GST and any other material statutory dues whichever is applicable to the company with the appropriate authorities during the year. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, GST, and any other material statutory dues were in arrears as at March 31st, 2020 for a period of more than six months from the date they became payable.

b) According to information and explanations given to us, no statutory due is outstanding on account of dispute.

viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

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) According to the information and explanation given to us, no material fraud on or by company has been noticed or reported during the year.

xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided managerial remuneration. Accordingly, clause (xi) of paragraph 3 of the Order is not applicable.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause (xii) of paragraph 3 of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions 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.
- xv)** According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non cash transactions with directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Order is not applicable.
- xvi)** In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For C. N. JAIN & CO.
Chartered Accountants
(FRN : 103895W)

C. N. JAIN
(Partner)
(Mem No: 035525)
UDIN : 20035525AAAAAD3749

Place : Mumbai
Date : 18/05/2020



Annexure “B” To the Independent Auditor’s Report of even date on the Ind AS financial statement of, STCI COMMODITIES LIMITED

(Referred to in paragraph 2 (g) under report of on other legal and regulatory requirements of our report of even date.)

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

We have audited the internal financial controls over financial reporting of **STCI COMMODITIES LTD** as of March 31st, 2020 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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



INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

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 31st, 2020, 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 C. N. JAIN & CO.
Chartered Accountants
(FRN : 103895W)

C. N. JAIN
(Partner)
(Mem No: 035525)
UDIN : 20035525AAAAAD3749

Place : Mumbai
Date : 18/05/2020



Annexure - “C” to the Auditors’ Report

Directions and Sub Directions under Section 143(5) of the Companies Act, 2013.

(Referred to in paragraph 2 (h) under report of on other legal and regulatory requirements of our report of even date.)

1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company has system in place to process the accounting transactions through IT system.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company’s inability to repay the loan? If yes, the financial impact may be stated.	There are no cases of restructuring of an existing loan or waiver/write off of debts/loans/ interest etc, during the year under consideration.
3.	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	No funds received/ receivable for specific schemes from central/ state agencies.

For C. N. JAIN & CO.
Chartered Accountants
 (FRN : 103895W)

C. N. JAIN
 (Partner)
 (Mem No: 035525)
 UDIN : 20035525AAAAAD3749

Place : Mumbai
 Date : 18/05/2020



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 2020

The preparation of financial statements of STCI Commodities Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 18 May 2020.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of STCI Commodities Limited for the year ended 31 March 2020 under section 143 (6) (a) of the Act.

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

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

Place : Mumbai
Dated : 07.08.2020



BALANCE SHEET AS AT MARCH 31, 2020

(₹ in Lakhs)

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
	ASSETS			
1	Financial Assets			
(a)	Cash & Cash equivalents	2 a	3.35	0.92
(b)	Bank Balances other than (a) above	2 b	190.59	184.68
(c)	Receivables			
(i)	Trade Receivables		-	-
(ii)	Other Receivables		-	-
2	Non-financial Assets			
	Tax assets(net)		1.33	2.09
	Total Assets		195.27	187.69
	LIABILITIES AND EQUITY			
1	Financial Liabilities			
	Payables	3		
(i)	Trade Payables			
	total outstanding dues of micro enterprises and small enterprises		-	-
	total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(ii)	Other Payables			
	total outstanding dues of micro enterprises and small enterprises		-	-
	total outstanding dues of creditors other than micro enterprises and small enterprises		7.69	7.77
2	Non-Financial Liabilities			
(a)	Provisions (For Exp.)		0.50	0.50
(b)	Other non-financial liabilities (statutory dues)		0.04	0.08
3	Equity			
(a)	Equity Share capital	4	450.00	450.00
(b)	Other Equity		(262.96)	(270.66)
	Total Liabilities and Equity		195.27	187.69
	Significant accounting policies, key accounting estimates and judgments	1		
The notes referred to above and other notes form an integral part of the financial statements.				

As per our attached report of even date

For and on behalf of the Board

For C N Jain & Co

Chartered Accountants
Firm Regn No.: 103895WC N Jain
Partner
Membership No.: 035525Pradeep Madhav
Director
DIN : 00267422Prasanna Patankar
Director
DIN : 07658714Place : Mumbai
Date : May 18, 2020Place : Mumbai
Date : May 18, 2020



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Lakhs)

	Particulars	Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
(I)	Revenue from operations		-	-
(II)	Other Income	5	12.76	12.11
(III)	Total Income (I+II)		12.76	12.11
	Expenses			
	Other expenses	6	2.47	2.18
(IV)	Total Expenses		2.47	2.18
(V)	Profit / (loss) before exceptional items and tax (III-IV)		10.29	9.93
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V+VI)		10.29	9.93
(VIII)	Tax Expense:			
	(1) Current Tax		2.59	-
	(2) Deferred Tax		-	-
(IX)	Profit/(loss) for the period (VII-VIII)		7.70	9.93
(X)	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss			
	(ii) Income Tax relating to items that will not be reclassified to profit or loss			
	Subtotal (A)		-	-
	B (i) Items that will be reclassified to profit or loss			
	(ii) Income Tax relating to items that will be reclassified to profit or loss			
	Subtotal (B)		-	-
	Other Comprehensive Income (A + B)		-	-
(XI)	Total Comprehensive Income for the period (IX + X)		7.70	9.93
(XII)	Earnings per equity share - Basic & Diluted (for continuing and discontinued operations)		0.17	0.22
	Significant accounting policies, key accounting estimates and judgments	1		
	The notes referred to above and other notes form an integral part of the financial statements.			

As per our attached report of even date

For C N Jain & Co

Chartered Accountants

Firm Regn No.: 103895W

For and on behalf of the Board

C N Jain

Partner

Membership No.: 035525

Pradeep Madhav

Director

DIN : 00267422

Prasanna Patankar

Director

DIN : 07658714

Place : Mumbai

Date : May 18, 2020

Place : Mumbai

Date : May 18, 2020



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) / Profit before tax and extraordinary items	10.29	9.93
Adjustments for:		
Fair Value Changes on Investments (including unrealised gains)	-	(1.18)
	-	(1.18)
Operating Profit / (loss) before working capital changes	10.29	8.75
Changes in Working Capital:		
(Increase)/ Decrease in Receivables	-	4.29
Increase/ (Decrease) in Payable	(0.08)	(0.71)
Increase/ (Decrease) in Provisions	-	-
Increase/ (Decrease) Other non-Financial Liabilities	(0.04)	(0.01)
	(0.12)	3.57
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	10.17	12.32
Less: Taxes Paid (Net)	1.83	0.11
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	8.34	12.21
B. CASH FLOW FROM INVESTING ACTIVITIES		
Other Bank Balance (Deposit having original maturity over three months and interest thereon)	(5.91)	(46.37)
Change in value of investments (Net)	-	32.33
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	(5.91)	(14.04)
C. CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	-	-
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	2.43	(1.83)
Cash and Cash Equivalents at beginning of period (Refer Note 2a)	0.92	2.75
Cash and Cash Equivalents at end of period (Refer Note 2a)	3.35	0.92
Prepared as per "Indirect Method" as prescribed by Accounting Standard Ind AS 7 "Cash Flow Statements"		

As per our attached report of even date

For and on behalf of the Board

For C N Jain & Co

Chartered Accountants
Firm Regn No.: 103895WC N Jain
Partner
Membership No.: 035525Pradeep Madhav
Director
DIN : 00267422Prasanna Patankar
Director
DIN : 07658714Place : Mumbai
Date : May 18, 2020Place : Mumbai
Date : May 18, 2020



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Statement of Changes in Equity

A - Equity share capital

(₹ in Lakhs)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	4,500,000	45,000,000	4,500,000	45,000,000
Changes in the equity share capital during the year	-	-	-	-
Balance as at the end of the year	4,500,000	45,000,000	4,500,000	45,000,000

B. Other Equity

(₹ in Lakhs)

Particulars	Reserves & Surplus - Retained Earnings	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	(270.66)	(280.59)
Changes in accounting policy/prior period errors	-	-
Restated balance at the beginning of the year	(270.66)	(280.59)
Total Comprehensive Income for the year	7.70	9.93
Transfer to/from retained earnings	-	-
Any other change	-	-
Balance as at the end of the year	(262.96)	(270.66)

As per our attached report of even date

For and on behalf of the Board

For C N Jain & Co

Chartered Accountants

Firm Regn No.: 103895W

C N Jain

Partner

Membership No.: 035525

Pradeep Madhav

Director

DIN : 00267422

Prasanna Patankar

Director

DIN : 07658714

Place : Mumbai

Date : May 18, 2020

Place : Mumbai

Date : May 18, 2020



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

I. Corporate Information:

STCI Commodities Limited (“the Company”) is a Public limited company domiciled in India with its registered office at A/B 1-802, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G K Marg, Lower Parel (w) Mumbai – 400013. The Company was incorporated on September 20, 2004, vide certificate of incorporation no. U67120MH2004PLC148711 issued by the Registrar of Companies Maharashtra, Mumbai with the object of carrying on the business of trading and broking in commodities on the various Commodity Exchanges.

However, the Broking operations (core business) were discontinued with effect from 20 September 2011. Since then, Company had settled almost all its clients outstanding accounts and surrendered its MCX, NCDEX and NCDEX e-Markets Limited (formerly known as NCDEX Spot Exchange Ltd) membership. The Company is presently pursuing legal cases for recovery of its broking business dues.

II. Basis of Preparation:

a. Statement of Compliance:

As the company has discontinued its broking operations (core business) since September 2011 and is in the process of settling of all its dues, the financial statements of the company continue to have not been prepared on the assumption of going concern basis since the financial year 2011-12.

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

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

b. Functional and presentation currency

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

c. Basis of preparation, presentation and disclosure of financial statements:

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

d. Fair Value Measurement

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

e. Use of judgment and Estimates

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of assets and expects the carrying amount of these assets will be recovered.

III. Significant Accounting Policies:

a. Financial Assets

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

Financial assets are subsequently classified as measured at:

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

The Company de-recognises a financial asset only when

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) is recognised in statement of profit and loss.

b. Financial liabilities and equity instruments issued by the Company

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

- **Equity instruments**

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

- **Financial liabilities**

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

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

The Company de-recognises financial liabilities when the obligations specified in the contract is discharged, cancelled or expires. The Company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS. Also the Company has decided not to re-recognise the assets that have already been derecognised.

c. Cash and Cash equivalents

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

Other bank balances include balances and deposits with banks that are restricted for withdrawal and usage or have original maturities of more than three months.

Statement of Cash Flow

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

d. Revenue Recognitions

- i. Interest Income is included in statement of Profit and Loss only when reasonably certain that the ultimate collection will be made.
- ii. Dividend is accounted on accrual basis when the right to receive the dividend is established.
- iii. Gains or losses on the sale of securities are recognised in Statement of profit and loss as the difference between fair value of the consideration received and carrying amount of the investment securities.

e. Accounting for taxes on income

- i. Current tax comprises of the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of earlier years. The amount of current tax reflects the best estimate of the tax amount to be paid, measured in accordance with the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current tax items are recognised in correlation to the underlying transaction either in the statement of profit or loss or other comprehensive income.
- ii. Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets other than on unabsorbed tax losses and provision for doubtful debts are recognized only when there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax losses and provision for doubtful debts are recognized when there is virtual certainty of their realization. Deferred tax items are recognised in correlation to the underlying transaction either in the statement of profit and loss, other comprehensive income or directly in equity. Any change in the deferred taxes due to a change in tax rates is recognised in the statement of profit and loss in the period of enactment of the change.

f. Provision and Contingencies

Provisions are recognised when Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account the risks and uncertainties surrounding the obligation as at the balance sheet date. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent assets are neither recognized nor disclosed.

g. Impairment of Non-financial assets (Tangible and intangible assets)

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount in statement of profit and loss. Recoverable amount is the greater of the net selling price and value in use. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

h. Earnings Per Share

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note-2 (a) : Cash and Cash equivalents

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Cash on hand	0.03	0.04
b)	Balance with Bank	3.32	0.88
	Total (a+b)	3.35	0.92

Note-2 (b) : Bank Balance other than Cash & Cash Equivalents (other than (a) above)

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
	Fixed Deposit with Bank (includes Interest accrued but not due)	190.59	184.68
	Total	190.59	184.68

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

Note 3 : Payables

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Trade Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
	Subtotal (i+ii)	-	-
b)	Other Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	7.69	7.77
	Subtotal (i+ii)	7.69	7.77
	Total (a+b)	7.69	7.77

Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), there are no amounts due to MSME as at March 31, 2020.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Disclosure under MSMED Act , 2006, to the extent the Company has received intimation from the Suppliers regarding their status	As at March 31, 2020	As at March 31, 2019
i)	Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-
ii)	Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-
iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
iv)	Interest accrued and remaining unpaid at the end of each accounting year	-	-
v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise,	-	-

Note-4 : Equity Share Capital

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
50,00,000 (PY - 50,00,000) Equity shares of ₹10/-each	500.00	500.00
	500.00	500.00
Issued, subscribed, and fully paid up		
Equity Share Capital		
45,00,000 (PY - 45,00,000) Equity shares of ₹10/- each fully paid up	450.00	450.00
Total	450.00	450.00

a) Details of Shareholding as at As at March 31, 2020

- i) STCI Commodities Limited is a 100% wholly owned subsidiary company of STCI Finance Limited.
- ii) Shareholders holding more than 5% of equity shares of the company are as under.

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	No of Shares	% of holding	No of Shares	% of holding
1. STCI Finance Ltd	44,70,000	99.34%	44,70,000	99.34%
2. STCI Finance Ltd jointly with Mr. Rajiv Ranjan	5,000	0.11%	5,000	0.11%
3. STCI Finance Ltd jointly with Mr. Kamlesh Rathi	5,000	0.11%	5,000	0.11%
4. STCI Finance Ltd jointly with Ms. Suparna Sharma	5,000	0.11%	5,000	0.11%
5. STCI Finance Ltd jointly with Ms. Sabita Bragenza	5,000	0.11%	5,000	0.11%
6. STCI Finance Ltd jointly with Mr. Alope Prasad	5,000	0.11%	5,000	0.11%
7. STCI Finance Ltd jointly with Mr. Deepak Paharya	5,000	0.11%	5,000	0.11%
	45,00,000	100.00%	45,00,000	100.00%

- b) Details of shares bought back during past five years : Nil.
- c) Aggregate number of shares allotted as fully paid up pursuant to contract without payment being received in cash or by way of Bonus Shares - Nil
- d) Reconciliation of the number of equity shares outstanding of ₹10/- each



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	As at March 31, 2020	As at March 31, 2019
Number of shares at the beginning of year	45,00,000	45,00,000
Add: Shares issued	0	0
Less: Share bought back / forfeited	0	0
Number of shares at the end of year	45,00,000	45,00,000

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

The Company has only one class of equity shares having par value of Rs. 10/- each.

Note- 5 : Other Income

(₹ In Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income from Fixed Deposits	12.70	10.85
Interest on income tax refund	0.06	0.08
Net gain/(loss) on sale of investments	-	1.18
Total	12.76	12.11

Note- 6 : Other expenses

(₹ In Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent, taxes and energy costs	0.26	0.17
Director's fees, allowances and expenses	0.65	0.65
Payment to Auditors		
- As Auditors	0.40	0.40
- For other services	-	0.39
Legal and Professional charges	1.16	0.57
Total	2.47	2.18

Note- 7 : Trade Payables

Company had discontinued its broking operation since September 2011, and has since repaid almost all the client and exchange dues. However, in few cases, the repayment of client and franchisee credit balances could not be completed as the final settlement cheques issued to clients were either not deposited by clients or were returned back to the company. Trade payables ((Refer Note 3) include Rs 7.28 Lakhs (PY Rs.7.28 Lakhs) payable to few such clients and franchisees. Details of these trade payables are as under:

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Undisputed client credit balances (not claimed by clients)	2.62	2.62
Disputed clients and franchisees credit balance	4.13	4.13
Deposit of Authorised Agent	0.53	0.53
Carrying amount at the end of the period	7.28	7.28



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note- 8: Related Party Disclosure**I. Parent / Associate Companies as identified by the Management are as under:**

Name of Related Party	Nature of Relationship
1. STCI Finance Limited	Holding Company
2. STCI Primary Dealer Ltd	Fellow Subsidiary
3. Bank of India	Associate of the Holding Company

II. Transaction with Related Party

(₹ In Lakhs)

Nature of Transaction	Name of Related Party	FY 2019-20	FY 2018-19
Sitting Fees Paid	STCI Finance Limited	0.55	0.55
Interest on Deposits	Bank of India	7.77	7.22
Fixed Deposits (made during the year)	Bank of India	134.92	108.37
Fixed Deposits Outstanding	Bank of India	134.92	108.37
Interest Receivable accrued but not due	Bank of India	5.35	4.90

Note- 9: Earnings Per Share

In accordance with Ind AS-33 the basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year and diluted earnings per share is calculated by after making required adjustments for the effects of all dilutive potential equity shares.

Earnings Per Shares - Basic and diluted

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Profit after Tax	7.70	9.93
Weighted average number of shares (Face Value ₹10)	4,500,000	4,500,000
Earnings Per Share for the year - Basic & Diluted	0.17	0.22

Note- 10: Segment Reporting

The company does not have any reportable segment during the financial year 2019-20.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020



Note- 11: Accounting classification and fair values of financial assets

(₹ In Lakhs)

Particulars	Carrying Amount			Fair value hierarchy				
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
As at March 31, 2020								
Financial Assets								
Cash and cash equivalents	-	-	3.35	3.35	-	-	-	-
Bank Balances other than Cash and cash equivalents	-	-	190.59	190.59	-	-	-	-
Total - Financial Assets	-	-	193.94	193.94	-	-	-	-
Financial liabilities - Trade and Other Payables	-	-	7.69	7.69	-	-	-	-
As at March 31, 2019								
Financial Assets								
Cash and cash equivalents	-	-	0.92	0.92	-	-	-	-
Bank Balances other than Cash and cash equivalents	-	-	184.68	184.68	-	-	-	-
Total - Financial Assets	-	-	185.60	185.60	-	-	-	-
Financial liabilities - Trade and Other Payables	-	-	7.77	7.77	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****Note- 12: Income Tax Expenses**

Tax expenses haven recognized as per section 115 BAA of the Income Tax Act, 1961 @ effective rate of 25.17%. Tax Expense recognized in the Statement of Profit and Loss:

(₹ In Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income Tax Expense:		
Current Tax	2.59	0.00
Total	2.59	0.00

Note- 13: Capital & Risk Management

Company has discontinued it the Broking operations (core business) since 20 September 2011. Since then, Company has settled almost all its clients outstanding dues and not started any new business operations. Company presently invests surplus capital into Bank Deposits and other liquid financial instruments and aims to maintain sufficient liquidity for the balance client claim, which may come for settlement.

Note- 14:

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

As per our attached report of even date**For C N Jain & Co**

Chartered Accountants
Firm Regn No.: 103895W

C N Jain

Partner

Membership No.: 035525

Place : Mumbai

Date : May 18, 2020

For and on behalf of the Board**Pradeep Madhav**

Director

DIN : 00267422

Place : Mumbai

Date : May 18, 2020

Prasanna Patankar

Director

DIN : 07658714