

**SECURITIES TRADING
CORPORATION OF INDIA LIMITED**



**17th Annual Report
For The Year Ended
31st March, 2011**



Sr. No.	Particulars	Page No.
A	SECURITIES TRADING CORPORATION OF INDIA LIMITED	4
B	STCI PRIMARY DEALER LIMITED	73
C	STCI COMMODITIES LIMITED	127
D	CONSOLIDATED ACCOUNTS	153



Annual Report 2010 - 11

A	SECURITIES TRADING CORPORATION OF INDIA LIMITED	
Sr. No.	Particulars	Page No
1	Director's Report	7
2	Auditor's Report	17
3	Auditor's Report to Directors	23
4	CAG Report	24
5	Balance Sheet	25
6	Profit & Loss Account	26
7	Schedules forming part of the Accounts	28
8	Significant Accounting Policies	40
9	Notes Forming Part of Accounts	48
10	Cash Flow Statement	66
11	Balance Sheet Abstract	68
12	Statement Pursuant to Section 212 of companies Act, 1956	69
13	List of Shareholders	70



BOARD OF DIRECTORS

D. BASU	<i>Chairman</i>
S.K. BARUA	<i>Director</i>
N. BALASUBRAMANIAN	<i>Director</i>
T.C. VENKAT SUBRAMANIAN	<i>Director</i>
V. SRIDAR	<i>Director</i>
V. LIMAYE	<i>Director</i>
P. SANYAL	<i>Managing Director</i>

-: AUDIT COMMITTEE :-

D. BASU, *Chairman*
S.K. BARUA
N. BALASUBRAMANIAN
V. SRIDAR
P. SANYAL

-: MANAGEMENT TEAM :-

SUDAMA RAM, *CEO (Lending)*
K. V. RAMAKRISHNAN, *GM*
BABU RAGHUTHAM, *DGM*

AUDITORS

Chandabhoy & Jassoobhoy
Mumbai

LEGAL ADVISORS

M/s. DAVE & GIRISH & CO.
Advocates - Mumbai

BANKERS

HDFC BANK LTD
BANK OF INDIA
STATE BANK OF INDIA

REGISTERED OFFICE ADDRESS

AB1, 802, A-Wing, 8th Floor, Marathon Innova,
Marathon Nextgen Compound,
Off. Ganpatrao Kadam Marg,
Lower Parel (West), Mumbai 400 013.



Board of Directors



Shri D. Basu
Chairman



Shri S. K. Barua
Director



Dr. N. Balasubramanian
Director



Shri T. C. Venkat Subramanian
Director



Shri V. Sridar
Director



Shri V. Limaye
Director



Shri. P. Sanyal
Managing Director



DIRECTORS' REPORT

TO THE SHAREHOLDERS OF

SECURITIES TRADING CORPORATION OF INDIA LIMITED

Your Directors have pleasure in presenting the Seventeenth Annual Report and the audited accounts of the Company for the Year ended March 31, 2011.

1. FINANCIAL RESULTS

₹ in Lakhs

	March 31, 2011	March 31, 2010
Total Income	807,281.39	937,204.70
Total Expenditure	802,664.30	934,322.15
Profit before dividend, tax, prior period and exceptional items	4,617.09	2,882.55
Dividend	111.03	83.33
Profit before tax, prior period and exceptional items	4,728.12	2,965.88
Exceptional Items	842.42	0.00
Profit before tax	5,570.54	2,965.88
Less: Provision for tax	1543.36	967.38
Profit after tax	4,027.18	1,998.50
Add: Balance brought forward from last year	4,256.73	4,096.22
Less: Utilised for premium for buy back	0	(1,574.83)
Net tax adjustment	52.03	136.85
Amount available for appropriation	8,335.94	4,656.73
Transfer to statutory reserves*	806.00	400.00
Proposed Dividend	3,040.00	0.00
Provision for Dividend Distribution Tax	504.91	0.00
Balance carried to balance sheet	3,985.03	4,256.73
Total	8,335.94	4,656.73
Basic and diluted earning per share (Rs.)	10.60	5.15

*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.



DIRECTORS' REPORT

2. FINANCIAL PERFORMANCE

During the year under review, your Company has reported profit before dividend and tax of ₹4617.09 lakhs as against ₹2882.85 in the previous year. This excludes an exceptional income of ₹842.42 lakhs from sale of its stake in Stanchart STCI Capital Markets Ltd. The increase of ₹1734.24 lakhs was mainly due to gain of ₹652 lakhs in equity trading and substantial increase in net interest income of ₹1062.65 lakhs in lending segment. Adverse market conditions affected the performance of the Company in Fixed Income trading and Commodity futures trading resulting in loss of ₹501.61 lakhs and ₹282.08 lakhs respectively.

3. DIVIDEND

The Board recommends payment of 8.00% dividend for the year 2010-11. If approved by shareholders, this absorbs ₹3544.91 lakhs, inclusive of Dividend Distribution Tax.

4. BUSINESS OPERATIONS

Lending

During the year under review, lending operations, in its second year, generated gross interest income of ₹5347 lakhs at an average yield of 12.04% for the year as against ₹1483 lakhs at average yield of 12.43% for the previous year. The loan book size as on March 31 2011 was ₹68,995 lakhs as against the loan book size of ₹31300 lakhs as at the end of the previous year, reflecting a growth of ₹37695 lakhs. As on March 31, 2011 all loan assets are performing.

The growth in the Company's lending business was satisfactory, particularly in relation to borrowers in the capital market viz for loans against shares and for promoter funding, IPO funding etc. As mentioned in last year's Directors' Report, for corporate loans, your Company was initially targeting rated small and medium enterprises and listed small and mid cap companies. However, experience indicated that this was a restrictive approach as such companies generally have access to bank credit. The Company has therefore widened the target group for corporate loans to include companies of all sizes including those unrated and unlisted, subject, of course, to strict scrutiny of the credit worthiness of the applicants, purpose of loans and securities offered.

Fixed Income

The Fixed Income segment generated gross interest income of ₹3592.71 lakhs during the year under review whereas net interest income from the segment after adjusting attributable borrowing cost came to ₹2917.59 lakhs. Trading loss to the tune of ₹501.61 lakhs was due to adverse trading conditions resulting mainly from an environment of rising interest rates.



DIRECTORS' REPORT

Equity

Equity trading generated an income of ₹827.91 lakhs during the year as against ₹458.58 lakhs in the previous year.

Commodity Futures

Your company traded primarily in Gold, Silver, Crude, Natural Gas and other metals. During the year under review, Commodity Futures trading resulted in a loss of ₹282 lakhs as against a loss of ₹60 lakhs in the previous year on account of volatile market conditions. It has been decided to stop trading in Commodity Futures, for the time being, pending an in depth review of the potential of this activity.

Leveraged Funds

Your company funded its portfolio largely by accessing the CBLO, Commercial papers and Bank Credit Line in addition to net worth. The weighted average borrowing rate of the Company for the year was 7.15%. The debt equity ratio at the end of the year was 0.62. The Company maintained Capital to Risk Assets Ratio (CRAR) well above the regulatory norms throughout the year. As on March 31, 2011 the CRAR was 62.90%.

5. 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 212 of the Companies Act, 1956, the audited statements of account for the year ended 31st March 2011 of the Company's subsidiaries, STCI Primary Dealer Ltd and STCI Commodities Ltd (wholly owned subsidiaries), the Auditors' Report and the Directors' Report thereon and the statement pursuant to Section 212(1)(e) of the Companies Act are annexed to this report. These reports provide information regarding business undertaken and financial results achieved by the subsidiaries.

Your Directors would, however, like to provide the following further information with respect to these subsidiaries.



DIRECTORS' REPORT

(i) STCI Primary Dealer Limited

STCI Primary Dealer Limited has reported profit before tax of ₹809 lakhs for the year ended March 2011 as against ₹2023.46 lakhs in the previous financial year. The fall in profit in the year under review as compared to the previous financial year was primarily on account of trading losses caused due to adverse market conditions.

(ii) STCI Commodities Limited

STCI Commodities Limited reported profit before tax of ₹15 lakhs for the year ended March 2011 as against a loss of ₹2.26 lakhs during the previous financial year. Despite cutting down on its expenses and improving its revenue earning to some extent, the Company is not able to make any headway in its performance due to various constraints like lack of pan India presence, limited client base, etc. In view of the above position, the Board has decided to exit from the commodity broking business.

(iii) Standard Chartered- STCI Capital Markets Ltd (SCSCML)(erstwhile UTI Securities Ltd)

Your company has sold remaining 25.1% stake to Standard Chartered Bank (Mauritius) for ₹ 8000 lakhs by exercising a put option in October, 2010 as a full and final settlement pursuant to the terms of Share Purchase Agreement & Share Holder Agreement. The Company also made a payment of ₹400 lakhs to Standard Chartered STCI Capital Markets Ltd (SCSCML) in full and final settlement and in discharge of all indemnities. Pursuant to acquiring 100% stake SCSCML, the name of SCSCML has changed to Standard Chartered Securities (India) Limited from February, 2011.

6. BOARD OF DIRECTORS

As on March 31, 2011, the Board comprised seven Directors out of whom one is nominated by Bank of India. Shri D.Basu and Shri V Sridar (nominee of Bank of India) retire by rotation and are eligible for re-appointment. Brief resume/ details of Shri D.Basu and Shri V Sridar offering themselves for re-appointment is furnished as an attachment to the Notice for the ensuing Annual General Meeting. The Board met five times during the year under review.

Shri Pawan Bajaj, nominee of Bank of India has been inducted as an Additional Director with effect from July 12, 2011 and holds office upto the date of the ensuing Annual General meeting. The Company has received notice under section 257 of the Companies act, 1956 proposing his appointment as a Director not liable to retire by rotation.



DIRECTORS' REPORT

7. COMMITTEES OF THE BOARD

(i) Audit and Risk Management Committee

Audit and Risk Management Committee has been constituted under section 292 A of the Companies Act, 1956. As on 31st March, 2011, the Committee comprises Shri D. Basu (Chairman), Dr. N. Balasubramanian, Professor S.K. Barua, Shri V. Sridar and Shri P. Sanyal (Managing Director). Three members of the Committee are independent Directors and all except the Managing Director are Non- Executive Directors of the Company. Members of the Audit and risk Management Committee have requisite financial and management expertise and have held or hold positions in reputed organizations.

The scope and functions of the Audit and Risk Management Committee are as per the provisions of Companies Act, 1956 and in particular include the following:

- overseeing financial reporting processes
- Reviewing periodic financial results, financial statements and adequacy of internal control systems
- Reviewing the annual financial statements with the Management and Statutory Auditors and recommending consideration thereof to the Board of Directors
- Discussion and review of periodic internal and concurrent audit reports
- Reviewing the Audit/Inspection reports of the Comptroller & Auditor General of India, Reserve Bank of India etc.
- Reviewing the performance of the Internal and Concurrent Auditors with the management

Further the Board has entrusted the review of risk issues to the Audit & Risk Management Committee. The scope and functions for this purpose are as follows:

- Approval and review of risk policies, procedures and reporting mechanisms
- Approval and review of various limits and parameters for trading viz. setting up of trading limits for 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
- Approval and review of cut loss policies
- Monitoring of compliance with the approved risk policies, procedures, parameters etc and



DIRECTORS' REPORT

- Any other risk/ALCO related matter that the Committee may consider relevant and appropriate

The Committee met four times during the year under review.

(ii) Nomination Committee

The Nomination committee of the Board is constituted for selection and appointment of new Directors. The Nomination Committee comprises Shri D.Basu (Chairman), Prof. S.K.Barua and Shri P. Sanyal (Managing Director) .The Nomination Committee meets as and when a new Director is inducted. No meeting of this Committee was held during the year.

(iii) HRD Committee

The HRD Committee of the Board reviews the Human Resources policy and procedure to be followed by the Company besides the remuneration to be paid to the Managing Director. The HRD Committee comprises of Professor S. K. Barua (Chairman), Shri T.C. Venkat Subramanian, Shri V Sridar and Shri P Sanyal (Managing Director). The Committee met three times during the year under review.

(iv) Credit & Investment Committee

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

The members of this committee are Shri D. Basu, Shri T. C. Venkat Subramanian, Shri V. Sridar, Shri Vikram Limaye (resigned w.e.f April 21, 2011), Shri Pawan Bajaj (w.e.f July 12, 2011) and Shri P. Sanyal. The Committee met four times during the year under review.

8 MANAGEMENT AND EXECUTIVE COMMITTEES

The Board has constituted the following committees of senior executives to manage its business and the related risks. All these Committees meet at regular intervals. They deliberate on matters which have a bearing on the Company's operations and functions as a forum to elicit inputs from departmental heads and also keeps departmental heads aware of these issues.

(i) ALCO & Risk Management Committee

The ALCO and Risk Management Committee comprises of senior executives and is headed by the Managing Director. It is responsible for (i) ensuring adherence to the prudential limits and



DIRECTORS' REPORT

guidelines set by the Board of Directors and the Audit and Risk Committee of Board (ii) formulating Risk Management Policies and (iii) attending to all issues related to Asset-Liability Management.

(ii) Credit Committee

The Credit Committee decides upon fixing of exposure limits for each IPO financing and also approves exposure limits (borrower wise as well as script wise) for loan against shares. The exposure limit for each borrower is also decided by the Credit Committee subject to the ceilings laid down by the Board. This Committee considers and sanctions loan within the powers delegated to it by the Board. The Credit Committee comprises the Managing Director, CEO (Lending) and General Manager.

(iii) Grievances Redressal Committee

Grievances Redressal Committee reviews the complaints and grievances of staff and that of Customers/clients.

9. REGULATORY COMPLIANCE

Your Company has complied with all the applicable guidelines prescribed by RBI for NBFCs, regarding accounting standards, income recognition, valuation of securities, capital adequacy, etc.

10. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has adopted an appropriate CSR Policy. The activities under CSR policy are reviewed regularly by a Committee and the information regarding the same is disseminated on the Company's website.

11. FAIR PRACTICES CODE

In accordance with RBI guideline, your Company has disseminated the fair practice code on its 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.

12. CREDIT RATING

Your Company continued to enjoy the highest ratings of P1+ and A1+ from rating agencies CRISIL and ICRA respectively for its short term borrowing programme. The Company also enjoys AA rating from ICRA for its medium term borrowing programme.



DIRECTORS' REPORT

13. OTHER MATTERS

(i) Auditors

M/s Chandabhoy & Jassoobhoy, Chartered Accountants, Mumbai were appointed as the Auditors of the Company by the Comptroller & Auditor General of India (C&AG) for the year ended March 31, 2011. Auditors for the financial year ending March 31, 2012 will be appointed by C&AG, under the provisions of Section 619(2) of the Companies Act, 1956. The Board appointed M/s Borkar & Muzumdar, Chartered Accountants, Mumbai as our internal auditors for the financial year 2011-12. M/S Borkar & Muzumdar were also our internal auditors for the financial year 2010-11.

(ii) Recruitment & Staff Training

With a view to strengthening its human resources, the Company has been recruiting professionals with appropriate skills and experience at appropriate management levels. Recognising the importance of exposing officers to the developments in the financial sector, the Company deutes its officers for appropriate training programmes and seminars.

(iii) Disclosure of Particulars

- (a) Disclosures on materially significant related party transactions that may have potential conflict of interest of the Company at large;

During the year 2010-11, no transactions of material nature had been entered into by the Company with promoters or Directors or Management, their subsidiaries or their relatives that may have potential conflict with the interests of the Company. Particulars of related party transactions with the subsidiary companies and others are disclosed in Notes to Accounts.

- (b) Details of non-compliance by the Company, penalties and restrictions imposed on the Company by Registrar of Companies, SEBI or any other statutory authority or any matter relating to Capital Markets, during the last three years.

Your company has complied with all the requirements on matters related to the Company, as applicable from time to time. No penalties or restrictions were imposed by regulatory authority during the year under review.

- (c) Disclosures on Risk Management

Your company has laid down Risk Management Policy defining risk profiles involving strategic, technological, operational, financial, organizational risks within a well defined framework.



DIRECTORS' REPORT

(d) Whistle Blower Policy

Your company has formulated a policy to prohibit managerial personnel from taking adverse action against employees, who report in good faith alleged wrongful conduct on matters involving violation of any law, mismanagement, gross waste or misappropriation of public or company's funds, substantial or specific danger to public health and safety or an abuse of authority. The policy lays down the mechanism for making enquiry in the whistle blower complaints received by the Company.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit and Risk Management Committee.

(e) Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

1. In preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures.
2. Appropriate accounting policies have been selected and applied consistently; judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and the profit for that period.
3. Proper and sufficient care has been taken to the best of their knowledge and ability for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

(f) Other Disclosures

1. There are no employees in respect of whom details are required to be given under section 217(2A) of Companies Act, 1956 read with the Rules framed there under.
2. The companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 pertaining to Conservation of Energy in Form A and Technology Absorption in Form B are not applicable to your Company, as your Company is not a manufacturing Company.
3. There were no foreign exchange earnings during the year. The details of foreign exchange outgo appear at item No.10 of Schedule 20 in the Notes forming part of Accounts.
4. Your Company uses Information Technology extensively in its day to day operations.



DIRECTORS' REPORT

(iv) Public Deposits

During the year ended March 31, 2011, 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.

(v) Future Outlook

Your company's lending business is growing satisfactorily and further growth is expected during the current year. This business has added much needed steadiness in the Company's income stream which otherwise was being affected by trading conditions in the securities markets.

In so far as investment and trading in securities is concerned, the Fixed Income market is currently offering very little trading opportunities because of the rising and uncertain interest rate scenario. Opportunity is, however, being taken to build up the investment portfolio by taking advantage of the market trends.

As for equities, trading conditions again have not been easy so far this year but opportunities are being taken here also to build up the investment portfolio by acquiring stocks at attractive cost.

Overall, the Company, on a stand alone basis, expects to close the current year with a profit which, as per current estimates, will be higher than that of the previous year.

On a consolidated basis, the position, however, is somewhat uncertain because the Company's major subsidiary engaged in primary dealership business has been encountering strong headwinds in the Fixed Income market which trend is likely to continue during most of the current year.

(vi) Acknowledgement

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

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

On behalf of the Board of Directors.

Mumbai
July 12, 2011

(D. Basu)
Chairman



AUDITOR'S REPORT

The Members,

Securities Trading Corporation of India Limited

We have audited the attached Balance Sheet of Securities Trading Corporation of India Limited as at March 31, 2011 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended, ('the Order') issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

During the year, the company has changed the method of valuation of its securities held as stock-in-trade/current investments to align with the Reserve Bank of India directions issued vide notification no. DNBS (PD) CC No.178/03.02.001./2010-11 dated July 01, 2010 and is now providing net depreciation category-wise instead of gross depreciation scrip-wise. Due to change in method of valuation as stated above, the profit and the reserves for the current year is higher by ₹1.87 lakhs. (Refer note 2 schedule 20).

2. Further to our comments in the annexure referred to in paragraph 1. above:
 - a. We have 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 appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



AUDITOR'S REPORT

- e. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
3. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - b. in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

Manish D. Shah
Partner
Membership No.: 38955
Firm Registration No.: 101647W

Place: Mumbai
Date: April 21, 2011



ANNEXURE REFERRED IN THE DRAFT AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF SECURITIES TRADING CORPORATION OF INDIA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.

- i. a The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b The fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed in respect of assets so verified. In our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- c During the year the Company has not disposed off any substantial part of its fixed assets. Accordingly, the provisions of clause 4(i)(c) of the order is not applicable.
- ii. a The securities held as stock in trade are in dematerialized form with custodian. Statement of securities is received from the custodian on regular basis and the same is reconciled by the management at regular intervals.
- b As securities are held in dematerialized form, the requirement of physical verification doesn't arise.
- c 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. a The Company has granted an interest free unsecured loan amounting to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹70 lakhs. The outstanding balance as on March 31, 2011 was ₹50 lakhs.
- b According to the information and explanation given to us and in our opinion the terms and conditions of the interest free unsecured loan given by the company is, prima facie, not prejudicial to the interest of the company.
- c According to the information and explanation given to us, in respect of the loan given, there were no overdue amounts as the loan is repayable on demand.



ANNEXURE TO THE AUDITOR'S REPORT

- d The company has not taken any loan, secured or unsecured, from any companies, firms or other parties listed in the register maintained under section 301 of the companies Act, 1956. Accordingly, provisions of clause 4(iii) (d), (e) and (f) is not applicable.
- iv. In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase and sale of securities and fixed assets. During the course of our audit, no major weakness was noticed in the internal controls.
- v. a According to the information and explanations given to us, and in accordance with the legal opinion obtained by the Company, the Board of Directors of the Company who have entered into transactions are not to be regarded as interested under the provisions of section 299(1) of the Companies Act, 1956. The particulars of contracts/arrangements entered into with other parties that need to be entered into the register maintained under section 301 have been so entered.
- b The contracts/arrangements entered into parties other than Board of Directors were generally made at prices which were reasonable having regard to the prevailing market price at that time.
- vi. The Company has not accepted any public deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules made there under. Accordingly, the provisions of clause 4(vi) of the order are not applicable.
- vii. In our opinion, the Company has internal audit system commensurate with the size of the company and the nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956. Accordingly, the provisions of clause 4(viii) of the order are not applicable.
- ix. a According to the information and explanations given to us and based on the records examined by us, except stamp duty on transaction of Non Government securities, (Refer Schedule 20, Note 23) the Company is generally regular in depositing undisputed statutory dues including provident fund, income tax, wealth tax, service tax and other statutory dues applicable to it. Undisputed 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 ₹ 60.90 lakhs.



ANNEXURE TO THE AUDITOR'S REPORT

- b According to the information and explanations given to us, and based on the records examined by us, there are no dues of income tax, sales tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x. There are no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the current and immediately preceding financial year.
- xi. According to the information and explanations given to us and based on the records examined by us, the company has not defaulted in repayment of dues to bank during the year. The company has not raised any funds from financial institutions or issued any debentures.
- xii. In our opinion the Company has maintained adequate documents and records for loans and advances granted on the basis of security by way of pledge of shares and other securities.
- xiii. According to the information and explanations given to us, the Company is not a chit fund, nidhi, mutual benefit fund or a society. Clause 4 (xiii) of the Order is not applicable to the Company.
- xiv. According to the information and explanations given to us and based on the records examined by us, Proper records have been maintained of the transactions and contracts relating to trading in shares, bonds, securities and other investments. Entries are made on timely basis and investments are held in the name of the Company.
- xv. According to information and explanation given to us the Company has not given any guarantee for loans taken by its subsidiaries and associates from banks or financial institutions.
- xvi. According to the information and explanations given to us and based on the records examined by us, the Company had not availed any term loan during the year. Accordingly, the provisions of clause 4 (xvi) of the order is not applicable to the company for the year under report.
- xvii. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, funds raised by the company on short term basis have not been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4 (xviii) of the order is not applicable to the company.
- xix. The Company has neither issued nor had any outstanding debentures during the year. Accordingly, clause 4 (xix) of the order is not applicable to the company.



ANNEXURE TO THE AUDITOR'S REPORT

- xx. The Company has not raised money by way of public issues during the year. Accordingly, clause 4 (xx) of the order is not applicable to the company.
- xxi. According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

Manish D. Shah
Partner

Place: Mumbai
Date: April 21, 2011

Membership No.: 38955
Firm Registration No.: 101647W



AUDITOR'S REPORT

To the Board of Directors of
SECURITIES TRADING CORPORATION OF INDIA LIMITED

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

- A. i) The Company has applied for registration under section 45IA of Reserve Bank of India Act, 1934 (2 of 1934), and Reserve Bank of India has granted certificate of registration (CoR) bearing no. 13.00005 date 16.12.1997.
- ii) The Company is entitled to continue to hold such CoR in terms of its asset / income pattern as on 31.03.2011.
- iii) During the year the Company has been classified as Investment Company as defined in Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998. However, with reference to the business carried on by it during the financial year 2010-11 it should be classified as Loan Company.
- B. i) The Board of Directors has passed resolution on April 21, 2010 for non acceptance of the public deposit.
- ii) The Company has not accepted public deposit during the year under review.
- iii) The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts, as applicable to it.
- iv) a) The Company has correctly disclosed capital adequacy ratio in form NBS - 7 in the return submitted to the bank. It is in compliance with the minimum CRAR prescribed by the bank.
- b) Yes, the Company has furnished to the bank the annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS - 7) within the stipulated period.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

Manish D. Shah
Partner

Place: Mumbai
Date: April 21, 2011

Membership No.: 38955
Firm Registration No.: 101647W



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF SECURITIES TRADING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2011.

The preparation of financial statements of Securities Trading Corporation of India Limited for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 21 April 2011.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor on the accounts of Securities Trading Corporation of India Limited for the year ended 31 March 2011 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

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

(Alka R. Bhardwaj)

Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board-I, Mumbai

Place : Mumbai
Date : 10 June 2011



BALANCE SHEET AS AT MARCH 31, 2011

(₹ in Lakh)

	SCHEDULE NO.	AS AT MARCH 31, 2011		AS AT MARCH 31, 2010	
<u>SOURCES OF FUNDS</u>					
1. Shareholders' Funds					
a) Share Capital	1	38,000.00		38,000.00	
b) Reserves and Surplus	2	40,969.03	78,969.03	40,434.73	78,434.73
2. Loan Funds					
a) Secured Loans	3	0.00		0.00	-
b) Unsecured Loans	4	48,575.53	48,575.53	31,754.20	31,754.20
TOTAL			127,544.56		110,188.93
<u>APPLICATION OF FUNDS</u>					
1. Fixed Assets					
Gross Block	5	3,559.76		1,338.94	
Less : Depreciation		471.57		625.08	
Net Block		3,088.19		713.86	
Capital Work-in-Progress (including capital advances)		0.00	3,088.19	2,377.64	3,091.50
2. Investments	6		30,739.36		29,127.76
3. Deferred Tax Assets (Net) (Refer Note 12)			99.57	-	1,635.32
4. Current Assets, Loans and advances					
a) Stock-in-Trade	7	21,487.61		40,040.36	
b) Cash and Bank Balances		101.62		69.42	
c) Other Current Assets		1,646.70		570.64	
d) Loans and Advances		76,476.75		37,688.68	
		99,712.68		78,369.10	
Less: Current Liabilities and Provisions					
a) Current Liabilities	8	194.52		346.79	-
b) Provisions		5,900.72		1,687.96	
		6,095.24		2,034.75	
Net Current Assets			93,617.44		76,334.35
TOTAL			127,544.56		110,188.93
Significant Accounting Policies	19				
Notes forming part of the Accounts	20				

As per our report of even date
For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

(Manish D. Shah)
Partner
Membership No.38955
Mumbai,
April 21, 2011

For and on behalf of the Board of Directors

(D. Basu) Chairman
(V. Sridar) Director
(P. Sanyal) Managing Director
(K.V.Ramakrishnan) General Manager
(Kamlesh Rathi) Chief Manager

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

(₹ in Lakh)

	SCHEDULE NO.	AMOUNT 2010-11	AMOUNT 2009-10
<u>INCOME</u>			
Sale of Securities	9	816,230.97	935,468.83
Increase/(Decrease) in Stock-in-Trade	10	(18,552.74)	(1,368.20)
Interest Income(Income tax deducted at source - ₹517.05 lakhs, Previous year ₹252.41)	11	8,913.23	2,703.28
Income from Derivatives	12	(288.79)	52.12
Profit on Sale of Investments		484.93	55.37
Other Income (Income tax deducted at source - ₹25.96 lakhs, Previous Year ₹5.67 lakhs)	13	493.79	293.30
Dividend Income (Refer Note 14 of Schedule 20)		111.03	83.33
TOTAL INCOME		807,392.42	937,288.03
<u>EXPENDITURE</u>			
Purchase of Securities	14	797,487.20	932,938.36
Borrowing Cost	15	3,783.90	338.57
Other Financial Payments	16	87.71	44.41
Personnel Cost	17	479.73	373.11
Administration and Other Expenses	18	481.23	514.51
Contingent Provision Against Standard Assets		172.61	0.00
Amortisation of Premium on Debt Investments		8.52	0.00
Depreciation		163.40	113.19
TOTAL EXPENDITURE		802,664.30	934,322.15
Profit Before Tax & Exceptional Items		4,728.12	2,965.88
Exceptional Item: Profit on sale of investment (Refer Note 1 of Schedule 20)		842.42	0.00
PROFIT BEFORE TAX		5,570.54	2,965.88
Provision for Tax :			
Current Tax (MAT)		1,122.51	488.82
MAT Credit Entitlement		(1,122.51)	(488.82)
Deferred Tax		1,535.74	961.06
Provision for Wealth Tax		7.62	6.33
PROFIT AFTER TAX		4,027.18	1,998.49
Balance brought forward from last year		4,256.73	4,096.22
Utilised for Premium on Buy Back of Shares		0.00	(1,574.83)
Net Tax Adjustments (Refer Note 17 of Schedule 20)		52.03	136.85
AMOUNT AVAILABLE FOR APPROPRIATION		8,335.94	4,656.73



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in Lakh)

	SCHEDULE NO.	AMOUNT 2010-11	AMOUNT 2009-10
Appropriations / (Withdrawals)			
Statutory Reserve (as per Section 45IC of the RBI Act, 1934)		806.00	400.00
Proposed Dividend		3,040.00	0.00
Provision for Dividend Distribution Tax		504.91	0.00
Balance carried to Balance Sheet		3,985.03	4,256.73
TOTAL		8,335.94	4,656.73
Basic and Diluted Earning Per Share (₹) -			
Refer Note 10 of Schedule 20		10.60	5.15
Significant Accounting Policies	19		
Notes forming part of the Accounts	20		

As per our report of even date

For and on behalf of
Chandabhoy & Jassoobhoy
 Chartered Accountants

(Manish D. Shah)
 Partner
 Membership No.38955

Mumbai,
 April 21, 2011

For and on behalf of the Board of Directors

(D. Basu) Chairman
(V. Sridar) Director
(P. Sanyal) Managing Director
(K.V.Ramakrishnan) General Manager
(Kamlesh Rathi) Chief Manager



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in lakhs)

	AS AT MARCH 31, 2011		AS AT MARCH 31, 2010	
SCHEDULE - 1				
Share Capital				
Authorised				
50,000,000 Equity Shares of ₹100/- each		50,000.00		50,000.00
Issued, Subscribed and Paid-up				
38,000,000 Equity shares of ₹100/- each fully paid (3,000,000 Equity shares of ₹100/- each were bought back during 2009-10)		38,000.00		38,000.00
TOTAL		38,000.00		38,000.00
SCHEDULE - 2				
Reserves and Surplus				
General Reserve				
Balance as per last Balance Sheet	0.00		4,245.17	
Utilised for premium on buy-back of shares	0.00		(1,245.17)	
Transferred to Capital Redemption Reserve on buyback of shares	0.00		(3,000.00)	
Amount transferred from Profit and Loss Account	0.00	0.00	0.00	0.00
Reserve created pursuant to Section 45 I C of RBI Act, 1934 as amended by RBI (Amendment) Act, 1997 *				
Balance as per last Balance Sheet	24,178.00		23,778.00	
Amount transferred from Profit and Loss Account	806.00	24,984.00	400.00	24,178.00
Capital Redemption Reserve				
Transferred from General Reserve	0.00	12,000.00	3,000.00	12,000.00
Balance in Profit and Loss Account				
		3,985.03		4,256.73
TOTAL		40,969.03		40,434.73
* Form part of Free Reserves, Net owned funds & Tier I capital				
SCHEDULE - 3				
Secured Loans				
		0.00		0.00
TOTAL		0.00		0.00
SCHEDULE - 4				
Unsecured Loans				
Short-Term Loans				
From Bank		9,999.42		0.00
Commercial Papers Issued	39,500.00		33,500.00	
Less : Unamortized Discount	923.89	38,576.11	1,745.80	31,754.20
TOTAL		48,575.53		31,754.20



SCHEDULE - 5 Fixed Assets

(₹ in Lakh)

Sl. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At	Additions	Deletions	As At	Upto	For the	Deletion	Upto	As At	As At
		March 31, 2010	during the year	during the year	March 31, 2011	March 31, 2010	year	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2010
1	Air- Conditioners	28.44	15.94	19.91	24.47	8.86	2.62	7.03	4.45	20.02	19.58
2	Buildings *	808.24	2,429.03	0.00	3,237.27	244.10	99.42	0.00	343.52	2,893.75	564.14
3	Computer- Software	69.41	0.00	44.86	24.55	67.72	1.53	44.86	24.39	0.16	1.69
4	Computers	156.48	0.59	99.39	57.68	134.06	8.09	96.95	45.20	12.48	22.42
5	Electrical Installation	52.03	33.71	50.92	34.82	35.81	17.60	50.32	3.09	31.73	16.22
6	Furniture and Fixtures	52.25	77.61	11.59	118.27	31.03	8.58	7.71	31.90	86.37	21.22
7	Improvement to Leasehold Property	79.32	0.00	79.32	0.00	62.18	17.14	79.32	0.00	0.00	17.14
8	Office Equipments	51.19	13.53	35.35	29.37	24.63	3.69	21.43	6.89	22.48	26.56
9	Vehicles	41.58	8.93	17.18	33.33	16.69	4.73	9.29	12.13	21.20	24.89
	TOTAL	1,338.94	2,579.34	358.52	3,559.76	625.08	163.40	316.91	471.57	3,088.19	713.86
	Previous Year	1,331.18	15.04	7.28	1,338.94	515.29	113.19	3.40	625.08	713.86	

*Cost of Buildings include ₹5,400 being the application money for shares of co-operative society towards ownership of residential premises



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in lakhs)

SCHEDULE - 6	As at March 31, 2011			As at March 31, 2010	
	Face Value in ₹	No.	Book Value	No.	Book Value
Investments - (At Cost unless otherwise stated)					
Long Term Investments					
a) Trade Investments (Unquoted)					
In fully paid up Equity Shares of :					
The Clearing Corporation of India Limited	10	5,000,000	500.00	5,000,000	500.00
Standard Chartered STCI Capital Markets Limited	10	0	0.00	8,060,302	7,119.92
			500.00		7,619.92
Non Trade Investments					
b) Subsidiary Companies (Unquoted)					
In fully paid up Equity Shares of :					
STCI Primary Dealer Limited	10	200,000,000	20,000.00	200,000,000	20,000.00
STCI Commodities Limited	10	4,500,000	132.55	4,500,000	132.55
			20,132.55		20,132.55
c) Government Securities (Quoted)					
8.20% GOI 2022*	45 crs.		4,621.23		0.00
Less : Provision for amortisation of premium			8.52		0.00
(*Pledged to CCIL for CBLO Borrowing)			4,612.71		0.00
d) Bonds/Debentures (Quoted)					
8.65% IDFC Ltd. 24/05/2020	10 lakh	250	2,500.00	0	0.00
8.20% LIC Housing Finance Ltd. 31/08/2012	10 lakh	100	1,000.00	0	0.00
			3,500.00		0.00
e) Venture Capital Funds (Unquoted)					
Tata Venture Capital Funds - class A units (Amount paid per unit- ₹ 0.3809)	1	250,000,000	952.33		0.00
f) In fully paid up Equity Shares (Quoted)					
Bharat Electronics Limited	10	2,000	33.75	0	0.00
Bharat Heavy Electricals Limited	10	11,000	229.33	0	0.00
Crompton Greaves Limited	2	15,000	40.51	0	0.00
Grasim Industries Limited.	10	2,500	61.46	0	0.00
HDFC Bank Limited	10	1,500	34.66	0	0.00
Hindustan Unilever Limited	1	2,000	5.59	0	0.00
ICICI Bank Limited	10	10,000	112.33	0	0.00
Indian Bank	10	25,000	57.58	0	0.00
National Thermal Power Corporation Limited	10	50,000	93.05	0	0.00



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in lakhs)

	Face Value in ₹	As at March 31, 2011		As at March 31, 2010	
		No.	Book Value	No.	Book Value
Oil & Natural Gas Corporation Limited	5	2,000	5.71	0	0.00
Power Finance Corporation Limited	10	25,000	64.37	0	0.00
Power Grid Corporation Limited	10	50,000	50.71	0	0.00
Strides Arcolab Limited	10	42,000	176.90	0	0.00
Tata Consultancy Services Limited	1	2,000	22.47	0	0.00
Tata Motors Limited	10	1,000	12.53	0	0.00
Voltas Limited	1	25,000	40.82	0	0.00
			1,041.77		0.00
<u>Current Investments (Quoted)</u>					
In fully paid up Equity Shares of :					
Adani Enterprises Limited	1	0	0.00	8,000	37.58
Andhra Bank	10	0	0.00	48,116	48.74
Bharti Airtel Limited	5	0	0.00	30,000	93.76
Bharat Heavy Electricals Limited	10	0	0.00	7,000	167.35
Crompton Greaves Limited	2	0	0.00	40,250	99.98
Financial Technologies Limited	2	0	0.00	5,000	78.43
GAIL (India) Limited	10	0	0.00	10,000	40.31
ICICI Bank Limited	10	0	0.00	10,000	95.25
Indian Bank	10	0	0.00	10,000	17.00
Larsen & Toubro Limited	2	0	0.00	4,000	65.23
Mundra Port & Special Economic Zone Limited	10	0	0.00	16,000	120.56
National Thermal Power Corp. Limited	10	0	0.00	60,000	120.85
Power Grid Corp. of India Limited	10	0	0.00	70,000	75.00
Reliance Industries Limited	10	0	0.00	10,000	107.43
State Bank of India	10	0	0.00	10,000	207.82
			0.00		1,375.29
AGGREGATE BOOK VALUE OF INVESTMENTS			30,739.36		29,127.76
Book Value of Unquoted Investments			21,584.88		27,752.47
Book Value of Quoted Investments			9,154.48		1,375.29
Market Value of Quoted Investments			8,959.29		1,394.23
During the year following investments were purchased & sold			Purchase Cost		Purchase Cost
Government Securities (long term investments)			70,370.69		0.00
Equity Shares (long term investments)		1,844,340	7,264.90	0	0.00
Equity Shares (current investments)		322,000	1,500.03	161,000	807.87



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in lakhs)

SCHEDULE- 7**CURRENT ASSETS, LOANS AND ADVANCES****A) CURRENT ASSETS****Stock-in-Trade** (Refer Annexure)

(As certified and valued by Management)

(Refer Note 4 of Schedule 19 and Note 2 of Schedule 20)

	As at March 31, 2011		As at March 31, 2010	
Government Securities	1,992.83		0.09	
FI and Other Bonds	15,708.91		12,941.16	
Mutual Funds	1,238.23		11,540.00	
Certificates of Deposit	2,412.09		9,983.07	
Commercial Papers	0.00		4,985.36	
Equity Shares	127.82		551.06	
Pass Through Certificates	7.73	21,487.61	39.62	40,040.36

Cash and Bank Balances

Cash in hand

0.07

0.04

Balances with Scheduled Banks

- In Current Accounts

101.55

101.62

69.38

69.42

Other Current Assets

Accrued interest on :

- Government Securities

73.44

0.00

- FI and Other Bonds

1,094.02

311.76

- Others

479.24

1,646.70

258.87

570.64

B) LOANS AND ADVANCES

Money Lent under CBLO (Secured and Considered Good)

525.00

0.00

Less : Unamortised Discount

0.49

0.00

524.51

0.00

Loans and Advances towards financing activitiesSecured, considered good

Loan Against Shares

47,710.00

28,800.40

Corporate Loans

21,284.89

2,500.00

Other Loans and AdvancesUnsecured, considered good

Advance Paid to Suppliers

6.99

5.00

Loans to Staff

0.00

7.61

Loan to subsidiary STCI Commodities Limited*

50.00

70.00

(*Maximum balance outstanding during the year ₹70.00 lakhs;
Previous year ₹ 70.00 lakhs)



SCHEDULES FORMING PART OF THE ACCOUNTS

Advances recoverable in cash/kind or for value to be received :	(₹ in lakhs)			
	As at March 31, 2011		As at March 31, 2010	
Margin Money with CCIL	11.00		11.00	
Margin Money for Equity F&O	750.00		1,000.00	
Advance Payment of Direct Taxes	2,144.89		2,344.51	
MAT Credit Entitlement	2,521.83		1,376.04	
Income Tax Refund Due	1,367.71		1,424.90	
Deposits	32.37		22.23	
Others	57.50		53.80	
Prepaid Expenses	15.06	76,476.75	73.18	37,688.68
TOTAL		99,712.68		78,369.10

SCHEDULE - 7 (Annexure)

STOCK-IN-TRADE

Nomenclature	Face Value per unit	As at March 31, 2011		As at March 31, 2010	
		Quantity	Book Value ₹ in lakhs	Quantity	Book Value ₹ in lakhs
GOVERNMENT SECURITIES					
1) 8.20% GOI 2022	₹1500 lakhs		1,532.31		0.00
2) 8.30% GOI 2040	₹444.2 lakhs		444.20		0.00
3) 8.49% ANDHRA SDL 2020	₹40.4 lakhs		40.40		0.00
4) 7.46% GOI 2017	₹0.05 lakhs		0.05		0.05
5) 6.13% GOI 2028	₹0.05 lakhs		0.04		0.04
			2,017.00		0.09
Less:- Net Fall in value of securities			24.17		0.00
Sub Total			1,992.83		0.09



SCHEDULES FORMING PART OF THE ACCOUNTS

Nomenclature	Face Value per unit	As at March 31, 2011		As at March 31, 2010	
		Quantity	Book Value ₹ in lakhs	Quantity	Book Value ₹ in lakhs
FI & OTHER BONDS					
1) 8.40% Deccan Chronicle Holdings NCD (07/06/11)	1,000,000	250	2,500.00	0	0.00
2) 9.62% L&T Finance Limited (29/09/2014)	1,000,000	100	1,000.00	100	1,000.00
3) 9.00% STFL (01/06/2015)	1,000	16,914	169.14	0	0.00
4) 10.00% STFL NCD (30/06/2015)	100,000	3,920	3,920.00	3,950	3,950.00
5) 9.85% State Bank of India (27/06/2016)	1,000,000	50	531.41	0	0.00
6) 8.65% IDFC Limited (24/05/2020)	1,000,000	150	1,500.00	0	0.00
7) 8.60% LIC Housing Finance Limited (31/5/2020)	1,000,000	250	2,500.00	0	0.00
8) 8.70% PFC STRIP 65 III (14/5/2025)	1,000,000	50	500.00	0	0.00
9) 8.75% PFC Bonds (15/06/2025)	1,000,000	250	2,500.00	0	0.00
10) 8.79% IRFC 2030 (04/05/2030)	1,000,000	100	1,006.31	0	0.00
11) 9.50% Deccan Chronicle NCD 2010	1,000,000	0	0.00	250	2,500.00
12) 8.40% L&T Bonds 2013	1,000	0	0.00	48,986	489.86
13) 9.90% HDFC Bonds (23/12/2018)	1,000,000	0	0.00	100	1,065.14
14) 8.65% REC Bonds 2020 - III	1,000,000	0	0.00	23	230.00
15) 8.65% REC Bonds (22/01/2020)	1,000,000	0	0.00	177	1,770.00
16) 8.55% IRFC Bonds (03/02/2020)	1,000,000	0	0.00	200	2,000.00
			16,126.86		13,005.00
Less:- Net Fall in value of securities			417.95		63.84
Sub Total			15,708.91		12,941.16
MUTUAL FUND UNITS					
1) SBI Magnum Balanced Fund - Growth	10	976,999	500.00	0	0.00
2) UTI Balanced Fund-Growth Plan	10	235,254	200.04	0	0.00
3) HDFC Prudence Fund - Growth	10	45,489	100.00	0	0.00
4) Tata Balanced Fund - Growth	10	233,315	200.08	0	0.00
5) Kotak Liquid (Inst. Premium) - Growth	10	1,332,797	265.00	2,679,514	500.00
6) LIC Liquid Fund - Growth	10	0	0.00	15,062,556	2,540.00
7) IDFC Cash Fund - Inst Plan C - Growth	10	0	0.00	22,339,779	2,500.00
8) DWS Insta Cash Plus Fund Super Inst Plan-Growth	10	0	0.00	20,945,215	2,500.00
9) Birla Sun Life Cash Manager-Plan C (Inst. Growth)	10	0	0.00	22,746,769	3,500.00
			1,265.12		11,540.00
Less:- Net Fall in value of securities			26.89		0.00
Sub Total			1,238.23		11,540.00



SCHEDULES FORMING PART OF THE ACCOUNTS

Nomenclature	Face Value per unit	As at March 31, 2011		As at March 31, 2010	
		Quantity	Book Value ₹ in lakhs	Quantity	Book Value ₹ in lakhs
CERTIFICATE OF DEPOSITS					
1) 8.05% ANDHRA BANK CD (20/09/2011)	100,000	2,500	2,412.09	0	0.00
2) Andhra Bank CD (06.04.2010)	100,000	0	0.00	2,500	2,497.86
3) Corporation Bank CD (09.04.2010)	100,000	0	0.00	2,500	2,496.72
4) Bank of Maharashtra CD (15.04.2010)	100,000	0	0.00	2,500	2,494.27
5) Punjab & Sind Bank CD (15.04.2010)	100,000		0.00	2,500	2,494.22
Sub Total			2,412.09		9,983.07
COMMERCIAL PAPERS					
1) Edelweiss Capital Limited CP (21.04.10)	500,000	0	0.00	500	2,492.95
2) JM Financial Products Pvt. Limited CP (22.04.10)	500,000	0	0.00	500	2,492.41
Sub Total			0.00		4,985.36
EQUITY SHARES					
1) ITD Cementation India Limited	10	200	0.15	200	0.15
2) Sadbhav Engineering Limited	1	98,790	111.89	8,000	100.27
3) Shree Cements Limited	10	709	15.78	0	0.00
34 Indian Bank	10	0	0.00	71,000	124.05
5) Aditya Birla Nuvo Limited	10	0	0.00	10,000	90.10
6) Camson Bio Technologies Limited	10	0	0.00	30,000	49.80
7) GAIL (India) Limited	10	0	0.00	8,000	32.20
8) NHPC Limited	10	0	0.00	507,357	182.65
			127.82		579.22
Less:- Net Fall in value of securities			0.00		28.16
Sub Total			127.82		551.06
PASS THROUGH CERTIFICATES					
1) NHB-MBS POOL - BP1 PTC		0	0.00	50	9.34
2) NHB - MBS POOL CP3 CANFIN HOMES PTC		50	7.78	50	30.33
			7.78		39.66
Less:- Net Fall in value of securities			0.05		0.04
Sub Total			7.73		39.62
Total Stock -in-Trade			21,487.61		40,040.36



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in lakhs)

	AS AT MARCH 31, 2011		AS AT MARCH 31, 2010	
SCHEDULE- 8				
Current Liabilities and Provisions				
a) Current Liabilities				
Creditors for Expenses	43.29		47.24	
Other Liabilities	140.27		82.86	
Interest Accrued but not Due on Loans	10.96		0.00	
Interest Received in Advance	0.00	194.52	216.69	346.79
b) Provisions				
For Income Tax	1,869.40		1,074.62	
For Wealth Tax	51.09		59.72	
For Proposed Dividend	3,040.00		0.00	
For Dividend Distribution Tax	504.91		0.00	
For Performance Linked Incentives	111.41		51.85	
For Stamp Duty	62.64		60.28	
For Indemnities	0.00		362.34	
For Contingent Provision Against Standard Assets	172.61		0.00	
For Loss on Equity Futures & Options	0.34		1.14	
For Loss on Commodity futures	0.00		0.28	
For Gratuity & Leave Salary	88.32	5,900.72	77.73	1,687.96
TOTAL		6,095.24		2,034.75
SCHEDULE- 9				
Sale of Securities				
Commercial Papers		25,000.00		7,500.00
Certificates of Deposit		10,000.00		7,500.00
Pass Through Certificates		33.07		67.26
GOI Securities		106,769.03		134,191.50
FI and Other Bonds		12,120.08		46,401.33
Equity shares		24,215.93		7,154.87
Mutual Fund Units		638,092.86		732,653.87
TOTAL		816,230.97		935,468.83



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in lakhs)

	AS AT MARCH 31, 2011		AS AT MARCH 31, 2010	
<u>SCHEDULE- 10</u>				
Increase/(Decrease) in Stock-in-trade				
Closing Stock - Commercial Papers	0.00		4,985.36	
Less: Opening Stock	4,985.36	(4,985.36)	7,292.36	(2,307.00)
Closing Stock -Certificates of Deposit	2,412.09		9,983.07	
Less: Opening Stock	9,983.07	(7,570.98)	7,291.77	2,691.30
Closing Stock - PTC	7.73		39.62	
Less: Opening Stock	39.62	(31.89)	93.49	(53.87)
Closing Stock - GOI Securities	1,992.83		0.09	
Less: Opening Stock	0.09	1,992.74	927.99	(927.90)
Closing Stock - FI and Other Bonds	15,708.92		12,941.16	
Less: Opening Stock	12,941.16	2,767.76	3,502.80	9,438.36
Closing Stock - Equity Shares	127.82		551.06	
Less: Opening Stock	551.06	(423.24)	0.15	550.91
Closing Stock -Mutual Fund Units	1,238.23		11,540.00	
Less: Opening Stock	11,540.00	(10,301.77)	22,300.00	(10,760.00)
TOTAL		(18,552.74)		(1,368.20)
<u>SCHEDULE- 11</u>				
Interest Income				
Government Securities		1,702.30		360.62
(includes income from investments of ₹837.40 lakhs Previous year ₹ Nil)				
FI and Other Bonds		1,716.72		764.62
(includes income from investments of ₹232.70 lakhs Previous year ₹ Nil)				
Loans Against Shares		3,802.73		1,452.30
Corporate Loans		1,544.48		30.27
Fixed Deposits and Others		147.00		95.47
TOTAL		8,913.23		2,703.28



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in lakhs)

	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<u>SCHEDULE- 12</u>		
Income from Derivatives		
Equity Futures and Options	(6.71)	111.98
Commodity Futures	(282.08)	(59.86)
TOTAL	(288.79)	52.12
<u>SCHEDULE- 13</u>		
Other Income		
Other Fee Income	5.29	5.85
Upfront Fees on Loans	228.51	36.20
Interest On Tax Refunds	187.92	200.74
Miscellaneous Income *	72.07	50.51
(*includes income from investments of ₹0.36 lakhs)		
Previous year ₹ Nil)		
TOTAL	493.79	293.30
<u>SCHEDULE- 14</u>		
Purchase of Securities		
Commercial Papers	19,953.10	4,936.09
Certificates of Deposit	2,318.05	9,971.88
GOI Securities	109,075.90	133,524.00
FI & Other Bonds	15,207.28	55,846.59
Equity Shares	23,494.06	7,518.34
Mutual Fund Units	627,438.81	721,141.46
TOTAL	797,487.20	932,938.36
<u>SCHEDULE - 15</u>		
Borrowing Cost		
Interest on Bank Credit Line	200.33	0.00
Discount on CP Issued	2,908.44	306.79
Discount on CBLO borrowing	675.13	31.78
TOTAL	3,783.90	338.57



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in lakhs)

	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<u>SCHEDULE - 16</u>		
Other Financial Payments		
Expenses on CP Issued	32.27	4.89
Bank Charges	0.12	0.11
DP/CCIL charges	46.96	24.74
Other Payments/Charges	8.36	14.67
TOTAL	87.71	44.41
<u>SCHEDULE - 17</u>		
Personnel Cost		
Salaries, Wages and Allowances	423.42	332.15
Contribution to Provident and other Funds	38.97	23.76
Staff Welfare Expenses	17.34	17.20
TOTAL	479.73	373.11
<u>SCHEDULE - 18</u>		
Administration and Other Expenses		
Advertising Expenses	0.15	0.59
Electricity Charges	14.59	9.27
Information Services	51.78	45.67
Insurance Charges	22.46	10.99
Miscellaneous Expenses	7.74	1.43
Office Expenses	24.64	15.93
Auditors Remuneration :		
- Statutory Fees	3.00	2.48
- Tax Audit Fees	1.00	0.83
- Other Fees	2.00	1.65
Postage and Telephone	13.44	16.68
Printing and Stationery	6.35	6.78
Professional Fees	119.34	77.69
Rent	122.50	268.27
Repairs and Maintenance	34.72	24.62
Sitting Fees to Directors	8.40	10.95
Travelling, Conveyance and Car Expenses	24.78	18.78
Loss on Sale of Fixed Assets	24.34	1.88
TOTAL	481.23	514.51



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 19

SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India, the relevant provisions of the Indian Companies Act, 1956 and Reserve Bank of India directions to Non Banking Finance Companies (NBFCs).

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

1. Method of Accounting

The Company follows accrual system of accounting.

2. Revenue Recognition and Related Disclosures

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

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

(ii) **Government Securities, Fixed Income (FI) and Other Bonds**

Income from Fixed Income securities is taken into account on accrual basis, provided that interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

The amounts paid and received towards accrued interest on the purchases and sales of (i) Government Securities and (ii) FI and Other Bonds are netted off at the year-end and is also recognised as income under "Interest on Government Securities" and "Interest on FI and Other Bonds" respectively. Accordingly, in respect of the transactions in Government Securities and FI and Other Bonds dealt with on outright basis, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively.



SCHEDULES FORMING PART OF THE ACCOUNTS

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

Transactions for borrowing and lending under CBLO are recorded at their discounted values. The difference paid or received on redemption is treated as discount paid on CBLO in case of borrowing and discount earned on CBLO in case of lending. The difference between the discounted value on borrowing date or lending date as the case may be, and the redemption value of the instrument, outstanding on the Balance Sheet date is apportioned on the time basis and recognized as expense or income respectively. The same is included in the carrying amount of the borrowing or lending. Amounts borrowed or lent under CBLO are stated at carrying cost.

(iv) Pass Through Certificates (PTCs)

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

(v) Equity Futures and Options

- (a) The initial margin and the additional margin paid for entering into contracts for equity futures and options are disclosed under the head Loans and Advances in the Balance Sheet.
- (b) "Equity Option Premium Account" represents the premium paid or received for buying or selling the options, respectively. The net premium paid or received for buying or selling the option, as the case may be, is recognised in the Profit and Loss Account for all squared-up/settled contracts. Similarly, on the expiry of the contracts and on exercising the options, the difference between the final settlement price and the strike price is transferred to the Profit and Loss Account. Gains or losses on stock / index futures contracts are recognized on squaring up of positions or on expiry of contracts.
- (c) The open positions are marked to market on the balance sheet date and net losses, if any, are provided for while net gains, if any, are not recognized.
- (d) The daily mark-to-market margin paid to/ received from the custodian in respect of equity futures trades is debited or credited to the daily mark-to-market equity futures



SCHEDULES FORMING PART OF THE ACCOUNTS

account and the same is disclosed under Loans and Advances or Current liabilities, as the case may be.

- (e) “Income on Equity Index/Stock Futures” represents the net profit or loss on closed positions in equity index and stock futures after adjusting brokerage and other transaction costs.

(vi) Commodity Futures

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

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

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

- (ix) Profit/Loss from trading in Equities is recognised on the basis of weighted average cost on trade dates. Profit/Loss from trading in Government Securities, FI & Other Bonds, Mutual Fund units and other securities are recognised on the basis of weighted average cost on settlement dates.

- (x) Interest income from loan transactions is accounted for on accrual basis by applying the interest rate implicit in such contracts except in the case of income on Non Performing Assets (NPAs) which is recognised on realisation, in terms of RBI Guidelines.



SCHEDULES FORMING PART OF THE ACCOUNTS

(xi) In case of securities transferred from Stock-in-Trade to Investment Account, the same is reckoned as sale at market price.

(xii) Interest Rate Swaps

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

3. Investments

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

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

4. Classification and Valuation of Stock-in-Trade/Investments

During the year, Company has changed the method of valuation of its securities held as Stock-in-trade/current investments to align with RBI directions issued vide notification no. DNBS (PD) CC No. 178/03.02.001/2010-11 dated July 1, 2010 and is now providing Net Depreciation category-wise instead of scrip-wise Gross Depreciation provided in earlier years.

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



SCHEDULES FORMING PART OF THE ACCOUNTS

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

Equity Shares

Preference Shares

Debenture and Bonds

Govt. Securities (including T Bills)

Mutual Fund Units

Others

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

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

However, in line with the RBI & FIMMDA guidelines, Certificates of Deposit (CDs) and Commercial Papers (CPs) of less than one year tenor are valued at cost. Similarly, Treasury Bills held as stock-in-trade are valued at carrying cost (as explained at Sl. No. 2 (i) above).

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

5. Fixed Assets

Fixed Assets are stated at original cost less accumulated depreciation. Cost includes all direct costs attributable to acquisition, installation and commissioning.

Depreciation on fixed assets other than buildings and improvement to leasehold property is provided on the straight line method at the rates laid down under Schedule XIV to the Companies Act, 1956 or at the rates decided by the management on basis of the effective estimated useful life of the assets, whichever is higher.



SCHEDULES FORMING PART OF THE ACCOUNTS

Depreciation on buildings is provided on the Written Down Value method at the rates laid down in Schedule XIV to the Companies Act, 1956.

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

Fixed Assets costing less than ₹ 5000/- are provided with 100% depreciation in the year of purchase.

The details of useful life assessed by management are as under.

Type of Asset	Life of Asset
Air Conditioners	10 years
Furniture and Fixtures	10 years
Computers and Peripherals	5 years
Computer Software	3 years
Electrical Installations	10 years
Vehicles	8 years
Office Equipments	10 years

6. Taxes on Income

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



SCHEDULES FORMING PART OF THE ACCOUNTS

7. Securities Accepted as Pledge

Securities or non-cash collateral accepted from a borrower are not recognised as an asset. Where the Company has the right to sell or re pledge the collateral and the borrower defaults under the terms of the contract, the collateral is recognised as an asset at its fair value.

8. Operating Lease

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

9. Employee Benefits

(i) **Provident Fund**

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

(ii) **Gratuity**

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

(iii) **Other Benefits**

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

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

10. Borrowing Cost

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



SCHEDULES FORMING PART OF THE ACCOUNTS

11. Impairment of Assets

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

12. Provisions and Contingencies

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

**SCHEDULES FORMING PART OF THE ACCOUNTS****SCHEDULE 20****NOTES FORMING PART OF THE ACCOUNTS**

1. The Company has sold on October 8, 2010, the balance 25.1% stake in Standard Chartered STCI Capital Markets Ltd (SCSCML) for ₹8000.00 lakhs to Standard Chartered Bank -Mauritius (SCBM) Ltd by exercising the put option on July 15, 2010 pursuant to the Share Purchase Agreement (SPA) and Shareholders' Agreement (SHA) executed on August 23, 2007 between the Company, SCBM and SCSCML (erstwhile UTI Securities Ltd).

Simultaneously all the pending indemnity claims made by SCBM (including ₹206.19 lakhs for Tax indemnity and ₹156.15 lakhs for Guntur franchise for which provision was made in FY 2008-09) were also settled for 400.00 lakhs and the same was paid on October 7, 2010.

Out of the above settlement amount of ₹400.00 lakhs, payment of ₹362.34 lakhs has been adjusted against old provision and the balance indemnity claim amount of ₹37.66 lakhs has been adjusted against the profit made on the balance stake sale. Net gain of ₹842.42 lakhs from the above transaction is reflected separately as an exceptional item under the head 'profit on sale of investments' in the profit and loss account.

2. During the year, Company has changed the method of valuation of its securities held as Stock-in-trade/current investments to align with RBI directions issued vide notification no. DNBS (PD) CC No. 178/03.02.001/2010-11 dated July 1, 2010 and is now providing Net Depreciation category-wise instead of scrip-wise Gross Depreciation provided in earlier years.

In line with the revised method of valuation followed by the Company, the net depreciation in value of securities held as Stock-in-Trade / Current Investments has been provided for as under.

(₹ in lakhs)

Sl. No.	Type of Security	2010-11	2009-10
1	Government Securities (including SDL)	24.17	0.00
2	FI & Other Bonds	417.95	63.84
3	Pass Through Certificates	0.05	0.04
4	Equity Shares - Trading	0.00	28.16
5	Equity Shares - Current Investmets	0.00	13.04
6	Mutual Funds	26.89	0.00
	TOTAL	469.06	105.08



SCHEDULES FORMING PART OF THE ACCOUNTS

Due to change in method of valuation of stock-in-trade/investments as stated above, the profit and reserves for the current year is higher by ₹1.87 lakhs.

3. Contingent Liabilities and Contractual Commitments

i) Claims against the Company not acknowledged as debt:

- a) The Company had received a notice from the Central Excise authorities in respect of the interior work amounting to ₹20.80 lakh carried out by a contractor at the erstwhile office premises at Krishna Chambers, 59, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai in the year 1997-98. The Company has been legally advised that there is no liability under the Central Excise Act and accordingly no provision has been made against this claim.
- b) No provision has been made in respect of Income Tax matters disputed by the Company since they are subject to appeals / representations. The tax liability under dispute is ₹462.78 lakhs. The details of disputed dues are as follows:

Statute	Disputed tax liability	Period to which dispute relates	Forum where dispute is pending
Income Tax Act, 1961	₹76.39 lakhs	F.Y.1999 -00	Mumbai High Court
Income Tax Act, 1961	₹100.82 lakhs	F.Y. 2000 -01	Mumbai High Court
Income Tax Act, 1961	₹37.49 lakhs	F.Y. 2001 -02	Mumbai High Court
Income Tax Act, 1961	₹248.08 lakhs	F.Y. 2002 -03	Mumbai High Court

ii) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 0.70 lakhs (Previous year - ₹ Nil).

Uncalled Capital Contribution to Tata Venture Capital fund is ₹1547.67 lakhs (Previous year - ₹ Nil).

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

Assumptions	2010-11	2009-10
Mortality rate	LIC (1994-96) Ult.	LIC (1994-96) Ult.
Interest / Discount Rate	8%	8%
Rate of return of Plan Assets	8%	8%
Salary Escalation	10%	10%



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakh)

Particulars	2010-11		2009-10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Changes in present value of obligation				
Opening Defined Benefit Obligation	23.63	36.75	19.52	31.57
Interest Cost	1.49	2.61	1.24	1.89
Current Service Cost	8.14	23.11	4.91	19.92
Past Service Cost (non vested benefits)	0.42	0.00	0.00	0.00
Past Service Cost (vested benefits)	10.63	0.00	0.00	0.00
Actuarial (Gains) / Losses	0.47	2.27	1.46	(7.52)
Benefits Paid	(10.00)	(8.09)	(3.50)	(9.11)
Closing Defined Benefit Obligation	34.78	56.65	23.63	36.75
Changes in the fair value of plan assets				
Fair value of plan assets at beginning of year	22.73	0.00	21.49	0.00
Expected return on plan assets	1.87	0.00	1.69	0.00
Contributions	11.36	8.09	2.79	9.11
Benefits paid	(10.00)	(8.09)	(3.50)	(9.11)
Actuarial Gains/ (Losses)	(0.14)	0.00	0.26	0.00
Fair value of plan assets at the end of the year	25.82	0.00	22.73	0.00
Fair value of plan assets at beginning of year	22.73	0.00	21.49	0.00
Actual return on plan assets	1.73	0.00	1.95	0.00
Contributions	11.36	8.09	2.79	9.11
Benefits paid	(10.00)	(8.09)	(3.50)	(9.11)
Fair value of plan assets at the end of the year	25.82	0.00	22.73	0.00
Funded status	(8.96)	(56.65)	(0.90)	(36.75)
Excess of Actual over estimate return on assets	(0.14)	0.00	0.26	0.00
Experience History				
(Gain) /Loss on obligation due to change in assumption	(0.74)	0.00	(2.01)	(4.10)
Experience (Gain)/ Loss on obligation	1.21	2.27	3.47	(3.46)
Actuarial Gain / (Loss) on plan assets	(0.14)	0.00	0.26	0.00



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakh)

Particulars	2010-11		2009-10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Actuarial Gain/ (loss) recognised				
Actuarial Gain/ (Loss) for the year - obligation	(0.47)	(2.27)	(1.46)	7.52
Actuarial Gain/ (Loss) for the year - plan assets	(0.14)	0.00	0.26	0.00
Net Actuarial Gain/ (Loss) recognised for the year	(0.61)	(2.27)	(1.20)	7.52
Past Service Cost Recognised				
Past Service Cost (non vested benefits)	0.42	0.00	0.00	0.00
Past Service Cost (vested benefits)	10.63	0.00	0.00	0.00
Average remaining future service till vesting of benefit	2	0	0	0
Recognised Past service cost - non vested benefits	0.21	0.00	0.00	0.00
Recognised Past service cost - vested benefits	10.63	0.00	0.00	0.00
Unrecognised Past service cost - non vested benefits	0.21	0.00	0.00	0.00
Amount to be recognised in Balance Sheet				
Present value of obligation as at the end of the year	34.78	56.65	23.63	36.75
Fair value of plan assets as at the end of the year	25.82	0.00	22.73	0.00
Funded status	(8.96)	(56.65)	(0.90)	(36.75)
Unrecognised Past Service Cost (non vested benefefits)	0.21	0.00	0.00	0.00
Net Asset recognised - Prepaid / (provisions)	8.75	(56.65)	(0.90)	(36.75)
Expenses Recognised in Profit and Loss account				
Current Service Cost	8.14	23.11	4.91	19.92
Interest Cost	1.49	2.61	1.24	1.89
Past Service Cost (non vested benefits)	0.21	0.00	0.00	0.00
Past Service Cost (vested benefits)	10.63	0.00	0.00	0.00
Net Actuarial loss recognised in the year	0.61	2.27	1.20	(7.52)
Expected return on plan assets	(1.87)	0.00	(1.69)	0.00
Expenses recognised in Profit & Loss Account	19.21	27.99	5.66	14.29
Movement in Liability recongised in Balance Sheet				
Opening Net Liability	0.90	36.75	(1.97)	31.57
Expenses as above	19.21	27.99	5.66	14.29
Contribution paid	(11.36)	(8.09)	(2.79)	(9.11)
Closing Net Liability	8.75	56.65	0.90	36.75

**SCHEDULES FORMING PART OF THE ACCOUNTS**

Provision of ₹17.16 lakhs (Previous year ₹20.82 lakhs addition) has been reduced for undiscounted liability on account of short term compensated absences. Total provision as on March 31, 2011 for short term compensated absences is of ₹22.92 lakhs (Previous year ₹40.08 lakhs).

5. List of related parties

i) Related party where control exists:

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

ii) Other related parties:

- a) Bank of India (BOI) by virtue of its shareholding in the Company being in excess of 20 per cent.
- b) Standard Chartered STCI Capital Markets Ltd. (SCSCML) - 25.1% stake (till 7th October 2010)

Key Management Personnel:- Managing Director Shri P. Sanyal

The remuneration paid to the Managing Director is given in Note No.6 of Schedule 20, 'Notes forming part of the Accounts'. There was no transaction with any of the relatives of Managing Director during the year.

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

(₹ in Crore)

Nature of transaction	2010-11			2009-10		
	BOI	Subsidiary	SCSCML	BOI	Subsidiary	SCSCML
Transactions during the year						
Purchase of Govt. Securities	91.27	563.11	-	29.90	1219.02	-
Sale of Government Securities	320.39	822.65	-	40.30	1210.42	-
Purchase of Bonds	-	-	-	-	34.45	-
Sale of Bonds	-	20.18	-	-	377.69	-
Loans availed	100.00	0.00	-	-	-	-
Loan Repayment Received	-	0.20	-	-	-	-



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Crore)

Nature of transaction	2010-11			2009-10		
	BOI	Subsidiary	SCSCML	BOI	Subsidiary	SCSCML
Sale of Fixed Assets (at w.d.v.)	-	0.05	-	-	0.00	-
Purchase of Fixed Assets (at w.d.v.)	-	0.02	-	-	-	-
Indemnity Claims paid	-	-	4.00	-	-	-
Interest paid	2.00	-	-	-	-	-
Other financial payments	0.06	0.25	-	-	0.17	-
Non-financial expenses paid	0.15	-	-	0.16	0.03	-
Interest / Discount received	-	-	-	-	-	-
Dividend received	-	-	-	-	-	-
Non-financial receipts	-	0.29	0.01	-	0.48	0.01
Outstanding at the year end						
Indemnity claims payable	-	-	-	-	-	3.62
Loan outstanding (Given)	-	0.50	-	-	0.70	-
Loan outstanding (Availed)	99.99	-	-	-	-	-
Interest accrued but not due	0.11	-	-	-	-	-
Non-financial expenses payable	0.01	-	-	0.01	-	-

Remuneration paid to Shri P.Sanyal is ₹45.16 lakhs; Previous year ₹42.89 lakhs. Outstanding at the year end is Nil; Previous year Nil.

6. Managerial Remuneration : Managing Director Shri P. Sanyal

(₹ in Lakh)

Sl. No.	PARTICULARS	2010-11	2009-10
(i)	Salaries and allowances	22.55	21.05
(ii)	Company's contribution to Provident Fund and Provision for Gratuity and Leave Salary	6.44	5.85
(iii)	Other perquisites	16.17	15.99

**SCHEDULES FORMING PART OF THE ACCOUNTS**

Commission is not payable to any directors of the Company. Consequently, the computation of profits as required under Section 349 of the Companies Act, 1956 has not been given.

Chairman (upto May 2010) and the Managing Director have been permitted to use Company's car for official use and for private journeys, up to a ceiling of 1000 kms. per month on payment of ₹250 per month.

7. In accordance with an opinion received from the Expert Advisory Committee of the Institute of Chartered Accountants of India, the Company has disclosed the amounts of sales, purchases and stock-in-trade of all traded securities separately in the statement of profit and loss instead of disclosing only the aggregate of the discount income and trading profit for the year.

8. Segment Reporting**(a) Business Segment**

In view of Company's primary focus on Lending business, lending and treasury operations have been identified as two reportable segment based on risk, return and the regulatory authorities.

The detailed segmental information is as under :-

(₹ in Lakh)

	Treasury	Lending	Unallocated	Total
From External Client	3,640.84 (1,746.37)	5,931.61 (2,271.20)	332.76 (312.95)	9,905.21 (4,330.52)
Inter-segment	- -	- -	- -	- -
Total Revenue	3,640.84 (1,746.37)	5,931.61 (2,271.20)	332.76 (312.95)	9,905.21 (4,330.52)
Segment Result- Profit/ (Loss)	2,901.75 (1,670.30)	2,611.96 (1,964.41)	- -	5,519.83 (3,634.71)
Unallocated income net of expenses	-	-	(555.64)	(628.31) (555.64)
Operating Profit/(Loss)				4,891.52 (3,079.07)
Depreciation				163.40 (113.19)
Profit before Tax , prior period & exceptional item				4,728.12 (2,965.88)



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakh)

	Treasury	Lending	Unallocated	Total
Prior Period Item				0.00 (0.00)
Exceptional items				842.42 (0.00)
Profit after exceptional items before tax				5,570.54 (2,965.88)
Provision/(Write-back) for Direct Taxes including Deferred Tax				1,543.36 (967.39)
Profit/(Loss) after Tax				4,027.18 (1,998.49)
OTHER INFORMATION				
Segment Assets	32,013.62 (31,329.69)	70,695.55 (43,078.35)	30,930.64 (37,815.64)	133,639.80 (112,223.68)
Segment Liabilities	180.95 (130.27)	48,759.10 (31,970.90)	5,730.72 (1,687.78)	54,670.77 (33,788.95)

Note: Figures in brackets denote previous year figures

(b) Segment Revenues and Expenses

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

(c) Segment Assets and Liabilities

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

(d) Geographical Segment

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

9. Accounting Standard -30 Financial Instruments: Recognition and Measurement issued by the ICAI with effect from April 1, 2009 is recommendatory in nature. Pursuant to one of the recommendation of above standard, the Company has provided for mark-to-market losses on open



SCHEDULES FORMING PART OF THE ACCOUNTS

positions in derivative contracts as on the date of the balance sheet. The Company has provided for such losses in respect of its open positions in equity and commodity futures and options contracts and the same is disclosed separately under the head 'provision for loss on equity futures & options and provision for loss on commodity futures' respectively in Schedule -8 Current Liabilities and Provisions. Income under the head 'Income from Derivatives' is after providing for the aggregate unrealised loss of ₹0.34 lakhs (previous year ₹1.42 lakhs).

The open interest in respect of Equity / Commodity futures contracts on the balance sheet date is as follows:

Name of future	Long/ Short	Series	Book Price in ₹	No.of units	Settlement Price in (₹) as on 31.03.11
Equity Derivative					
Grasim Futures	Long	28/04/2011	2,487.08	2,250	2,478.70
Nifty Option 5700 PUT (TCS Futures)	Long (Long)	28/04/2011 (29/04/2010)	80.94 (799.97)	3,000 (5,000)	75.75 (785.70)
(United Phos. Futures)	(Long)	(29/04/2010)	(152.81)	(15,400)	(150.05)
Commodity Derivative					
Nil	-	-	-	-	-
(Gold)	(Long)	(05/06/2010)	(16,450.85)	(19kg)	(16,436.00)

Note: Figures in brackets denote previous year figures

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

The EPS calculation as per AS-20 is reported below:

Particulars	2010-11	2009-10
Profit after tax (in ₹)	402,717,772.28	199,849,641.83
Weighted average number of shares (Face Value ₹ 100)	38,000,000.00	38,806,164.29
E.P.S. for the year - Basic & Diluted (₹)	10.60	5.15



SCHEDULES FORMING PART OF THE ACCOUNTS

11. Expenditure in Foreign Currency

(₹ in Lakh)

Sl. No.	PARTICULARS	2010-11	2009-10
1	On Travel	1.11	Nil
2	On Interest	Nil	Nil
3	On Others	Nil	Nil

Earnings in Foreign Currency : Nil (Previous Year Nil)

12. The Company has accounted for the deferred tax asset and liability in respect of the timing differences through the Profit and Loss Account. The components of the Deferred Tax Asset / (Liability) are as under :

(₹ in Lakh)

Sl. No	PARTICULARS	2010-11	Charge during the year	2009-10
	Deferred Tax Asset :			
(i)	Provision for Leave Encashment & Gratuity	29.34	(2.84)	26.50
(ii)	Provision for payment of stamp duty	20.81	(0.32)	20.49
(iii)	Other Provisions - PLVP / Amortisation	39.83	(22.22)	17.62
(iv)	Accumulated Business Losses	80.26	1,520.83	1,601.09
	Total Deferred Tax Asset	170.24	1,495.45	1,665.70
(v)	Depreciation on Fixed Assets	70.67	40.29	30.38
	Deferred Tax Liability	70.67	40.29	30.38
	Net Deferred Tax Asset / (Liability)	99.57	1,535.74	1,635.32

13. Assets taken on Lease

The premises at Mumbai and Delhi, were acquired under operating lease on payment of monthly rentals. Future minimum lease rental relating to non-cancellable operating lease period are as under.

(₹ in Lakh)

Particulars	2010-11	2009-10
Not later than 1 year	2.77	19.57
Later than 1 year but not later than 5 years	Nil	2.77
Later than 5 years	Nil	Nil
(₹ in Lakh)		
Particulars	2010-11	2009-10
Payment made during the year (excluding taxes)	107.50	244.37

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



SCHEDULES FORMING PART OF THE ACCOUNTS

14. Dividend income includes ₹88.50 lakhs (Previous Year ₹77.76 lakhs) being dividend received on investments (other than subsidiary). Tax Deducted on above income is ₹ Nil (Previous Year ₹ Nil). Interest Income includes income from investments ₹1,070.10 lakhs (Previous Year ₹ Nil). Other income includes income from investments of ₹0.36 lakhs (Previous Year ₹ Nil).
15. There are no dues payable to Small Scale industrial undertakings in view of the nature of business of the Company. Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). In view of this, information required under Schedule VI of the Companies Act, 1956 to that extent is not given.
16. Margin Money for Equity F & O is given in form of Fixed Deposits. Fixed Deposit includes (a) ₹250.00 lakhs (Previous Year: ₹693.00 lakhs) in the name of National Securities Clearing Corporation Limited towards margin requirements for F & O segment, and (b) ₹500.00 lakhs with Custodian for meeting margin requirements for equity segment (Previous year- ₹307 lakhs).
17. Tax Adjustments represents excess tax provision for previous years amounting to ₹52.03 lakhs (Previous year ₹136.85 lakhs)
18. Brokerage paid on sale of securities (including investments but excluding Equity & commodity derivatives) amounts to ₹76.71 lakhs (Previous year ₹23.66 lakhs)
19. Accrued Interest on others includes an amount of ₹16.80 lakhs (Previous year ₹20.89 lakhs) being interest accrued on the Margin Money Fixed Deposit as at 16 above.

20. Capital to Risk Weighted Asset Ratio (CRAR) :

Sl.	Item	2010-11	2009-10
1	CRAR (%)	62.90%	76.90 %
2	CRAR - Tier I Capital (%)	62.74%	76.90 %
3	CRAR - Tier II Capital (%)	0.16%	N.A.



SCHEDULES FORMING PART OF THE ACCOUNTS

21. Exposure to Real Estate Sector

(₹ in Lakh)

Category		2010-11	2009-10
A	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;	2,500.00	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	9,934.89	Nil
3	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a	Residential	7.73	39.62
b	Commercial Real Estate	Nil	Nil
B	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	3,345.75	1,050.30

*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.

**SCHEDULES FORMING PART OF THE ACCOUNTS**

22. In terms of the provisions of Non-Banking Financial Companies, Prudential Norms (Reserve Bank) Directions, 1998, the following details are submitted :

(₹ in Lakh)

Sl. No.	Particulars	Amount Outstanding		Amount Overdue	
		2010-11	2009-10	2010-11	2009-10
	Liabilities Side				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	(a) Debenture				
	Secured	Nil	Nil	Nil	Nil
	Unsecured	Nil	Nil	Nil	Nil
	(other than falling within the meaning of Public deposit)				
	(b) Deferred Credit	Nil	Nil	Nil	Nil
	(c) Term Loans	Nil	Nil	Nil	Nil
	(d) Inter Corporate Loans and Borrowing	Nil	Nil	Nil	Nil
	(e) Commercial Paper	38,576.11	31,754.20	Nil	Nil
	(f) Other Loans (Working Capital Demand Loan)	10,010.38	Nil	Nil	Nil
	Assets Side				
	Amount Outstanding 2010-11 (₹ in lakhs)			Amount Outstanding 2009-10 (₹ in lakhs)	
2	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):				
	(a) Secured		68,994.89		31,300.40
	(b) Unsecured		50.00		70.00
3	Break up Leased Assets and stock on hire and other assets counting towards AFC activities				
	(i) Lease assets including lease rentals under sundry debtors:				
	(a) Finance Lease		Nil		Nil
	(b) Operating Lease		Nil		Nil
	(ii) Stock on hire including hire charges under sundry debtors				
	(a) Assets on hire		Nil		Nil
	(b) Repossessed Assets		Nil		Nil



SCHEDULES FORMING PART OF THE ACCOUNTS

	Assets Side	Amount Outstanding 2010-11 (₹ in lakhs)	Amount Outstanding 2009-10(₹ in lakhs)
4	Break-up of Investments		
	Current Investment		
	1. Quoted		
	(i) Shares : (a) Equity	127.82	1,926.35
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	13,217.67	12,941.16
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	1,992.82	0.09
	(v) others (Please specify)	Nil	Nil
	2. Unquoted		
	(i) Shares : (a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	2,491.25	Nil
	(iii) Units of mutual funds	1,238.23	11,540.00
	(iv) Government Securities	Nil	Nil
	(v) others (Please specify)		
	-Pass Through Certificate	7.73	39.62
	-Certificate of Deposit	2,412.09	9,983.07
	-Commercial Papers	Nil	4,985.36
	Long Term Investments		
	1. Quoted		
	(i) Shares : (a) Equity	1,041.76	Nil
	(b) Preference	Nil	Nil
	(i) Debentures and Bonds	3,500.00	Nil
	(ii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	4,612.70	Nil
	(v) others (Please specify)	Nil	Nil
	2. Unquoted		
	(i) Shares : (a) Equity	20,632.56	27,752.47
	(b) Preference	Nil	Nil
	(i) Debentures and Bonds	Nil	Nil
	(ii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) others (Venture Capital Fund)	952.33	Nil
		52,226.97	69,168.12



SCHEDULES FORMING PART OF THE ACCOUNTS

Sl. No.	Particulars	Amount Outstanding		Amount Overdue		
		2010-11	2009-10	2010-11	2009-10	
1	Liabilities Side					
	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:					
	(a) Debenture					
	Secured	Nil	Nil	Nil	Nil	
	Unsecured	Nil	Nil	Nil	Nil	
	(other than falling within the meaning of Public deposit)					
	(b) Deferred Credit	Nil	Nil	Nil	Nil	
	(c) Term Loans	Nil	Nil	Nil	Nil	
	(d) Inter Corporate Loans and Borrowing	Nil	Nil	Nil	Nil	
	(e) Commercial Paper	38,576.11	31,754.20	Nil	Nil	
	(f) Other Loans (Working Capital Demand Loan)	10,010.38	Nil	Nil	Nil	
	Assets Side	Amount Outstanding 2010-11 (₹ in lakhs)		Amount Outstanding 2009-10 (₹ in lakhs)		
	Borrower group-wise classification of assets financed as in (2) and (3) above					
	Category		Amount Net of Provisions			
		Secured	Unsecured	Total		
1. Related Parties **						
(a) Subsidiaries		Nil	50.00	50.00		
(b) Companies in the same group		Nil	Nil	Nil		
(c) other related parties		Nil	Nil	Nil		
2. Other than related parties		68,994.89	Nil	68,994.89		
Total		68,994.89	50.00	69,044.89		
6	Investor group-wise classification of all Investments (current & long-term) in shares and securities (quoted & unquoted)					
	Category		Market Value		Book Value	
			2010-11	2009-10	2010-11	2009-10
	1. Related Parties **					
	(a) Subsidiaries		20,132.56	20,132.56	20,132.56	20,132.56
	(b) Companies in the same group		Nil	Nil	Nil	Nil
	(c) other related parties		Nil	Nil	Nil	Nil
	2. Other than related parties		31,908.73	49,218.41	32,094.41	49,035.56
	Total		52,041.29	69,350.97	52,226.97	69,168.12



SCHEDULES FORMING PART OF THE ACCOUNTS

Sl. No.	Particulars	2010-11 (₹ in lakhs)	2009-10 (₹ in lakhs)
7	Other Information		
	Particulars		
(i)	Gross Non Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	Nil	Nil
(ii)	Net Non Performing Assets		
	(a) Related parties	Nil	Nil
	(b) Other than related parties	Nil	Nil
(iii)	Assets Acquired in satisfaction of Debts	Nil	Nil

23. In November 2005, the Government of Maharashtra had sought information from all market participants viz. banks, primary dealers, mutual funds and financial institutions in respect of stamp duty paid by them under the Bombay Stamp Act, 1958 during the past ten years on transactions in government securities entered into by them. A meeting was held in January 2006 between the various representative bodies of the participants viz. IBA, FIMMDA, PDAI and AMFI and the Government of Maharashtra for discussing the applicability of stamp duty on securities' transactions (both government and non-government securities). Based on the above representation, the Government of Maharashtra agreed to waive the stamp duty on transactions in government securities (notification since issued). An understanding was also reached that a High Powered Committee would be set up by the state government for making Mumbai a Regional Financial Centre and the various associations in the securities market would be allowed to make a representation to this Committee on the subject of stamp duty. The IBA has already made a representation to this Committee and their decision in the matter is awaited. The Company has so far not received any claim for stamp duty from the Stamp Office in respect of non-government securities. However, the Company has made a provision of ₹236,032/- (previous year ₹648,740/-) towards stamp duty on non-SLR transactions (direct deals only) for the financial year 2010-11 calculated on the basis of 0.01% of the value of each such transaction as stipulated in the amendment to the Bombay Stamp Act, 1958 announced in May 2005. This is in addition to the provision of ₹6,028,323/- made till last year. In the light of an assurance given by the Government of Maharashtra to the Indian Banks' Association, the liability for the period up to 31st March 2006 has not been provided. The amount of provision is included under the head 'provisions' in the balance sheet and 'other payments/charges' in the statement of profit and loss.

**SCHEDULES FORMING PART OF THE ACCOUNTS****24. Quantitative details of stocks, purchases and sales of securities:**

(No. in Units)

Sl.No.	Nomenclature	Op. Bal.	Purchase	Sales	Cl. Bal.
1	Govt. Securities	100	108,684,600	106,700,000	1,984,700
2	Equity - Trading	634,557	5,906,883	6,441,741	99,699
3	Certificates of Deposit	10,000	2,500	10,000	2,500
4	Commercial Paper	1,000	4,000	5,000	Nil
5	Bonds	53,786	18,414	50,166	22,034
6	Liquid Mutual Funds	83,773,835	3,741,903,869	3,822,853,850	2,823,854
	TOTAL	84,473,278	3,856,520,266	3,936,060,757	4,932,787

25. Maturity Pattern of certain items of assets & Liabilities as on March 31, 2011

(₹ in Crore)

	Upto 1 Month	1 month to 2 month	2 month to 3 month	3 month to 6 month	6 month to 1 year	1 year to 3 year	3 year to 5 year	Over 5 Years	Total
Liabilities									
Borrowing from Bank	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	99.99 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	99.99 (0.00)
Market Borrowing	0.00 (0.00)	100.00 (0.00)	225.00 (0.00)	70.00 (100.00)	0.00 (235.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	395.00 (335.00)
Assets									
Advances	0.00 (0.00)	53.13 (50.00)	6.25 (50.00)	108.38 (85.00)	286.36 (78.00)	236.34 (50.00)	0.00 (0.00)	0.00 (0.00)	690.45 (313.00)
Investments	190.68 (270.59)	0.00 (13.75)	0.00 (0.00)	24.20 (25.00)	0.00 (71.29)	20.42 (5.20)	0.00 (10.00)	286.97 (295.84)	522.27 (691.68)

Note: Figures in brackets denote previous year figures



SCHEDULES FORMING PART OF THE ACCOUNTS

26. The details of the break up of provisions as per AS 29 Provisions, Contingent Liabilities and Contingent assets is given below

(₹ in Lakh)

Particulars	Indemnity	Stamp Duty	PLVP *
Opening Balance as at April 01, 2010	362.34	60.28	51.85
Additions	0.00	2.36	111.41
Utilisation	362.34	0.00	13.14
Reversal	0.00	0.00	38.71
Closing Balance as at March 31, 2011	0.00	62.64	111.41

* Performance Linked Variable Pay

Provision for stamp duty has been made in respect of stamp duty payable under Bombay Stamp Act, 1958 in respect of direct deals for Non SLR transactions (Refer Note 23). Provision of ₹111.41 lakhs is made during the year for payment of performance linked variable pay. The payment has been made during the year against the provision made for indemnity claims made.

27. In conformity with Reserve Bank of India guidelines, Company created a 'long term investment' portfolio consisting of quoted equity shares and fixed income securities with an objective to earn dividend/interest income and capital appreciation. However, most of the securities in the long term investment portfolio were bought and sold during the year on account of unfavourable market conditions and volatility caused due to high inflation and other economic factors. There was a diminution of ₹206.79 lakhs in the value of quoted long term investments as on March 31, 2011. The same has not been provided for in the books as the management is of the opinion that the decline in value is temporary in nature.
28. Previous year's figures have been regrouped / restated wherever necessary. Figures are rounded off to the nearest Lakh Rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

As per our report of even date

For and on behalf of
Chandabhoy & Jassoobhoy
 Chartered Accountants

(Manish D. Shah)
 Partner

Membership No.38955

Mumbai,
 April 21, 2011

For and on behalf of the Board of Directors

(D. Basu) Chairman
(V. Sridar) Director
(P. Sanyal) Managing Director
(K.V.Ramakrishnan) General Manager
(Kamlesh Rathi) Chief Manager



SCHEDULES FORMING PART OF THE ACCOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in Lakh)

	Year ended March 31, 2011	Year ended March 31, 2010
A .Cash Flow from Operating Activities		
Profit/(Loss) as per Profit and Loss Account	5,570.54	2,965.88
<u>Adjustments for:</u>		
Depreciation on Fixed Assets	163.40	113.19
(Profit)/Loss on sale/write-off of Fixed Assets	24.34	1.88
(Profit)/Loss on sale of Investments	(1,327.35)	(55.37)
Dividend/Interest on Investments	(1,158.96)	(77.76)
Contingent Provision Against Standard Assets	172.61	0.00
Amortisation of premium on investments	8.52	0.00
Operating Profit before Working Capital Changes	3,453.10	2,947.82
<u>Adjustments for:</u>		
Decrease/(Increase) in Stock in Trade	18,552.75	1,368.20
Decrease/(Increase) in Accrued Income	(1,076.06)	(299.86)
Decrease/(Increase) in Loans and Advances	(37,899.10)	(26,017.15)
Increase/(Decrease) in Current Liabilities and Provisions	(443.18)	298.19
Increase/(Decrease) in Secured and Unsecured Borrowings	16,821.33	31,754.21
Working Capital Adjustments	(4,044.26)	7,103.58
Cash generated from Operations	(591.15)	10,051.40
Direct Taxes (Paid) net of Refunds	(58.42)	(702.59)
Net Cash flow from Operating Activities	(649.57)	9,348.81
B. Cash flows from Investing activities		
Purchase of Fixed Assets	(201.70)	(2,392.68)
Proceeds from Sale of Fixed Assets	17.27	2.00
Investments made during the year	(89,250.94)	(1,375.29)
Proceeds from disinvestment /Sale of investments	88,958.18	55.37
Dividends/Interest received on investments	1,158.96	77.76
Net Cash used in Investing activities	681.77	(3,632.84)



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakh)

	Year ended March 31, 2011	Year ended March 31, 2010
C. Cash Flow from Financing activities		
Buy-back of Equity Share Capital	0.00	(5,820.00)
Net Cash used in Financing activities	0.00	(5,820.00)
Increase/(Decrease) in cash and cash equivalents	32.20	(104.03)
Cash at the beginning of the Year	69.42	173.45
Cash at the end of the Year	101.62	69.42

- Note :-
- 1) Cash & Cash equivalents is Cash and Bank Balance as per Balance Sheet
 - 2) Cash flow statement is prepared as per "Indirect Method" as set out in AS - 3 "Cash Flow Statement" issued by ICAI

As per our report of even date

For and on behalf of

Chandabhoy & Jassoobhoy

Chartered Accountants

(Manish D. Shah)

Partner

Membership No.38955

Mumbai,

April 21, 2011

For and on behalf of the Board of Directors

(D. Basu) Chairman

(V. Sridar) Director

(P. Sanyal) Managing Director

(K.V.Ramakrishnan) General Manager

(Kamlesh Rathi) Chief Manager

Mumbai,

April 21, 2011



ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.	7 8 3 0 3	1 1
Balance Sheet Date	3 1 0 3 2 0 1 1	

II. Capital raised during the year (Amount in ₹ Thousands)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

III. Position of Mobilisation & Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	1 3 3 6 3 9 8 0	Total Assets	1 3 3 6 3 9 8 0
-------------------	-----------------	--------------	-----------------

Sources of Funds

Paid-up Capital	3 8 0 0 0 0 0 0	Reserves & Surplus	4 0 9 6 9 0 3
Secured Loans	N I L	Unsecured Loans	4 8 5 7 5 5 3

Application of Funds

Net Fixed Assets	3 0 8 8 1 9	Investments	3 0 7 3 9 3 6
Deferred Tax	9 9 5 7	Net Current Assets	9 3 6 1 7 4 4
Misc. Expenditure	N I L	Accumulated Losses	N I L

IV. Performance of Company

Turnover/ Income	8 0 7 3 9 2 4 2	Total Expenditure	8 0 2 6 6 4 3 0
Profit/loss before tax (+ for profit, - for loss)	5 5 7 0 5 4	Profit/Loss after tax	4 0 2 7 1 8
Earning per share in ₹	1 0 . 6 0	Dividend (Rate %)	8 0 0

V. Generic Names of three Principal Services of Company (as per monetary terms)

Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	NOT APPLICABLE

For and on behalf of the Board of Directors

(D. Basu) Chairman
(V. Sridar) Director
(P. Sanyal) Managing Director
(K.V.Ramakrishnan) General Manager
(Kamlesh Rathi) Chief Manager

Mumbai
April 21, 2011



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES.

Names of the subsidiary Companies	STCI Primary Dealer Ltd.	STCI Commodities Ltd.
The financial year of subsidiary companies ended on	31-Mar-11	31-Mar-11
Number of shares of the subsidiary companies held by STCI Ltd. At the above date	200000000	4500000
Extent of Interest in Subsidiary	100%	100%
The net aggregate of the profits/(Loss) of the subsidiary companies so far as it concerns the members of STCI Ltd.		
(i) Dealt with the accounts of STCI Ltd. Amounted to:		
(a) for subsidiaries financial year ended on March 31 ,2011	NIL	NIL
(b) for previous financial year of the subsidiaries since they became subsidiaries	NIL	NIL
(ii) not dealt with the accounts of STCI Ltd. Amounted to:		
(a) for subsidiaries financial year ended on March 31 ,2011	80,939,771	1,471,485
(b) for previous financial year of the subsidiaries since they became subsidiaries	202,346,229	(226,682)

On behalf of the Board of Directors

(D. Basu)
Chairman

(V. Sridar)
Director

(P. Sanyal)
Managing Director

(K.V.Ramakrishnan)
General Manager

(Kamlesh Rathi)
Chief Manager

Mumbai,
April 21, 2011



LIST OF SHAREHOLDERS and SHAREHOLDING PATTERN as on 31.03.2011

Sr.No.	NAME OF THE SHAREHOLDER	NO. OF SHARES HELD	% HELD
1	ALLAHABAD BANK	6 22 134	1.64
2	ANDHRA BANK	3 13 196	0.82
3	BANK OF BARODA	12 53 544	3.30
4	BANK OF INDIA	1 13 83 781	29.95
5	BANK OF MAHARASHTRA	2 65 032	0.70
6	CANARA BANK	14 26 298	3.75
7	CENTRAL BANK OF INDIA	11 50 100	3.03
8	CORPORATION BANK	2 09 461	0.55
9	DENA BANK	6 46 947	1.70
10	GENERAL INSURANCE CORPORATION OF INDIA	4 32 875	1.14
11	INDIAN BANK	11 02 378	2.90
12	ICICI BANK LTD.	14 00 528	3.69
13	IDBI BANK LTD.	25 07 610	6.60
14	IFCI LTD	3 37 400	0.89
15	INDIAN OVERSEAS BANK	2 54 078	0.67
16	INDUSTRIAL INVESTMENT BANK OF INDIA	82 045	0.22
17	INFRASTRUCTURE DEVELOPMENT FINANCE CO. LTD.	35 30 136	9.29
18	LIFE INSURANCE CORPORATION OF INDIA	15 05 400	3.96
19	NATIONAL INSURANCE COMPANY LTD	72 510	0.19
20	THE NEW INDIA ASSURANCE COMPANY LIMITED	3 68 175	0.97
21	ORIENTAL BANK OF COMMERCE	4 74 277	1.25
22	THE ORIENTAL INSURANCE COMPANY LIMITED	1 37 290	0.36
23	PUNJAB AND SIND BANK	2 25 500	0.59
24	PUNJAB NATIONAL BANK	18 77 564	4.94
25	STATE BANK OF BIKANER & JAIPUR	2 23 896	0.59
26	STATE BANK OF HYDERBAD	2 68 052	0.71
27	STATE BANK OF INDIA	28 12 415	7.40
28	STATE BANK OF MYSORE	1 67 644	0.44
29	STATE BANK OF PATIALA	2 00 616	0.53
30	STATE BANK OF TRAVANCORE	2 48 519	0.65
31	SYNDICATE BANK	5 82 160	1.53
32	UNITED BANK OF INDIA	3 78 256	1.00
33	UCO BANK	4 64 892	1.22
34	UNION BANK OF INDIA	5 81 248	1.53
35	ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA-DRF	4 94 043	1.30
	TOTAL	3 80 00 000	100.00

**SECURITIES TRADING
CORPORATION OF INDIA LIMITED**



STCI PRIMARY DEALER LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED
31ST MARCH, 2011**



Annual Report 2010 - 11

B		STCI PRIMARY DEALER LIMITED	
Sr. No.	Particulars	Page No	
1	Director's Report	75	
2	Auditor's Report	84	
3	Auditor's Report to Directors	88	
4	Balance Sheet	89	
5	Profit & Loss Account	91	
6	Schedules forming part of the Accounts	93	
7	Significant Accounting Policies and Notes to Accounts	103	
8	Cash Flow Statement	124	
9	Balance Sheet Abstract	125	

DIRECTORS' REPORT

TO THE SHAREHOLDERS OF
STCI PRIMARY DEALER LIMITED

Your Directors are pleased to present the Fifth Annual Report together with the audited accounts of the Company for the Year ended March 31, 2011.

1. FINANCIAL RESULTS

(₹ in Lakhs)

	March 31, 2011	March 31, 2010
Total Income	12,860	8036
Total Expenditure	12,050	6013
(of which Interest paid)	(10249)	(4398)
Profit(+)/loss(-) before Tax	810	2023
Provision for current year, and deferred tax	274	734
Prior period expenses	-	6
Profit after Tax	536	1283
Add: Balance in Profit & Loss Account brought forward	3663	2637
Add: Write back of Provision for tax for FY 2007 -08	35	-
Amount available for appropriation	4234	3,920
Appropriation/Withdrawals		
Transfer to General Reserve	-	-
Transfer to Statutory Reserve *	107	257
Interim Dividend	-	-
Tax on Interim Dividend	-	-
Balance Carried to the Balance Sheet	4127	3663
TOTAL	4234	3920

*Created pursuant to Section 45 I C of Reserve Bank of India Act, 1934 as amended in January 1997.

Your Directors report that the Company made a Profit after Tax of ₹5.36 crore for financial year 2010-11 as against ₹12.83 crore in the previous year. Lower profit has been largely due to difficult market conditions that prevailed in the Fixed Income market. Actions taken by the Reserve Bank of India and the Government during the year to tackle the runaway inflation resulted in erosion of carry income and continuous rise in yields.



DIRECTORS' REPORT

2. THE ECONOMY

Despite major global economies struggling to grow post the last recession, the year 2010-11 witnessed a robust GDP growth in India. From 8% GDP growth witnessed in the year 2009-10, the GDP growth for FY 2010-11 is pegged higher at 8.6%. The Index of Industrial Production (IIP) for the period April 2010 - March 2011 recorded a robust average growth of around 8.2%. The main concern through the year related to the high WPI inflation that averaged 9.6% for the period April 2010 - March 2011 due to the rise in domestic food prices and global commodity and oil prices. RBI's monetary stance placed primary focus on taming the build up of price pressures in the economy by resorting to a policy aiming at tight liquidity in the system for the better transmission of monetary action and raising key interest rates aggressively. Thus, while the economy presented a better picture on the fiscal front as well as in terms of GDP growth, the same did not happen in the bond market.

3. DEVELOPMENTS IN MONEY AND SECURITIES MARKETS

The RBI had to take several monetary measures to curb price pressures in the economy. The fiscal year started with a hike in the Repo, Reverse Repo rate and the CRR in the month of April itself. The RBI progressed through the rate tightening process during the year with a total of 175 bps hike in the Repo rate (from 5% to 6.75%), a 225 bps hike in the Reverse Repo rate (from 3.5% to 5.75%) and the CRR by a 25 bps (from 5.75% to 6%). The tight liquidity condition led to the RBI reducing the Statutory Liquidity Ratio by 1% from 25% to 24%. This, in turn, led to reduced demand for Government securities.

Amidst sluggish recovery in global economies, robust growth in the domestic economy, domestic inflation pressures and a huge government borrowing programme, the bond yields drifted upwards for major part of the financial year 2010-11. The 10 year benchmark yield witnessed a high of 8.23% and a low of 7.38% during the course of the year. Rising inflationary concerns towards the year end and strong IIP growth exerted upward pressure on yields. The large Government borrowing was, however, successfully completed with RBI and the Government deploying measures like OMO buy backs, early redemption of near maturity securities, reduction in the borrowing size for the second half of the year and FRB issuances to moderate sharp spikes in yields.

4. OPERATIONS REVIEW

(i) Financial Performance

The performance of the Company suffered during the year due to the extremely tight liquidity conditions, very high inflation leading to frequent rate hikes by the Central Bank



DIRECTORS' REPORT

and the resultant uncertainties in the Government securities market. In spite of very challenging environment, the Company ended the financial year with a net profit -albeit a small one- of ₹5.36 Crore.

(ii) Performance of the Company as a Primary Dealer in Government Securities

The performance of the Company as a Primary Dealer during the year under review is set out in Statement-1 annexed to the Report. As against the stipulated minimum success ratio of 40%, the Company achieved success ratio in respect of bids tendered for primary issues of Treasury Bills at 50.72%. The Company's total turnover ratio was 317.81 in Government dated securities and 250.24 in Treasury Bills as against the stipulated minimum ratio of 5 times and 10 times respectively under the RBI's guidelines for Primary Dealers' in Government securities. On outright basis, the turnover ratio was 164.40 times in Government dated securities and 107.16 times in Treasury Bills as against the prescribed minimum of 3 times and 6 times respectively.

(iii) Risk Management

The Company has in place a comprehensive Business Risk Policy to minimise the market, credit and operational risks associated with its business operations. The Company uses Value-at-Risk methodology for measuring and monitoring the market risk associated with its portfolio and uses stress-testing tools to monitor and measure the impact of interest rate movements on its portfolio. A stop-loss policy based on VaR and PV01 has been implemented in the Company.

The Company has also constituted ALCO and Risk Management Committee of executives comprising of the Managing Director and Senior Executives from cross functional areas. The Committee functions under the guidance and directions of the Board and the Audit Committee of Board. As on March 31, 2011, the Company had a Capital Adequacy Ratio of 25.84% as against the Regulatory requirement of 15%. The Company maintained the ratio well above the regulatory norm throughout the year. The risk management function of the Company is periodically reviewed by the Audit Committee of the Board.

(iv) Internal Audit and Control Systems

For the period under review, the Company appointed M/s B.K Khare & Co., Chartered Accountants, as the Company's Internal 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, SEBI and other



DIRECTORS' REPORT

Statutory Bodies. M/s. B.K Khare & Co., Chartered Accountants were also entrusted with work of concurrent Audit of all money and securities market transactions.

(v) **Regulatory Compliance**

The Company has complied with all the applicable guidelines prescribed by RBI for the Primary Dealers and NBFCs, regarding accounting standards, income recognition, valuation of securities, capital adequacy, etc. The Company has also complied with the Directions and Guidelines issued by the Securities & Exchange Board of India (SEBI) under the SEBI (Portfolio Managers) Regulation, 1993.

(vi) **Credit Rating**

The Company has obtained the highest ratings of P1+ and A1+ from rating agencies CRISIL and ICRA for its short-term borrowing programme.

(vii) **Economic Research**

The Company has a dedicated macroeconomic research desk which brings out topical reports covering in-depth study of economic developments, events and expectations and analyses of various economic events for the Company's valued clients and market participants. Other regular research contributions cover a series of reports in the form of Daily Market Update, Weekly Debt Market Overview, Fortnightly Economic Update and periodic reports such as the Monetary Policy expectations, Monetary Policy Review and Union Budget expectations.

(viii) **Fee based activities**

The Company's fee based activities include Portfolio Management Services, Mutual Fund Distribution and Debt Capital Market activity. In Portfolio Management services assets under advisory service has increased to Rs 20,430 crore as on March 31, 2011. In Debt Capital Market services, the Company has been acting as Arrangers of private placement of PSU and Corporate bond issuances and is in the top twenty in the League table.

(ix) **Outlook**

The year 2011-12 will continue to provide significant challenges. High uncertainties remain on both global and domestic economy fronts. In developed economies, growth rates are low but inflation has started to rise. Developing economies are growing, putting pressure on prices of commodities and crude oil leading to rise in inflation globally. This is putting the



DIRECTORS' REPORT

central banks of developed economies in a dilemma on whether and when to raise policy rates. Experts are widely divided in their opinion, with some asking for further rate hikes to lower inflation and others favoring restraint in monetary tightening so as not to hurt growth.

On domestic front, inflation continues to remain a challenge despite much tightening of policy rates by the Central bank. So far, inflation has remained high tracking high food and fuel prices. But it is now expected to become more generalized with spillover to manufactured goods as well. Persistent rise of global oil and food prices are expected to pose further risk to the inflation outlook. Monsoon is going to be critical this year as well.

Growth remains robust though there are concerns from industry quarters that high interest rates are dampening business and investment sentiments. The GDP growth in India is likely to remain strong with policymakers estimating growth at around 8-9% for FY 2011-12. However, some other forecasters have scaled down the growth rate estimate lower at 7-8% on account of high inflation and interest rates.

In the Union Budget 2011-12, Finance Minister has proposed a strong fiscal consolidation plan pegging the fiscal deficit at 4.6% of GDP, lower than market expectations of 4.8% of GDP. This implies gross market borrowing program of ₹4,12,817 Cr, slightly higher than ₹4,00,998 Cr noted last year. However the market is looking at the numbers with caution as the subsidy bill numbers and projected expenditure could be understated.

On liquidity front, RBI is expected to maintain a deficit liquidity situation as it helps in effective monetary transmission of tightening policy rates. Hence liquidity is expected to remain broadly in deficit zone of -1% of NDTL (Net Demand and Time Liabilities) as guided by the RBI. A pick up in credit will, however, depend on the growth outlook which in turn is dependent on interest rates.

Given this outlook, bond yields are expected to remain under pressure. Inflation will remain the major driver for bond yields.

5. COMPOSITION OF BOARD

As on March 31, 2011, the Board comprised six Directors out of which five are non-executive Directors. The Board includes a Non-Executive Chairman and a Managing Director. The Board met nine times during the year under review.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri A.V Rajwade and Shri V.Sridar retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.



DIRECTORS' REPORT

6. COMMITTEES OF THE BOARD

The following Committees of the Board functioned during the year:

(i) **Audit Committee**

The Audit Committee of the Board comprises four Non-Executive Directors of the Company having knowledge of finance and accounts namely Shri A.V Rajwade (Chairman), Shri V.Sridar, Shri R.V Joshi and Shri P.Sanyal. The Committee also performs the role of Risk Review Committee of the Board. The scope and functions of the Audit Committee include in particular review of the Statutory and Internal Auditors' reports, risk policies, procedures and reporting mechanisms, adequacy of the internal control system and internal audit function, the company's financial management policies, monitoring of compliance with the approved / regulatory risk policies and parameters, discussions with the Internal, Concurrent and Statutory Auditors as and when necessary, all risk and process related matters that the Committee may consider appropriate and other applicable matters as specified under section 292A of the Companies Act, 1956 or as may be delegated by the Board in this regard.

(ii) **Remuneration Committee**

The remuneration Committee of the Board comprises of three Non-Executive Directors of the Company namely Shri D.Basu, Shri A.V Rajwade and Shri R.V Joshi to determine the remuneration payable to the Managing Director and to act under the terms of reference as may be delegated by the Board from time to time.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- a. In preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures.
- b. Appropriate accounting policies have been selected and applied consistently, judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and the profit for that period.
- c. Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on a going concern basis.



DIRECTORS' REPORT

8. AUDITORS

M/s Chandabhoy & Jassoobhoy, Chartered Accountants, Mumbai, who are the statutory auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The proposed re-appointment, if made will be in accordance with the limits prescribed under Section 224(1B) of the Companies Act, 1956.

9. HUMAN RESOURCES

The Company's HR function has been outsourced to M/s Cerebrus Consultants who provide HR support by way of review of Company's HR policies, 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.

10. DISCLOSURE OF PARTICULARS

There are no employees in respect of whom details are required to be given under section 217(2A) of Companies Act, 1956 read with the Rules framed there under.

As the Company is not a manufacturing Company, the particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956 are not applicable to the Company.

There were no foreign exchange earnings during the year. The details of the foreign exchange outgo appear at Item No.8 of Schedule 16 in the Notes forming part of accounts.

11. PUBLIC DEPOSITS

During the year ended March 31, 2011, 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.

12. REPRESENTATIVE OFFICES

The Company has representative offices in Delhi and Bengaluru which have been making ongoing efforts for business development in terms of maintaining contact with clients in their vicinity ranging from PSUs, commercial Banks, Corporates, MNCs, Provident Funds, Pension and Gratuity Funds, Insurance Companies and Mutual Funds and reaching out to new ones. The activities of these offices are being regularly assessed and monitored.



DIRECTORS' REPORT

13. ACKNOWLEDGEMENT

Your Directors thank Reserve Bank of India, SEBI, its Bankers, other commercial and cooperative banks, financial institutions, mutual funds, corporates and other customers for their business and support. 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.

Mumbai,
April 20, 2011

(D. Basu)
Chairman

DIRECTORS' REPORT

Statement I

BIDDING IN THE PRIMARY MARKET AND TURNOVER IN THE SECONDARY MARKET

(Stock in Face Value) (₹ In Crore)

		2010-11		2009-10	
		Treasury Bills	Govt. Dated Securities	Treasury Bills	Govt. Dated Securities
1	Annual Bidding Commitment	15800.00	53919.00	19000.00	41098.00
2	Bids Tendered	28111.29	58771.67	31306.12	45624.81
3	Bids Accepted	8014.34	10968.69	9117.29	9560.67
4	Success Ratio %	50.72	NA	47.99	NA
5	Success Ratio required % (as per guidelines)	40	NA	40	NA
A	Primary Market				
1	Subscription	8014.34	10968.69	9117.29	9560.67
2	Devolvement	0	345.59	0	765.86
3	Total (1+2)	8014.34	11314.28	9117.29	10326.53
B	Secondary Market				
1	Outright	11694.73	209872.30	14815.89	167837.81
2	Repo	15614.38	195839.98	32658.02	208503.92
	Total (1+2)	27309.11	405709.28	47473.91	376341.73
C	Average Month End Stock				
1	Total (Including Repo Stock)	109.13	1276.60	315.05	800.16
2	Own Stock (Excluding Repo Stock)	74.62	957.93	262.87	372.45
D	Turnover Ratio				
1	Total Turnover to Total Stock (Required Ratio)	250.24 (10 times)	317.81 (5 Times)	150.71 (10 times)	470.33 (5 Times)
2	Outright Turnover to Own Stock (Required Ratio)	107.16 (6 times)	164.40 (3 times)	47.03 (6 times)	209.76 (3 times)



AUDITOR'S REPORT

The Members,
STCI Primary Dealer Limited

We have audited the attached Balance Sheet of **STCI Primary Dealer Limited** as at March 31, 2011 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended, ('the Order') issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

During the year, the company has changed its policy for valuation of securities held for trading in accordance with the RBI Notification dated 1st July 2007. In view of the above the trading loss from Government Securities and Corporate bonds are lower by ₹9.96 Lacs and ₹0.34 Lacs respectively. Closing stock of Government Securities and Corporate bonds are higher by ₹9.96 Lacs and ₹0.34 Lacs respectively. (Refer Schedule 16 Clause 4)

2. Further to our comments in the annexure referred to in paragraph 1. above:
 - a. We have 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 appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



AUDITOR'S REPORT

- e. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
3. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - b. in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

Samir M. Chinoy
Partner
Membership No.: F-40853
Firm Registration No.: 101647W

Mumbai: April 20, 2011



ANNEXURE REFERRED IN THE DRAFT AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF SECURITIES TRADING CORPORATION OF INDIA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.

- i. a The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b The fixed assets have been physically verified by the management as at the year end and no material discrepancies have been noticed in respect of assets so verified during the year. In our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- c During the year the Company has not disposed off any substantial part of its fixed assets.
- ii. a The securities held as stock in trade are in dematerialized form with custodian. Statement of securities is received from them on regular basis.
- b As securities are held in dematerialized form, the requirement of physical verification doesn't arise.
- c 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. The Company has not granted or taken any loan secured or unsecured to any companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4(iii) (b), 4(iii) (c) 4(iii) (d) 4(iii) (e) and 4(iii) (f) and 4(iii) (g) is not applicable to the company.
- iv. In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase and sale of securities and fixed assets. During the course of our audit, no major weakness was noticed in the internal controls.
- v. According to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the companies Act, 1956. Accordingly, paragraph 4(v) (a) and (b) of the Order is not applicable.
- vi. The Company has not accepted any public deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under.
- vii. The Company has an internal audit system. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
- ix. a According to the information and explanations given to us and based on the records examined by us, except stamp duty on transaction of Non Government securities, (Refer Schedule 16,



- Clause 22) the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, service tax and other statutory dues applicable to it.
- b According to the information and explanations given to us, no undisputed dues payable in respect of income tax, sales tax, wealth tax, customs duty, service tax and cess were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable. However, stamp duty on Non-Government securities aggregating to ₹.16, 371,490/- is outstanding for more than six months as on 31st March, 2011. (Refer Schedule 16 Clause 22).
- c According to the information and explanations given to us, there are no statutory dues outstanding on account of any dispute as of 31st March, 2011.
- x. The Company has not incurred any cash losses during the financial year covered by our audit.
- xi. During the year the company has not defaulted in repayment of dues to a financial institution or bank.
- xii. In our opinion the Company has adequate documentation for loans and advances granted on the basis of security by way of pledge of securities.
- xiii. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Clause 4 (xiii) of the Order is, therefore, not applicable to the Company.
- xiv. Proper records have been maintained for the transactions relating to trading in securities, bonds and other investments. Entries are made on timely basis and investments are held in the name of the Company.
- xv. According to information and explanation given to us the Company has not given any guarantee for loans taken by associates.
- xvi. In our opinion and according to information and explanations provided to us, the funds raised through term loans are applied for the purposes for which they are obtained.
- xvii. According to the information and explanation given to us and the records of the Company examined by us, the Company has not raised short term funds for long term investment.
- xviii. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

Samir M. Chinoy , Partner
Membership No.: F-40853

Mumbai: April 20, 2011

AUDITOR'S REPORT

To,

The Board of Directors,
STCI Primary Dealer Limited

We have audited the attached Balance Sheet of STCI Primary Dealer Limited as at March 31, 2011 and the Profit and Loss Account for the year ended on that date.

As required by Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 issued by Reserve Bank of India, (RBI), we give hereunder our report on the matters specified in paragraph 3(A) and (C) of the said Directions:

1.
 - a) The Company has applied for registration under section 45IA of Reserve Bank of India Act, 1934 and RBI has granted certificate of registration bearing no. 13.01865 date 23.05.2007.
 - b) The company continued to carry on business as a Non-Banking Financial Institution during the financial year 2010-11 and is entitled to continue to hold such Certificate of Registration in terms of the asset/income as on March 31, 2011.
2.
 - a) The Board of Directors of the Company has passed a resolution on 20.04.2010 for non-acceptance of any public deposits.
 - b) The Company has not accepted any public deposits during the year under Report.
 - c) In our opinion and according to the information and explanations given to us, the Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it in terms of Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
 - d)
 - i) the Capital Adequacy Ratio disclosed in the return submitted to Reserve Bank of India on 23.06.2010 in Form NBS 7 for the Financial Year 2009-10, has been correctly arrived and is in compliance with the minimum CRAR prescribed by RBI.
 - ii) The Annual Statement of Capital Funds, risk assets/exposures and risk asset ratio in Form NBS 7 has been submitted with the stipulated period.

For and on behalf of

Chandabhoy & Jassoobhoy, (Chartered Accountants)

Ambesh Dave, (Partner)

Mumbai: May 20, 2011



BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	As at 31/03/2011	(₹ in Lakh) As at 31/03/2010
I. SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	20000.00	20000.00
Reserves & Surplus	2	7189.11	6618.26
		27189.11	26618.26
Loan Funds			
Secured Loans	3	136610.35	23278.21
Unsecured Loans	4	42882.45	74142.02
		179492.80	97420.23
TOTAL		206681.91	124038.48
II. APPLICATION OF FUNDS			
1. Fixed Assets	5		
Gross Block		2489.73	322.85
Less: Depreciation		218.65	138.96
Net Block		2271.08	183.89
Capital Work-in-Progress			2003.90
2. Investments			
Deferred Tax Assets		23.21	93.85
3. Current Assets, Loans & Advances	6		
Stock In Trade		180615.34	115386.22
Sundry Debtors		4.55	9.25
Accrued Income		2643.85	1259.76
Cash & Bank Balances		21023.84	44.69
Loans & Advances		7436.30	12691.60
		211723.88	129391.51

**BALANCE SHEET AS AT 31ST MARCH, 2011**

(₹ in Lakh)

	Schedule No.	As at 31/03/2011	As at 31/03/2010
Less: Current Liabilities	7		
Current Liabilities		397.80	625.08
Provisions		6938.46	7009.58
		7336.26	7634.66
Net Current Assets		204387.62	121756.85
TOTAL		206681.91	124038.48
Significant Accounting Policies	15		
Notes to Accounts	16		

In terms of our report of even date

On behalf of the Board of Directors

Chandabhoy & Jassoobhoy
Chartered Accountants

Pradeep Madhav
(Managing Director)

D Basu
(Chairman)

Samir M Chinoy (Partner)
Membership No.: F-40853

A V Rajwade
(Director)

V Sridar
(Director)

Suparna Sharma
(Company Secretary)

Mumbai, 20th April, 2011

Mumbai, 20th April, 2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lakh)

	Schedule No.	Year ended 31/03/2011	Year ended 31/03/2010
<u>A. INCOME</u>			
Trading Profit/(Loss) on Securities	8		
Trading Profit/(Loss) on Govt. Securities (including T Bills)		(1,109.55)	(2,415.43)
Trading Profit/(Loss) on Corporate Bonds incl. of PSU/PFI		(703.11)	751.24
Trading Profit/(Loss) on Equity Shares		453.02	367.59
Trading Profit/(Loss) on Futures & Options		249.64	(628.88)
Trading Profit/(Loss) on Liquid Mutual Funds		232.86	803.60
Trading Profit/(Loss) on Other Instruments		461.96	305.08
Hedge Loss		(2.88)	
Trading Profit/(Loss) on Interest Rate Swaps		(59.15)	(36.17)
		(477.21)	(852.97)
Interest/Discount Income	9	12,894.70	7,928.43
Dividend Income		22.24	5.33
Underwriting & Other Income	10	420.07	1,085.91
TOTAL (A)		12,859.80	8,166.71
<u>B. EXPENDITURE</u>			
Interest	11	8,372.83	2,939.06
Expenses on REPO		2,122.07	1,588.75
Other Financial Payments	12	483.38	607.01
Personnel Cost	13	415.29	406.92
Administration & Other expenses	14	507.35	513.48
Depreciation- Fixed Assets		149.48	88.03
TOTAL (B)		12,050.40	6,143.25
PROFIT/(LOSS) BEFORE TAX (A - B)		809.40	2,023.46

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

(₹ in Lakh)

	Schedule No.	Year ended 31/03/2011	Year ended 31/03/2010
Less : Provision For Taxation			
Current Year's Taxation		203.24	700.00
Deferred Tax		70.64	33.95
Less : Prior Period Expenses			6.55
PROFIT/(LOSS) AFTER TAX		535.52	1,282.96
Add: Write back of Provision for tax for FY 2007-08		35.32	
Add : Balance Brought forward from last year		3,662.83	2,636.46
AMOUNT AVAILABLE FOR APPROPRIATION		4,233.67	3,919.42
Statutory Reserve (Created pursuant to Section 45 I-C of the Reserve Bank of India Act, 1934)		107.11	256.59
Balance carried to Balance Sheet		4,126.57	3,662.83
Earnings Per Share Basic and Diluted		0.27	0.64
Significant Accounting Policies	15		
Notes to Accounts	16		

In terms of our report of even date

On behalf of the Board of Directors

Chandabhoy & Jassoobhoy
Chartered Accountants

Pradeep Madhav
(Managing Director)

D Basu
(Chairman)

Samir M Chinoy (Partner)
Membership No.: F-40853

A V Rajwade
(Director)

V Sridar
(Director)

Suparna Sharma
(Company Secretary)

Mumbai, 20th April, 2011

Mumbai, 20th April, 2011



SCHEDULES FORMING PART OF THE ACCOUNTS

	as at 31/03/2011	(₹ in Lakh) as at 31/03/2010
<u>SCHEDULE - 1</u>		
SHARE CAPITAL		
Authorised		
30,00,00,000 Equity Shares of ₹10/- each	30,000.00	30,000.00
Issued, Subscribed and Paid-up		
20,00,00,000 Equity Shares of ₹10/- each fully paid - up (The entire share capital is held by Securities Trading Corporation of India Ltd., the holding Company)	20,000.00	20,000.00
TOTAL	20,000.00	20,000.00
<u>SCHEDULE - 2</u>		
RESERVES & SURPLUS		
Statutory Reserve (Reserve created pursuant to Section 45 I-C of Reserve Bank of India Act, 1934)		
- Brought forward from previous year	1,955.43	1,698.84
- Add : Amount transferred from Profit & Loss Account	107.11	256.59
	2,062.54	1,955.43
General Reserve	1,000.00	1,000.00
Profit & Loss A/c	4,126.57	3,662.83
TOTAL	7,189.11	6,618.26

**SCHEDULES FORMING PART OF THE ACCOUNTS**

(₹ in Lakh)

	as at 31/03/2011	as at 31/03/2010
SCHEDULE - 3		
SECURED LOANS		
Collateralised Borrowing and Lending Obligation (CBLO) Segment (Against the collateral of Govt.securities and Treasury Bills)	43,357.44	23,278.21
Borrowing under Repo (Against the collateral of Treasury Bills)	11,853.01	-
Borrowing under LAF\ Refinance from RBI (Against the collateral of Govt.securities and Treasury Bills)	61,750.00	-
From banks (Against pledge of fixed Deposit)	19,649.90	-
TOTAL	136,610.35	23,278.21
SCHEDULE - 4		
UNSECURED LOANS		
Short-Term Borrowings		
i) From banks (repayable at call/short notice/term)	29,625.00	64,500.00
ii) From others (Inter-corporate Deposit)	13,257.45	9,642.02
TOTAL	42,882.45	74,142.02



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 5 FIXED ASSETS

Sr. No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 1.04.2010	Additions during the year	Deletions during the year	As at 31.03.2011	As at 1.04.2010	For the year	Deletion	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	Air- Conditioner	14.57	21.11	4.78	30.91	4.36	2.62	1.55	5.43	25.48	10.22
2	Buildings		2,030.74		2,030.74		59.13		59.13	1,971.62	-
3	Computer- Software	123.49	11.51		135.00	48.82	42.88		91.70	43.30	74.67
4	Computers	86.51	26.10	0.21	112.40	24.85	21.15	0.21	45.79	66.61	61.66
5	Electrical Installation	25.29	32.60	24.05	33.84	17.18	7.41	21.87	2.73	31.11	8.11
6	Furniture & Fixtures	11.39	96.54	3.23	104.71	5.87	6.38	1.58	10.67	94.04	5.52
7	Improvement to Leasehold Property	40.70		40.70	-	31.44	6.55	37.99	-	-	9.25
8	Office Equipments	9.80	13.72	2.91	20.61	2.31	1.69	0.94	3.06	17.55	7.49
9	Vehicles - Motor Cars	11.10	21.52	11.10	21.52	4.13	1.67	5.67	0.13	21.39	6.97
	TOTAL	322.85	2,253.86	86.98	2,489.73	138.96	149.48	69.79	218.65	2,271.08	183.89
	Capital work-in-progress incl advances	2,003.90	-	2,003.90	-	-	-	-	-	-	-
	PREVIOUS YEAR	282.05	40.80	-	322.85	50.93	88.03	-	138.96	183.89	231.12



SCHEDULES FORMING PART OF THE ACCOUNTS

	as at 31/03/2011	(₹ in Lakh) as at 31/03/2010
SCHEDULE - 6		
CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
a) Stock In Trade		
- Government Dated Securities	145,299.88	97,062.55
- Corporate Bonds incl. PSU/PFI	18,515.39	11,686.00
- Certificates of Deposit	15,754.55	
- Commercial Paper	-	2,495.44
- Equity Shares	1,045.52	4,142.23
TOTAL	180,615.34	115,386.22
b) Sundry Debtors		
Considered Good		
- Outstanding for more than 6 months	-	-
- Outstanding for less than 6 months (From holding Company- Securities Trading Corporation Limited ₹ 0.59 Lacs)	4.55	9.25
TOTAL	4.55	9.25
c) Accrued Income		
Accrued interest on :		
- Government Securities	1,599.67	1,031.97
- Corporate Bonds incl. PSU/PFI	940.02	224.71
- Fixed Deposits	83.86	-
- Others	20.30	3.08
TOTAL	2,643.85	1,259.76
d) Cash & Bank Balances		
- Cash in hand	0.02	0.01
- Balances with Scheduled Commercial Banks		
- In Current Account	5.17	21.16
- In Fixed Deposits	21,000.00	-
- Balances with Reserve Bank of India	18.65	23.52
TOTAL	21,023.84	44.69

SCHEDULES FORMING PART OF THE ACCOUNTS

	as at 31/03/2011	(₹ in Lakh) as at 31/03/2010
B. LOANS & ADVANCES		
Advances Recoverable in Cash or Kind or for value to be received		
Margin Money with CCIL (Securities & CBLO Segment)	338.00	378.00
Margin Money for Equity Cash, F&O	1,000.00	2,000.00
Advance Payment of Direct Taxes (Adv. Tax + TDS on Interest)	5,790.69	5,277.39
Advance Payment of FBT	6.94	6.94
Securities Transaction Tax (STT)	70.74	79.41
Appl. Money on Bonds/Equity	-	3,999.97
Prepaid Expenses	26.88	49.53
Deposits	11.92	3.22
Other Receivables	190.44	890.47
Interest Paid in Advance	-	6.66
Service tax availed	0.04	-
Advance paid to Suppliers	0.65	-
TOTAL	7,436.30	12,691.60
<hr/>		
TOTAL (A + B)	211,723.87	129,391.51
<hr/>		
<u>SCHEDULE - 7</u>		
<u>CURRENT LIABILITIES & PROVISIONS:</u>		
A. CURRENT LIABILITIES		
Brokerage & CCIL Charges Payable	38.88	26.89
Sundry Deposits & Other Liabilities	77.13	518.66
Interest Accrued But Not Due on Borrowings	281.79	74.33
Interest Received in Advance	-	5.20
TOTAL (A)	397.80	625.08



SCHEDULES FORMING PART OF THE ACCOUNTS

	as at 31/03/2011	(₹ in Lakh) as at 31/03/2010
B. PROVISIONS		
For Taxation	5,595.65	5,427.74
For Fringe Benefit Tax	6.82	6.82
For Stamp Duty (Refer note of schedule 17)	171.01	142.83
For Interest Rate Swaps	1,101.51	1,321.47
For Hedge Gain/Loss	7.83	4.95
For Performance Linked Incentive Scheme	10.00	65.78
For Bonus	0.18	0.18
For Loss on Equity Stock/Index Futures	2.44	.83
For Leave salary	43.02	38.97
TOTAL (B)	6,938.46	7,009.58
	-	-
TOTAL (A + B)	7,336.26	7,634.66

	Year ended 31/03/2011		Year ended 31/03/2010	
<u>SCHEDULE - 8</u>				
<u>TRADING PROFIT/(LOSS) ON GOVERNMENT SECURITIES</u>				
Sales (net of brokerage)	12,337,954.77		10,465,253.71	
Add : Stock on hand as at the end of the year (##)	145,299.88	12,483,254.65	97,062.55	10,562,316.26
Less : (i) Purchases	12,387,301.66		10,458,081.41	
(ii) Stock on hand as at the beginning of the year	97,062.55	12,484,364.21	106,650.28	10,564,731.69
Trading Profit/(Loss) on Government Securities		(1,109.56)		(2,415.43)

** Net of Provision for decline in value of securities at the year end ₹ 1389.88 lakhs (Previous year ₹116.92 lakhs).

(##) Includes stock for hedging, please refer Note No 4 of Schedule 17 - Notes to Accounts

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakh)

	Year ended 31/03/2011		Year ended 31/03/2010	
<u>TRADING PROFIT /(LOSS) ON CORPORATE BONDS INCL. PSU/PFI</u>				
Sales (net of brokerage)	211,869.49		504,766.96	
Add : Stock on hand as at the end of the year	18,515.39	230,384.88	11,686.00	516,452.96
Less : (i) Purchases	219,401.99		512,811.67	
(ii) Stock on hand as at the beginning of the year	11,686.00	231,087.99	2,890.05	515,701.72
Trading Profit/(Loss) on Corporate Bonds incl. PSU/PFI		(703.11)		751.24
** Net of Provision for decline in value of securities at the year end ₹616.56 lakhs (Previous year ₹29.45 lakhs).				
<u>TRADING PROFIT /(LOSS) ON EQUITY SHARES</u>				
Sales (net of brokerage)	33,434.89		22,417.46	
Add : Stock on hand as at the end of the year	1,045.52	34,480.41	4,142.23	26,559.70
Less : (i) Purchases	29,885.16		26,192.11	
(ii) Stock on hand as at the beginning of the year	4,142.23	34,027.39	-	26,192.11
Trading Profit/(Loss) on Equity Shares		453.02		367.59
** Net of Provision for decline in value of securities at the year end ₹ Nil (Previous year ₹66.19 Lacs).				
<u>TRADING PROFIT /(LOSS) ON LIQUID MUTUAL FUNDS</u>				
Sales (net of brokerage)	1,028,732.86		4,572,803.60	
Add : Stock on hand as at the end of the year		1,028,732.86	-	4,572,803.60
Less : (i) Purchases	1,028,500.00		4,572,000.00	
(ii) Stock on hand as at the beginning of the year		1,028,500.00	-	4,572,000.00
Trading Profit/(Loss) on Liquid Mutual Funds		232.86		803.60
<u>TRADING PROFIT /(LOSS) ON FUTURES & OPTIONS</u>				
Net Equity Option Premium		32.84		(548.67)
Income on Futures		216.80		(80.21)
		249.64		(628.88)



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakh)

	Year ended 31/03/2011		Year ended 31/03/2010	
<u>TRADING PROFIT /(LOSS) ON INTEREST RATE SWAPS (IRS)</u>				
MTM on Interest Rate Swaps (IRS)		(59.15)		(36.17)
		(59.15)		(36.17)
<u>TRADING PROFIT /(LOSS) ON OTHER INSTRUMENTS (CDs AND CPs)</u>				
Sales (net of brokerage)	57,986.44		22,174.54	
Add : Stock on hand as at the end of the year	15,754.55	73,740.98	2,495.44	24,669.98
Less : (i) Purchases	70,783.58		17,520.57	
(ii) Stock on hand as at the beginning of the year	2,495.44	73,279.02	6,844.32	24,364.90
Trading Profit/(loss) on CDs and CPs		461.96		305.08
<u>SCHEDULE - 9</u>				
<u>INTEREST/ DISCOUNT INCOME (GROSS)</u>				
Interest on -				
- Call Money		0.10		4.27
- Government Securities (Trading)		8,738.53		4,381.32
- Government Securities (HTM)		328.53		-
- State Development Loans		313.60		1,021.95
- Gol Special Securities		961.61		998.51
- Corporate Bonds incl. PSU/PFI		1,956.34		1,411.71
- Fixed Deposit		325.27		92.86
- Income from Repo		231.11		11.71
- Other Interest		18.78		-
- Interest on Income tax refund		18.89		-
- Discount income CBLO		1.93		6.11
TOTAL		12,894.70		7,928.43

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakh)

	Year ended 31/03/2011	Year ended 31/03/2010
SCHEDULE - 10		
<u>UNDERWRITING AND OTHER INCOME</u>		
Underwriting Fees	305.05	747.08
Other Fee Income	67.49	187.09
Incentive Income	32.22	90.04
PMS Fees	14.90	18.19
Misc. Receipt	0.40	0.32
Excess Provision Written Back		43.19
TOTAL	420.07	1,085.91
SCHEDULE - 11		
INTEREST ON FIXED PERIOD LOAN		
Interest on -		
- Call Money	943.74	768.92
- Borrowings from RBI	531.71	0.48
- Inter-Corporate Deposits	840.27	202.99
- Term Money	1,396.24	335.91
- FRB		93.61
- Loan Against Deposit	25.26	-
- Interest expenses from Interest Rate Swaps	245.50	130.17
- Others	6.64	7.01
	<u>3,989.36</u>	<u>1,539.09</u>
Discount on HTM instruments	1.43	-
Discount on CP Issued	1,123.73	800.89
Discount on CBLO borrowing	3,258.31	599.08
	<u>4,383.48</u>	
TOTAL	8,372.83	2,939.06
SCHEDULE - 12		
OTHER FINANCIAL PAYMENTS		
Expenses on CP Issued	14.81	19.58
Bank Charges	0.06	0.09
DP/CCIL charges	415.08	502.83
Other Payments/Charges	53.43	84.52
TOTAL	483.38	607.01

**SCHEDULES FORMING PART OF THE ACCOUNTS**

(₹ in Lakh)

	Year ended 31/03/2011	Year ended 31/03/2010
SCHEDULE - 13		
PERSONNEL COST		
Salaries, Wages, Bonus, Allowances, etc.	374.58	358.79
Contribution to Provident Fund & other Funds	23.07	17.28
Staff Welfare expenses	17.64	30.84
TOTAL	415.28	406.92
SCHEDULE - 14		
ADMINISTRATION & OTHER EXPENSES		
Advertising Expenses	1.19	0.34
Donation	0.11	0.11
Electricity charges	12.33	9.38
Information Services	55.67	58.43
Insurance Charges	21.58	5.96
Miscellaneous Expenses	19.64	13.53
Office Expenses	30.24	41.48
Auditors Remuneration :		
- Statutory Fees	2.76	2.80
- Tax Audit Fees	0.83	0.84
- Other certification fees	1.91	2.15
- Out of Pocket Expenses	-	0.16
Postage, Telephone & Telegrams	-	32.14
Printing & stationery Expenses	10.44	10.52
Professional Fees	93.60	128.02
Rates & Taxes	1.78	2.05
Rent	89.64	161.17
Repairs & Maintenance	59.98	18.48
Sitting Fees to Directors	8.40	8.55
Loss on sale of assets	10.99	
Travelling, Conveyance & Motor Car Expenses	13.74	17.38
Sundry Write off (Service tax credit)	40.91	
TOTAL	507.35	513.48

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 15

SIGNIFICANT ACCOUNTING POLICIES

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India, the relevant provisions of the Indian Companies Act, 1956 and the Reserve Bank of India guidelines to NBFC as applicable to Primary Dealers in Government Securities.

1. Method of Accounting

The Company follows accrual system of accounting.

2. Revenue Recognition

i. Treasury Bills

The difference between the acquisition cost and the redemption value of Treasury Bills, held as on Balance Sheet date 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 closing stock.

ii. Zero Coupon Bonds

The difference between the acquisition cost (value of opening stock, in case of stock brought forward from previous year) and redemption value of Zero Coupon Bonds 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 closing stock.

iii. Government Securities, FI & Other Bonds and Equities

- a) The amounts paid and received towards accrued interest on the purchases and sales of:
(i) Government Securities and (ii) FI and Other Bonds are netted at the year-end and reckoned as income under "Interest on Government Securities" and "Interest on FI and Other Bonds" respectively. Accordingly, in respect of the transactions in Government Securities and FI & Other Bonds dealt with on outright basis, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively. In case of securities transferred from stock-in-trade to Investment Account, the same is reckoned as sale at market price.
- b) The commission received from Reserve Bank of India on the purchases of Government Securities and Treasury Bills made by the Company through subscription to the

SCHEDULES FORMING PART OF THE ACCOUNTS

flotations in the primary market is deducted from the purchase consideration paid and the net amount after such reduction is reckoned as cost of these securities.

- c) Interest on fixed coupon debt security held on balance sheet date is accrued for expired period at coupon rate, and interest on floating rate securities is accrued at the rate determined by the terms of issue.
- d) Cost of purchase of securities includes Brokerage and Securities Transaction Tax (STT) paid towards transaction. At the time of sale of securities, brokerage and STT are reduced from consideration received.

iv. **Commercial Papers & Certificate of Deposits**

The difference between the acquisition cost and the redemption value of Commercial Papers (CPs) and Certificate of Deposits (CDs), held as on Balance Sheet date 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 closing stock.

v. **CBLO transactions**

Transactions for borrowing and lending under CBLO are recorded at their discounted values. The difference paid or received on redemption is treated as discount paid on CBLO in case of borrowing and discount earned on CBLO in case of lending. The difference between the discounted value on the borrowing date or the lending date as the case may be, and the redemption value of the instrument, outstanding on the Balance Sheet date is apportioned on the time basis and recognized as expense or income respectively under the head Interest/discount income or expenses. The same is included in the carrying amount of the borrowing or lending.

vi. **Pass Through Certificates**

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

SCHEDULES FORMING PART OF THE ACCOUNTS

vii. **Equity and Index Futures and Options**

- a) The initial margin and the additional margin paid for entering into contracts for equity and index futures and options are disclosed under Loans and Advances.
- b) “Equity Option Premium Account” represents the premium paid or received for buying or selling the options, respectively. The net premium paid or received for buying or selling the option, as the case may be, is recognized in the Profit and Loss Account for all squared-up/settled contracts. Similarly, on the expiry of the contracts and on exercising the options, the difference between the final settlement price and the strike price is transferred to the Profit and Loss Account.
- c) Gains or losses on stock / index futures contracts are recognized on squaring up of positions or expiry of contracts.
- d) The Open positions are marked to market on the balance sheet date and gains, if any, are not recognized. The Provision for Loss on Equity Index/ Stock Futures/Option Account represents the mark to market losses for open positions on balance sheet date.
- e) The daily mark-to-market margin paid to/ received from the custodian in respect of equity futures trades is debited or credited to the Daily Mark-to-Market Equity Futures A/c and the same is disclosed under Loans and Advances or Current liabilities as the case may be.

viii. **Expenses / Income under Repo Transactions**

In line with the revised guidelines issued by the Reserve Bank of India (RBI), repo / reverse repo transactions are treated borrowing and lending transactions. Further, in line with the RBI guidelines, the difference between the considerations (clean price and the accrued interest) between the 1st and 2nd leg of the repo and reverse repo transactions is accounted as Repo Expenditure or Repo Income, as the case may be, over the period of the contract.

ix. **Underwriting Fees**

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

x. **Front-end fees /Arrangers' Fee**

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



SCHEDULES FORMING PART OF THE ACCOUNTS

xi. **Brokerage and Commission Earned.**

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

xii. **Interest Rate Swaps (IRS)**

Cash flows on Interest Rate Swaps (IRS) are accounted for on accrual basis and settled as per the terms of the contract.

xiii. In the case of discounted instruments Discount Income represents the excess of sales (including redemption proceeds) and the value of closing stock over purchases (including subscription) and opening stock of such securities.

xiv. Dividend income is recognised when the right to receive dividend is established.

xv. Profit/Loss from trading in Equities is recognised on the basis of weighted average cost on trade dates. Profit/Loss from trading in Government Securities, FI & Other Bonds, other securities are recognised on the basis of weighted average cost on settlement dates.

xvi. **Hedged Portfolio**

(a) **Securities**

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

(b) **Swap**

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

3. **Foreign Exchange Transactions**

Expenses and remittances in foreign currency are accounted at the exchange rates as on the transaction date.

SCHEDULES FORMING PART OF THE ACCOUNTS

4. Classification and Valuation of Stock-in-trade and Investments

i. Classification

The securities acquired with the intention of trading in them are considered as stock-in-trade and shown under current assets. Other securities acquired with the intention of long term holding and earning income are considered as investments. The stock-in-trade is further classified into six heads for valuation purpose. i.e. Equity shares, preference shares, debentures and bonds, Govt. securities (including T-bills), Mutual funds and Others.

ii. Valuation

- a) The stock of Government dated securities (including T-bills) are considered scripwise and the weighted average cost (carrying cost in case of T-bills) and market value aggregated for all investments. Net depreciation if any, is provided for/charged to Profit & Loss a/c, net appreciation if any, is ignored. Market value is determined by the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA).
- b) The stock of Bonds and debentures are considered scripwise and the weighted average cost and market value aggregated for all investments. Net depreciation if any, is provided for/charged to Profit & Loss a/c, net appreciation if any, is ignored. Market value is determined by the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA).
- c) The Equity shares are considered scripwise and the weighted average cost and market value aggregated for all investments. Net depreciation if any, is provided for/charged to Profit & Loss a/c, net appreciation if any, is ignored. Market value is determined by the prices obtained from the stock exchange.
- d) The Mutual Funds are considered scripwise and the weighted average cost and Net Asset Value (NAV) aggregated for all investments. Net depreciation if any, is provided for/charged to Profit & Loss a/c, net appreciation if any, is ignored.
- e) The stock of Commercial Papers and Certificates of Deposit held as stock-in-trade are considered scripwise and carrying cost (as explained at Sl. No. 2 (iv) above) or market value aggregated for all investments. Net depreciation if any, is provided for/charged to Profit & Loss a/c, net appreciation if any, is ignored. Market value is determined by the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA).
- f) The stock of Pass Through Certificates (PTCs) held as stock-in-trade are valued at carrying cost (as explained at Sl. No. 2 (vi) above) or market value whichever is lower.



SCHEDULES FORMING PART OF THE ACCOUNTS

Market value is determined in accordance with the guidelines laid down by Fixed Income Money Market and Derivatives Association of India (FIMMDA).

- g) Investments are valued at cost, as reduced by a decline in value of other than temporary nature, if any. In the case of debt instruments where the cost of acquisition is more than the redemption value, the difference is amortized over the period remaining to maturity and charged to the Profit and Loss account.
- h) The outstanding swaps held for trading purpose are marked to market on the Balance Sheet date on the basis of yield rates declared by FIMMDA.
5. Amounts borrowed or lent under CBLO are stated at carrying cost (as explained at Sl. No. 2 (v) above).
6. Government Securities held as HTM (Held To Maturity) are valued at cost. The premium if any, paid on security is amortised over the period till maturity. The stock is transferred from HTM to trading portfolio at cost, book value or market value, whichever is lower.
- 7. Fixed Assets & Depreciation**
- i. Fixed Assets are valued at original cost less accumulated depreciation. Costs include all direct costs attributable to acquisition, installation and commissioning.
- ii. Depreciation on the value of improvements to leasehold property is provided on straight line method at the rates arrived at on the basis of the lease period.
- iii. Depreciation on fixed assets other than improvement to leasehold property is provided on the straight line method at the rates laid down under Schedule XIV to the Companies Act, 1956 or at the rates decided by the management on the basis of the effective useful life of the assets, whichever is higher.
- iv. The Company has applied the following depreciation rates based on the remaining useful life of the assets.

Fixed Assets	Depreciation rate as per useful life	Depreciation rate as per schedule IV
Improvement to Leasehold Property	37.82%	-
Building	5%	5%
Air- Conditioner	10% to 39.12%	4.75%
Office Equipments	10% to 21.21%	4.75%
Electrical Installation	10% to 52.97%	4.75%
Furniture & Fixtures	10% to 20%	6.33%
Computer- Software	20% to 100%	16.21%
Computers	33.33% to 96.81%	16.21%
Vehicles - Motor Cars	13%	9.5%

SCHEDULES FORMING PART OF THE ACCOUNTS

8. Income Tax

Provisions for Income Tax comprises 4the current tax provisions and the net change in the deferred tax asset or liability for the year. Current tax is determined as the amount of tax payable in respect of the taxable income for the year. Deferred tax asset or liability reflect the impact of current year timing differences between taxable income and the accounting income for the year and the reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent there is a reasonable certainty of sufficient future taxable income being available for its realisation. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit and Loss Account in the period of enactment of the change.

9. Retirement Benefits

- i. The Company's contributions paid / payable during the year to the Employees' Provident Fund are defined contribution is charged to the statement of profit and loss. There is no obligation other than the monthly contribution payable to the Regional Provident Fund Commissioner.
- ii. The gratuity liability of the company is funded through a Group Gratuity Scheme with Life Insurance Corporation of India (LIC) under which the annual contribution is paid to LIC. The contribution to gratuity is accrued on the basis of actuarial valuation.
- iii. The liability on account of Employees' Retirement Leave Encashment is provided on the basis of Actuarial Valuation, and is not funded. The "Projected Unit Credit Method" has been used to determine the liability of leave encashment.

10. Borrowing Costs:

Borrowing cost other than directly attributed to Fixed Assets are directly recognised as expenses in the period in which they are incurred and are charged to revenue.

11. Earning Per Share

In determining basic earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extraordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

**SCHEDULES FORMING PART OF THE ACCOUNTS****SCHEDULE 16****NOTES FORMING PART OF ACCOUNTS**

1. Previous year figures have been regrouped wherever required for the presentation of Financials.
2. In line with the Accounting Policy followed by the Company, the fall-in-value of securities held by the Company as stock-in-trade (as detailed below) has been fully provided for.

(₹ in lacs)

Sr.No.	Type of Security	2010 - 11	2009 - 10
1	Government dated securities (including T-bills)	1389.88	116.92
2	Corporate Bonds including PSU/PFI	616.21	29.45
3	Equity shares	-	66.19
	TOTAL	2006.09	212.56

3. Contingent Liability

- a. Claims against Company not acknowledged as debt : Nil
- b. Estimated amount of contracts remaining to be executed on capital account and not provided for is NIL.
- c. Commitment and contractual obligations in respect of:
 - i. The purchases and sales of the securities effected on 31st March 2011, the transaction shall be accounted on 5th April, 2011 i.e Settlement date. The details of the transactions is given below in the table.

(₹ in lacs)

Sr.No.	Particulars	31 st March 2011	31 st March 2010
1	Purchase of securities	27883.97	10732.33
2	Sale of securities	36145.81	10989.14

- ii. Disclosure on Interest Rate Swaps :

(₹ in lacs)

Sr. No.	Particulars	31 st March 2011	31 st March 2010
1.	Notional principal of Interest Rate Swaps for Trading	430000.00	492500.00
2.	Notional Principal of Interest Rate Swaps for Hedging	12500.00	12500.00
3.	Marked to market positions on trading swaps	908.47	1264.44

SCHEDULES FORMING PART OF THE ACCOUNTS

In accordance with the market practice and considering the credit qualities of the counter parties, the Company has not taken any collateral in respect of Interest Rate Swaps. The credit exposures on various swap counterparties are within the pre-determined risk parameters and are reviewed periodically.

4. The Company has changed its policy for valuation of Securities held for trading in accordance with RBI notification dated 1st July 2007. As per the revised policy of the Company, the securities are divided in five groups i.e. (i) Government Securities (including T-Bills), (ii) Equity Shares, (iii) Preference Shares, (iv) Bonds/ Debentures and (v) Mutual funds. The book value and market value of each security in a group is aggregated. The Aggregate of book value and market value of each group is compared and if there is a loss, it is booked/ debited to Profit and Loss account, if any gain, the same is ignored. Due to change in policy the trading loss from Government Securities and Corporate bonds are lower by ₹ 9.96 Lacs and ₹ 0.34 Lacs respectively. Closing stock of Government Securities and Corporate Bonds are higher by ₹ 9.96 Lacs and ₹0.34 Lacs respectively.
5. The Stock in trade includes the following hedged securities on the Balance Sheet date :

(₹ in lacs)

Name of Securities	Face value	
	31/03/2011	31/03/2010
7% Oil 2012	5000	5000
7.27% GS 2013	11900	11900

6. The Company has the following open positions in respect of Equity futures contracts on the balance sheet date :-

Name of Security	Open position	No. of units	Holding Rate	Market Price
BHEL 28.04.11	Long	6,500	2075.40	134.90
Chamblfert 28.04.11	Short	148,000	79.30	117.36
Finantech 28.04.11	Long	12,250	873.80	107.04

7. Expenditure in Foreign Currency :

(₹ in lacs)

Sr. No.	Particulars	31 st March 2011	31 st March 2010
1	On Travel	0.23	1.42
2	On Interest	NIL	NIL
3	On Others	NIL	NIL

Earnings in Foreign Currency : NIL. (Previous Year NIL)

**SCHEDULES FORMING PART OF THE ACCOUNTS****8. Managerial Remuneration paid to Managing Director**

(₹ in lacs)

Sr. No.	Particulars	March 31, 2011	March 31, 2010
1	Salaries, allowances, perquisites and incentives	67.52	66.57
2	Company's contribution to Provident Fund	2.02	2.01

9. The Company is a member of Primary Dealers' Association of India and Fixed Income Money Market and Derivatives Association of India; which are Companies limited by guarantee and incorporated under the Companies Act, 1956. The amount guaranteed by the Company on this score amounts to Rupees One Hundred only, for each Association.
10. The Company is a member of the Securities and CBLO segment of The Clearing Corporation of India Limited.
11. The stock-in-trade as on March 31, 2011, includes Government Securities, Treasury Bills and SDL of Face Value ₹54450.00 Lacs held as collaterals with The Clearing Corporation of India Limited (₹ 35600 Lacs as on March 31, 2010)
12. The Interest Income, PMS income and other income for year 2010-11 includes Income-tax deducted at source amounting to ₹44.77 lacs (Previous year ₹ 39.47 lacs).
13. The Company has accounted for the deferred tax asset and liability in respect of the timing differences through the Profit and Loss Account. The components of the Deferred Tax Asset/ (Liability) are as under :-

(₹ in lacs)

Sr. No.	Particulars	31 st March 2011	31 st March 2010
	Deferred Tax Asset :		
	Opening Balance	93.85	127.79
1	Provision for Stamp Duty	7.28	23.06
2	Provision for Performance Linked Incentive Scheme	(19.12)	(45.62)
3	Provision for bonus	0.06	(0.08)
4	Provision for Retirement Leave encashment	0.79	4.82
6	Preliminary expenditure	(15.82)	(15.12)
	Total Deferred Tax Asset	67.04	94.85
7	Depreciation	43.83	1.00
	Deferred Tax Liability	43.83	1.00
	Net Deferred Tax Asset/(Liability)	23.21	93.85

SCHEDULES FORMING PART OF THE ACCOUNTS

14. The Company has been dealing in Government Securities on behalf of the Constituents through the Constituent SGL account opened with RBI. The transactions undertaken cover amounts received from the constituents and also physicals tendered by them for conversion into SGL Account. As on March 31, 2011, the face value of the securities held by the Company on behalf of the constituents is ₹ 424995.20 lacs (previous year- ₹300749.40 Lacs).

15. 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: Securities Trading Corporation of India Ltd

Fellow Subsidiary: STCI Commodities Ltd.

- ii. Key management personnel and relatives of such personnel: Shri Pradeep Madhav, Managing Director

b. Details of Related party transactions during the year:

(₹ in lacs)

Nature of Transaction	Related Party	2010-11	2009-10
Purchase of Government Securities	Holding Company	82264.50	121,041.75
Purchase of Bonds	Holding Company	2018.42	37,768.83
Sale of Government Securities	Holding Company	56310.95	121,901.54
Sale of Bonds	Holding Company	Nil	3,444.59
Capital Expenditure	Holding Company	4.90	0.28
Capital Receipt	Holding Company	1.90	-
Reimbursement of Expenses (Payment)	Holding Company	13.56	32.67
Reimbursement of Expenses (Received)	Holding Company	0.25	2.74
Arranger fees received	Holding Company	4.56	2.12
Sitting fees Paid	Holding Company	1.95	2.10
Remuneration to Key Managerial Personnel		67.52	66.57

All the transactions detailed above are entered into in the ordinary course of business.



SCHEDULES FORMING PART OF THE ACCOUNTS

16. Segment Reporting

a. Business Segment :

The Company has identified two business segments viz. Gilts segment and Non-Gilts segment based on risk, return and the regulatory authorities for reporting as the primary segment.

The detailed segmental information for the segments is as under :-

(₹ in lacs)

	Segmental Reporting			
	Gilts Segment	Non-Gilts Segment	Unallocated	Total
REVENUES :-				
From External Clients	9708.88 (4589.18)	3112.85 (3403.84)	38.07 (43.51)	12859.79 (8036.53)
Internal segment	-	-	-	-
Total Revenue	9708.88 (4589.18)	3112.85 (3403.84)	38.07 (43.51)	12859.79 (8036.53)
Total Expenditure	7485.79 (3293.13)	3485.80 (1711.43)	1078.81 (1008.52)	12050.40 (6013.08)
Segment Result-Profit/ (-)Loss	2223.09 (1296.05)	-372.95 (1692.41)	-1040.74 (-965.01)	809.40 (2023.45)
Less: Tax expense	-	-	273.87 (733.95)	273.87 (733.95)
Less : Prior Period expense			Nil (6.54)	Nil (6.54)
Total Result				535.52 (1282.96)
OTHER INFORMATION				
Segment Assets	147257.60 (98472.52)	58539.50 (24559.69)	8221.06 (8642.54)	214018.16 (131674.75)
Segment Liabilities	118151.57 (89158.51)	62944.68 (9697.01)	5732.81 (6200.97)	186829.81 (105056.50)

Note : Figures in brackets denote previous years figures

b. Segment Revenues and Expenses :

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

SCHEDULES FORMING PART OF THE ACCOUNTS

b. Segment Assets and Liabilities :

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

c. Geographical Segment :

Since the segregation of the business geographically is not possible, in view of the Management, the Company does not have geographical segmentation in the context of the Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

17. In terms of the provisions of Reserve Bank of India guidelines, details of Repo and Reverse Repo transactions during the year are given here under :

(₹ in lacs)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	31 st March 2011
Securities sold under repos	NIL (NIL)	101490.01 (119027.84)	38806.36 (56147.29)	NIL (NIL)
Securities purchased under reverse repos	NIL (NIL)	54027.79 (9895.53)	4789.61 (389.05)	NIL (NIL)

Note: Figures in brackets denote previous years figures



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in lacs)

18. In terms of the provisions of Non-Banking Financial Companies, Prudential Norms (Reserve Bank) Directions, 1998, the following details are submitted :

(Amount - ₹ In lacs)

	PARTICULARS	Amount Outstanding		Amount Overdue	
		2010-11	2009-10	2010-11	2009-10
	Liabilities side:				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	a) Debentures	Nil	Nil	Nil	Nil
	b) Deferred Credits	Nil	Nil	Nil	Nil
	c) Term Loans	26925.00	13247.10	Nil	Nil
	d) Inter-corporate loans and borrowings	13257.45	9662.48	Nil	Nil
	e) Commercial Paper	Nil	Nil	Nil	Nil
	f) Other Loans -				
	(i) Call / Notice	2700.00	51306.78	Nil	Nil
	(ii) CBLO	43357.44	23278.21	Nil	Nil
	(iii) RBI LAF	22500.00	Nil	Nil	Nil
	(iv) RBI Refinance	39250.00	Nil	Nil	Nil
	(v) Loan Against Fixed Deposit	19649.90	Nil	Nil	Nil
	(vi) REPO Borrowing	11853.01	Nil	Nil	Nil
	Assets side :				
2	Break up of Loans and Advances including bills receivables (other than those included in (4) below):				
	a) Secured	Nil	Nil	Nil	Nil
	b) Unsecured	Nil	Nil	Nil	Nil
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	N.A	N.A	N.A	N.A



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in lacs)

	PARTICULARS	Amount Outstanding		Amount Overdue	
		2010-11	2009-10	2010-11	2009-10
4	<u>Break-up of Investments</u>				
	Current Investments (Stock-in-trade)				
	1. Quoted				
	(i) (a) Equity shares	1045.52	4142.23	Nil	Nil
	(b) Preference shares	Nil	Nil	Nil	Nil
	(ii) Debentures and Bonds	18515.39	11686	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil	Nil	Nil
	(iv) Government Securities & Treasury Bills	145299.88	97062.55	Nil	Nil
	(v) Others	Nil	Nil	Nil	Nil
	2. Unquoted				
	(i) Shares (a) Equity				
	(b) Preference	Nil	Nil	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil	Nil	Nil
	(iv) Government Securities	Nil	Nil	Nil	Nil
	(v) Others	Nil	Nil	Nil	Nil
	(a) Certificates of Deposit	15754.55	Nil	Nil	Nil
	(b) Commercial Paper	Nil	2495.44	Nil	Nil
	Long-Term Investment				
	1. Quoted				
	(i) Shares (a) Equity	Nil	Nil	Nil	Nil
	(b) Preference	Nil	Nil	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil	Nil	Nil
	(iv) Government Securities	Nil	Nil	Nil	Nil
	(v) Others	Nil	Nil	Nil	Nil
	2. Unquoted				
	(i) Shares (a) Equity	Nil	Nil	Nil	Nil
	(b) Preference	Nil	Nil	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil	Nil	Nil
	(iv) Government Securities	Nil	Nil	Nil	Nil
	(v) Others	Nil	Nil	Nil	Nil



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in lacs)

	PARTICULARS	Amount Outstanding		Amount Overdue	
		2010-11	2009-10	2010-11	2009-10
5	Borrower group-wise classification of all leased assets financed as in (2) and (3) above:				
	a. Related parties	Nil	Nil	Nil	Nil
	b. Other than related parties	Nil	Nil	Nil	Nil
6.	Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)				
	a. Related parties	Nil	Nil	Nil	Nil
	c. Other than related parties	Nil	Nil	Nil	Nil

19. In terms of Reserve Bank of India's guidelines, issuer composition of investments in non-Government securities** is given here under :

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	7477.01 (990.00)	7477.01 (990.00)	Nil	Nil	Nil
2.	FIs	5340.33 (5707.91)	5340.33 (5704.91)	Nil	Nil	Nil
3.	Banks	15754.55 (2605.54)	15754.55 (2605.54)	Nil	Nil	Nil
4.	Other PDs	Nil	Nil	Nil	Nil	Nil
5.	Private Corporate	5697.70 (4907.44)	5697.70 (4907.44)	Nil	Nil	Nil
6.	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
7.	Others	Nil (Nil)	Nil (Nil)	Nil	Nil	Nil
8.	Provision held towards depreciation	616.21 (29.45)	616.21 (29.45)	Nil	Nil	Nil
	Total	34269.94 (14181.44)	34269.94 (14181.44)	Nil	Nil	Nil

SCHEDULES FORMING PART OF THE ACCOUNTS

20. Disclosure in terms of Notification No. DNBS.200/CGM(PK)-2008 dated August 01, 2008 under Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Sr. No.	Items	Current Year	Previous Year
i.	CRAR (%)	25.84	33.36
ii.	CRAR - Tier I capital (%)	25.84	33.36
iii.	CRAR - Tier II Capital (%)	Nil	Nil

a. Exposures to Real Estate Sector

(₹ in lacs)

Category		Current year	Previous Year
a.	Direct exposure		
i.	Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹15 lacs may be shown separately)	NIL	NIL
ii.	Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	NIL	NIL
iii.	Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
	a. Residential,	NIL	NIL
	b. Commercial Real Estate.	NIL	NIL
b.	Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	6000.00	NIL



SCHEDULES FORMING PART OF THE ACCOUNTS

b. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities.

(₹ in Crore)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	1228.78	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1228.78
Market Borrowings	464.49	78.08	23.58	Nil	Nil	Nil	Nil	Nil	566.15
									1794.93
Assets									
Advances									
Investments	13.83	Nil	316.03	270.44	538.31	865.03	28.79	24.33	2056.76

21. Margin money Deposit for Equity and F&O represents ₹ 1000 lacs for meeting margin requirements for F&O segment with custodian (IL&FS)(previous year ₹1000 Lacs with custodian and ₹ 1000 Lacs as fixed deposit with HDFC bank)
22. In November 2005, the Government of Maharashtra had sought information from all market participants viz. banks, primary dealers, mutual funds and financial institutions in respect of stamp duty paid by them under the Bombay Stamp Act,1958 during the past ten years on transactions in government securities entered into by them. A meeting was held in January 2006 between the various representative bodies of the participants viz.the IBA,FIMMDA,PDAI and AMFI and the Government of Maharashtra for discussing the applicability of stamp duty on securities' transactions (both government and non-government securities). Based on the above representation, the Government of Maharashtra agreed to waive the stamp duty on transactions in government securities (notification since issued). An understanding was also reached that a High Powered Committee would be set up by the state government for making Mumbai a Regional Financial Centre and the various associations in the securities market would be allowed to make a representation to this Committee on the subject of stamp duty. The IBA has already made a representation to this Committee and their decision in the matter is awaited. The Company has so far not received any claim for stamp duty from the Stamp Office in respect of non-government securities. However, the Company has made a provision of ₹ 28,43,371 /- towards stamp duty on non-SLR transactions (direct deals only) for the financial year 2010-11 calculated on the basis of

SCHEDULES FORMING PART OF THE ACCOUNTS

0.01% of the value of each such transaction as stipulated in the amendment to the Bombay Stamp Act, 1958 announced in May 2005. The amount of provision is included under the head 'other financial payments' in the balance sheet and 'other payments/charges' in the statement of profit and loss.

23. The following information is submitted as required by the Reserve Bank of India's guidelines to Primary Dealers regarding publication of their audited annual results:

Net borrowings in call : Average net call borrowing during the year was ₹347.12 crore and peak net call borrowing during the year was ₹978.00 crore.

Leverage ratio: Average during the year was 6.81 and peak during the year was 8.27.

Quarterly CRAR (Capital To Risk Weighted Asset Ratio) : Quarter ended June 30, 2010 20.34%, quarter ended September 30, 2010 17.01%, quarter ended December 31, 2010 22.08% and quarter ended March 31, 2011 25.84%.

24. **Gratuity** : Disclosure in terms of Revised AS-15

- a. **Leave Encashment**: The Company has made a provision of ₹ 10.15 lacs during the year for leave encashment on actuarial valuation basis.

	Particulars	31 st March 2011	31 st March 2010
I.	Assumption as at		
	Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult
	Interest / Discount rate	8.20%	8.20%
	Rate of increase in compensation	5.00%	5.00%
	Rate of return (expected) on plan assets	9.00%	9.00%
	Employee Attrition Rate	3.00%	3.00%
	Expected average remaining service	21.14	21.25
II.	Changes in present value of obligations		
	PVO at beginning of period	12,15,257	9,62,746
	Interest cost	99,561	67,392
	Current Service Cost	4,71,076	3,49,628
	Benefits Paid	Nil	Nil
	Actuarial (gain)/loss on obligation	(2,62,191)	(1,64,509)
	PVO at end of period	17,90,883	1,215,257



SCHEDULES FORMING PART OF THE ACCOUNTS

	Particulars	31 st March 2011	31 st March 2010
I.	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of period	13,67,639	1,054,380
	Adjustment to opening balance	(119)	
	Expected Return of Plan Assets	1,41,942	104,504
	Contributions	4,19,222	213,559
	Benefit Paid	Nil	Nil
	Actuarial (gain)/loss on Plan Assets	(9,665)	(4,804)
	Fair Value of Plan Assets at end of period	19,19,019	1,367,639
II.	Actuarial Gain/(Loss) recognized		
	Actuarial (gain)/loss for the period (obligation)	2,62,191	164,509
	Actuarial (gain)/loss for the period (Plan assets)	(9,665)	(4,804)
	Total Gain/(Loss) for the period	2,52,526	159,705
	Actuarial gain/(loss) recognised for the period	2,52,526	159,705
	Unrecognized Actuarial gain/(loss) for the period	Nil	Nil
III.	Amounts to be recognized in the balance sheet and statement of profit & loss account		
	PVO at end of period	17,90,883	1,215,257
	Fair Value of Plan Assets at end of period	19,19,019	1,367,639
	Funded Status	1,28,136	152,382
	Unrecognised Actuarial Gain/(Loss)	Nil	Nil
	Net Asset/(Liability) recognized in the balance sheet	1,28,136	152,382
IV.	Expenses recognized in the statement of P & L A/c		
	Current Service Cost	4,71,076	349,628
	Interest Cost	99,651	67,392
	Past Service Cost -(non vested benefits)	26,338	
	Past Service Cost -(vested benefits)	2,40,752	
	Expected Return on Plan Assets	(1,41,942)	(104,504)
	Net Actuarial (Gain)/Loss recognized for the period	(2,52,526)	(1,59,705)
	Expenses recognized in the statement of P & L A/c	4,43,349	1,52,811

SCHEDULES FORMING PART OF THE ACCOUNTS

25. Earning Per Share:

Calculation of EPS

Particulars	2011
Opening number of shares	20,00,00,000
Closing number of shares	20,00,00,000
Weighted average number of shares for basic EPS	20,00,00,000
Profit after tax	5,35,52,390
EPS	0.27



SCHEDULES FORMING PART OF THE ACCOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 17

	(₹ in Lakhs)		(₹ in Lakhs)	
	Year ended 31.03.2011		Year ended 31.03.2010	
Net Profit before Taxation		809.40		2,023.46
Adjusted for:				
Add: Depreciation on Fixed Assets		149.48		88.03
Add: Loss on sale of Asset		10.99		
Less: Prior Period Item		-		(6.55)
Operating Profit before working capital changes		969.87		2,104.94
Increase/Decrease in Current Assets/Current Liabilities				
Increase in Stock in Trade	(65,229.11)		998.44	
Increase in Borrowings	82,072.57		5,140.57	
Decrease in Debtors	4.69			
Decrease in Current Liabilities & Provisions	(466.32)		163.68	
Increase in Interest Receivable	(1,384.09)		(711.79)	
Decrease in Loans & Advances	5,768.60	20,766.34	(4,873.00)	717.90
Cash generated from operation		21,736.21		2,822.84
Tax Paid		513.30		763.01
Net Cash flow from Operating Activities	(A)	21,222.91		2,059.83
Cash flow from Investing Activities				
Add: Purchase of Fixed Assets	(249.96)			(2,044.70)
Sale of Assets	6.20	(243.76)		
Net Cash Flow from Investing Activities	(B)	(243.76)		(2,044.70)
Net increase in cash & cash equivalent	(A+B)	20,979.15		15.13
Cash & cash equivalent at the beginning of the year		44.69		29.66
Cash & cash equivalent at the end of the year		21,023.84		44.79

In terms of our report of even date

On behalf of the Board of Directors

Chandabhoy & Jassoobhoy
Chartered Accountants

Pradeep Madhav
(Managing Director)

D Basu
(Chairman)

Samir M Chinoy (Partner)
Membership No.: F-40853

A V Rajwade
(Director)

V Sridar
(Director)

Suparna Sharma
(Company Secretary)

Mumbai, 20th April, 2011

Mumbai, 20th April, 2011



ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration Details :

Registration No.	1	6	5	3	0	6			State Code	1	1					
Balance Sheet Date	3	1	0	3	2	0	1	1								

II. Capital raised during the year (Amount in ₹ Thousands)

Public Issue	N	I	L					Rights Issue	N	I	L				
Bonus Issue	N	I	L					Private Placement	N	I	L				

III. Position of Mobilisation & Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	2	0	6	6	8	1	9	1	Total Assets	2	0	6	6	8	1	9	1	
Sources of Funds																		
Paid-up Capital		2	0	0	0	0	0	0	Reserves & Surplus			7	1	8	9	1	1	
Secured Loans	1	3	6	6	1	0	3	5	Unsecured Loans		4	2	8	8	2	4	5	
Application of Funds																		
Net Fixed Assets			2	2	7	1	0	8	Investments						N	I	L	
Deferred Tax					2	3	2	1	Net Current Assets	2	0	4	3	8	7	6	2	
Misc. Expenditure							N	I	L	Accumulated Losses						N	I	L

IV. Performance of Company

Turnover/ Income		1	2	8	5	9	8	0	Total Expenditure		1	2	0	5	0	4	0
Profit/loss before tax (+ for profit, - for loss)				8	0	9	4	0	Profit/Loss after tax				5	3	5	5	2
Earning per share in ₹					0	.	2	7	Dividend (Rate %)								

V. Generic Names of three Principal Services of Company (as per monetary terms)

Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	Primary Dealer in Government Securities

**SECURITIES TRADING
CORPORATION OF INDIA LIMITED**



STCI COMMODITIES LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED
31ST MARCH, 2011**



Annual Report 2010 - 11

C	STCI COMMODITIES LIMITED	
Sr. No.	Particulars	Page No
1	Director's Report	131
2	Auditor's Report	134
3	Balance Sheet	139
4	Profit & Loss Account	140
5	Schedules forming part of the Accounts	141
6	Significant Accounting Policies and Notes to Accounts	145
7	Cash Flow Statement	150
8	Balance Sheet Abstract	151



DIRECTORS' REPORT

TO THE SHAREHOLDER OF
STCI Commodities Limited

The Directors take pleasure in presenting the Seventh Annual Report of the Company with the audited accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

(₹ in Lakh)

	March 31, 2011	March 31, 2010
Total Income	53.94	42.55
Profit/(Loss) before provision, depreciation, taxes	27.91	17.41
Depreciation	13.20	16.94
Profit/(Loss) before provision, taxes	14.71	0.47
Provisions for doubtful debts	Nil	2.74
Profit / (Loss) before Tax	14.71	(2.27)
Deferred taxes charges/expenses	(3.78)	(1.08)
Net Profit/(Loss) after tax	18.49	(1.18)

FINANCIAL PERFORMANCE

Your Directors are pleased to report that the Company has made profit before tax of ₹ 14.71 Lakhs as compared to loss of ₹ 2.27 Lakhs in the previous year. However, profit after tax of the Company stands at ₹ 18.49 Lakhs (after providing for deferred tax provision) as compared to loss of ₹ 1.18 Lakhs in the last year.

DIVIDEND

The Board of Directors has not recommended any dividend for the current year, due to inadequate profits.

OPERATIONS

This year the Company has recorded a turnover of ₹ 233903.99 lakhs as compared to ₹ 169626.43 lakhs in the previous year. The brokerage income earned during the year was ₹ 50.70 lakhs as compared to ₹ 33.55 lakhs in the previous year. Your company, on a daily basis, did an average business of over ₹ 762 lakhs as compared to ₹ 553 lakhs in the previous year.

KEY FORWARD

Your Company proposes to discontinue the commodity broking business as it has not been able to make any headway in its performance due to limited client base, absence of branches/ franchises, absence of product team to advise clients on trading strategies, unrecovered debts from clients etc. It is proposed to attempt to sell the Company or alternatively go for winding up as per the law in force.



DIRECTORS' REPORT

BOARD OF DIRECTORS

As per the provisions contained in the Companies Act, 1956 and the Articles of Association of the Company Shri Pradeep Madhav retire by rotation and being eligible, offers himself for re-appointment. The brief resume/details relating to Shri Pradeep Madhav, Director seeking re-appointment is furnished in the Annexure to the notice of the Annual General Meeting.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Director confirm that:

- a. In the preparation of Annual Accounts, the applicable accounting standards have been followed and that there are no material departures.
- b. Appropriate accounting policies have been selected and applied them consistently and made judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit of the company for that period.
- c. Proper and sufficient care has been taken to the best of their knowledge and the ability for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The Annual Accounts have been prepared on a going concern basis.

AUDITORS

M/s A J Shah & Co. Chartered Accountants, Mumbai the Statutory Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The proposed re-appointment, if made will be in accordance with the limits prescribed under Section 224(1B) of the Companies Act, 1956

M/s Borkar & Mazumdar, Chartered Accountants, Mumbai were appointed as the Internal Auditors for the FY 2010-11.

REGULATORY COMPLIANCE

The Company has complied with all applicable rules, regulations & guidelines prescribe by MCX & NCDEX and NSPOT regarding operations, compliance, etc.

The Company has taken Secretarial Compliance Certificate as required in terms of section 383A of the Companies Act, 1956 from a practicing Company Secretary. The Certificate is attached as part of Directors report.



DIRECTORS' REPORT

CORPORATE GOVERNANCE

Your Company is committed to adopting the best practices in the corporate governance. The affairs of the Company are conducted with integrity, fairness and transparency. All commitments in its dealings with stakeholders and regulatory authorities are met. Your Company believes that proper corporate governance is not just a requirement for regulatory compliance, but also a facilitator for enhancement of shareholders' value.

DISCLOSURE OF PARTICULARS

- No statement containing particulars of employees as required under section 217(2A) of the Companies Act, 1956 read with the Rules framed there under is being annexed to the Report as no employee drew remuneration in excess of the prescribe amount.
- The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 pertaining to Conservation of Energy in Form A and Technology Absorption in Form B 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.
- Your company uses information technology extensively in its day to day operations

PUBLIC DEPOSITS

During the year ended March 31, 2011 your Company has not accepted any deposits from the public.

ACKNOWLEDGEMENT

The Board of Directors thanks the Government of India, State Governments, Forward Market Commission, MCX, NCDEX, NSPOT and Company's Bankers for their support.

Your Directors also thank our parent company, STCI 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

DSRMurthy

Date: 15th April, 2011

Chairman



AUDITOR'S REPORT

THE MEMBERS

STCI Commodities Limited

- 1 We have audited the attached balance sheet of **STCI Commodities Limited**, as at 31st March 2011 and also the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditors' Report) Order, 2003, as amended hereinafter referred to as "the Order" issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments referred to in the Annexure above, we report that:
 - (a) We have 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 maintained by the Company, so far as appears from our examination of the books;
 - (c) The Balance Sheet and Profit and Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable to the Company;



AUDITOR'S REPORT

- (e) On the basis of written representations received from the directors of the company as on March 31, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes to the Accounts thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company, as at 31st March, 2011;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) in case of Cash Flow Statement, of the cash flows for the year ended on that date.

For A. J. SHAH & COMPANY
CHARTERED ACCOUNTANTS

(NEHAL SHAH)
PARTNER

MEMBERSHIP NO. 103481
Firm Registration No.:109476W

PLACE: MUMBAI

DATE: April 15, 2011



ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 3 of the report of the Auditors' to the Members of STCI Commodities Ltd. on the accounts for the year ended 31st March 2011, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) As informed to us, the fixed assets will be physically verified by the management at an interval of once in a three year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets.
 - (c) During the year, the Company has written off fixed assets amounting to ₹11,96,114/-.
- (ii) According to the information and explanation given to us, the Company does not have any inventory and hence clause (ii) of the Order is not applicable to the Company.
- (iii) (a) As per the information furnished, the Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence reporting under clause iii (a) / (b) / (c) / (d) of the Order is not applicable to the Company.
 - (b) As per the information furnished, the Company has taken ₹ 70,00,000/- unsecured loan from Securities Trading Corporation of India Ltd. and ₹ 50,00,000/- were outstanding as at 31st March, 2011.
 - (c) The loan is interest free and in our opinion, the other terms and conditions of unsecured loan are prima-facie not prejudicial to the interest of the Company.
 - (d) There is no stipulation regarding the payment of the principal amount and the interest thereof.
- (iv) In our opinion and according to information and explanation given to us there is an adequate internal control system commensurate with the size of the company and the nature of its business, with regards to purchase of fixed assets and sale of services.
- (v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
 - (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.



ANNEXURE TO THE AUDITORS' REPORT

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements with STCI (Securities Trading Corporation of India Ltd) have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanation given to us, the company has not accepted any public deposit during the year within the provisions of section 58AA of Companies Act, 1956 and the rules framed there under. Hence, clause 4 (vi) of the order is not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The central government has not prescribed maintenance of cost records under section 209(1) (d) of the companies act, 1956 for any activities of the company. Accordingly clause 4 (viii) to the order is not applicable.
- (ix) According to the information and explanation given to us and on the basis of our examination of the books of account;
- (a) the Company has been regular in depositing undisputed statutory dues with the appropriate authorities.
- (b) there are no statutory dues which have not been deposited on account of any dispute, other than the following:

Nature of dues	Period to which amount relates	Amount (₹)	Forum where dispute is pending
Income Tax	F.Y 2006 -07 (A.Y 2007-08)	15,87,192	With Assessing officer for rectification of mistake under sec 154 of the Income tax Act, 1961.
	F.Y 2007 -08 (A.Y 2008-09)	18,30,860	

- (x) The Company has not incurred cash loss during the financial year. However, the accumulated losses of the Company at the end of the year have exceeded fifty percent of its net worth.
- (xi) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments except units of money market/liquid funds during the year.



ANNEXURE TO THE AUDITORS' REPORT

- (xii) According to the information and explanations given to us and in the opinion of the management no fraud on or by the Company was noticed or reported during the year.
- (xiii) According to the information and explanation given to us and in view of the nature of the activities carried out by the company, clause (xi) to (xiii) and (xv) to (xx) of para 4 of the Order are not applicable to the Company.

For A. J. SHAH & COMPANY

Chartered Accountants

(NEHAL SHAH)

PARTNER

MEMBERSHIP NO. 103481

Firm Registration No.:109476W

PLACE: MUMBAI

DATE: April 15, 2011



BALANCE SHEET AS AT MARCH 31, 2011

(Amount in ₹)

	Schedule	As at 31-Mar-11	As at 31-Mar-10
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
Capital	A	45,000,000	45,000,000
Reserves and Surplus		-	-
Loan Fund			
Unsecured Loan (From STCI-Holding Company)		5,000,000	7,000,000
Deferred Tax Liability		180,964	558,597
TOTAL		50,180,964	52,558,597
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	B	8,032,786	9,223,300
Less: Depreciation and amortisation		6,387,321	5,901,888
Net Block		1,645,465	3,321,412
Investments	C	2,028,000	3,300,000
Current Assets , Loans and Advances			
Sundry Debtors	D	-	19,772
Cash and bank balances	E	17,733,612	21,187,084
Loans and Advances	F	24,556,511	12,223,796
		42,290,123	33,430,652
Less : Current Liabilities and Provisions			
Current liabilities	G	25,796,224	19,356,185
Provisions		-	-
		25,796,224	19,356,185
Net Current Assets		16,493,899	14,074,467
Profit and Loss Account		30,013,600	31,862,718
TOTAL		50,180,964	52,558,597

Significant Accounting Policies and Notes to Accounts K

As per our attached report of even date

For and on behalf of the Board

For A.J.Shah & Co.
Chartered Accountants

Nehal Shah, Partner
Membership No. : 103481
Firm Registration No.:109476W

D S R Murthy
Chairman

P. Sanyal
Director

P. Madhav
Director

Place: Mumbai
Date: April 15, 2011

Place : Mumbai
Date : April 15, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

(Amount in ₹)

	Schedule	Year ended 31-Mar-11	Year ended 31-Mar-10
INCOME			
Broking Income (Net)	H	3,741,982	2,838,333
Other income	I	1,651,936	1,417,071
TOTAL		5,393,918	4,255,404
EXPENDITURE			
Operating and administrative expenses	J	2,602,493	2,514,330
Depreciation and amortisation		1,319,940	1,693,689
Provision for doubtful debts		-	274,067
TOTAL		3,922,433	4,482,086
Profit / (Loss) before tax		1,471,485	(226,682)
Provision for tax			
- Current tax		-	-
- Deferred tax liability / (asset)		(377,633)	(108,343)
Profit / (Loss) after tax		1,849,118	(118,339)
Balance brought forward		(31,862,719)	(31,744,379)
Amount available for appropriation		(30,013,600)	(31,862,718)
Balance of Profit / (Loss) carried to Balance Sheet		(30,013,600)	(31,862,718)
Basic and diluted earning per share of face value of ₹ 10 each		0.41	(0.03)
Significant Accounting Policies and Notes to Accounts	K		

As per our attached report of even date

For and on behalf of the Board

For A.J.Shah & Co.
Chartered AccountantsNehal Shah, Partner
Membership No. : 103481
Firm Registration No.:109476WD S R Murthy
ChairmanP. Sanyal
DirectorP. Madhav
DirectorPlace: Mumbai
Date: April 15, 2011Place : Mumbai
Date : April 15, 2011



SCHEDULES FORMING PART OF THE ACCOUNTS

	As At March 31, 2011	(Amount in ₹) As At March 31, 2010
<u>SCHEDULE 'A' : Capital</u>		
AUTHORISED		
50,00,000 Equity shares of ₹10/-each	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed and Paid up		
45,00,000 Equity shares of ₹10/- each fully paid up. (45,00,000 Equity shares are held by Securities Trading Corporation of India Limited, the Holding Company and its Nominees)	45,000,000	45,000,000
TOTAL	<u>45,000,000</u>	<u>45,000,000</u>
<u>SCHEDULE 'C' : Investments</u>		
Current Investments (Non Trade)		
LIC MF Saving Fund - Quoted (FV ₹ 10/unit, 130475.9025 units, M.V ₹ 2,028,000)	2,028,000	3,300,000
TOTAL	<u>2,028,000</u>	<u>3,300,000</u>
<u>SCHEDULE 'D' : Sundry Debtors</u>		
Unsecured		
Considered good		
Outstanding over six months	-	19,772
Others	-	-
Considered doubtful		
Outstanding over six months	-	274,067
Outstanding below six months	-	-
Less : Provision for doubtful debts	-	274,067
TOTAL	<u>-</u>	<u>19,772</u>
<u>SCHEDULE 'E' : Cash and Bank balances</u>		
Cash on hand	2,387	6,000
Balances with scheduled banks		
In Current Account	3,588,719	7,728,606
In Deposit Account	14,142,506	13,452,478
TOTAL	<u>17,733,612</u>	<u>21,187,084</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

(Amount in ₹)

	As At March 31, 2011	As At March 31, 2010
<u>SCHEDULE 'F' : Loans and Advances</u>		
Unsecured, Considered good		
Advances recoverable in cash or in kind or for value to be recd.	1,747,168	1,561,042
Deposits	22,809,344	10,662,754
TOTAL	24,556,511	12,223,796
<u>SCHEDULE 'G' : Current liabilities</u>		
Sundry creditors		
a) Exchange Obligation	11,880,008	9,824,420
b) Others	12,674,220	7,765,834
c) Other Liabilities	1,241,996	1,765,931
TOTAL	25,796,224	19,356,185

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	Year Ended March 31, 2011	(Amount in ₹) Year Ended March 31, 2010
<u>SCHEDULE 'H' : Broking Income</u>		
Broking Income	4,598,103	3,377,068
Less: Sharing of Brokerage	856,120	538,735
TOTAL	3,741,982	2,838,333
<u>SCHEDULE 'I' : Other Income</u>		
Interest		
- on fixed deposit	1,043,309	1,205,976
(TDS ₹101,652, and Previous year ₹119,962)		
Dividend	-	4,437
Profit/(Loss) on sale of Investments	188,197	194,801
Miscellaneous Income	420,430	11,857
TOTAL	1,651,936	1,417,071
<u>SCHEDULE "J" : Operating and Administrative Expenses</u>		
Rates & Taxes	33,223	26,996
Travelling expenses	15,995	59,335
Vsat Charges	33,647	-
Legal & Professional charges	238,064	610,854
Repairs & Maintenance	83,200	50,116
Printing & Stationery	21,738	41,994
Telephone and Connectivity	68,233	77,150
Postage and Courier	34,521	29,234
Membership & Subscription	186,016	150,000
Advertisement	77,760	-
Conveyance	9,123	8,230
Insurance	10,015	5,242
Auditor's remuneration :		
Statutory Audit	50,000	45,000
Tax Audit	20,000	20,000
Miscellaneous Expenses	33,377	13,460
Sundry Balance Written off	-	56,375
Fixed Asset Written off	366,707	-
Service Charges	1,260,000	1,260,000
Bank Commission and Charges	874	344
Director's Sitting fees	60,000	60,000
TOTAL	2,602,493	2,514,330



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

SCHEDULE 'K'

1. The Company and nature of its operations:

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 Commodities Exchanges and is primarily engaged in broking activities on the Multi Commodity Exchange and National Commodity and Derivative Exchange, Mumbai.

2. Summary of Significant Accounting Policies:

a. Accounting Convention:

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956, to the extent applicable.

b. Fixed Assets :

(i) Fixed assets other than Commodity Exchange membership card are stated at cost less depreciation.

(ii) Intangible Assets- Membership card of Commodity Exchanges is carried at cost less amortization over the useful life of the assets.

c. Depreciation / Amortization:

(i) Tangible Assets

Depreciation on fixed assets is provided on straight-line method over the estimated economic useful life of the assets as assessed by the management as given hereunder.

Type of Asset	Life of Asset
Furniture and Fixtures	10 years
Data Processing Equipments/Computers	5 years
Office equipment	10 years



SCHEDULES FORMING PART OF THE ACCOUNTS

(ii) Intangible Assets

Intangible Assets are amortized over the estimated economic useful life as assessed by the management, but not exceeding the period given hereunder:

Software	3 years
Membership Card- Commodity Exchange	10 years

d. Revenue recognition

(i) Brokerage income is recognized on trade date.

(ii) Dividend is accounted on an accrual basis when the right to receive the dividend is established.

(iii) Interest Income is recognized on the date when interest is due.

e. Investments

Long Term investments are valued at cost comprising acquisition and incidental expenses less permanent diminution in value, if any. Provision for diminution in the value of long term investments is made to recognize a decline other than temporary in the value of investments.

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

f. Accounting for taxes on income

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets other than on unabsorbed tax losses and provision for doubtful debts are recognized only when there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax losses and provision for doubtful debts are recognized when there is virtual certainty of their realization.

g. Provisions and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent assets are neither recognized nor disclosed.



SCHEDULES FORMING PART OF THE ACCOUNTS

3. The Company has placed Term Deposits with Banks amounting to ₹62.00 lakhs as Additional Base Capital with Multi Commodity Exchange (MCX) and ₹ 79.43 lakhs as Additional Base Capital with National Commodity & Derivative Exchange Ltd (NCDEX). A lien has been marked in favour of MCX and NCDEX respectively in respect of the above Term Deposits with banks.
4. Company has been managed by the STCI's staff along with the infrastructure /support services from STCI for which a monthly service charges of ₹ 1,05,000/- plus taxes has been paid.
5. Break-up of deferred tax liability:

(Amount in ₹)

Balance Sheet	2010-2011	2009-2010
Deferred tax liability		
On Timing difference due to depreciation	180,964	558,597
Total deferred tax liability	180,964	558,597
Less : Opening Deferred Tax Balance	558,597	666,940
Deferred Tax Expenses / (Income)	(377,633)	(108,343)

6. Related Parties Disclosures:

A) Particulars of Parent / Associate Companies as identified by the Management

Name of the Related Party	Nature of Relationship
(i) Securities Trading Corporation of India Ltd. (STCI)	Holding Company
(ii) STCI Primary Dealer Ltd. (STCI PD)	Fellow Subsidiary
Standard Chartered - STCI Capital Markets Ltd. (SCSCML)	
(iii) (SCSCML ceases to be fellow associate after 7 th October 2010, since the STCI Ltd, has fully liquidated the investment in SCSCML)	Fellow Associate

**SCHEDULES FORMING PART OF THE ACCOUNTS****B) Transactions with Holding / Group Companies**

SN	Name of the Related Party	Nature of Transaction	Amount ₹
(i)	Securities Trading Corporation of India Ltd.	Loan outstanding	5,000,000 (7,000,000)
(ii)	Securities Trading Corporation of India Ltd.	Loan repaid	2,000,000 (NIL)
(iii)	Securities Trading Corporation of India Ltd.	Support services for Business	1,260,000 (1,260,000)
(iv)	Securities Trading Corporation of India Ltd.	Brokerage Received	2,008,325 (1,520,401)
(v)	Securities Trading Corporation of India Ltd.	Sitting Fees Paid	40,000 (40,000)

Amount in brackets indicate previous year Amount.

7. Earnings per share:

Earnings per share are computed in accordance with AS-20 Earnings per share by dividing the net profit after tax by the weighted average number of equity shares outstanding for the period.

Earnings per share Basic and diluted

(Amount in ₹)

Particulars	2010-2011	2009-2010
Profit/(Loss) after tax for the year	1,849,118	(1,18,339)
Weighted average number of equity shares outstanding during the year	4,500,000	4,500,000
Nominal value per equity share	10	10
Earnings Per Share - Basic and diluted	0.41	(0.03)

8. The Company has only one segment i.e. broking in commodity on various commodity exchanges.

(Amount in ₹)

Name of the Unit	Purchases		Sales	
	Qty	Value (₹)	Qty	Value (₹)
LIC MF SAVING PLUS FUND - Growth Plan	435,132	6,618,000	530,316	8,078,197
Total	435,132	6,618,000	530,316	8,078,197



9. Investments purchased / sold during the year are given below:
10. The current assets, loans and advances are stated at the value, which in the opinion of the Board are realizable in the ordinary course of the business. Current Liabilities and provisions are stated at the value payable in the ordinary course of the business.
11. No provision has been made in respect of Income Tax Demand raised of ₹3,418,052/- in respect of the following assessment years as the same is disputed by the company & is subjected to appeal / representation.

SN	Assessment years	Amount in ₹
1	2007-2008	1,587,192
2	2008-2009	1,830,860
Total		3,418,052

12. There are no dues payable to Small Scale industrial undertakings in view of the nature of the business of the Company. The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). In view of this, information required under Schedule VI of the Companies Act, 1956 to that extent is not given.
13. Previous year amounts have been regrouped/ reclassified and recast wherever necessary to conform to current year's classification.

For and on behalf of the Board of Directors

D.S.R.Murthy
Chairman

P. Sanyal
Director

P. Madhav
Director

Place : Mumbai

Date : April 15, 2011

**SCHEDULES FORMING PART OF THE ACCOUNTS****CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

(Amount in ₹)

	Year Ended March 31, 2011	Year Ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss)/Profit before tax and extraordinary items	1,471,485	(226,682)
Adjustments for:		
Depreciation, amortisation and write offs	1,686,647	1,693,689
Provision for doubtful debts	-	274,067
Interest Income	(1,043,309)	(1,205,976)
Dividend Income	-	(4,437)
Loss/(Profit) on sale of Investments	(188,197)	(194,801)
	455,141	562,542
Operating (loss) / Profit before working capital changes	1,926,626	335,860
Adjustments for:		
(Increase) / Decrease in Sundry Debtors	19,772	-
(Increase) / Decrease in Loans and Advances	(12,332,715)	(4,935,903)
(Decrease) / Increase in Current Liabilities	6,440,039	3,333,437
	(5,872,904)	(1,602,465)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	(3,946,278)	(1,266,605)
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) of Fixed Assets	(11,200)	(510,000)
Sale of Fixed Assets	500	-
(Purchase) / Sale of Investments-net	1,272,000	876,095
Profit on sale of investment	188,197	194,801
Interest Received	1,043,309	1,205,976
Dividend Received	-	4,437
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	2,492,806	1,771,309
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loan Repaid	(2,000,000)	-
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	(2,000,000)	-
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(3,453,472)	504,704
Cash and Cash equivalents at beginning period	21,187,084	20,682,380
Cash and Cash equivalents at end of period	17,733,612	21,187,084

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

For and on behalf of the Board

D S R Murthy
ChairmanP. Sanyal
DirectorP. Madhav
DirectorPlace : Mumbai
Date : April 15, 2011



**ADDITIONAL INFORMATION AS REQUIRED UNDER
PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.

1	4	8	7	1	1		
---	---	---	---	---	---	--	--

 State Code

1	1						
---	---	--	--	--	--	--	--

Balance Sheet Date

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

II. Capital raised during the year (Amount in ₹ Thousands)

Public Issue

N	I	L					
---	---	---	--	--	--	--	--

 Rights Issue

N	I	L					
---	---	---	--	--	--	--	--

Bonus Issue

N	I	L					
---	---	---	--	--	--	--	--

 Private Placement

N	I	L					
---	---	---	--	--	--	--	--

III. Position of Mobilisation & Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities

			5	0	1	8	1
--	--	--	---	---	---	---	---

 Total Assets

			5	0	1	8	1
--	--	--	---	---	---	---	---

Sources of Funds

Paid-up Capital

			4	5	0	0	0
--	--	--	---	---	---	---	---

 Reserves & Surplus

						N	I	L
--	--	--	--	--	--	---	---	---

Secured Loans

						N	I	L
--	--	--	--	--	--	---	---	---

 Unsecured Loans

				5	0	0	0
--	--	--	--	---	---	---	---

Deferred Tax Liability

					1	8	1
--	--	--	--	--	---	---	---

Application of Funds

Net Fixed Assets

				1	6	4	5
--	--	--	--	---	---	---	---

 Investments

				2	0	2	8
--	--	--	--	---	---	---	---

Deferred Tax

						N	I	L
--	--	--	--	--	--	---	---	---

 Net Current Assets

				1	6	4	9	4
--	--	--	--	---	---	---	---	---

Misc. Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

 Accumulated Losses

				3	0	0	1	4
--	--	--	--	---	---	---	---	---

IV. Performance of Company

Turnover/ Income

				5	3	9	4
--	--	--	--	---	---	---	---

 Total Expenditure

				3	9	2	2
--	--	--	--	---	---	---	---

Profit/loss before tax

				1	4	7	2
--	--	--	--	---	---	---	---

 Profit/Loss after tax

				1	8	4	9
--	--	--	--	---	---	---	---

(+ for profit, - for loss)
Earning per share in ₹

				0	.	4	1
--	--	--	--	---	---	---	---

 Dividend (Rate %)

						N	I	L
--	--	--	--	--	--	---	---	---

V. Generic Names of three Principal Services of Company (as per monetary terms)

Item Code No. (ITC Code) NOT APPLICABLE

Product Description BROKING SERVICES

For and on behalf of the Board of Directors

D.S.R.Murthy
Chairman

P. Sanyal
Director

P. Madhav
Director

Place : Mumbai

Date : April 15, 2011

**SECURITIES TRADING
CORPORATION OF INDIA LIMITED**



**Consolidated Accounts
For The Year Ended
31st March, 2011**



Annual Report 2010 - 11

D	CONSOLIDATED ACCOUNTS	
Sr. No.	Particulars	Page No
1	Auditor's Report	157
2	Consolidated Balance Sheet	159
3	Consolidated Profit & Loss Account	161
4	Schedules to the Consolidated Accounts	163
5	Significant Accounting Policies	174
6	Notes Forming Part of Accounts	184
7	Consolidated Cash Flow Statement	197



AUDITOR'S REPORT

1. We have audited the attached Consolidated Balance Sheet of **Securities Trading Corporation of India Limited** and its subsidiaries as at March 31, 2011, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary for the year ended March 31, 2011 whose financial statements reflect total asset of ₹4.58 crore, total revenue of ₹0.37 crore and net cash flows of ₹0.39 crore from operating activities for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect to the subsidiaries, is based solely on the report of other auditor.
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21- Consolidated Financial Statements and Accounting Standard 23-Accounting for Investments in Associates in Consolidated Financial Statements.
5. In our opinion and to the best of our information and according to explanations given to us and on consideration of the separate audited financial statements of Securities Trading Corporation of India Limited, STCI Primary Dealer Limited and STCI Commodities Limited, the Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement give a true and fair view in conformity with the accounting principles generally accepted in India:-



AUDITOR'S REPORT

- i) In the case of Consolidated Balance Sheet of the Consolidated State of affairs of Securities Trading Corporation of India Limited and its subsidiaries as at March 31, 2011,
- ii) In the case of consolidated Profit and Loss Account of the Consolidated results of Securities Trading Corporation of India Limited and its subsidiaries for the year ended on that date; and
- iii) In the case of consolidated Cash Flow Statement, of the consolidated cash flow of Securities Trading Corporation of India Limited and its subsidiaries for the year covered by the statement.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

Manish D. Shah
Partner
Membership No.: 38955
Firm Registration No.: 101647W

Place: Mumbai

Date: April 21, 2011



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(₹ in Lakh)

	Schedule No.	As at March 31, 2011		As at March 31, 2010	
SOURCES OF FUNDS					
1. Shareholders funds					
a) Share Capital	1	38,000.00		38,000.00	
b) Reserves and Surplus	2	48,175.44	86,175.44	45,972.34	83,972.34
2. Loan Funds					
a) Secured Loans	3	136,610.35		23,278.21	
b) Unsecured Loans	4	91,457.98	228,068.33	105,896.22	129,174.43
TOTAL			314,243.77	213,146.77	
APPLICATION OF FUNDS					
1. Fixed Assets					
Gross Block	5	6,129.82		1,754.04	
Less : Depreciation		754.09		823.07	
Net Block		5,375.73		930.97	
Capital work in progress		0.00	5,375.73	4,381.53	5,312.50
2. Investments					
	6		10,627.09		7,948.74
3. Deferred Tax Assets (Net)					
			120.97		1,723.58
4. Current Assets, Loans and Advances					
a) Stock-in-Trade	7	202,102.95		155,426.58	
b) Sundry Debtors		4.55		9.45	
c) Cash and Bank Balances		21,302.79		325.98	
d) Other Current Assets		4,297.93		1,835.83	
e) Loans and Advances		84,056.50		50,427.07	
		311,764.72		208,024.91	



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(₹ in Lakh)

	Schedule No.	As at March 31, 2011	As at March 31, 2010
Less: Current Liabilities and Provisions	8		
a) Current Liabilities		805.55	1,165.43
b) Provisions		12,839.19	8,697.53
		<u>13,644.74</u>	<u>9,862.96</u>
Net Current Assets		298,119.98	198,161.95
TOTAL		314,243.77	213,146.77

Significant Accounting Policies 19

Notes Forming part of the Accounts 20

As per our report of even date

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants**(Manish D. Shah)**
Partner
Membership No. 38955Mumbai
April 21, 2011

For and on behalf of the Board of Directors

D. Basu (Chairman)
V. Sridar (Director)
P.Sanyal (Managing Director)
K.V. Ramakrishnan (General Manager)
Kamlesh Rathi (Chief Manager)Mumbai
April 21, 2011



CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in Lakh)

	Schedule No.	2010-11	2009-10
INCOME			
Discount Income	9	647.16	800.91
Interest Income	10	21,787.95	10,637.67
Income from Services	11	17.34	13.18
Dividend Income		133.28	88.71
Profit on Sale of Investments		486.81	57.31
Trading Profit on Securities	12	(1,190.54)	(418.19)
Underwriting and Other Income	13	917.44	1,345.65
TOTAL INCOME		22,799.44	12,525.24
EXPENDITURE			
Borrowing Cost	14	12,156.74	3,277.61
Expenses on REPO		2,122.07	1,588.75
Other Financial Payments	15	566.54	649.50
Provisions and Write-offs	16	0.00	2.74
Personnel Cost	17	895.01	780.03
Administration and Other expenses	18	999.64	1,021.38
Contingent Provision Against Standard Assets		172.61	0.00
Amortisation of Premium on Debt Investments		8.52	0.00
Depreciation- Fixed Assets		326.08	218.16
TOTAL EXPENDITURE		17,247.21	7,538.17
PROFIT BEFORE TAX AND PRIOR PERIOD AND EXCEPTIONAL ITEMS		5,552.23	4,987.07
Add:- Prior Period Item		0.00	(6.55)
Exceptional Item : Profit on sale of investments (Refer note 2 of Schedule 20)		842.42	0.00
PROFIT BEFORE TAX		6,394.65	4,980.52
Less : Provision For Taxation			
Current Years Taxation		1,325.75	1,188.82
Less: MAT Credit entitlement		(1,122.51)	(488.82)
Deferred Tax provided / (Written back)		1,602.60	993.92
Provision for Wealth Tax		7.62	6.33
PROFIT AFTER TAX		4,581.19	3,280.27

**CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

(₹ in Lakh)

	Schedule No.	2010-11	2009-10
Add: Balance Brought Forward		6,811.38	5,625.68
Less: - Utilised for Premium on Buy Back of Shares		0.00	(1,574.83)
Transfer to Profit & Loss Account subsequent to sale of investments		1,079.46	0.00
Tax Adjustments (Net)		87.36	136.85
AMOUNT AVAILABLE FOR APPROPRIATION		12,559.39	7,467.97
Appropriations / (Withdrawals)			
Statutory Reserve (Created pursuant to Section 45IC of RBI Act, 1934)		913.10	656.59
Proposed Dividend		3,040.00	0.00
Provision for Dividend Distribution Tax		504.91	0.00
Balance carried to Balance Sheet		8,101.38	6,811.38
Basic and Diluted Earnings Per Share (₹)		12.06	8.45
Accounting Policies	19		
Notes Forming part of the Accounts	20		

As per our report of even date

For and on behalf of the Board of Directors

For and on behalf of

Chandabhoy & Jassoobhoy

Chartered Accountants

(Manish D. Shah)

Partner

Membership No. 38955

D. Basu (Chairman)**V. Sridar (Director)****P.Sanyal (Managing Director)****K.V. Ramakrishnan (General Manager)****Kamlesh Rathi (Chief Manager)**

Mumbai

April 21, 2011

Mumbai

April 21, 2011



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lakhs)

	As at March 31, 2011	As at March 31, 2010	
SCHEDULE -1 : SHARE CAPITAL			
Authorised			
50,000,000 Equity Shares of ₹100/- each	50,000.00		50,000.00
Issued, Subscribed and Paid-up			
38,000,000 Equity shares of ₹ 100/- each fully paid up (3,000,000 Equity shares of ₹100 each were bought back during 2009-10)	38,000.00		38,000.00
TOTAL	38,000.00		38,000.00
SCHEDULE 2 : RESERVES AND SURPLUS			
Reserve created pursuant to Section 45 I C of RBI Act, 1934 as amended by RBI (Amendment) Act, 1997 *			
Balance as per last balance sheet	26,133.43		25,476.84
Add: -Amount transferred from profit and loss account	913.10	27,046.53	656.59
			26,133.43
General Reserves			
Balance as per last balance sheet	1,000.00		5,245.17
Transferred to Capital Redemption Reserve on Buyback	0.00		(3,000.00)
Utilised for premium on buy-back of shares	0.00	1,000.00	(1,245.17)
			1,000.00
Capital Reserve		27.53	27.53
Capital Redemption Reserve		12,000.00	12,000.00
Balance in Profit and Loss Account		8,101.38	6,811.38
* Forms part of Free Reserves, Net Owned Funds & Tier I Capital			
TOTAL	48,175.44		45,972.34



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lakhs)

	As at March 31, 2011		As at March 31, 2010		
SCHEDULE 3 : SECURED LOANS					
From RBI - LAF (Against the collateral of G Secs and T Bills)		61,750.00		0.00	
CBLO Borrowings (Against the collateral of G Secs and T Bills)		43,357.44		23,278.21	
From Market Repo (Against the collateral of T-Bills)		11,853.01		0.00	
From Banks (Against the pledge of fixed deposits)		19,649.90		0.00	
TOTAL		136,610.35		23,278.21	
SCHEDULE 4 : UNSECURED LOANS					
From Banks		9,999.42		0.00	
From banks repayable at call/short notice/term		29,625.00		64,500.00	
Inter-corporate Deposits		13,257.45		9,642.02	
Commercial Papers	39,500.00		33,500.00		
Less:- Unamortised Discount	(923.89)	38,576.11	(1,745.80)	31,754.20	
TOTAL		91,457.98		105,896.22	
SCHEDULE 6 : INVESTMENTS					
INVESTMENTS - (At Cost unless otherwise stated)					
	F.V. (₹)	No. of Shares	Book Value	No. of Shares	Book Value
Long Term Investments					
a) Trade Investments (Unquoted)					
In fully paid up Equity Shares of :					
The Clearing Corporation of India Ltd.	10	5,000,000	500.00	5,000,000	500.00
Standard Chartered STCI Capital Markets Ltd.	10	0	0.00	8,060,302	6,040.46
			500.00		6,540.46
Non Trade Investments					
b) Government Securities (Quoted)					
8.20% GOI 2022*	45 Crs.		4,621.23		0.00
Less :- Provision for amortisation of premium			8.52		0.00
*Pledged with CCIL for CBLO borrowings			4,612.71		0.00



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lakhs)

		As at March 31, 2011		As at March 31, 2010	
c) Bonds/Debentures (Quoted)					
8.65% IDFC Ltd. 24/05/2020	10 Lakh	250	2,500.00	0	0.00
8.20% LIC Housing Finance Ltd. 31/08/2012	10 Lakh	100	1,000.00	0	0.00
			<u>3,500.00</u>		<u>0.00</u>
d) Venture Capital Funds (Unquoted)					
Tata Venture Capital Funds -class A units	1	250,000,000	952.33	0	0.00
(Amount paid per unit- ₹ 0.3809)					
e) In fully paid up Equity Shares of (Quoted)					
Bharat Electronics Limited	10	2,000	33.75	0	0.00
Bharat Heavy Electricals Limited	10	11,000	229.33	0	0.00
Crompton Greaves Limited	2	15,000	40.51	0	0.00
Grasim Industries Limited	10	2,500	61.46	0	0.00
HDFC Bank Limited	10	1,500	34.66	0	0.00
Hindustan Unilever Limited	1	2,000	5.59	0	0.00
ICICI Bank Limited	10	10,000	112.33	0	0.00
Indian Bank	10	25,000	57.58	0	0.00
National Thermal Power Corporation Limited	10	50,000	93.05	0	0.00
Oil & Natural Gas Corporation Limited	5	2,000	5.71	0	0.00
Power Finance Corporation Limited	10	25,000	64.37	0	0.00
Power Grid Corporation Limited	10	50,000	50.71	0	0.00
Strides Arcolab Limited	10	42,000	176.90	0	0.00
Tata Consultancy Services Limited	1	2,000	22.47	0	0.00
Tata Motors Limited	10	1,000	12.53	0	0.00
Voltas Limited	1	25,000	40.82	0	0.00
			<u>1,041.77</u>		<u>0.00</u>



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lakhs)

		As at March 31, 2011		As at March 31, 2010	
f) Current Investments (Quoted)					
In fully paid up Equity Shares of :					
Adani Enterprises Limited	1	0	0.00	8,000	37.58
Andhra Bank	10	0	0.00	48,116	48.74
Bharti Airtel Limited	5	0	0.00	30,000	93.76
Bharat Heavy Electricals Limited	10	0	0.00	7,000	167.35
Crompton Greaves Limited	2	0	0.00	40,250	99.98
Financial Technologies Limited	2	0	0.00	5,000	78.43
GAIL (India) Limited	10	0	0.00	10,000	40.31
ICICI Bank Limited	10	0	0.00	10,000	95.25
Indian Bank	10	0	0.00	10,000	17.00
Larsen & Toubro Limited	2	0	0.00	4,000	65.23
Mundra Port & Special Economic Zone Limited	10	0	0.00	16,000	120.55
National Thermal Power Corporation Limited	10	0	0.00	60,000	120.85
Power Grid Corporation Limited	10	0	0.00	70,000	75.00
Reliance Industries Limited	10	0	0.00	10,000	107.43
State Bank of India	10	0	0.00	10,000	207.82
			0.00	1,375.29	
g) Mutual Fund Units (Unquoted)					
LIC Mutual Fund Saving Fund	10	130,476	20.28	226,660	33.00
AGGREGATE BOOK VALUE OF INVESTMENTS		10,627.09		7,948.74	
Book Value of Unquoted Investments		1,472.61		6,573.46	
Book Value of Quoted Investments		9,154.48		1,375.29	
Market Value of Quoted Investments		8,959.29		1,394.23	
During the year, the following investments were purchased and sold					
		Purchase Cost		Purchase Cost	
Government Securities (long term investments)		70,370.69		0.00	
Equity Shares (long Term Investments)		1,844,340	7,264.90	0	0.00
Equity Shares (current investments)		322,000	1,500.03	161,000	807.87
Mutual Fund Units		435,132	66.18	397,126	57.31



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 5 : FIXED ASSETS

(₹ in lakhs)

Sr. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At March 31, 2010	Additions during the year	Deletions during the year	As At March 31, 2011	Upto March 31, 2010	For the year	Deletion	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
1	Air- Conditioner & Elect. Installation	120.33	103.36	99.67	124.02	66.21	30.25	80.77	15.69	108.33	54.12
2	Buildings *	808.24	4,459.77	0.00	5,268.01	244.09	158.54	0.00	402.63	4,865.38	564.15
3	Computer- Software	232.23	11.51	44.86	198.88	148.80	50.66	44.86	154.60	44.28	83.43
4	Computers	279.52	26.80	111.22	195.10	179.95	34.56	105.33	109.18	85.92	99.57
5	Furniture & Fixtures	63.99	174.15	15.16	222.98	37.04	14.97	9.44	42.57	180.41	26.95
6	Improvement to Leasehold Property	120.02	0.00	120.02	0.00	93.62	23.69	117.31	0.00	(0.00)	26.40
7	Office Equipments	61.93	27.25	38.31	50.87	27.25	5.46	22.39	10.32	40.55	34.68
8	Vehicles	52.68	30.46	28.28	54.86	20.82	6.40	14.96	12.26	42.60	31.86
9	Stock Exchange Trading Rights	15.10	0.00	0.00	15.10	5.29	1.55	0.00	6.84	8.26	9.81
	TOTAL	1,754.04	4,833.30	457.52	6,129.82	823.07	326.08	395.05	754.09	5,375.73	930.97
	PREVIOUS YEAR	1,700.36	60.96	7.28	1,754.04	608.31	218.16	3.40	823.07	930.97	

*Cost of Buildings include ₹5400 being the application money for shares of corporate body towards ownership of residential premises



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(₹ in lakhs)

	As at March 31, 2011		As at March 31, 2010	
SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES				
<u>A) CURRENT ASSETS</u>				
Stock-In-Trade				
(As certified and valued by Management)				
(Refer Note 3 of Schedule 20)				
Government Securities		147,292.70		97,062.64
FI and Other Bonds		34,224.31		24,627.16
Mutual fund Units		1,238.23		11,540.00
Commercial Papers and Certificates of Deposit		18,166.64		17,463.87
Equity Shares		1,173.34		4,693.29
Pass Through Certificates		7.73		39.62
TOTAL		202,102.95		155,426.58
Sundry Debtors				
Unsecured				
Considered good				
Outstanding over six months		0.00		0.20
Others		4.55	4.55	9.25
Considered doubtful				
Outstanding over six months		0.00		2.74
Less: Provision for doubtful debts		0.00	0.00	(2.74)
TOTAL		4.55		9.45
Cash and Bank Balances				
Cash in hand			0.11	0.11
Balances with Scheduled Banks				
- In Current Accounts		142.61		167.83
- In Deposit Accounts		21,141.42	21,284.03	134.52
Balances with Reserve Bank of India			18.65	23.52
TOTAL		21,302.79		325.98



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(₹ in Lakh)

	As at March 31, 2011	As at March 31, 2010	
Other Current Assets			
Accrued interest on :			
Government Securities	1,673.11		1,031.97
FI and Other Bonds	2,034.05		536.47
Others	590.77		267.39
TOTAL	4,297.93		1,835.83
B) LOANS AND ADVANCES			
Money lent under CBLO (Secured, Considered Good)	525.00		
Less : Unamortised Discount	0.49		
	<u>524.51</u>		0.00
Loand and Advances towards financing activities			
<u>Secured, considered good</u>			
Loans Against Shares	47,710.00		28,800.40
Corporate Loans	21,284.89		2,500.00
Other Loans and Advances			
<u>Unsecured, considered good</u>			
Advance to Suppliers	7.64		5.00
Loans to Staff	0.00		7.61
Advances recoverable in cash or in kind or for value to be received :			
Margin Money with CCIL	349.00		389.00
Margin Money for Equity F&O	1,750.00		3,000.00
Advance Payment of Direct Taxes	7,951.88		7,637.16
MAT Credit Entitlement	2,521.83		1,376.04
Income Tax Refund Due	1,367.71		1,424.90
Securities Transaction Tax (STT)	70.74		79.41
Deposits	272.39		132.09
Others	203.70		4,952.68
Prepaid Expenses	42.21	84,056.50	122.78
TOTAL		84,056.50	50,427.07



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(₹ in Lakh)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISION		
A) Current Liabilities		
Creditors for Expenses	82.17	113.37
Exchange Obligation	118.80	98.25
Deposits & Other Liabilities	311.83	657.59
Interest Accrued but not Due on Borrowings	292.75	74.33
Interest Received in Advances	0.00	221.89
TOTAL	805.55	1,165.43
B) Provisions		
For Income tax	7,471.88	6,509.18
For Wealth Tax	51.09	59.72
For Proposed Dividend	3,040.00	0.00
For Dividend Distribution Tax	504.91	0.00
For Indemnities	0.00	362.34
For Stamp Duty	233.66	203.11
For Performance Linked Incentives	121.41	117.63
For Gratuity & Leave salary	131.34	116.70
For Others	10.78	7.38
For Interest Rate Swaps	1,101.51	1,321.47
For Contingent Provision Against Standard Assets	172.61	0.00
TOTAL	12,839.19	8,697.53



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(₹ in Lakh)

	2010-11	2009-10
SCHEDULE 9 : DISCOUNT INCOME		
Discount on commercial papers and certificates of deposit	634.48	781.41
Discount on PTCs	1.17	13.39
Discount received on CBLO lending	11.51	6.11
TOTAL	647.16	800.91
SCHEDULE 10 : INTEREST INCOME		
Interest on -		
Call /Term Money/ Repo	231.20	15.98
Government Securities	12,044.57	6,762.40
FI and Other Bonds	3,673.07	2,176.32
Corporate Loans	1,544.48	30.27
Loans against shares	3,802.73	1,452.31
Fixed Deposits and Others	491.90	200.39
TOTAL	21,787.95	10,637.67
SCHEDULE 11 : INCOME FROM SERVICES		
Brokerage Income (net)	17.34	13.18
TOTAL	17.34	13.18
SCHEDULE 12 : TRADING PROFIT ON SECURITIES		
Trading Profit on -		
Govt. Securities (including T-Bills / SDL)	(1,423.68)	(2,675.84)
FI and Other Bonds	(1,022.55)	744.34
Equity Shares	751.65	555.02
Equity Futures and Options	242.93	(516.89)
Commodities Futures	(261.99)	(44.66)
Mutual Fund Units	585.13	1,556.01
Interest Rate Swap	(59.15)	(36.17)
Hedge loss	(2.88)	0.00
TOTAL	(1,190.54)	(418.19)

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

	2010-11	2009-10
SCHEDULE 13 : UNDERWRITING AND OTHER INCOME		
Underwriting Fees	305.05	747.08
PMS Fees	14.90	18.19
Interest on Tax Refunds	206.81	200.74
Miscellaneous Income	93.95	62.39
Other Fee Income	296.73	317.25
TOTAL	917.44	1,345.65
SCHEDULE 14 : BORROWING COST		
Interest on -		
Call / Term Money	2,339.98	1,104.82
Borrowings from RBI	531.71	0.48
Inter-Corporate Deposits	840.27	202.99
Interest on Bank Credit Line	200.33	0.00
Others (On FRB /NCD)	33.34	100.62
Interest - Interest Rate Swaps	245.50	130.17
Discount on CP Issued	4,032.17	1,107.68
Discount on CBLO Borrowing	3,933.44	630.85
TOTAL	12,156.74	3,277.61
SCHEDULE 15 : OTHER FINANCIAL PAYMENTS		
Expenses on CP Issued	42.52	24.46
Bank Charges	0.19	(1.72)
DP/CCIL charges	462.04	527.57
Other Payments/Charges	61.79	99.19
TOTAL	566.54	649.50
SCHEDULE 16 : PROVISIONS AND WRITE-OFFS		
Provision for Doubtful Debts and Securities	0.00	2.74
TOTAL	0.00	2.74



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(₹ in Lakh)

	2010-11	2009-10
SCHEDULE 17 : PERSONNEL COST		
Salaries, Wages and Allowances	798.00	690.94
Contribution to Provident and Other Funds	62.03	41.05
Staff Welfare Expenses	34.98	48.04
TOTAL	895.01	780.03
SCHEDULE 18 : ADMINISTRATION AND OTHER EXPENSES		
Advertising Expenses	2.12	0.93
Donation	0.11	0.11
Electricity Charges	26.92	18.66
Information Services	107.45	104.10
Insurance Charges	44.15	17.00
Miscellaneous Expenses	68.62	15.66
Office Expenses	56.74	58.91
Postage and Telephone	46.41	49.88
Printing and Stationery	17.01	17.72
Professional Fees	215.32	211.70
Rates and Taxes	2.12	2.32
Remuneration to Auditors	12.19	11.68
Rent	212.14	413.99
Repairs and Maintenance	95.53	43.60
Sitting Fees to Directors	15.05	16.40
Travelling, Conveyance and Motor Car Expenses	38.77	36.84
Loss on Sale of Fixed Assets	38.99	1.88
TOTAL	999.64	1,021.38



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 19 : SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India, the relevant provisions of the Indian Companies Act, 1956.

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

1. Basis of Preparation and Principles of Consolidation

- (i) The consolidated financial statements are prepared on going concern concept and using the historical cost convention. These statements have been prepared to comply, in all material aspects, with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), the applicable provisions of the Indian Companies Act, 1956 and the Reserve Bank of India directions to Non-Banking Financial Companies.
- (ii) The consolidated financial statements relate to Securities Trading Corporation of India Limited ('the Company') and all of its subsidiary companies. The financial statements of the company and its subsidiaries are consolidated on line by line basis, by adding together the book values of assets, liabilities, income and expenses after fully eliminating the intra group balances and intra group transactions resulting in unrealized profits or losses. The financial statements of the subsidiaries are drawn up to the same reporting date as that of parent company.
- (iii) To the extent possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstance and are presented in the same manner as the Company's separate financial statements in accordance with Accounting Standards ('AS') 21, "Consolidated Financial Statements" as referred to in the Companies (Accounting Standards) Rules, 2006.

2. Revenue Recognition

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

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



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

securities and the aggregate amount is regarded as cost for the purpose of valuation of stock-in-trade.

(ii) Government Securities, Fixed Income & Other Bonds

Income from Fixed Income securities is taken into account on accrual basis, provided that interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

- a) The amounts paid and received towards accrued interest on the purchases and sales of (i) Government Securities and (ii) FI and Other Bonds are netted off at the year-end and recognised as income under "Interest on Government Securities" and "Interest on FI and Other Bonds" respectively. Accordingly, in respect of the transactions in Government Securities and FI and Other Bonds dealt with on outright basis, acquisition cost and sale proceeds are the contracted purchase price and sale price respectively.
- b) The commission received from Reserve Bank of India on the purchases of Government Securities and Treasury Bills made by the Company through subscription to the flotations in the primary market is deducted from the purchase consideration paid and the net amount after such reduction is reckoned as cost of these securities.
- c) Interest on fixed coupon debt security held on balance sheet date is accrued for expired period at coupon rate, and interest on floating rate securities is accrued at the rate determined by the terms of issue.

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

Transactions for borrowing and lending under CBLO are recorded at their discounted values. The difference paid or received on redemption is treated as discount paid on CBLO in case of borrowing and discount earned on CBLO in case of lending. The difference between the discounted value on borrowing date or lending date as the case may be, and the redemption value of the instrument, outstanding on the Balance Sheet date is apportioned on the time basis and recognized as expense or income respectively. The same is included in the carrying amount of the borrowing or lending. Amounts borrowed or lent under CBLO are stated at carrying cost.



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(iv) Pass Through Certificates (PTCs)

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

(v) Equity Futures and Options

- a) The initial margin and the additional margin paid for entering into contracts for equity futures and options are disclosed under the head Loans and Advances in the Balance Sheet.
- b) “Equity Option Premium Account” represents the premium paid or received for buying or selling the options, respectively. The net premium paid or received for buying or selling the option, as the case may be, is recognised in the Profit and Loss Account for all squared-up/settled contracts. Similarly, on the expiry of the contracts and on exercising the options, the difference between the final settlement price and the strike price is transferred to the Profit and Loss Account. Gains or losses on stock / index futures contracts are recognized on squaring up of positions or expiry of contracts.
- c) The open positions are marked to market on the balance sheet date and net losses, if any, are provided for while net gains, if any, are not recognized.
- d) The daily mark-to-market margin paid to/ received from the custodian in respect of equity futures trades is debited or credited to the Daily Mark-to-Market Equity Futures Account and the same is disclosed under Loans and Advances or Current liabilities, as the case may be.
- e) “Income on Equity Index/Stock Futures” represents the net profit or loss on closed positions in equity index and stock futures after adjusting brokerage and other transaction costs.

(vi) Commodity Futures

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



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

- b) The daily mark-to-market margin paid to/ received from in respect of commodity futures trades is debited or credited to the Daily Mark-to-Market Margin Commodity Futures Account and the same is disclosed under the head Loans and Advances or Current Liabilities in the Balance Sheet, as the case may be. The balance in this account represents net unrealised gains or losses on open positions.
- c) The open positions are marked to market on the balance sheet date and net losses, if any, are provided for while net gains, if any, are not recognized.
- d) “Income on Commodity Futures” represents the net profit or loss on closed positions in commodity futures after adjusting brokerage and other transaction costs.

(vii) 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/lending transactions. Further, in line with the RBI guidelines, the difference between the considerations (clean price and the accrued interest) between the 1st and 2nd leg of the repo and reverse repo transactions is accounted as Repo Expenditure or Repo Income, as the case may be, over the period of the contract.

(viii) Underwriting Fees

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

(ix) Brokerage, Securities Transaction Tax (STT) and Other Payments

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

(x) Interest Rate Swaps (IRS)

Cash flows on Interest Rate Swaps (IRS) are accounted for on accrual basis and settled as per the terms of the contract.

(xi) Front-end fees /Arrangers' Fee

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



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(xii) Brokerage and Commission Earned

Brokerage and commission in respect issue marketing and resource mobilization are accrued to the extent of availability of information. Brokerage for commodity broking business is recognised on trade date basis.

(xiii) In case of discounted instruments Discount Income represents the excess of sales (including redemption proceeds) and the value of closing stock over purchases (including subscription) and opening stock.

(xiv) Dividend income is recognised when the right to receive dividend is established.

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

(xvi) Interest income from loan transactions is accounted for on accrual basis by applying the interest rate implicit in such contracts except in the case of income on Non Performing Assets (NPAs) which is recognised on realisation, in terms of RBI Guidelines. Other interest income is recognised on accrual basis.

(xvii) where securities are transferred from Stock-in-Trade to Investments Account, the same are reckoned as sale at market price.

(xviii) Bonus entitlements are recognised on ex-bonus dates.

(xix) Hedged Portfolio

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

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



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

3. Classification and Valuation of Stock-in-trade and Investments

(i) **Classification :** The securities acquired with the intention of trading in them are considered as stock-in-trade and shown under current assets. Other securities acquired with the intention of long-term holding and earning income are considered as Investments.

(ii) **Valuation :**

a) Investments in terms of Non Banking Financial Companies Prudential Norms Directions issued by RBI, Long Term investments are valued at cost comprising acquisition cost and incidental expenses less permanent diminution in value, if any. Provision for diminution in the value of long term investments is made to recognise a decline other than temporary in the value of investments. In the case of debt instruments where the cost of acquisition is more than the redemption value, the difference is amortized over the period remaining to maturity and charged to the Profit and Loss account. During the year, Company has changed the method of valuation of its securities to align with RBI directions issued vide notification no. DNBS (PD) CC No. 178/03.02.001/2010-11 dated July 1, 2010 and is now providing Net Depreciation category-wise instead of scrip-wise Gross Depreciation provided in earlier years.

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

b) **Stock-in-trade:**

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

Equity Shares

Preference Shares

Debenture and Bonds

Govt. Securities (including T Bills)

Mutual Fund Units

Others

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

The cost is calculated on weighted average basis. Market value for Fixed Income securities is determined by the prices declared by Fixed Income Money Market and Derivatives



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Association of India (FIMMDA). Market value for equity shares is determined by the prices obtained from the stock exchanges.

However, in line with the RBI & FIMMDA guidelines, Certificates of Deposit (CDs) and Commercial Papers (CPs) of less than one year tenor are valued at cost. Similarly, Treasury Bills held as stock-in-trade are valued at carrying cost (as explained at Sl. No. 2 (i) above).

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

Government Securities held as HTM (Held to Maturity) are valued at cost. The premium paid if any, on security is amortised over the period till maturity. The stock is transferred from HTM to trading portfolio at cost or market value, whichever is lower.

4. Fixed Assets & Depreciation

Assets are valued at original cost less accumulated depreciation. Cost includes all direct costs attributable to , installation and commissioning.

Depreciation on fixed assets other than buildings and improvement to leasehold property is provided on the straight line method at the rates given under Schedule XIV to the Companies Act, 1956 or at the rates decided by the management on the basis of the effective useful life of the assets, whichever is higher.

Depreciation on buildings is provided on the Written Down Value method at the rates given under Schedule XIV to the Companies Act, 1956. Depreciation on the value of improvements to leasehold property is provided on straight line method at the rates arrived at on the basis of the lease period.

Intangible assets are amortised over the estimated economic useful life as assessed by the management. Fixed Assets costing less than ₹ 5000/- are provided with 100% depreciation in the year of purchase.



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The details of useful life assessed by management are as under.

Type of Asset	Life of Asset
Air Conditioners	10 years
Furniture and Fixtures	10 years
Computers and Peripherals	5 years
Computer Software	3 years
Electrical Installations	10 years
Vehicles	8 years
Office Equipments	10 years
Membership Card - Stock Exchange	10 years

5. Accounting for Taxes

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

6. Employee Benefits

- **Provident Fund**

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



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

- **Gratuity**

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

- **Other Benefits**

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

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

7. **Securities Accepted as Pledge**

Securities or non-cash collateral accepted from a borrower are not recognised as an asset. Where the Company has the right to sell or re pledge the collateral and the borrower defaults under the terms of the contract, the collateral is recognised as an asset at its fair value.

8. **Earning Per Share**

In determining basic earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extraordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

9. **Borrowing Cost**

Borrowing cost are interest and ancillary expenditure incurred by the Company in connection with the borrowing of funds. Interest is charged to Profit and Loss Account on accrual basis. Ancillary expenditure incurred in connection with the arrangement of borrowing is amortised over the tenure of the respective borrowings. Borrowing cost other than directly attributable to fixed assets are directly recognised as expense in the period in which they are incurred and are charged to revenue.

10. **Operating Lease**

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



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

11. Impairment Of Assets

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

12. Foreign Exchange Transactions

Expenses and remittances in foreign currency are accounted at the exchange rates as on the transaction date.

13. Provisions and Contingencies

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

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS****SCHEDULE 20: NOTES FORMING PART OF THE ACCOUNTS**

1. The subsidiary companies considered in the consolidated financial statements are:

Name of Subsidiary Company	Country of incorporation	Proportion of ownership interest
STCI Primary Dealer Limited	India	100%
STCI Commodities Limited	India	100%

2. The Company has sold on October 8, 2010, the balance 25.1% stake in Standard Chartered STCI Capital Markets Ltd (SCSCML) for ₹8000.00 lakhs to Standard Chartered Bank -Mauritius (SCBM) Ltd by exercising the put option on July 15, 2010 pursuant to the Share Purchase Agreement (SPA) and Shareholders' Agreement (SHA) executed on August 23, 2007 between the Company, SCBM and SCSCML (erstwhile UTI Securities Ltd).

Simultaneously all the pending indemnity claims made by SCBM (including ₹206.19 lakhs for Tax indemnity and ₹156.15 lakhs for Guntur franchise for which provision was made in FY 2008-09) were also settled for ₹400.00 lakhs and the same was paid on October 7, 2010.

Out of the above settlement amount of ₹400.00 lakhs, payment of ₹362.34 lakhs has been adjusted against the old provision and the balance indemnity claim amount of ₹37.66 lakhs has been adjusted against the profit made on the balance stake sale. Net gain of ₹842.42 lakhs from the above transaction is reflected separately as an exceptional item under the head 'profit on sale of investments' in the profit and loss statement.

3. During the year, Company has changed the method of valuation of its securities held as Stock-in-trade/current investments to align with RBI directions issued vide notification no. DNBS (PD) CC No. 178/03.02.001/2010-11 dated July 1, 2010 and is now providing 'net depreciation category-wise' instead of 'scrap-wise gross depreciation' provided in the earlier years.

In line with the revised method of valuation followed by the Company, the net depreciation in value of securities held as Stock-in-Trade / Current Investments has been provided for as under.

(₹ in Lakhs)

Sl. No.	Type of Security	2010-2011	2009-2010
1	Government Securities (including T Bill, Special Bonds)	1414.05	116.92
2	FI & Other Bonds	1034.16	93.29
3	Pass Through Certificates	0.05	0.04
4	Equity Shares - Trading	0.00	94.35
5	Equity Shares - Investment	0.00	13.04
6	Mutual Fund Units	26.89	0.00
	TOTAL	2475.15	317.64



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Due to change in method of valuation of stock-in-trade/investments as stated above, the profit and reserves for the current year is higher by ₹12.17 lakhs.

4. Contingent Liabilities:

(i) Claims against the Company not acknowledged as debt:

- a) The Company had received a notice from the Central Excise authorities in respect of the interior work amounting to ₹20.80 lakh carried out by a contractor at the erstwhile office premises at Krishna Chambers, 59, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai in the year 1997-98. The Company has been legally advised that there is no liability under the Central Excise Act and accordingly no provision has been made against this claim.
- b) No provision has been made in respect of Income Tax matters disputed by the Company since they are subject to appeals / representations. The tax liability under dispute is ₹496.96 lakhs. The details of disputed dues are as follows:

Statute	Disputed tax liability	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	₹76.39 lakhs	F.Y.1999 -00	Mumbai High Court
Income Tax Act, 1961	₹ 100.82 lakhs	F.Y. 2000 -01	Mumbai High Court
Income Tax Act, 1961	₹37.49 lakhs	F.Y. 2001 -02	Mumbai High Court
Income Tax Act, 1961	₹248.08 lakhs	F.Y. 2002-03	Mumbai High Court
Income Tax Act, 1961	₹15.87 lakhs	F.Y. 2006 -07	CIT (Appeals)
Income Tax Act, 1961	₹18.31 lakhs	F.Y. 2007 -08	CIT (Appeals)

- (ii) **Commitment and contractual obligations** not reflected in these financial statements in respect of the pending purchases and sales of securities as on balance sheet date are as under.

(₹ in lakhs)

Sl. No.	PARTICULARS	March 31, 2011	March 31, 2010
1	Purchase of securities	27,883.97	10,732.33
2	Sale of securities	36,145.81	109,89.14

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

Disclosure on Interest Rate Swaps outstanding as on March 31, 2011 is as under.

(₹ in lakhs)

Sl. No.	PARTICULARS	March 31, 2011	March 31, 2010
1	Notional Principal of Interest Rate Swaps- Trading	430,000.00	492,500.00
2	Notional Principal of Interest Rate Swaps- Hedging	12,500.00	12,500.00
3	Mark to Market position on trading swaps	908.47	1,264.44

In accordance with the market practice and considering the credit qualities of the counter parties, the Company has not taken any collateral in respect of Interest Rate Swaps. The credit exposure on various swap counterparties are within the pre-determined risk parameters and are reviewed periodically.

(iii) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹0.70 lakhs (Previous year - ₹ Nil).

Uncalled Capital Contribution for Tata Venture Capital fund is ₹1547.67 lakhs (Previous year - ₹ Nil).

5. The Stock-in-Trade includes the following hedged securities on the Balance Sheet date.

(₹ in lakhs)

Name of Securities	Face value March 31, 2011	Face value March 31, 2010
7% Oil 2012	5,000.00	5,000.00
7.27% GS 2013	11,900.00	11,900.00

6. Expenditure in Foreign Currency

(₹ in lakhs)

Sl. No.	PARTICULARS	2010-11	2009-10
1	On Travel	1.34	1.42
2	On Interest	Nil	Nil
3	On Others	Nil	Nil

Earnings in Foreign Currency: ₹ Nil. (Previous Year - Nil).



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

7. The stock-in-trade as on March 31, 2011, includes Treasury Bills, Government Securities and SDL of face value ₹54,450 lakhs (Previous Year - ₹35,600 lakhs) held as collaterals with The Clearing Corporation of India Limited.
8. The Company has been dealing in Government Securities on behalf of the Constituents through the Constituent SGL account opened with RBI. The transactions undertaken cover monies received from the constituents and also physicals tendered by them for conversion into SGL Account. As on March 31, 2011, the face value of the securities held by the Company on behalf of the constituents is ₹424,995.20 lakhs (Previous Year- ₹300,749.40 lakhs).
9. Margin Money/Fixed Deposit includes (a) ₹250.00 lakhs (Previous year ₹1,693.00 lakhs) in the name of National Securities Clearing Corporation Limited towards margin requirements for F & O segment with HDFC Bank and (b) ₹1,000.00 lakhs (Previous Year ₹1,000.00 lakhs) with Custodian ILFS and ₹500.00 lakhs (Previous Year ₹307.00 lakhs) with Custodian (HDFC) for meeting margin requirements for equity segment. (c) ₹62.00 lakhs (Previous year ₹59.00 lakhs) as Additional Base Capital with Multi Commodity Exchange and ₹79.43 lakhs (Previous year ₹75.52 lakhs) as Additional Base Capital with National Commodity & Derivative Exchange Ltd (NCDEX). A lien has been marked in favour of MCX and NCDEX respectively in respect of the above Fixed Deposits .
10. The Company has accounted for the deferred tax asset and liability in respect of the timing differences through the Profit and Loss Account. The components of the Deferred Tax Asset / (Liability) are as under:

(₹ in lakhs)

S.No	PARTICULARS	2010-11	2009-10
	Deferred Tax Asset :		
(i)	Provision for doubtful debts/securities/ leave encashment	43.52	39.89
(ii)	Provision for payment of stamp duty	70.90	63.30
(iii)	Preliminary expenses	14.44	30.26
(iv)	Unabsorbed Business Losses	80.26	1,601.09
(v)	Other Provision for PLVP /bonus/amortisation	43.19	40.04
	Total Deferred Tax Asset	252.31	1,774.58
	Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	131.34	51.00
	Deferred Tax Liability	131.34	51.00
	Net Deferred Tax Asset / (Liability)	120.97	1,723.58

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS****11. Earning Per Share (EPS)**

The EPS calculation as per AS-20 is given below:

Particulars	2010-11	2009-10
Profit after Tax (₹ in lakhs)	4,581.19	3,280.28
Weighted average no. of shares (F.V. ₹100)	38,000,000.00	38,806,164.29
EPS for the year - Basic & Diluted (₹)	12.06	8.45

12. Related Party Transactions

Bank of India, by virtue of its shareholding being in excess of 20%, is considered to be a related party.

The details of the transactions entered into with Bank of India are given below:-

(₹ in crores)

Nature of transaction	2010-11 Bank of India	2009-10 Bank of India
Transactions during the year		
Purchase of Govt. Securities/Treasury Bills	183.77	29.90
Sale of Govt. Securities/Treasury Bills	585.05	40.30
Loans availed	100.00	0.00
Interest paid	2.00	0.00
Non-financial expenses paid	0.15	0.16
Other financial payments	0.06	0.00
Outstanding as at the end of the year		
Loan Outstanding (availed)	99.99	0.00
Interest accrued but not due	0.11	0.00
Non-financial expenses payable	0.01	0.01

All the transactions detailed above are entered into in the ordinary course of business.



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Key Management Personnel

Details of Transactions relating to key management personnel referred to above:

S. No.	Name of the Related Party	Nature of Relationship
(i)	Shri P.Sanyal	Managing Director-STCI
(ii)	Shri Pradeep Madhav	Managing Director-STCI PD

Outstanding at the year end is Nil; Previous year Nil.

(₹ in lakhs)

S. No.	PARTICULARS	2010-11	2009-10
(i)	Salaries,allowances,perquisites & Incentives	106.24	103.61
(ii)	Company's contribution to Provident Fund and Provision for Gratuity and Leave Salary	8.46	7.86

13. Segment Reporting

a) Business Segment :

The Company has identified its lending business, Gilts, Non-Gilts and broking as reportable segment based on risk, return and the regulatory authorities for reporting as the primary segment.

b) Segment Revenues and Expenses :

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

c) Segment Assets and Liabilities :

The segmental assets and liabilities include all directly attributable to the respective segment. All other assets and liabilities not attributable to any particular segment have been grouped under unallocated assets and liabilities. The detailed segmental information is as under.

d) Geographical Segment :

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

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

The detailed segmental information is as under :-

(₹ in Lakh)

	Gilts	Non-Gilts	Broking	Lending	Unallocated	Total
REVENUES						
From External Client	11,238.92 (4,689.40)	5,223.65 (5,049.99)	37.42 (28.38)	5,931.61 (2,271.20)	387.35 (370.63)	22,818.95 (12,409.60)
Inter-Segment	0.00 (0.00)	20.08 (15.20)	20.08 (15.20)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Total Revenue	11,238.92 (4,689.40)	5,243.73 (5,065.19)	17.34 (13.18)	5,931.61 (2,271.20)	387.35 (370.63)	22,818.95 (12,409.60)
Segment Result	3,736.56 (1388.09)	1,041.54 (3,285.87)	(8.68) (-17.47)	2,611.96 (1964.41)		7,381.37 (6,620.90)
Unallocated expenditure (net of income)						1,829.14 (1,633.83)
Operating Profit						5,552.23 (4,987.07)
Prior Period Items						0.00 (6.55)
Exceptional items						842.42 0.00
Profit Before Tax						6,394.65 (4,980.52)
Tax Expenses						1,813.46 (1,700.25)
Profit After Tax						4,581.19 (3,280.27)
OTHER INFORMATION						
Segment Assets	154,472.08 (98,483.61)	83,338.64 (55,878.29)	439.35 (362.08)	70,695.55 (43,078.35)	18,944.69 (25,209.01)	327,890.30 (223,011.34)
Segment Liabilities	118,151.57 (89,158.51)	63,125.63 (9,827.28)	309.77 (269.15)	48,759.10 (31,970.90)	11,368.80 (7,813.16)	241,714.87 (139,039.00)

Note: Figures in brackets denote previous year figures.



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

14. Assets taken on Lease

The premises at Mumbai and Delhi were acquired under operating lease on payment of monthly rentals. Future minimum lease rental relating to non-cancellable operating lease are as follows.

(₹ in lakhs)

Particulars	2010-11	2009-10
Not later than 1 year	2.77	19.57
Later than 1 year but not later than 5 years	Nil	2.77
Later than 5 years	Nil	Nil

(₹ in lakhs)

Particulars	2010-11	2009-10
Payment made during the year.	107.50	244.37

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

15. Accounting Standard -30 Financial Instruments: Recognition and Measurement issued by the ICAI with effect from April 1, 2009 is recommendatory in nature. Pursuant to one of the recommendations of above standard, the Company has provided for mark-to-market losses on open positions in derivative contracts as on the date of the balance sheet, the Company has provided for such losses in respect of its open positions in equity and commodity futures contracts and the same is disclosed separately under the head ' provision for loss on equity futures and provision for loss on commodity futures' respectively in Schedule -8 Current Liabilities and Provisions. Income under the head 'Income from Derivatives' is after providing for the aggregate unrealised loss of ₹3.86 lakhs (previous Year Nil).

The open interest in respect of Equity /Commodity futures contracts on the balance sheet date is as follows:

Name of future	Long/ Short	Series	Book Price in ₹	No.of units	Settlement Price in (₹) as on 31.03.11
Equity Derivative					
Grasim Futures	Long	28-04-2011	2,487.08	2,250	2,478.70
BHEL Futures	Long	28-04-2011	2,075.40	6,500	2075.40
Chambal Fertilisers Ltd. Futuers	Short	28-04-2011	79.30	148,000	79.30
Financial Technologies L td. Futures	Long	28-04-2011	873.80	12,250	873.80
Nifty Option 5700 PUT	Long	28-04-2011	80.94	3,000	75.75

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

The open interest in respect of Equity /Commodity futures contracts as on March 31, 2010 is as follows:

Name of future	Long/ Short	Series	Book Price	No.of units	Settlement Price in (₹) as on 31.03.10
Equity Derivative					
TCS	Long	29/04/2010	799.97	5,000	785.70
United Phos. Futures	Long	29/04/2010	152.81	15,400	150.05
SBI Futures	Long	29/04/2010	2,089.78	5,016	2,087.70
Sterlite Industries Ltd. Futures	Long	29/04/2010	857.79	9,636	851.05
Tata Power Co. Ltd. Futures	Long	29/04/2010	1,394.06	9,000	1,380.60
Andhra bank Futures	Long	29/04/2010	105.36	25,300	108.40
Shree Renuka Sugar Futures	Long	29/04/2010	72.04	30,000	71.65
NALCO Futures	Long	29/04/2010	405.51	6,325	402.05
Power Grid Corp. Futures	Long	29/04/2010	107.36	19,250	107.45
ABB Futures	Long	29/04/2010	834.82	3,000	832.85
NTPC Futures	Long	29/04/2010	206.26	50,375	207.70
REC Futures	Short	29/04/2010	250.25	48,750	251.90
Commodity Derivative					
Gold	Long	05/06/2010	16,450.85	19kg	16,436.00

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

Assumptions	2010-11	2009-10
Mortality rate	LIC (1994-96) Ult.	LIC (1994-96) Ult.
Interest / Discount Rate	8-8.2%	8-8.2%
Rate of return of Plan Assets	8-9%	8-9%
Salary Escalation	5-10%	5-10%



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(₹ in Lakh)

Particulars	2010-11 Gratuity	2009-10 Gratuity
Changes in present value of obligation		
Opening Defined Benefit Obligation	35.78	29.15
Interest Cost	2.49	1.91
Current Service Cost	12.85	8.41
Past Service Cost (non vested benefits)	0.68	
Past Service Cost (vested benefits)	13.04	
Actuarial (Gains) / Losses	(2.15)	(0.19)
Benefits Paid	(10.00)	(3.50)
Closing Defined Benefit Obligation	52.69	35.78
Changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	36.41	32.04
Expected return on plan assets	3.29	2.74
Contributions	15.55	4.93
Benefits paid	(10.00)	(3.50)
Actuarial Gains/ (Losses)	(0.24)	0.21
Fair value of plan assets at the end of the year	45.00	36.41
Actuarial Gain/ (loss) recognised		
Actuarial Gain/ (Loss) for the year - obligation	2.15	0.19
Actuarial Gain/ (Loss) for the year - plan assets	(0.24)	0.21
Net Actuarial Gain/ (Loss) recognised for the year	1.91	0.40
Amount to be recognised in Balance Sheet		
Present value of obligation as at the end of the year	52.68	35.78
Fair value of plan assets as at the end of the year	45.00	36.41
Funded status	(7.68)	0.63
Net Asset recognised - Prepaid / (provisions)	(7.68)	0.63



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Particulars	2010-11 Gratuity	2009-10 Gratuity
Expenses Recognised in Profit and Loss account		
Current Service Cost	12.85	8.41
Interest Cost	2.49	1.91
Past Service Cost (non vested benefits)	0.47	
Past Service Cost (vested benefits)	13.04	
Net Actuarial loss recognised in the year	(0.81)	0.40
Expected return on plan assets	(4.40)	(2.74)
Expenses recognised in Profit & Loss Account	23.64	7.18

Leave Encashment : Additional Provision of ₹30.05 lakhs (Previous year ₹18.94 lakhs) has been made during the year for long term leave encashment on actuarial valuation basis. Provision of ₹17.16 lakhs (Previous year ₹20.82 lakhs addition) has been reduced for undiscounted liability on account of short term compensated absences.

17. In November 2005, the Government of Maharashtra had sought information from all market participants viz. banks, primary dealers, mutual funds and financial institutions in respect of stamp duty paid by them under the Bombay Stamp Act, 1958 during the past ten years on transactions in government securities entered into by them. A meeting was held in January 2006 between the various representative bodies of the participants viz. the IBA, FIMMDA, PDAI and AMFI and the Government of Maharashtra for discussing the applicability of stamp duty on securities' transactions (both government and non-government securities). Based on the above representation, the Government of Maharashtra agreed to waive the stamp duty on transactions in government securities (notification since issued). An understanding was also reached that a High Powered Committee would be set up by the state government for making Mumbai a Regional Financial Centre and the various associations in the securities market would be allowed to make a representation to this Committee on the subject of stamp duty. The IBA has already made a representation to this Committee and their decision in the matter is awaited. No claim has been received for stamp duty from the Stamp Office in respect of non-government securities. However, a provision of ₹30.80 lakhs has been made towards stamp duty on non-SLR transactions (direct deals only) for the financial year 2010-11 calculated on the basis of 0.01% of the value of each such transaction as stipulated in the amendment to the Bombay Stamp Act, 1958 announced in May 2005. This is in addition to the provision of ₹203.11 lakhs made till last year. In the light of an



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

assurance given by the Government of Maharashtra to the Indian Banks' Association, the liability for the period up to 31st March 2006 has not been provided. The amount has been reflected as 'provisions' in the balance sheet and 'other payments/charges' in the statement of profit and loss.

18. There are no dues payable to Small Scale industrial undertakings in view of the nature of the business of the Company. The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). In view of this, information required under Schedule VI of the Companies Act, 1956 to that extent is not given.
19. Tax Adjustments represents excess tax provision for previous years amounting to ₹52.03 lakhs (Previous Year ₹136.85 lakhs)
20. Dividend income includes an amount of ₹88.50 lakhs (Previous Year ₹77.76 lakhs) being dividend received on investments. Tax Deducted at source on above income is ₹Nil (Previous Year ₹- Nil). Interest Income includes income from investments ₹1,070.10 lakhs (Previous Year ₹ Nil). Other income includes income from investments of ₹0.36 lakhs (Previous Year ₹ Nil).
21. Interest income and other income includes income-tax deducted at source amounting to ₹587.78 lakh (Previous year ₹718.82 lakhs).
22. In conformity with Reserve Bank of India guidelines, Company created a 'long term investment' portfolio consisting of quoted equity shares and fixed income securities with an objective to earn dividend/interest income and capital appreciation. However, most of the securities in the long term investment portfolio were bought and sold during the year on account of unfavourable market conditions and volatility caused due to high inflation and other economic factors. There was a diminution of ₹206.79 lakhs in the value of quoted long term investments as on March 31, 2011. The same has not been provided for in the books as the management is of the opinion that the decline in value is temporary in nature.
23. STCI PD 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 STCI PD on this score amounts to ₹One Hundred only, for each Association.

STCI PD is also a member of the Securities and CBLO segment of The Clearing Corporation of India Limited



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

24. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the parent Company's financial statements.
25. Previous year's figures have been regrouped / restated wherever necessary. Figures are rounded off to the nearest Lakh Rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

As per our report of even date

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

(Manish D. Shah)
Partner
Membership No. 38955

Mumbai
April 21, 2011

For and on behalf of the Board of Directors

D. Basu (Chairman)
V. Sridar (Director)
P.Sanyal (Managing Director)
K.V. Ramakrishnan (General Manager)
Kamlesh Rathi (Chief Manager)

Mumbai
April 21, 2011



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

(₹ in Lakh)

	2010-11	2009-10
A . Cash Flow from Operating Activities		
Profit/(Loss) as per Profit & Loss Account	6,394.65	4,980.52
<u>Adjustments for:</u>		
Depreciation on Fixed Assets	326.08	218.16
(Profit)/Loss on sale/write-off of Fixed Assets	38.99	1.88
(Profit)/Loss on sale of Investments	(1,329.23)	(57.31)
Dividends/Interest received on investments	(1,169.39)	(89.87)
Provision on standards assets and others provisions	181.13	0.00
Provision for doubtful debts	0.00	2.74
Operating Profit before Working Capital Changes	4,442.23	5,056.12
<u>Adjustments for:</u>		
Decrease/(Increase) in Stock in Trade	(46,676.37)	2,366.63
Decrease/(Increase) in Accrued Income	(2,462.10)	(1,011.65)
Decrease/(Increase) in Loans & Advances	(32,226.10)	(30,939.61)
Decrease/(Increase) in Sundry Debtors	4.89	0.00
Increase/(Decrease) in Current Liabilities & Provisions	(889.83)	495.20
Increase/(Decrease) in Secured & Unsecured Borrowings	98,893.90	36,894.78
Working Capital Adjustments	16,644.39	7,805.35
Cash generated from Operations	21,086.62	12,861.47
Direct Taxes (Paid) net of Refunds	(572.75)	(1,465.60)
Net Cash flow from Operating Activities	20,513.87	11,395.88
B. Cash flows from Investing activities		
Purchase of Fixed Assets	(451.77)	(4,442.49)
Proceeds from Sale of Fixed Assets	23.48	2.00
Proceeds from disinvestment in subsidiary/Sale of investments	88,972.78	57.31
Investments made during the year	(89,250.94)	(1,366.53)
Dividends/Interest received on investments	1,169.39	89.87
Net Cash used in Investing activities	462.94	(5,659.83)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

	(₹ in Lakh)	
	2010-11	2009-10
C. Cash Flow from Financing activities		
Buy-back of Equity Share Capital	0.00	(5,820.00)
Net Cash used in Financing activities	0.00	(5,820.00)
Increase/(Decrease) in cash and cash equivalents	20,976.81	(83.95)
Cash and cash equivalents at the beginning of the year	325.98	409.94
Cash and cash equivalents at the end of the year	21,302.79	325.98

Notes: 1) Cash flow statement is prepared as per "Indirect Method" as set out in AS - 3 "Cash Flow Statement" issued by ICAI.

2) All figures in bracket are outflows

As per our report of even date

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

(Manish D. Shah)
Partner
Membership No. 38955

Mumbai
April 21, 2011

For and on behalf of the Board of Directors

D. Basu (Chairman)
V. Sridar (Director)
P.Sanyal (Managing Director)
K.V. Ramakrishnan (General Manager)
Kamlesh Rathi (Chief Manager)

Mumbai
April 21, 2011